



Jiangsu Expressway Company Limited
(Hong Kong Stock Exchange Stock Code: 00177)

Intelligence

Excellence

2015 *Annual Report*

IMPORTANT NOTICE

1. 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 annual report, guarantee that there are no false representations, misleading statements contained in, or material omissions from this report; and jointly and severally accept responsibility.
2. All Directors of the Company attended the Board meeting.
3. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued standard unqualified auditor's report for the Company. The annual report of the Company has been prepared in accordance with PRC Accounting Standards, and complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.
4. Mr. Chang Qing, a legal representative of the Company, Mr. Qian Yong Xiang, the accounting chief, and Ms. Yu Lan Ying, 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 annual report.
5. Profit distribution plan or plan for converting surplus reserves into share capital for the Reporting Period approved by the Board

During the Reporting Period, the Company realized a net profit attributable to the shareholders of the parent company of RMB2.507 billion. The Board proposed to distribute final dividends of RMB0.4 (tax inclusive) per share in favour of the shareholders based on the total share capital of the Company of 5,037,747,500 shares. If distributed thereunder, the total dividend payment of the Company shall amount to approximately RMB2.015 billion, representing 80.39% of the net profit attributable to the shareholders of the parent company for the Reporting Period. The Company did not implement conversion of surplus reserve into share capital during the Reporting Period.

6. Risk Warning for Forward-looking Statements

As forward-looking statements with respect to future plans and objectives of operation involve some uncertainties, the actual results of the Company in the future may be different from these forward-looking statements. Thus, forward-looking statements do not constitute actual commitments of the Company to investors. Investors are advised to pay attention to the investment risks involved.

7. Any fund misused by the Controlling Shareholder and its related party for non-operating purpose?

No

8. Any guarantee provided to any external party in violation of decision-making procedures?

No

9. Major Risk Alerts

The risk factors that the Group may face in the operation and development of business in the future have been described in this annual report. Investors are advised to refer to the part headed "Possible Risks" under Section IV "Management Discussion and Analysis".



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DEFINITIONS

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

Definitions of frequently-used terms

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	China Merchants Huajian Highway Investment Co., Ltd. (招商局華建公路投資有限公司)
Network Operation Company	Jiangsu Expressway Network Operation and Management Co., Ltd. (江蘇高速公路聯網營運管理有限公司)
Expressway Petroleum Company	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	Jiangsu Luode Equity Investment Fund Management Co., Ltd.
Jiangsu Xiexin Gas	Jiangsu Xiexin Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司)

DEFINITIONS

Jiangsu Leasing	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)
Nanlin Hotel	Suzhou Nanlin Hotel Company Limited
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
G312 Shanghai-Nanjing Section	Shanghai-Nanjing Section of National Highway 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
Zhendan 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
Wuxi Huantaihu Expressway	Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway
Sujiayong Expressway	Suzhou-Jiaxing-Ningbo Expressway
Changyi Expressway	Changzhou – Yixing Expressway
Reporting Period	the period of one year from 1 January 2015 to 31 December 2015
Year-on-year	as compared with the same period of 2014
CSRC	China Securities Regulatory Commission

DEFINITIONS

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)
Corporate Governance Code	the Corporate Governance Code under Appendix 14 to the Hong Kong Listing Rules

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese included in this annual report is for identification purposes only. To the extent of inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their respective English translations, the Chinese names shall prevail.

COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

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	Chang Qing

2. Contacts

	Secretary to the Board, Company Secretary	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	8625-84362700-301836, 301835
Fax	8625-84207788	8625-84466643
Email	jsnh@jsexpwy.com	jsnh@jsexpwy.com

3. Basic Corporate Information

Registered Office	6 Xianlin Avenue, Nanjing, Jiangsu Province, 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 Media for Information Disclosure by the Company	Shanghai Securities News, China Securities Journal
Internet Website Designated by CSRC for Publishing the Annual Report	www.sse.com.cn , www.hkexnews.hk , www.jsexpressway.com
Annual 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 AND PRINCIPAL FINANCIAL INDICATORS

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	—

Particulars of registration of the Company

Date of registration	1 August 1992
Address 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

6. Other relevant information

Auditors appointed by the Company (domestic)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, Bund Center, 222 Yan An Road East, Shanghai, the PRC
	Authorized accountants as signatories	Yu Yang, Bu Jun
Auditors appointed by the Company (overseas)	Name	N/A
	Office address	N/A
	Authorized accountants as signatories	N/A
Domestic Legal Advisors	Name	C & T Partners Law Firm Office
	Office address	5/F, 26 Beijing Road West, Nanjing
Hong Kong Legal Advisors	Name	Reed Smith Richards Butler
	Office address	20/F, Alexandra House, 18 Chater Road, Central, Hong Kong
Domestic Share Registrar and Transfer Office	Name	China Securities Depository & Clearing Corporation Limited Shanghai Branch
	Office address	Level 36, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai, the People's Republic of China
Registrar of share transfer in Hong Kong	Name	Hong Kong Registrars Limited
	Office address	Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Hong Kong Financial Public Relations Consultant	Name	Wonderful Sky Financial Group Holdings Limited
	Office address	6/F, Nexus Building, 41 Connaught Road Central, Hong Kong
	Telephone	(852) 3970 2139
	Fax	(852) 2598 1588

COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

7. Principal accounting data and financial indicators for the past five years

(1) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	2015	2014		Increase/ decrease at the end of this Reporting Period as compared with the same period of previous year (%)	2013	2012	2011
		After adjustment	Before adjustment				
Operating revenue	8,761,321,186	8,830,860,795	7,879,076,285	-0.79	7,614,226,717	7,795,942,681	7,401,310,221
Net profit attributable to the shareholders of the Company	2,506,629,408	2,227,907,831	2,574,754,312	12.51	2,707,743,147	2,333,344,558	2,429,750,207
Net profit attributable to the shareholders of the Company after non-recurring profit or loss	2,692,979,266	2,228,136,341	2,575,500,757	20.86	2,648,402,925	2,342,604,374	2,430,245,112
Net cash flow from operating activities	4,475,893,125	3,741,645,416	3,092,012,620	19.62	3,084,162,160	3,189,409,926	3,835,414,221

Principal accounting data	At the end of the Reporting Period	At the end of 2014		Increase/ decrease as compared with the same period of previous year (%)	At the end of 2013	At the end of 2012	At the end of 2011
		After adjustment	Before adjustment				
Net assets attributable to the shareholders of the Company	20,476,159,276	21,015,980,062	20,348,338,531	-2.57	19,596,483,889	18,688,861,700	18,144,689,549
Total assets	36,476,039,663	37,481,216,616	27,444,862,983	-2.68	26,833,912,370	25,849,257,639	25,375,438,896
Total share capital at the end of the period	5,037,747,500	5,037,747,500	5,037,747,500	-	5,037,747,500	5,037,747,500	5,037,747,500

(2) Principal financial indicators for the past five years

Principal financial indicator	Reporting Period	2014		Increase/ decrease as compared with the same period of previous year (%)	2013	2012	2011
		After adjustment	Before adjustment				
Basic earnings per share (RMB/share)	0.4976	0.4422	0.511	12.53	0.538	0.463	0.482
Diluted earnings per share (RMB/share)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic earnings per share after non- recurring profit/loss (RMB/share)	0.5346	0.442	0.511	20.87	0.526	0.465	0.482
Weighted average return on net assets (%)	12.45	10.96	13.21	Increased by 1.49 percentage points	14.49	12.99	13.96
Weighted average return on net assets after non-recurring items (%)	13.38	10.96	13.21	Increased by 2.42 percentage points	14.17	13.04	13.97

COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

Explanation of the Company's principal accounting data and financial indicators as at the end of the Reporting Period:

During the Reporting Period, the Company acquired 100% equity interests of Ningchang Zhenli Company for a cash consideration of RMB502 million and inherited all of its interest-bearing debts, through a debt-to-equity conversion, and Guangjing Xicheng Company, a subsidiary of the Company, acquired 100% equity interests of Xiyi Company for a cash consideration 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 merged into Guangjing Xicheng Company, and as a result there is change in the scope of the combined financial statements of the Group during the Reporting Period.

As the Company, Ningchang Zhenli Company and Xiyi Company were ultimately controlled by Communications Holding before and after the acquisitions, the above acquisitions were therefore a business combination under common control, which were 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 annual report, restatements are made to the opening balance and figures for the corresponding period of last year according to relevant requirements.

8. Difference on the Accounting Information under Domestic and Foreign Accounting Standards

(1) **Difference between net profit and the net assets attributable to shareholders of the Company in the financial report disclosed under IFRS and PRC Accounting Standards**

Applicable Not Applicable

(2) **Difference between net profit and the net assets attributable to shareholders of the Company in the financial report disclosed under IFRS and PRC Accounting Standards**

Applicable Not Applicable

(3) **Explanation on the differences between domestic and foreign accounting standards:**

Applicable Not Applicable

9. Principal financial data for 2015 by quarters

Unit: Yuan Currency: RMB

	Q1 (January – March)	Q2 (April – June)	Q3 (July – September)	Q4 (October – December)
Operating income	1,987,349,352	2,323,317,656	2,345,764,978	2,104,889,200
Net profit attributable to shareholders of the Company	656,408,147	1,070,291,618	740,409,461	39,520,182
Net profit attributable to shareholders of the Company after non-recurring profit or loss	702,702,108	761,047,722	728,495,471	500,733,965
Net cash flow from operating activities	944,339,418	1,128,316,046	1,136,565,723	1,266,671,938

Explanation on the differences between the quarterly information and the information disclosed in the regular report

Applicable Not Applicable

COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

10. Non-recurring profit/loss and the amounts

Applicable Not Applicable

Unit: Yuan Currency: RMB

Non-recurring items	2015	Note (if applicable)	2014	2013
Gain or loss from disposal of non-current assets	-628,207,181	mainly comprised of losses from disposal of assets with respect to early termination of its toll road concession rights of G312 Shanghai-Nanjing Section	-2,606,420	81,162,042
Government grant recorded in profit or loss in the current period	1,813,793	special fund for safety production and compensation for construction of Ningchang Expressway received	8,990,189	600,000
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	230,688,998	net profits or losses from the beginning of the Reporting Period to the date of combination from merger and acquisition of Ningchang Zhenli Company and Xiyi Company	—	—
Earnings from changes in the fair value of held-for-trading financial assets as well as investment revenue from disposal of held-for-trading financial assets and available-for-sale financial assets	35,967,519	—	10,866,275	7,119,212
Reversal of provision for accounts receivable which were tested for impairment losses individually	161,574	Provisions for bad debts	234,493	500,000
Revenue from external entrusted loans	24,846,638	—	—	—
Other non-operating income and expenses other than the aforesaid items	9,603,213	—	-18,052,843	-11,427,395
Effects attributable to minority interests	-178,023	—	197,719	222,343
Effects of income tax	138,953,611	—	142,077	-18,835,980
Total	-186,349,858	—	-228,510	59,340,222

COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

11. Items measured at fair value

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Change	Amount affecting the profit of the Reporting Period
Fund investment	24,539,264	22,458,653	-2,080,611	29,699,389
Wealth management products	206,750,000	417,000,000	210,250,000	7,550,716
Gold investment	14,412,558	13,428,398	-984,160	-1,282,586
Total	<u>245,701,822</u>	<u>452,887,051</u>	<u>207,185,229</u>	<u>35,967,519</u>

During the Reporting Period, financial assets calculated on a fair value basis held by the Group were the fund investment, gold investment and wealth management products. The fair value as at the end of the year amounted to RMB452,887,000. The fair value of fund investment and gold investment were recognized based on the net value of relevant funds and gold available in the open market at the end of the year; the fair value of the wealth management product was recognized as the discounted future cash flows using the expected profit margin.

SUMMARY ON THE BUSINESS OF THE COMPANY

I. Statement on the principal business, operation model and industry involved in by the Company during the Reporting Period

(1) Statement on the business of the Company

The Company was incorporated as a joint stock limited company on 1 August 1992 in the Jiangsu Province of the People's Republic of China. The current registered capital amounts to RMB5.038 billion.

The Company is principally engaged in investment, construction, operation and management of the Shanghai-Nanjing Expressway and other toll highways within the Jiangsu Province owned or invested by the Group. It also develops passenger transportation and other ancillary services along these highways (including refueling, catering, retailing, advertising and accommodation, and so forth).

The Company is the only listed company in the transportation and infrastructure industry of the Jiangsu Province. On 27 June 1997, the Company issued 1,222,000,000 H Shares which were listed on the Stock Exchange. On 16 January 2001, the Company issued 150,000,000 A Shares which were listed on the SSE. The Company established ADR which came into force on 23 December 2002, trading in the over-the-counter market in the United States of America. As at 31 December 2014, the total share capital of the Company was 5,037,747,500 shares with a nominal value of RMB1 each.

The Company is principally engaged in investment, construction, operation and management of toll roads and bridges. Apart from the Shanghai-Nanjing Expressway, the Company also owns the entire or partial interests of other toll roads and bridges located in the Jiangsu Province, including Ningchang Expressway, Zhenli Expressway, Xiyi Expressway, Nanjing-Lianyungang Highway, Xicheng Expressway, Guangjing Expressway, Jiangyin Bridge and Sujiahang Expressway.

As at 31 December 2015, the highway mileage owned or invested by the Company exceeded 820 kilometers, and total assets amounted to approximately RMB36.476 billion. The Company is one of the PRC's largest listed companies in the toll road industry in terms of total assets.

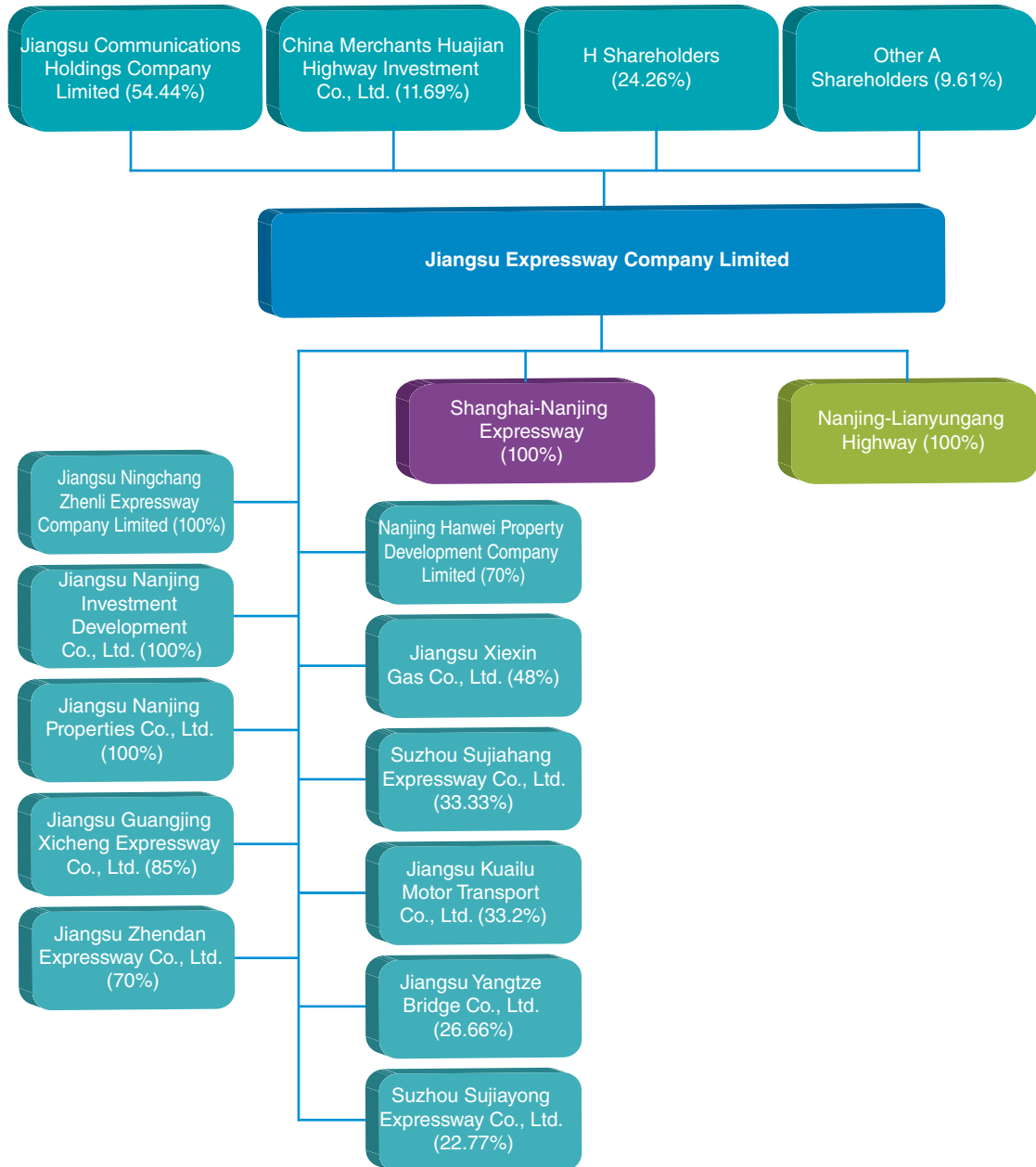
The Company's operations are located in one of the most economically energetic regions in the PRC – the Yangtze River Delta. The roads and bridges owned or invested by the Company are major road transportation corridors linking the east-to-west and south-to-north of the Jiangsu Province. Such an active economy leads to heavy flows of transportation. Nanjing-Shanghai Expressway, the Company's core asset, connects six major cities, including Shanghai, Suzhou, Wuxi, Changzhou, Zhenjiang and Nanjing, and has become one of the busiest expressways in the PRC.

The Company, Ninghu Properties, Ninghu Investment, Guangjing Xicheng Company, Ningchang Zhenli Company, Zhendan Company and other subsidiaries of the Company are collectively referred to as the Group during the Reporting Period.



SUMMARY ON THE BUSINESS OF THE COMPANY

(II) Major asset structure of the Group



SUMMARY ON THE BUSINESS OF THE COMPANY

II. Statement on the material changes of principal asset of the Company during the Reporting Period

During the Reporting Period, the Company acquired 100% equity interests of Ningchang Zhenli Company and Guangjing Xicheng Company, a subsidiary of the Company, acquired 100% equity interests of Xiyi Company and conducted merger of Xiyi Company. The aforesaid acquisitions have been completed during the Reporting Period, following which Ningchang Zhenli Company has become a wholly-owned subsidiary of the Company and Xiyi Company has been merged into Guangjing Xicheng Company. As a result, the scope of the combined financial statements of the Group has been changed during the Reporting Period. Meanwhile, the size and structure of the Company's assets have changed resulting from the early termination of toll road concession rights to G312 Shanghai-Nanjing Section as at 16 September 2015 pursuant to requirements by Jiangsu Provincial Government.

III. Analysis of Core Competitiveness during the Reporting Period

The major business of the Company is the operation and management of 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 Company 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 in operation and development of the Company. The Company had completed the acquisition of equity interests of Ningchang Zhenli Company and Xiyi Company in 2015. The new toll highway mileage controlled or invested by the Company increased from approximately 252 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 Company's core competitiveness.

In addition, the company also has the following core competencies:

◇ **Leading operational management capability**

The Company has accumulated rich experience in expressway operational management, and formed certain management system and means of information for expressway operation. Our value of brand which was recognized by the public, has provided advantage to the Company as operating and managing longer expressway mileage.

◇ **Strong investment management capabilities**

The Company is experienced in expressway investment research, and gain considerable revenue from invested projects, this has laid solid foundation for the Company's future integration of the existing road and bridge assets, investment in PPP model, construction and operation of toll road and bridge projects and realization of profit.

◇ **Excellent financial management capacity**

The Company is one of the first batch of listed expressway operation and management companies, and is also one of the four expressway operation and management companies which are listed both on A share and H share market, these has provided a perfect platform for the Company to finance from both the two capital markets. Meanwhile, a high level of credit rating and smooth financing channel maintained by the Group enabled us a relatively low financing costs.



MANAGEMENT DISCUSSION AND ANALYSIS



CHANG QING

Chairman of the Board

I. MANAGEMENT DISCUSSION AND ANALYSIS

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, distribution of advertising media 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 actively adapted to the development requirements under the new situation, focusing on the core tasks; with the joint efforts of the management and all staff, the progress of each business had been actively promoted in a down-to-earth manner and the Twelfth Five-Year plan had been completed satisfactorily.

To achieve the Twelfth Five-Year plan of the Company, during the Reporting Period, as for the development of major business, the Company completed the acquisition of 100% equity interest in Ningchang Zhenli Company and Guangjing Xicheng Company's merger of Xiyi Company, established Zhendan Company and launched the preliminary construction work, completed the preliminary decision of the investment of the construction of Changyi Expressway and further expanded the major business. Meanwhile, the toll road concession rights of G312 Shanghai-Nanjing Section was early terminated, further optimized the asset structure. As for the development of auxiliary business, property sales and development of "Ninghu Properties were advanced in a timely manner, the development and sales went well during the Reporting Period; with the Company and Deshi Fund jointly made capital contribution and established a project company, the cooperative development of Lot. No. 2 South Station New Town to the south of Nanjing South Railway Station were carried out as planned; the service areas of Yangcheng Lake and Meicun of our non-wholly owned subsidiary Jiangsu Xiexin Gas was formally put into service, which will continue to improve the operation and management of the service areas, strengthen the management over suppliers, implement uniform distribution of stock commodities and, actively introduce brand operation, etc. The Company synchronically carried out the major business and the auxiliary business and laid a good foundation for corporate sustainability. Progress of each business is as follow:

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Toll road and bridge operations

i. Analysis of Business Environment

◇ *Impact of the macroeconomic environment*

During the Reporting Period, China's economy continued to undergo profound structural reform and the transformation and upgrading pace was speeding up. The gross domestic product was recorded a year-on-year increase of 6.9%, although decreased by 0.4 percentage points compared with the year 2014, which still kept a rapid growth. During the Reporting Period, the gross regional product in Jiangsu province was recorded a year-on-year increase of 8.5%, the province's continued to keep stable growth, economy transformation and upgrading has made great progress, reform and opening up was comprehensively deepened, the new development momentum is accelerately formed (source of data: Governmental statistics information website).

The macroeconomic environment is an essential factor affecting the demands for transportation, most of the toll road projects of the Group still kept a stable and natural growth with the comprehensive effect of the multiple factors in the macro and regional economic environment during the Reporting Period. The demand for cargo transportation decreased for the effect of economic downturn, and resulted in the significant decline of cargo traffic growth of toll road and bridge projects during the Reporting Period.

◇ *Development of demands for transportation*

During the Reporting Period, the transportation industry of Jiangsu kept basically stable, the passenger transportation volume decreased by 1.3% year on year and cargo transportation volume rose by 2.5% year on year, turnover of passengers and goods increased by 1.0% and 5.0% year on year, respectively, representing a slow down in the growth. The above designated size cargo volumes were 2,080 million tons, representing an increase of 3.1% year on year, of which 400 million tons were foreign trade cargo, representing an increase of 4.7% year on year; the container volume were 16.055 million standard containers, representing an increase of 7.0%.

As at the end of the Reporting Period, the number of vehicles for civilian use totaled 12,479,000, with a net increase of 1,439,000, representing an increase of 13.0%, and the number of private cars totaled 10,769,000, made a net increase of 1,412,000, representing an increase of 15.1%, of which, the number of private sedans was 7,739,000, with a net increase of 1,082,000, representing an increase of 16.3% (data source: governmental statistics information website). The continuous stable development of car ownership would be the most direct drive to the growth of road traffic flow, and meanwhile a higher car ownership in the region would give more free play to the competitive advantage of highways in the short and medium distance transportation and thus improve the ability to resist diversion impact of other transport modes.

◇ *Changes in competition pattern*

As at the end of Reporting Period, total operating expressway mileage in the Jiangsu Province amounted to 4539.1kilometers, with newly-added mileage of 50.8 kilometers. The railways operation mileage amounted to 2679.2 kilometers, with newly-added mileage of 46.8 kilometers and main lines of railways extended 4569.7 kilometers (data source: governmental statistics information website). There were fewer newly constructed and opened projects of expressways and railways, which did not have diversion impact on toll road and bridge projects of the Group, resulting in a general stability of the competition pattern.

◇ *Policy's impact on toll roads*

During the Reporting Period, central and local governments haven't released policies with adverse impacts on the toll roads industry and the policy environment of the industry remained relatively stable. The amendments to the Regulation on the Administration of Toll Roads were released to the public for one month to solicit their opinions on 21 July 2015, from the content published by the ministry of transportation, the amendments cleared a series of reform direction, which was conducive to the long-term steady development of the industry on the whole. As the Regulation on the Administration of Toll Roads haven't finally been promulgated, there was uncertainty on the final policies.

The policies of toll-free travel for small passenger vehicles in major festivals and holidays and toll-free green passage for vehicles carrying fresh and live agricultural products were continuously implemented, according to the preliminary estimation, in respect of the toll-free travel for small passenger vehicles in major festivals and holidays during the Reporting Period, the Group's toll revenue decreased approximately RMB297 million in total, and the aggregated fees for toll-free green passage for vehicles amounted to approximately RMB156 million.

MANAGEMENT DISCUSSION AND ANALYSIS

ii. Progress of businesses

◇ *Proactive merger of road assets*

On 30 December 2014, it was considered and approved at the 17th meeting of the seventh session of the Board of the Company that the Company might acquire 100% equity shares of Ningchang Zhenli Company for a cash consideration of RMB502 million and inherited all of its interest-bearing liabilities, through a debt-to-equity conversion, and two acquisitions of assets including the acquisition by Guangjing Xicheng Company, a subsidiary of the Company, of 100% equity interests of Xiyi Company for a cash consideration of RMB662 million and conducted the merger of Xiyi Company. During the Reporting Period, the Company proactively completed subsequent procedures of these two projects. On 12 March 2015, such matters were considered and approved at the first extraordinary shareholders' meeting of 2015. On 9 April 2015, Guangjing Xicheng Company obtained the control of Xiyi Company; on 15 June 2015, the Company obtained the control of Ningchang Zhenli Company pursuant to which Ningchang Zhenli Company became a wholly-owned subsidiary of the Company, subsequently the Company replaced Ningchang Zhenli Company as debtor of its RMB7.36 billion interest-bearing liabilities and such debt was converted into equity, which dramatically reduced the cost of debts. As at 25 June 2015, Ningchang Zhenli Company completed the changes in the registration with the bureau of industry and commerce and implemented the debt-to-equity conversion, which indicated that all procedures of the acquisition were successfully completed.

After the merger and acquisition of the two assets, the toll road mileage controlled by the Group increased by approximately 252 kilometers, which signified the effective integration of regional expressway assets by the Group, further strengthened the Group's leading position in southern Jiangsu road network, expanded the main business of the Group, raised the operational efficiency and enhanced the continuous profitability of the Group. The acquisition and merger met the demands of strategic development of the Group, and also laid the foundation of expanding the source of profit and maintaining the continuous and stable improvement of results in the future. In the meantime, by acquisition of competing roads, the loss of traffic volume of Shanghai-Nanjing Expressway caused by diversion could be offset, resulting in effective control over the traffic volume of roads within Shanghai-Nanjing passage.

On 29 December 2015, the fourth meeting of the eight session of the Board of the Company was held to consider and approve the investment in the first phrase of Changyi Expressway by its subsidiary Guangjing Xicheng Company with a consideration of no more than RMB800 million with a total track length of 18.094 kilometers, of which 7.05 kilometers are eight-lane expressway, 11.044 kilometers are six-lane expressway, with an estimated total investment of approximately RMB2.918 billion, Guangjing Xicheng Company holds 60% of its equity interest.

◇ *Obtaining the compensation for removal of the toll stations in the G312 Shanghai-Nanjing Section*

To resolve the conflict on the toll collection of the toll stations along the G312 Shanghai-Nanjing Section and gradually promote the building of two network systems (toll road system consisting of expressways and free road system consisting of ordinary roads), we followed the decision of Jiangsu Provincial Government ((Su Zheng Fu [2015] No. 88)) to remove the remaining four toll stations along the G312 Shanghai-Nanjing Section, namely Daijiamen, Benniu, Wangting, Gunan, and early terminate the Company's toll road concession rights of G312 Shanghai-Nanjing Section (including the stations removed in 2012), and end the toll collection period on 15 September 2015 and the Company would receive economic compensation for early termination of its toll road concession rights of G312 Shanghai-Nanjing Section according to the relevant rules.

Through repeated communications with the relevant departments of the Jiangsu Provincial Government and hard work, the Company received from the State-owned Assets Supervision and Administration Commission of Jiangsu Province the approval Su Guo Zi Fu [2015] No. 195 entitled "Approval in relation to the Economic Compensation Arrangements for the Removal of Toll Stations and Early Termination of Toll Road Concession Rights of G312 Shanghai-Nanjing Section" (《關於撤除312國道滬寧段收費站提前終止收費經營權經濟補償的批復》) on 21 December 2015, under which, according to the laws, regulations and the relevant approval of the provincial government such as the Toll Road Management Law (《收費公路管理條例》) and the Measures for the Transfer of Toll Road Concession Rights (《收費公路權益轉讓辦法》), it is agreed to compensate the Company for the removal of the toll stations of G312 Shanghai-Nanjing Section and early termination of its toll road concession rights of G312 Shanghai-Nanjing Section and the economic compensation in the amount of RMB1,316,049,634 would be paid by Communications Holding from its retained earnings to the Company. The relevant compensation was calculated according to the Transfer of Toll Road Concession Rights (《收費公路權益轉讓辦法》) (State Council Order [2008] No.11)(國務院令2008年第11號). On 24 and 25 December 2015, the Company received the first compensation installment of RMB526,419,854 in aggregate from Communications Holding.

The early termination of the Company's toll road concession rights of G312 Shanghai-Nanjing Section reduced the burden of the Company's operation and relieved the financial risk of the Company caused by the long-term operating losses of G312 Shanghai-Nanjing Section and the operating risks resulted from the more and more acute contradiction on the toll collection, further optimized the Company's asset structure, which was of strategic importance for the sustainability and healthy development of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

◇ Accelerating the construction of new investment projects

During the Reporting Period, the two new projects ChangJia Expressway and Zhendan Expressway invested by the Group were implemented smoothly. The construction of ChangJia Expressway in which the Company held 22.77% of its equity interest commenced in September 2013. As at the end of the Reporting Period, the stonework for subgrade and the bridge construction was basically completed. The total completed work represented approximately 70% of the approved projects and it is expected to open to traffic in 2016.

The registration with the bureau of the industry and commerce in terms of establishment of Zhendan Company, 70% of the equity interests in which belong to the Group, was completed in January 2015. The registered capital was RMB605.59 million. Zhendan Company negotiated with Communication Construction Bureau and entered into the entrusted construction agreement of Zhendan Expressway, which entrusted the bureau to be in charge of the construction of Zhendan Expressway. As at the end of the Reporting Period, the project construction has been fully carried out following the completion of land requisition, demolition and relocation and it is expected to open to traffic in 2018.

iii. Business performance and analysis on project operation

During the Reporting Period, the Group recorded toll revenue of approximately RMB6,437,854,000, representing a year-on-year increase of approximately 2.38% and accounting for 73.48% of total revenue from operation of the Group, of which, the newly acquired Ningchang Expressway, Zhenli Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway contributed toll revenue of approximately RMB1,081,136,000 during the Reporting Period. Apart from these four newly acquired projects, the toll revenue from other road and bridge projects decreased by approximately 0.29% in a year-on-year manner during the Reporting Period.

Details of the operations of each of the road and bridge projects are set out as below:

Road/Bridge		Reporting Period		2014		Change over the previous year %
Shanghai-Nanjing Expressway	traffic volume of passenger vehicles (vehicle/day)	60,389	76.83%	54,827	73.96%	10.14%
	traffic volume of trucks (vehicle/day)	18,215	23.17%	19,303	26.04%	-5.64%
	Total traffic volume (vehicle/day)	78,603	-	74,129	-	6.04%
	Average daily toll revenue (RMB'000/day)	12,303.19	-	12,303.87	-	-0.01%
G312 Shanghai-Nanjing Section	traffic volume of passenger vehicles (vehicle/day)	4,513	60.41%	5,170	59.78%	-12.71%
	traffic volume of trucks (vehicle/day)	2,957	39.59%	3,478	40.22%	-14.98%
	Total traffic volume (vehicle/day)	7,470	-	8,648	-	-13.62%
	Average daily toll revenue (RMB'000/day)	125.29	-	145.21	-	-13.72%
Nanjing-Lianyungang Highway	traffic volume of passenger vehicles (vehicle/day)	3,198	68.54%	2,461	56.99%	29.93%
	traffic volume of trucks (vehicle/day)	1,468	31.46%	1,857	43.01%	-20.95%
	Total traffic volume (vehicle/day)	4,665	-	4,318	-	8.04%
	Average daily toll revenue (RMB'000/day)	72.69	-	82.03	-	-11.39%
Xicheng Expressway	traffic volume of passenger vehicles (vehicle/day)	49,641	76.98%	45,019	75.05%	10.27%
	traffic volume of trucks (vehicle/day)	14,847	23.02%	14,966	24.95%	-0.80%
	Total traffic volume (vehicle/day)	64,488	-	59,986	-	7.51%
	Average daily toll revenue (RMB'000/day)	1,422.55	-	1,415.04	-	0.53%
Guangjing Expressway	traffic volume of passenger vehicles (vehicle/day)	45,596	75.10%	40,205	72.29%	13.41%
	traffic volume of trucks (vehicle/day)	15,118	24.90%	15,415	27.71%	-1.93%
	Total traffic volume (vehicle/day)	60,713	-	55,620	-	9.16%
	Average daily toll revenue (RMB'000/day)	788.95	-	772.26	-	2.16%

MANAGEMENT DISCUSSION AND ANALYSIS

Road/Bridge		Reporting Period		2014		Change over the previous year %
Ningchang Expressway	traffic volume of passenger vehicles (vehicle/day)	19,292	73.45%	13,688	70.15%	40.94%
	traffic volume of trucks (vehicle/day)	6,974	26.55%	5,826	29.85%	19.72%
	Total traffic volume (vehicle/day)	26,267	-	19,513	-	34.61%
	Average daily toll revenue (RMB'000/day)	1,615.43	-	1,235.09	-	30.79%
Zhenli Expressway	traffic volume of passenger vehicles (vehicle/day)	5,731	62.88%	4,951	57.65%	15.75%
	traffic volume of trucks (vehicle/day)	3,383	37.12%	3,637	42.35%	-6.96%
	Total traffic volume (vehicle/day)	9,114	-	8,588	-	6.12%
	Average daily toll revenue (RMB'000/day)	542.88	-	537.93	-	0.92%
Xiyi Expressway	traffic volume of passenger vehicles (vehicle/day)	15,045	82.38%	13,852	80.10%	8.61%
	traffic volume of trucks (vehicle/day)	3,218	17.62%	3,442	19.90%	-6.49%
	Total traffic volume (vehicle/day)	18,263	-	17,294	-	5.60%
	Average daily toll revenue (RMB'000/day)	730.08	-	668.2	-	9.26%
Wuxi Huantaihu Expressway	traffic volume of passenger vehicles (vehicle/day)	5,611	82.24%	5,159	78.09%	8.77%
	traffic volume of trucks (vehicle/day)	1,212	17.76%	1,448	21.91%	-16.31%
	Total traffic volume (vehicle/day)	6,823	-	6,607	-	3.27%
	Average daily toll revenue (RMB'000/day)	73.63	-	69.13	-	6.50%
Jiangyin Bridge	traffic volume of passenger vehicles (vehicle/day)	53,940	74.50%	48,249	72.48%	11.79%
	traffic volume of trucks (vehicle/day)	18,464	25.50%	18,323	27.52%	0.77%
	Total traffic volume (vehicle/day)	72,404	-	66,572	-	8.76%
	Average daily toll revenue (RMB'000/day)	2,773.36	-	2,657.51	-	4.36%
Sujiahang Expressway	traffic volume of passenger vehicles (vehicle/day)	35,370	63.82%	32,642	62.56%	8.36%
	traffic volume of trucks (vehicle/day)	20,049	36.18%	19,536	37.44%	2.63%
	Total traffic volume (vehicle/day)	55,420	-	52,178	-	6.21%
	Average daily toll revenue (RMB'000/day)	3,269.94	-	3,131.69	-	4.41%
Yanjiang Expressway	traffic volume of passenger vehicles (vehicle/day)	31,534	75.04%	27,379	72.95%	15.18%
	traffic volume of trucks (vehicle/day)	10,487	24.96%	10,150	27.05%	3.32%
	Total traffic volume (vehicle/day)	42,021	-	37,529	-	11.97%
	Average daily toll revenue (RMB'000/day)	3,349.76	-	3,120.28	-	7.35%

Note: Due to the early termination of toll management for G312 Shanghai-Nanjing Section on 16 September 2015, the related operating statistics was collected up to 15 September 2015. During the reporting period, the toll revenue of G312 Shanghai-Nanjing Section amounted to RMB32,325,000, representing a year-on-year decrease of 39.01%.

Considering the operating performance of all projects, for the Reporting Period, the average daily traffic volume of Shanghai-Nanjing Expressway recorded a year-on-year growth of approximately 6.04%, among which, the traffic volume of passenger vehicles witnessed a growth of approximately 10.14% year-on-year while the truck traffic volume decreased by approximately 5.64% year-on-year. Due to rapid growth of traffic volume of passenger vehicles and ongoing decline of traffic volume of trucks, the proportion of passenger vehicles to trucks traffic volume was approximately 76.83% and 23.17%, respectively. Trucks using Shanghai-Nanjing Expressway recorded a year-on-year decrease by 2.83 percentage points. Resulting from the Ningchang Expressway's rerouting, the truck traffic volume of the western portion of Shanghai-Nanjing Expressway reduced by approximately 9.55% (with a decrease of approximately 12.24% for the first half and approximately 6.78% for the rest of the year, the rerouting was gradually moderated in the second half of the year). During the Reporting Period, the average daily toll revenue of Shanghai-Nanjing Expressway was approximately RMB12,303,190, which was similar to that in last year.

MANAGEMENT DISCUSSION AND ANALYSIS

In contrast, during the Reporting Period, Ningchang Expressway maintained its strong increasing momentum as in 2014, with a year-on-year increase of approximately 34.61% in the average daily traffic volume, out of which the traffic volume of passenger vehicles witnessed a growth of approximately 40.94% and the truck traffic volume increased by approximately 19.72% year-on-year. The traffic volume performed better than expected. The average daily toll revenue increased by approximately 30.79% year-on-year. During the Reporting Period, the total traffic volume of Shanghai-Nanjing West Corridor comprising the western section of Shanghai-Nanjing Expressway and Ningchang Expressway have increased by approximately 13.59% year-on-year, among which the average daily traffic volume of passenger vehicles increased by 18.48% year-on-year while the average daily traffic volume of trucks decreased by 0.84% 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 volume of the other three newly acquired projects, 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.

The traffic volume of all of other road and bridge projects including the north connection of Guangjing Expressway, Xicheng Expressway, Jiangyin Bridge and Sujiahang Expressway continued to maintain relatively good growth momentum. Whereas due to the slow growth of macro-economy and the overall poor performance of the transportation industry, the proportion of truck traffic volume decreased in different degree, and as a result of which, the growth of toll revenue was less than the growth of traffic volume.

(II) Operation of Ancillary Services

Ancillary services mainly including petroleum product sales, food and beverage, retail sales of goods and other related operations were provided at the six service areas along the Shanghai-Nanjing Expressway. The operation and management at service areas focused on raising customer satisfaction, aiming to achieve synchronous improvement in both revenue and services.

During the Reporting Period, the Company made further effort to consummate the facilities in the expressway service areas, optimize the service function and beautify the outfield environment in order to prepare for the national rating of service areas. Reviewed and assessed by experts, Yangcheng Lake area and Meicun area along with the Shanghai-Nanjing Expressway were awarded as national "top 100 demonstration service areas" ("百佳示範服務區") and Xianrenshan, Douzhuang and Fangmaosan as national "excellent service area" ("優秀服務區").

During the Reporting Period, the Company continued to explore all round in respect of management mechanism, business industries, profit model and so forth in order to make initiative in marketing mode and increase profitability. In terms of food and beverage service, the Company cooperated with Metro Supermarket and fully carried out bulk purchasing of the raw material for food and beverage. The strict HACCP system and the ingredient-targeted tracking system of Metro Supermarket will further improve the raw material quality of food and beverage in the service area and reduce the cost of raw material purchasing. In terms of commodity operation, the Company enhanced analysis on commodity sales data and tried to replenish the stock of large sales brand goods with favorable prices by means of direct procurement from the manufacturer or through negotiation of favorable price for key account, such that the cost will be reduced. Meanwhile, the Company actively expanded market leasing in the operating areas so as to enrich the operating mode and explored diversified development of its operating type by bringing in chain brands. In terms of efficiency promotion, with information construction, the Company established enterprise management ERP and financial sharing system in service areas. During the Reporting Period, the Company carried out the pilot work in the business ultra system of service area and performed the digital management in respect of suppliers and retail goods. The Company further strengthened its management in financial cost and improved its management efficiency by the application of informationization.

During the Reporting Period, the construction of LNG gas station in the service area continued to be advanced by Jiangsu Xiexin Gas, a joint-stock company established by the Company. During the Reporting Period, the north station of Yangcheng Lake service area, south station of Meicun service area have been completed and put into operation, with an annual gas sales volume of 2,334 tons and annual sales income up to RMB10.552 million; the south station of Xianrenshan service area has fulfilled the operational condition while the preparatory work for the north station of Xianrenshan has completed.

During the Reporting Period, the Company recorded revenue of approximately RMB1,885,362,000 from the ancillary services, representing a year-on-year decrease of approximately 15.84%. Out of this revenue, revenue from sales of petroleum products amounted to approximately RMB1,630,950,000, accounting for approximately 86.51% of the total revenue from the ancillary services. Notwithstanding a slight increase in the gross profit margin of the sales of petroleum products year-on-year, the continuous drop in average retail price of oil products at a wider scale when compared with that in the same period last year as a result of fall in international oil price has resulted in a decrease in revenue from sales of petroleum products of approximately 18.24% year-on-year. Revenue from other businesses including food and beverage, retail sales of goods and hindrance clearance services amounted to approximately RMB254,412,000, representing a year-on-year increase of approximately 3.69%.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Property Development and Sales Business

During the Reporting Period, the PRC government lowered the threshold of property purchase, stabilized property market and propelled its development by a range of measures including several cuts on interest rates and reductions in reserves, flexible macro-control policies in various regions and policy of gradual abolition of the house purchase quota in major cities which contributed to the accelerated recovery of the property market. Faced with the new opportunities of the property market, Ninghu Properties, applying a prudent and steady development strategy, caught up closely with the current trend of the market. A healthy development momentum has gradually come into being with accurate positioning of the products, reasonable sales and marketing positioning in consideration of regional disparities and product differences, orderly advanced development pace and adjustment of sales strategy according to the market trend.

During the Reporting Period, the newly added area under development of property projects of Ninghu Properties, a subsidiary of the Company, was 75,300 square meters. Currently, the gross floor area under development totaled approximately 593,900 square meters, of which approximately 257,600 square meters has been completed and delivered and was transferred, the gross area under construction was approximately 336,300 square meters. The annual contracted area was approximately 55,100 square meters (447 units) generating advanced sales revenue of up to approximately RMB565,862,000, representing a year-on-year growth of approximately 166.05%; the delivered area was approximately 35,800 square meters (353 units) generating carryover sales revenue up to approximately RMB388,975,000, representing a year-on-year growth of approximately 53.41%; the lease of property and the residential properties management fee income was approximately RMB2,543,000. During the Reporting Periods, the net profit after tax of Ninghu Properties amounted to RMB59,723,000, representing a year-on-year increase of 2652.81%. Since the Tongcheng Guangming Jiezuo (同城光明捷座) project and Tongcheng Shijia Garden B Phase I project (同城世家花園B一期) developed and sold by the company has been completed and delivered during the Reporting Period, the delivered area and resulting profit also increased to a certain extent year-on-year, thus bringing about a comparatively ideal situation in the property business during the Reporting Period.

Progress of projects

Huaqiao B4 Tongcheng Guangming Jiezuo Project, 344 units in total, two remaining units had been subscribed for within a year; currently 343 units have been subscribed for.

Huaqiao B19 Tongcheng Guangmingxinzuo Project, 330 units in total, the sales of this project commenced on 18 April 2015, 264 units have been subscribed for within a year.

Huaqiao C5 Regal Royale five-star hotel, major structure has been inspected and accepted, the project has progressed to the stages of curtain wall construction and interior installation.

Huaqiao C7 Tongcheng Pujiang Office Building Project, the project remains unmarketable due to current unpopularity in Huaqiao Urban Core, unfavourable business and office circumstances and excessive surrounding office projects. The Company adopted the form of leasing out rather than selling with leased area amounting to 4,626.06 sq m and contractual amounts equal to RMB3,400,000 represented in the lease contracts within a year.

Suzhou Qingyuan Project, the Company introduced the third party as a result of which, the sales channels were expanded and number of visitors have significantly mounted. In addition, several groups of customers have developed to the stage of contract negotiation.

Suzhou Nanmen Shijia Huating Project, 344 units in total, 115 pre-sale permits had been granted within the year and 80 units have been subscribed for.

Jurong Tongcheng Shijia Phase I Project, 124 units in total, nine remaining units had been sold with 106 units sold in total.

MANAGEMENT DISCUSSION AND ANALYSIS

Jurong Tongcheng Shijia Phase II Project, 114 pre-sale permits had been granted within a year, 52 villas in total have been subscribed for. Currently small high-rise projects were aggressively marketed, 120 pre-sale permits have been granted and 49 units have been subscribed for.

Plot No. 2 located in the central business district of new city in the south of Nanjing is undertaken and developed by Hanwei Company, a joint venture established by the Company with Deshi Fund, with 120,000 sq m in total (excluding underground part) planned preliminarily. The project was positioned to build a comprehensive building with 5A offices, LOFT offices, community services and exquisite serviced apartments.



(IV) Advertising and other businesses

Other businesses of the Company mainly comprise advertising of Ninghu Investment and other companies and property services by Ninghu Properties.

During the Reporting Period, the revenue from advertising and other businesses of the Group amounted to RMB49,130,000, representing a year-on-year increase of 1.15%. Among such aggregate revenue, revenue from advertisement operations was approximately RMB42,551,000, representing a year-on-year decrease of 1.83%, revenue from property service fees and lease of commercial properties was approximately RMB6,579,000 representing a year-on-year increase of approximately 25.87%, which was mainly attributable to the rental income from the lease of commercial properties in Kunshan by Ninghu Investment, and the property management income from the management and operation of residential properties delivered by Ninghu Properties.

During the Reporting Period, Ninghu Investment actively continued to carry out cooperation and communication for advertising business, sought for business expansion. However, competition among the Internet media, economic downturn, general decline of corporate profitability and decrease of advertising volume, have resulted in premature termination of billboard contracts or no more renewal upon expiration and failure to achieve healthy growth.

II. Primary operating conditions during the Reporting Period

Under the restated standard of PRC Accounting Standards, during the Reporting Period, the Group realized total operating revenue of approximately RMB8,761,321,000, decreased by approximately 0.79% year-on-year, of which toll revenue amounted to approximately RMB6,437,854,000, representing an increase of approximately 2.38% year-on-year; revenue from ancillary services amounted to approximately RMB1,885,362,000, representing a decrease of 15.84% year-on-year; revenue from property sales amounted to RMB388,975,000, representing an increase of 53.41% year-on-year; and revenue from advertising and other operations amounted to approximately RMB49,130,000, up by approximately 1.15% year-on-year. The Group realized an operating profit of approximately RMB3,511,845,000 during the Reporting Period, representing an increase of approximately 12.71% as compared to the same period in 2014. Net profit attributable to the equity holders of the Company was approximately RMB2,506,629,000 and earnings per share was approximately RMB0.498, representing an increase of approximately 12.51% and 12.53% respectively as compared to the same period in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis of major businesses

Changes in relevant items in income statement and cash flow statement

Unit: RMB

Item	Reporting Period	Corresponding period of last year	Changes (%)
Operating revenue	8,761,321,186	8,830,860,795	-0.79
Operating costs	4,416,207,589	4,674,829,859	-5.53
Selling expenses	16,030,791	13,806,381	16.11
Administrative expenses	213,294,103	212,989,851	0.14
Financial expenses	778,935,597	895,551,358	-13.02
Income tax expenses	305,144,944	807,730,901	-62.22
Non-operating income	42,430,974	25,411,960	66.97
Non-operating expenses	659,221,149	37,081,034	1,677.79
Investment income	444,068,189	352,287,304	26.05
Net cash flow from operating activities	4,475,893,125	3,741,645,416	19.62
Net cash flow from investing activities	(1,499,120,436)	(402,940,197)	-272.05
Net cash flow from financing activities	(3,464,279,257)	(3,153,628,016)	-9.85

1. Analysis of cost and revenue

The Group realized an operating profit of approximately RMB8,761,321,000 during the Reporting Period, representing a decrease of approximately 0.79% as compared to the same period in 2014. Operating costs were approximately RMB4,416,208,000, representing a year-on-year decrease of 5.53%. As the decrease of revenue was lower than that of costs, the consolidated gross profit margin of the Group increased by 2.53 percentage points over the corresponding period of last year.

Composition of revenue

Items of Operating Revenue	Reporting Period (RMB)	Percentage %	2014 (RMB)	Percentage %	Change over the previous year %
Revenue from toll road operations	6,437,853,809	73.48	6,288,500,482	71.21	2.38
Revenue from ancillary business	1,885,362,444	21.52	2,240,233,553	25.37	-15.84
Revenue from property sales	388,975,137	4.44	253,556,650	2.87	53.41
Revenue from advertising and other businesses	49,129,796	0.56	48,570,110	0.55	1.15
Total	8,761,321,186	100	8,830,860,795	100	-0.79

As the major customers of the Group's toll business, operation business in service area and property sales business are social individual consumers, the five largest customers in aggregate accounted for less than 30% of the turnover of the Company. Coupled with the fact that there was no bulk procurement related to day-to-day operations, disclosure of the particulars regarding the major customers and suppliers is of an insignificant value and hence no such disclosure has been made in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Principal businesses by industries, products or regions:

Unit: RMB

Principal businesses by industries

Industries	Operating revenue	Operating cost	Gross profit margin (%)	Change of operating revenue over the previous year (%)	Change of operating cost over the previous year (%)	Change of gross profit margin over the previous year (%)
Toll road	6,437,853,809	2,277,236,491	64.63	2.38	2.92	Decreased by 0.19 percentage points
Shanghai-Nanjing Expressway	4,490,662,560	1,161,120,216	74.14	-0.01	4.86	Decreased by 1.20 percentage points
G312 Shanghai-Nanjing Section	32,325,290	252,453,864	-680.98	-39.01	-8.83	Decreased by 258.55 percentage points
Nanjing-Lianyungang Highway	26,531,422	15,913,020	40.02	-11.39	2.35	Decreased by 8.05 percentage points
Guangjing Expressway and Xicheng Expressway	807,198,623	234,778,837	70.91	1.11	0.67	Increased by 0.12 percentage points
Ningchang Express and Zhenli Expressway	787,782,499	446,644,225	43.30	21.73	5.37	Increased by 8.80 percentage points
Xiyi Expressway and Huantaihu Highways	293,353,415	166,326,329	43.30	9.00	6.76	Increased by 1.19 percentage points
Ancillary Services	1,885,362,444	1,892,119,251	-0.36	-15.84	-15.82	Decreased by 0.03 percentage points
Property Sales	388,975,137	227,549,069	41.50	53.41	15.45	Increased by 19.23 percentage points
Advertising and others	49,129,796	19,302,778	60.71	1.15	10.48	Decreased by 3.32 percentage points
Total	8,761,321,186	4,416,207,589	49.59	-0.79	-5.53	Increased by 2.53 percentage points

Principal businesses by regions

Unit: RMB

Industries	Operating revenue	Operating cost	Gross profit margin (%)	Change of operating revenue over the previous year (%)	Change of operating cost over the previous year (%)	Change of gross profit margin over the previous year (%)
Within Jiangsu Province	8,761,321,186	4,416,207,589	49.59	-0.79	-5.53	Increased by 2.53 percentage points

Explanation on the principal businesses by industries, products or regions:

During the Reporting Period, the major property units delivered were those of Tongcheng Guangming Jiezuo. Due to the relatively low land acquisition cost of the project, the gross profit margin of property business in this period was higher than that of the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Cost analysis

Unit: RMB

Principal businesses by industries

Industries	Item of operating costs	Amount during the Reporting Period	Percentage (%)	Amount for the same period of last year	Percentage (%)	Change over the previous year (%)	Changes explanation
Operating costs of the toll road operations		2,277,236,491	51.57	2,212,582,114	47.33	2.92	
	Depreciation and amortization	1,250,630,295	28.32	1,305,857,870	27.93	-4.23	Depreciation and amortization costs of toll road operation recorded a year-on-year decrease due to premature termination of toll road concession rights of the G312 Shanghai-Nanjing Section as well as higher depreciation cost arisen from the changes in accounting estimates in the Reporting Period.
	Costs on toll collection operation	140,992,457	3.20	135,486,597	2.90	4.06	Increase in building maintenance during the Reporting Period resulted in an increase of costs on toll collection operation year-on-year.
	Costs on roads and bridges maintenance	287,009,397	6.5	214,650,022	4.59	33.71	Due to several reasons such as the normal wear and tear of roads and national examination on maintenance of mainlines, number of maintenance projects of roads and bridges increased during the Reporting Period. As a result, costs on roads and bridges maintenance also increased.
	Costs on system maintenance	44,224,164	1	43,828,856	0.94	0.90	-
	Labor costs	554,380,178	12.55	512,758,769	10.97	8.12	Due to the rigid increase in labour costs.
Costs on ancillary businesses		1,892,119,251	42.84	2,247,676,576	48.08	-15.82	-
	Raw materials	1,635,506,878	37.03	2,004,298,882	42.87	-18.40	Raw material costs in costs on ancillary businesses recorded a year-on-year decrease due to the decrease in petroleum products price.
	Depreciation and amortization	27,126,609	0.61	28,998,807	0.62	-6.46	Changes during the Reporting Period decreased as a result of higher depreciation and amortization costs arisen from the changes in accounting estimates in previous year.
	Labor costs	182,434,705	4.13	173,658,671	3.72	5.05	Due to the rigid increase in labor costs.
	Other costs	47,051,059	1.07	40,720,216	0.87	15.55	Other costs of ancillary businesses recorded a year-on-year increase due to reasons such as national rating of service areas.
Costs on property sales business		227,549,069	5.15	197,100,033	4.22	15.45	Since the year-on-year increase in deliveries of property projects by the subsidiary Ninghu Properties, costs on property sales business recorded a year-on-year increase.
Costs on advertising and other business		19,302,778	0.44	17,471,136	0.37	10.48	Primarily due to the increase in management and operation costs of the delivered community properties by the subsidiary Ninghu Properties.
Total		<u>4,416,207,589</u>	<u>100</u>	<u>4,674,829,859</u>	<u>100</u>	<u>-5.53</u>	

Explanation on other analysis:

N/A.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Expenses

(1) *Administrative expenses*

During the Reporting Period, administrative expenses of the Group amounted to RMB213,294,000 in aggregate, which was more or less the same when compared to that of the same period in previous year. The administrative fee budget was under good control during the Reporting Period mainly due to the strict expenses control through the strengthening of budget management.

(2) *Financial expenses*

On 15 June 2015, the Company inherited all interest-bearing liabilities of RMB7.36 billion from Ningchang Zhenli Company by way of debt-to-equity conversion. The Company adjusted the structure of the inherited interest-bearing liabilities by the issue of ultra-short-term loan and medium term notes to replace the inherited mid-term and long-term bank borrowing. The Company also early repaid certain loans by bank borrowing and direct financing with a relatively low cost of financing during the Reporting Period. As at the end of the Reporting Period, the Company has repaid and replaced RMB7.11 billion of the liabilities. The rate of the consolidated borrowing cost of the inherited interest-bearing liabilities decreased from 6.05% to approximately 4.3% as at the end of the Reporting Period by adjustment of debt structure.

As at 31 December 2015, the Group's total interest-bearing liabilities amounted to approximately RMB13,401,843,000, decreased by RMB800,295,000 as compared with that in the beginning of the Reporting Period. The total financial expenses of the Group amounted to approximately RMB778,936,000, representing a year-on-year decrease of 13.02% mainly due to the year-on-year decrease in consolidated borrowing cost of the interest-bearing liabilities.

(3) *Selling expenses*

During the Reporting Period, the Group's aggregate selling expenses amounted to approximately RMB16,031,000, representing a year-on-year increase of 16.11%, mainly due to the increase of sales scale of the property business of Ninghu Properties during the Reporting Period and a year-on-year increase in agency fees and planning fee resulting from the promotion of property projects.

(4) *Income tax expense*

The statutory tax rate of all companies under the Group was 25%. During the Reporting Period, the income tax expense of the Group amounted to RMB305,145,000 in aggregate, representing a year-on-year increase of 62.22%, mainly attributable to two facts. Firstly there was a large decrease in income tax due to the one-off income tax reduction amounting to RMB326,834,000 pursuant to tax policies, resulting from the fact that profits generated can make up for losses in previous years following transfer of debts of Ningchang Zhenli Company, a subsidiary of the Company, which was eligible for recognizing deferred income tax. Secondly, losses of approximately RMB623,957,000 resulting from the early termination of toll road concession rights of the G312 Shanghai-Nanjing Section were deducted before tax, which led to decrease in income tax in the period.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Cash flow

The revenue from the principal business of toll roads of the Group is received in cash, contributing to a stable operating cash inflow. During the Reporting Period, the net cash flow from the Group's operating activities amounted to approximately RMB4,475,893,000, representing a year-on-year increase of 19.62%, mainly due to the net increase in operating cash inflow from the growth in toll revenue and property presale income; net cash outflow from investment activities amounted to approximately RMB1,499,120,000, representing a year-on-year increase of 272.05%, mainly due to the significant year-on-year increase in the payment of investment consideration for the merger and acquisition of Ningchang Zhenli Company and Xiyi Company and the payment for Zhendan Expressway construction during the Reporting Period; the net cash outflow from financing activities amounted to approximately RMB3,464,279,000, representing a year-on-year increase of 9.85%, mainly due to a year-on-year increase in the net cash outflow for the repayment of interest-bearing liabilities during the Reporting Period.

4. Non-operating income and expenses

During the Reporting Period, the Group achieved a non-operating income of approximately RMB42,431,000, representing a year-on-year increase of 66.97%, which was mainly due to compensation of RMB28,517,000 received during the Reporting Period for the land use rights of borrow pits.

During the Reporting Period, the Group incurred a non-operating expense of approximately RMB659,221,000, representing a year-on-year increase of 1,677.79%, which was mainly due to the losses from disposal of assets of approximately RMB623,957,000 from early termination of the Company's toll road concession rights of G312 Shanghai-Nanjing Section.

5. Investment income

During the Reporting Period, the Group's investment income amounted to approximately RMB444,068,000, representing a year-on-year increase of 26.05%. Benefitted from the increase in profits of associates such as Yanjiang Company and Sujiahang Company, investment income contributed by associates and joint ventures in which the Group held equity interest during the Reporting Period amounted to approximately RMB340,332,000, representing an increase of 9.45% as compared to that in 2014. Operating results of major companies in which the Group held equity investments are as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB

Company name	Principal business	Investment Cost	Equity interest attributable to the Company %	Net profit attributable to the Company	Share of investment income	Proportion of net profit attributable to the Company %	Change over the previous year %
Sujiahang Company	Management and operation of Sujiahang Expressway	526,090,677	33.33	405,543,493	135,167,646	5.22	16.19
Yangtze Bridge Company	Mainly engaged in the management and operation of Jiangyin Bridge	631,159,243	26.66	337,519,153	89,982,606	3.47	-11.51
Yanjiang Company	Mainly engaged in the management and operation of Yanjiang Expressway	1,466,200,000	28.96	418,161,005	134,898,740	5.21	37.76

- No share capital/debt securities had been issued by the major associates.
- Due to the year-on-year increase in toll revenue driven by the growth in the traffic volume as well as the drop in interest-bearing liabilities balance and the year-on-year decrease in finance costs resulting from the structural adjustments of loans, the net profit of Sujiahang Company and its share of investment income rose year-on-year.
- Yangtze Bridge Company recorded a year-on-year decrease in the net profit during the Reporting Period as a result of the non-recurring investment income arising from the disposals of available-for-sale financial assets in the previous year despite the year-on-year increase in toll revenue boosted by increased traffic volume during the year.
- Due to the year-on-year increase in toll revenue driven by the growth in the traffic volume as well as the drop in interest-bearing liabilities balance and the year-on-year decrease in finance costs resulting from the structural adjustments of loans, the net profit of Yanjiang Company significantly increased year-on-year and its share of investment income rose year-on-year.

(II) Explanation on Material Changes in Profit due to Non-principal Business

Applicable Not Applicable

After the acquisition of Ningchang Zhenli Company was completed, it started to make profits instead of suffering from losses this year, as a result of the transfer of debts and the reduction in financial expenses. The profit gained during the Reporting Period can be used to make up for the losses for the previous 5 years, resulting in a one off deduction of income tax of approximately RMB326,834,000 in accordance with tax policies during the Reporting Period, and thus increasing the net profit after tax. During the Reporting Period, Ningchang Zhenli Company realized a net profit of approximately RMB365,182,000.

On the request of Jiangsu Provincial Government, the Company early terminated its toll road concession rights on the G312 Shanghai-Nanjing Section at 0:00 on 16 September 2015. The provincial government consented to compensate the Company with the highest standard according to the relevant stipulations for the removal of toll station on the G312 Shanghai-Nanjing Section and the early termination of toll road concession rights on G312 Shanghai-Nanjing Section. The economic compensation amounting to RMB1,316,049,634 would be paid with the retained earnings of Communications Holding. As the amount of compensation offered by the government was lower than the sum of the net book value of the toll road concession rights on G312 Shanghai-Nanjing Section and the net book value of the auxiliary assets of G312 Shanghai-Nanjing Section including the dismantled and abolished toll installations, system equipment, and the transfer station, etc, the Company, in the light of PRC Accounting Standards, made a one-off write-down of the resulting asset loss of approximately RMB623,957,480 during the Reporting Period. During the Reporting Period, approximately RMB468 million was deducted from the net profit of the Group, which had been recognised in the G312 Shanghai-Nanjing Section annual financial statements for the Reporting Period.

The aforementioned acquisition of Ningchang Zhenli Company and asset loss of G312 Shanghai-Nanjing Section gave rise to changes in the source of profits of the Group during the Reporting Period and affected the quarterly financial indicators for the second quarter and the fourth quarter.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Assets and Liabilities Analysis

Assets and Liabilities

Unit: RMB

Item of Assets and Liabilities	Reporting Period	Percentage (%)	Corresponding period of 2014	Percentage (%)	Change at the end of Reporting Period over the previous year (%)	Explanation
Cash and bank balances	255,475,447	0.70	726,415,172	1.94	-64.83	Cash and bank balances decreased by 64.83% from the beginning of the Reporting Period, mainly due to the higher utilization efficiency of capital at the Group level as a result of optimization, adjustment and allocation of capital resource within the Group. Therefore, the cash and bank balances at the end of the Reporting Period declined compared with that at the beginning of the Reporting Period.
Bills receivable	1,722,313	0.00	2,518,000	0.01	-31.60	Bills receivable decreased by 31.60% from the beginning of the Reporting Period, mainly due to decrease in the bank acceptance notes held by Ninghu Investment, a subsidiary of the Company, as compared with the beginning of the Reporting Period.
Accounts receivable	123,353,524	0.34	117,412,597	0.31	5.06	
Prepayments	14,498,363	0.04	266,879,166	0.71	-94.57	Prepayments decreased by 94.57% from the beginning of the Reporting Period, mainly due to transfer of land premium prepaid for Lot No. 2, South Nanjing New Town to a project company during the Reporting Period.
Interest receivable	18,733,333	0.05	0	0.00	-	Interest receivable significantly increased from the beginning of the Reporting Period, mainly due to increase in interest on borrowings due from equity holders of Hanwei Company during the Reporting Period.
Other receivables	812,198,353	2.23	1,224,608,057	3.27	-33.68	Other receivables decreased by 33.68% from the beginning of the Reporting Period, mainly due to the receipt of part of the compensation for early termination of the Company's toll road concession rights of G312 Shanghai-Nanjing Section during the Reporting Period.
Inventories	3,256,454,567	8.93	3,091,938,748	8.25	5.32	
Other current assets	502,774,234	1.38	231,636,482	0.62	117.05	Other current assets increased by 117.05% over the beginning of the Reporting Period, mainly due to increase in the financial products of capital preservation with floating income held by the Group during the Reporting Period as compared to the beginning of the Reporting Period.
Investment properties	33,009,175	0.09	34,284,836	0.09	-3.72	
Long-term equity investment	4,456,793,805	12.22	4,174,591,269	11.14	6.76	
Fixed assets	1,692,923,594	4.64	1,802,660,953	4.81	-6.09	
Construction in progress	1,030,127,104	2.82	258,800,371	0.69	298.04	Construction in progress increased by 298.04% over the beginning of the Reporting Period, mainly due to the capital injection for Zhendan Expressway project during the Reporting Period.
Deferred tax assets	398,938,783	1.09	49,806,472	0.13	700.98	Deferred tax assets increased by 700.98% over the beginning of the Reporting Period, mainly due to the deferred income tax assets recognized by Ningchang Zhenli Company, a subsidiary of the Company, during the Reporting Period as its losses for previous years could be deducted from its profit generated after the transfer of its debts, which satisfied the requirements for recognition of deferred tax assets.
Other non-current liabilities	300,000,000	0.82	0	0.00	-	Other non-current liabilities significantly increased over the beginning of the Reporting Period, mainly due to the shareholder borrowings provided by the Company for Hanwei Company, the project company for Lot No. 2 of South Nanjing New Town.
Short-term borrowings	1,811,000,000	4.96	3,005,000,000	8.02	-39.73	Short-term borrowings decreased by 39.73% from the beginning of the Reporting Period, due to the adjustment to the debt structure by the Company during the Reporting Period.
Receipts in advance	555,913,419	1.52	375,468,300	1.00	48.06	Receipts in advance increased by 48.06% over the beginning of the Reporting Period, mainly due to the increase in the pre-sale payments received by Ninghu Properties for property projects during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Item of Assets and Liabilities	Reporting Period	Percentage (%)	Corresponding period of 2014	Percentage (%)	Change at the end of Reporting Period over the previous year (%)	Explanation
Taxes payable	61,498,426	0.17	102,377,617	0.27	-39.93	Taxes payable decreased by 39.93% from the beginning of the Reporting Period, mainly due to the fact that the income tax payable of the Company for the Reporting Period was offset by the relevant loss arising from disposition of the assets of G312 Shanghai-Nanjing Section which is deductible before tax.
Interest payable	69,925,072	0.19	115,056,758	0.31	-39.23	Interest payable decreased by 39.23% from the beginning of the Reporting Period, mainly due to the Company's early repayment of some of the long-term and short-term borrowings for higher fund use efficiency and lower fund cost during the Reporting Period.
Other payables	80,687,691	0.22	58,896,322	0.16	37.00	Other payables increased by 37% over the beginning of the Reporting Period, mainly due to the increase in the coordination and development fee for the expressways generated before the merger and acquisition of Ningchang Zhenli Company and Xiyi Company.
Non-current liabilities due within one year	151,608,861	0.42	1,029,826,457	2.75	-85.28	Non-current liabilities due within one year decreased by 85.28% from the beginning of the Reporting Period, mainly due to repayment of non-current liabilities due within one year.
Other current liabilities	6,685,220,505	18.33	3,548,749,165	9.47	88.38	Other current liabilities increased by 88.38% over the beginning of the Reporting Period, mainly due to the increase in short term bonds payable as a result of adjustment of debt structure during the Reporting Period.
Long-term borrowings	1,382,806,332	3.79	6,172,708,646	16.47	-77.60	Long-term borrowings decreased by 77.60% from the beginning of the Reporting Period, mainly due to adjustment of debt structure by the Company during the Reporting Period.
Bonds payable	3,456,427,928	9.48	494,603,286	1.32	598.83	Bonds payable increased by 598.83% over the beginning of the Reporting Period, mainly due to the issuance of medium term notes amounting to RMB3 billion during the Reporting Period.
Deferred tax liabilities	2,544,353	0.01	1,275,048	0.00	99.55	Deferred tax liabilities increased by 99.55% over the beginning of the Reporting Period, mainly due to the increase in the change in the fair value of the investment in Ninghu Investment, a subsidiary of the Company, during the Reporting Period.
Other comprehensive income	121,482,904	0.33	188,889,048	0.50	-35.69	Other comprehensive income decreased by 35.69% from the beginning of the Reporting Period, mainly because the Group adjusted the other comprehensive income according to its shareholding in Yangtze Bridge Company, an associate of the Group, in response to the change in fair value of available-for-sale financial assets held by Yangtze Bridge Company during the Reporting Period.
Shareholders' equity attributable to equity holders of the Company	20,476,159,276	56.14	21,015,980,062	56.07	-2.57	
Minority interests	710,012,832	1.95	683,602,703	1.82	3.86	
Total Assets	36,476,039,663	100.00	37,481,216,616	100.00	-2.68	
Total gearing ratio	41.92%	-	42.11%	-	decreased by 0.19 percentage point	
Net gearing ratio	72.17%	-	72.73%	-	decreased by 0.56 percentage point	

* Calculation basis of the total gearing ratio: Liabilities/Total assets; Calculation basis of the net gearing ratio: Liabilities/shareholders' equity.

Other Explanations

1. Assets and liabilities analysis

During the Reporting Period, the merger and acquisition of Ningchang Zhenli Company and Xiyi Company by the Group imposed certain effect on the assets and liabilities, among which, on the merger and acquisition date, the total assets of the Group increased by approximately RMB10.34 billion and the total liabilities increased by approximately RMB9.347 billion including the increase in interest-bearing borrowings by approximately RMB9.073 billion. The Group acquired 100% equity interests of both companies in cash equivalent to RMB1.164 billion and the net assets decreased by approximately RMB266 million.

The net assets of the Group decreased by RMB468 million due to the early termination of the Company's toll road concession rights of G312 Shanghai-Nanjing Section during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Capital expenditures

During the Reporting Period, the Group's planned capital expenditures amounted to approximately RMB2,095,059,000, representing an increase of 300.07% or RMB1,571,387,000 from 2014. The year-on-year increase was comparatively significant, mainly due to the payment of RMB1.164 billion for the purchase of equity interests of the Ningchang Zhenli Company and Xiyi Company and the capital of RMB574,980,000 invested in construction of Zhendan Expressway during the Reporting Period. During the Reporting Period, details on the Group's capital expenditure projects are as follows:

Capital Expenditures	RMB
Ningchang Zhenli Company investment	502,000,000
Xiyi Company investment	662,000,000
Equity investment in Jiangsu Xiexin Gas	9,673,900
Equity investment in Hanwei Company	70,000,000
Equity investment in Sujiaoyong Company	65,249,712
Investment in construction of Zhendan Expressway	574,980,000
Information construction projects	12,754,746
Noise barriers construction projects	16,779,261
Renovation project of toll collection points and service areas	86,451,172
Construction of the three major systems	30,449,587
Connection and renovation of Jingjiang station of Guangjing Expressway	8,575,000
Setting up advertising signage	5,893,104
Renovation project of distribution substation in the station area	5,000,000
Other construction in progress and equipment	45,252,537
Total	2,095,059,019

3. Capital structure and debt solvency

The Company attached great importance to maintain reasonable capital structure and continuously improved its profitability in order to retain the Company's good credit rating and stable financial situation. During the Reporting Period, the newly-added liabilities of the Group totaled approximately RMB9,347,278,000 due to the purchase of equity interests of Ningchang Zhenli Company and Xiyi Company while at the end of the Reporting Period, the gross liabilities amounted to approximately RMB15,289,868,000, with the total gearing ratio increased to 41.92% from 23.71% at the beginning of the Reporting Period. (Note: calculation basis of the total gearing ratio: Liabilities/Total assets) In consideration of the Group's stable and abundant operating cash flow and excellent capacity of financing and capital management, the management of the Company believed that the gearing ratio stayed in a safe level.

4. Financial Strategy and Financing Arrangement

During the Reporting Period, the Company actively expanded its financing channels. It adjusted its interest-bearing liabilities structure inherited from acquisition by direct financing means including the issue of ultra-short-term and medium-term notes. The Company reduced its financing cost by means such as repaying expired bank loans and replacing indirect financing with direct financing. For this Reporting Period, the direct financing of the Company amounted to RMB11 billion and the repaid bank loans totaled RMB4.562 billion. Through implementing active structural adjustment of interest-bearing liabilities, as at 31 December 2015, the balance of interest-bearing liabilities amounted to RMB13.402 billion, decreased by approximately RMB0.8 billion compared with the balance at the beginning of the Reporting Period. At the end of the Reporting Period, the proportion of direct financing in the Group's interest-bearing liabilities was approximately 75.36%, representing an increase of 43.67 percentage points compared with that at the beginning of the Reporting Period. During the Reporting Period, the Company satisfied the funding demands for operational management and project investment and effectively controlled the financing costs by means of active financing strategies.

There was no seasonal impact on the Group's demands for loans. During the Reporting Period, the Company's consolidated borrowing cost rate of interest-bearing liabilities was approximately 5.23%, which was 0.77 percentage point lower than that in the previous year and approximately 0.47 percentage point lower than the prevailing bank loan rate of the same period.

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In 2015, the Company's major financing activities are as follows:

RMB100 million

Financing category	Date of issue	Term	Financing amount	Issuing interest rate %	Prevailing benchmark rate of banks %	Decrease in financing costs %
Ultra-short-term notes	2015-01-20	90 days	3	4.80	5.6	14.29
Ultra-short-term notes	2015-03-06	180 days	3	4.60	5.35	14.02
Ultra-short-term notes	2015-04-16	180 days	4	4.70	5.35	12.15
Ultra-short-term notes	2015-05-21	176 days	4	3.45	5.10	32.35
Ultra-short-term notes	2015-07-08	267 days	12	3.20	4.85	34.02
Ultra-short-term notes	2015-07-09	266 days	12	3.20	4.85	34.02
Ultra-short-term notes	2015-07-15	268 days	8	3.40	4.85	29.90
Ultra-short-term notes	2015-08-12	261 days	7	3.30	4.85	31.96
Ultra-short-term notes	2015-08-21	270 days	10	3.29	4.85	32.16
Ultra-short-term notes	2015-09-09	261 days	10	3.29	4.60	28.48
Ultra-short-term notes	2015-11-06	84 days	7	2.79	4.35	35.86
Medium-term notes	2015-8-25	5 years	20	4.30	5.25	18.10
Medium-term notes	2015-12-4	5 years	10	3.69	4.75	22.32

5. Credit policy

In order to minimize 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 credit risk faced by the Group was low.

6. Pledge of assets

The Company entered into a debt transfer agreement with Ningchang Zhenli Company and the relevant banks on 15 June 2015 and agreed that the outstanding pledged borrowings of Ningchang Zhenli Company with China Development Bank Jiangsu Branch and Bank of China Jiangsu Branch would 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 road concession right of Ningchang Expressway. As at the end of the Reporting Period, an aggregate of RMB1,600,000,000 has been repaid and the outstanding borrowing was RMB100,000,000. 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 road concession right of Zhenli Expressway. As at the end of the Reporting Period, the borrowing has been repaid in full.

Guangjing Xicheng Company, a subsidiary of the 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 concession rights of Guangjing Expressway and Xicheng Expressway. At the end of the Reporting Period, the borrowing has been repaid in full.

Guangjing Xicheng Company, a subsidiary of the 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 Wuxi Branch of Bank of China for the construction of Wuxi Huantaihu Expressway. The bank loans were guaranteed by Communications Holding and further secured by toll road concession rights of Wuxi Huantaihu Expressway in June 2008. At the end of the Reporting Period, an aggregate of RMB157,000,000 has been repaid and the outstanding balance of the borrowing was RMB43,000,000.

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7. Contingencies

Ninghu Properties, a subsidiary of the Company, provided several guarantees to banks for bank borrowings granted to buyers of properties of C4 Tongcheng Hongqiao Mansion in Huaqiao Urban Core Area, Huaqiao Urban Core B4 Guangming Jiezuo Project, Phase 1 and Phase 2 of Tongcheng Shijia Project on Lot B of Baohua Hongyan Community and G25 Shijia Huating on Suzhou Southern Gate Road. 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 31 December 2015, the outstanding guarantees amounted to approximately RMB286,633,851 (31 December 2014: RMB175,803,094).

8. Foreign exchange risks

The Group operates its businesses principally in the PRC. No material foreign exchange risks are involved as the Group's revenue from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H Shares. The Group has obtained a loan of USD9,800,000 from the Spanish Government in 1998 at the interest rate of 2% per annum and it will be due on 18 July 2027. As at 31 December 2015, the balance of the loan was approximately RMB20,915,000 after currency conversion, against which no foreign exchange hedge arrangements were made by the Company. Fluctuations in exchange rates will not have any material impact on the Group's results.

9. Reserves

Unit: RMB

	Share capital	Capital reserve	Other comprehensive income	Statutory surplus reserve	Retained profit	Total shareholders' equity attributable to equity holders of the Company
As at 1 January 2014	5,037,747,500	11,512,948,688	95,858,321	2,833,298,081	1,131,119,311	20,610,971,901
Profit for the year					2,227,907,831	2,227,907,831
Reduction of owners' capital		(1,586,347)				(1,586,347)
Total comprehensive income			93,030,727			93,030,727
Profit distributed				93,745,612	(93,745,612)	0
Dividends distributed					(1,914,344,050)	(1,914,344,050)
As at 31 December 2014	5,037,747,500	11,511,362,341	188,889,048	2,927,043,693	1,350,937,480	21,015,980,062
As at 1 January 2015	5,037,747,500	11,511,362,341	188,889,048	2,927,043,693	1,350,937,480	21,015,980,062
Profit for the year					2,506,629,408	2,506,629,408
Reduction of owners' capital		(1,064,700,000)				(1,064,700,000)
Total comprehensive income			(67,406,144)			(67,406,144)
Profit distributed				113,244,086	(113,244,086)	0
Dividends distributed					(1,914,344,050)	(1,914,344,050)
As at 31 December 2015	5,037,747,500	10,446,662,341	121,482,904	3,040,287,779	1,829,978,752	20,476,159,276

Note: The above capital items belong to those companies forming the Group.

The above statutory reserves may not be used for purposes other than their intended purposes nor for distribution as cash dividends. As at 31 December 2015, reserves distributable to shareholders of the Company amounted to RMB1,829,978,752. (As at 31 December 2014, reserves distributable to shareholders of the Company amounted to RMB4,712,690,449. Due to the change in combination scope resulting from business combinations involving enterprises under common control, the retained profit at the beginning of the Reporting Period was reduced by RMB3,361,752,969. Reserves of RMB1,350,937,480 can be distributed to the shareholders after adjustment.)

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10. Compliance

The Company has complied with all relevant laws and regulations that have significant impact on the Company. For business review, it should not only disclose the information which is necessary for understanding the business development, performance or condition of the Company, but also specify the explanation of the key relationship between the Company and its employees, customers and suppliers, and explanation of the key relationship with other persons who are complied with the following requirements and have important influence on the Company or whose discussion with the Company is the key to the prosperity of the Company. (Please refer to the social responsibility report of 2015, the full text of which were published on the websites of SSE (www.sse.com.cn), Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com).)

(IV) Analysis of industry operation

Analysis of real estate industry operation

1. Reserve of real estate during the Reporting Period

Applicable Not Applicable

No.	Region(s) with the land to be developed	Area of the land to be developed (sq m)	A-land consolidation area (sq m)	Planned floor area upon calculation of plot ratio (sq m)	Whether to be related with the joint development project	Area related with the joint development project (sq m)	Equity ratio of the joint development project %
1	Kunshan Huaqiao Land Parcel	35,093	0	81,241	No	0	0
2	Jurong Baohua Land Parcel	144,352	0	433,056	No	0	0
3	Land Lot No.2, South Nanjing New City	17,595	0	0	Yes	0	70%

2. Development investment of real estate during the Reporting Period

Applicable Not Applicable

No.	Region	Project	Usage	Project under construction/ newly developed/ completed	Land area (sq m)	Planned floor area (sq m)	Gross floor area (sq m)	Floor area of projects under construction (sq m)	Completed area (sq m)	Gross investment (RMB0,000)	Real investment during the Reporting Period (RMB0,000)
1	Kunshan Huaqiao	C5	Hotel	Under construction	20,837	52,049	65,842	65,842	0	70,000	1,800
2	Kunshan Huaqiao	B4	Commercial and residential	Completed	13,590	39,932	47,685	0	47,685	29,700	2,310
3	Kunshan Huaqiao	B19	Commercial and residential	Under construction	13,843	39,210	54,059	54,059	0	33,100	8,070
4	Suzhou	G25 (South Gate)	Commercial and residential	Newly-developed	30,664	61,273	81,131	75,357	0	114,630	3,700
5	Jurong	Phase 2 of B	Commercial and residential	Under construction	130,850	108,867	135,242	135,242	0	99,200	15,746

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3. Sales of real estate during the Reporting Period

Applicable Not Applicable

No.	Region	Project	Usage	Saleable area (sq m)	Pre-sold area (sq m)
1	Kunshan Huaqiao	C4	Commercial and residential	42,236.95	40,806.34
2	Kunshan Huaqiao	C7	Office	53,370.36	0
3	Kunshan Huaqiao	B4	Commercial and residential	38,956.65	32,088.48
4	Kunshan Huaqiao	B19	Commercial and residential	38,279.07	25,806.64
5	Suzhou	Qingyuan	Residential	22,662.25	0
6	Suzhou	G25 (South Gate)	Commercial and residential	55,499.08	11,310.88
7	Jurong	Phase 1 of B	Commercial and residential	43,710.31	28,097.14
8	Jurong	Phase 2 of B	Commercial and residential	108,139.05	17,139.63

4. Rental of real estate during the Reporting Period

Applicable Not Applicable

Unit: RMB0'000

No.	Region	Project	Usage	leased area (sq m)	Rental income	Whether adopted the fair value measurement	Rental income/fair value of the real estate %
1	Kunshan Huaqiao	C7	Office	4,733.83	70.15	No	–
2	Kunshan City	Huijeyayuan	Office	7,742.60	380.20	No	–

5. Financing of the Company during the Reporting Period

Applicable Not Applicable

Unit: RMB0'000

Total financing at the end of the Reporting Period	Overall average financing cost (%)	Interest capitalized
169,000	6.05	10,460.79

6. Other explanations

Applicable Not Applicable

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Investment Analysis

1. Overall analysis on external equity investment

During the Reporting Period, the external equity investment of the Group amounted to RMB1,308,924,000. The specific items include: the acquisition of 100% equity interest in Ningchang Zhenli Company for a total consideration of RMB502,000,000 by the Company; the acquisition of 100% equity interest in Xiyi Company with a consideration of RMB662,000,000 by Guangjing Xicheng Company, a subsidiary of the Company; establishment of the joint venture Hanwei Company with capital contribution of RMB70,000,000; investment in Sujaiyong Company with capital contribution of RMB65,250,000 and additional investment in Jiangsu Xiexin Gas for RMB2,954,000.

(1) Material equity investments

Unit: RMB'000

Company name	Principal business	Investment amount in 2015	Percentage of shareholding	Notes for the investment
Ningchang Zhenli Company	Investment, construction, operation and management of Ningchang Expressway, Zhenli Expressway	502,000	100%	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 obtained control of the party being acquired on 15 June 2015
Xiyi Company	Investment, construction, operation and management of the Xiyi expressway and Wuxi Huantaihu Expressway	662,000	100%	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, and obtained control of the party being acquired on 9 April 2015
Hanwei Company	The development of Lot No. 2, South Nanjing New Town	70,000	70%	On 4 March 2015, the Company and Deshi Fund would jointly make capital contribution to develop Lot No. 2, South Nanjing New Town
Sujaiyong Company	Investment, construction, operation and management of Changjia Expressway	65,250	22.77%	In 2015, the Company invested RMB65,250,000 in Sujaiyong Company as planned. The aggregate capital amounted to RMB359,292,000.
Jiangsu Xiexin Gas	construction, operation and management of LNG gas station	9,674	48%	The Company established Jiangsu Xiexin Gas Co., Ltd jointly with Jiangsu GCL Oil and Gas Co., Ltd. in August 2013. During the Reporting Period, an additional capital of RMB9,674,000 was invested, with an aggregate investment of RMB14,400,000
Total		1,308,924	-	

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(2) *Material non-equity investment*

Not applicable.

(3) *Financial assets measured at fair value*

Unit: Yuan Currency: RMB

Item	Initiative investment cost	Capital resource	Purchase/selling	Investment Income	Fair value changes
Fund investment	10,000,000	internal resources	Selling	21,779,400	0
Fund investment	9,999,400	internal resources	-	0	7,919,989
Wealth management product	417,000,000	internal resources	-	7,550,716	-
Gold investment	15,710,238	internal resources	-	-298,426	-984,160

During the Reporting Period, financial assets calculated on a fair value basis held by the Group were the fund investment, gold investment and wealth management products. The fair value as at the end of the Reporting Period amounted to RMB452,887,000. The fair value of fund investment and gold investment were recognized based on the net value of relevant funds and gold available in the open market at the end of the Reporting Period; the fair value of the wealth management product was recognized as the discounted future cash flows using the expected profit margin.

(VI) Material Assets and Equity Interest Disposal

Not applicable.



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(VII) Analysis of main shares holding companies and joint stock companies

Unit: RMB

Name of company	Principal business	Investment cost	Equity interest attributable to the Company %	Total assets	Net assets	Net profit	Percentage over the Company's net profit %	Year-on-year increase/decrease in net profit %
Guangjing Xicheng Company	Expressway construction, management, maintenance and toll collection	2,125,000,000	85	6,131,293,284	3,538,857,500	553,426,684	21.37	21.35
Ninghu Investment	Investments in various infrastructure, industries and assets	110,100,000	100	311,826,993	294,768,013	42,787,636	1.65	8.91
Ninghu Properties	Development, operation and consultancy of real estate	500,000,000	100	3,595,141,600	597,545,859	59,723,127	2.31	2,652.81
Ningchang Zhenli Company	Expressway construction, management, maintenance and toll collection	10,688,850,000	100	7,953,330,663	7,852,828,203	365,182,381	14.10	-
Zhdan Company	Expressway construction, management, maintenance and toll collection	423,910,000	70	719,089,735	606,483,305	888,405	0.03	-

- No capital stock/debt securities had been issued by the major subsidiaries.
- After Guangjing Xicheng Company merged and acquired Xiyi Company during the Reporting Period, the operating income amounted to approximately RMB1,142,569,000, representing a year-on-year increase of approximately 3.46%; the operating costs amounted to approximately RMB449,446,000, representing a year-on-year increase of 3.25%, mainly because of the increase of the traffic volume and the year-on-year increase in the amortization of operation rights of the expressway; the income from investment recorded during the Reporting Period was RMB171,213,000, representing a year-on-year increase of approximately 47.15% as the dividends from Jiangsu Leasing calculated increased on a year-on-year basis and the revenue from investment contributed by joint-stock Yanjiang increased. As a result, Guangjing Xicheng Company recorded a net profit year-on-year increase of approximately 21.35% year-on-year.
- 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 profit of approximately 8.91% during the Reporting Period.
- After the completion of acquisition of Ningchang Zhenli Company, debts were transferred and the financial expenses were significantly reduced, resulting in a turnaround from loss to profit-making during the Reporting Period. 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, and operating income increased of 20.95% on year-on-year basis. As a result, the net profit during the Reporting Period amounted to RMB365,182.
- Please refer to the section headed "Business Review and Analysis of Operations" in this report for the operating status and change in results of the property sales business.

(VIII) Structured Entities Controlled by the Company

Not applicable.

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Qian Yong Xiang

Executive Director, general manager

III. Discussion and Analysis of the Company on Future Development

(I) Competition pattern and development trend in the industry

1. Operating environment and development trend

As for macroscopic economic development, the “Thirteenth Five-Year” will be China’s critical stage of building a moderately prosperous society, the macroeconomic will further transfer mode, adjust structure, promote development, deepen the reform of state-owned enterprises and propel popular entrepreneurship and innovation, intensify reform of providing lateral structural to maintain a sustained and stable growth of the national economy. Meanwhile, substantive reforms in some aspects and the emergence of new industries will foster the vibrancy and dynamism of mid- to long-term development of the economy. Under such macroscopic environment, the Group’s transformation and upgrading, and the rooms for expansion of development will become more favorable. More business opportunities will follow the development of our operations under “One Major Two Minors” (“一主兩輔”). The macroeconomic is still complicated both at home and abroad, economic downturn is still large, transportation is an important part of the national economy, and closely related with macroeconomic trends, which create uncertainty for the development of the principal business for the future of the Group.

As for development of demands for transportation, although the economic growth is expected to slow down which will affect the performance of the transportation need in particular that for cargo transportation, the demand for roads and transportation is still of substance in particular that for passenger transportation during the slow-down of economic growth. Following the gradual improvement on the expressway network, the vehicle population in society (社會汽車保有量) continues to increase and the consumption of residents is being strengthened, the demand for passenger and cargo transportation by roads will gradually be released and the competitiveness of expressway transportation compared to that of other transportation means will also be enhanced. According to the estimation, during the “Thirteenth Five-Year”, volume of the passenger transportation will increase, demands for city-wide agglomeration travel and metropolitan commuting travel will be more obvious and the travel efficiency will also be further enhanced. Meanwhile, Shanghai Disneyland, which will open in June 2016, will also bring long-term growth potential of passenger transportation for the surrounding road. However, as for the demand for cargo transportation, the volume of road transportation presents a descend trend, the cargo transportation structure is also changing during the slow-down of economic growth, industrial upgrading and transformation of the logistics industry.

As for the development of industry policies, although the impact result from the policies of green passage and toll-free travel for small passenger vehicles in major festivals and holidays were continuously implemented on the toll road operating enterprise will continue to exist, the policy environment of the industry is basically stable. Meanwhile, the amendments to the Regulation on the Administration of Toll Roads (《收費公路管理條例》) published by the ministry of transportation in 2015 cleared a series of reform direction, which would solve the practical problems at present of

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the industry and was conducive to the long-term steady development of the industry on the whole. In addition, the ministry of transportation launched the “Guidance on deepening investment and financing reform of transportation infrastructure” in January 2015, in which clearly proposed to innovate the investment and operation mechanism of toll roads, actively promote the cooperation of the government and social capital (PPP), encourage the investment of social capital by franchising. This toll road is a public welfare enterprise which has certain income, will become the priority area of the cooperation between the Government and social capital. Compared with the traditional investment and financing mode, the PPP mode is more complex, its way of returning is more flexible diverse, which will provide new business opportunities for enterprises, but also for business model innovation capability of enterprises put forward higher requirements.

As for social needs, with the increasing popularity of private cars and rising of population, the public and public opinion’s attention on toll road industry is increasing, which on one hand is the recognition of toll road products and services; on the other hand is the appeal to its public welfare property. In addition, along with the social development and economic transformation, the toll road industry is also facing higher demands and challenges in traffic efficiency, quality of service, maintenance, environmental protection and many other aspects. Expected policy orientation, public opinion, public demands and revolution of the toll road industry will affect and promote each other, accelerate the pace of innovation and upgrading to promote the development of the industry.

2. Analysis of the Group’s development trend

2016 is the first year of the “Thirteenth Five-Year” Plan, with the transformation of macroeconomic and adjustment of industrial structure, the future business development of the Group will face more opportunities and challenges.

In 2015, the Group has completed the equity merger and acquisition of Ningchang Zhenli Company and Xiyi Company, basically engaged in operation of the main trunk expressway that runs through east-to-west and north-to-south of southern Jiangsu road network, further increased the control force of the traffic volume in the network and also further improved the diversion ability of coping with the newly added roads. The scale merit from the new merger and acquisition projects to the Group’s principal business begins to appear. Meanwhile, the early termination of the Company’s toll road concession rights of G312 Shanghai-Nanjing Section reduced the burden of the Company’s operation and relieved the financial risk caused by the long-term operating losses of G312 Shanghai-Nanjing Section, further optimized the Company’s asset structure, which was of strategic importance for further optimizing asset structure, increasing profit ability and the sustainable and healthy development of the Company. Therefore, the Group expects the operating status to be good on the whole.

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



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On 13 September 2015, the State Council announced the “Guidance on deepening the reform of state-owned enterprises” (hereinafter “Guidance”) officially, a new round of SOE reform curtain officially opened. As the overall framework document of the new SOE reform, the “Guidance” cleared that to ensure the SOE reform thought of establishing a modern enterprise system, improving the SOE management system develop a mixed ownership and strengthen the supervision of SOE to prevent loss of state assets. Jiangsu Provincial Government has subsequently developed the “Regulations on deepening provincial enterprise reform” will vigorously promote the reform of state-owned enterprises to effectively get rid of structural and institutional obstacles, to make the SOE stronger, superiorer and bigger. SOE reform policy brought opportunities of structural and institutional transformation for the Company’s development, during the “Thirteenth Five-year” period, the Company should take the initiative to adapt to the new situation of the SOE reform, innovate management structure and operation mode and seek development opportunities in the new round of SOE reform.

(II) Development strategies of the Company

During the “Twelfth Five-Year”, the Group established the “233” strategy: to implement the three strategies of “improvement of the core business”, “expansion of business” and “extension of platform” and set up the preliminary structure of three major businesses consisting of “one core and two ancillary businesses” with an aim to lay down a solid foundation for the change to the middle to long term strategic development with the support of the two enhanced management capabilities, being management and operation capability of basic facilities and investment management capability. For the past five years, the revenue of the Group was on an overall increasing trend, the Group’s asset size grew significantly, the level of operation management further improved and the internal management was continuously streamlined. The Group had outstanding advantage in terms of its resources such as road assets, fund sources and platforms, etc. The enhancement of expressway operation and management capability and its investing and financing management capability has strongly safeguarded the Group’s stable development. Meanwhile, areas such as assets integration, strengthening of ancillary businesses, use of capital and human resources were still subject to improvement.

During the Reporting Period, the Group has, on the basis of the comprehensive review and conclusion of the implementation of specific strategic indicators during the “Twelfth Five-Year”, accurately grasped the mid- to long-term trend of the socio-economic transformation and development of the industry, performed in-depth analysis of changes in internal and external business environment due to the new stage of development, further amended and improved the key strategic indicators and targets for development, actively planning the “Thirteenth Five-Year” development strategy, prepared the Group’s capacity and resources to adapt to the new market and industry environment and realize sustainable development.

During the “Thirteenth Five-Year”, the Group will further focus on the principal business, firmly grasp two main lines of the business management and field service of expressway, deepen the “233” strategic development system, and actively promote the innovation of science and technology, operation and management, facilitate the coordinated development of capital management and asset management and take principal business expansion strategy, strengthening the minor business strategy, capital operation strategy, talent upgrade strategy as the four core strategies, give full play to the listed company’s investing and financing advantages, promote the integrating and restructuring of assets and optimizing allocation of resources, continue to improve the road operational management level and public service capacity, and integrate and develop road-derivative businesses, to make the Group a modern investment operation and management company with “mature capital operation, lead in management efficiency and multi harmonious relationship”.

(III) Operational Plan

1. The implementation of preliminary operating objectives

The Board of Directors anticipated that the annual revenue would be over RMB9,000 million for the Reporting Period, operating costs and relevant expenses should be controlled within RMB6,200 million. In terms of actual implementation, the Group realized the total operating revenue amounting to approximately RMB8,761 million during the Reporting



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Period which is 2.65% less than the expected objective by approximately 3.38% mainly due to two factors including failure to achieve the anticipation of toll revenue resulting from economic downturn and relatively significant decrease of revenue from ancillary services as a result of downward adjustment on the retail price of oil products. Various costs amounted to RMB5,420 million in aggregate, less than the expected target by 11.33% mainly due to appropriate control on various costs, in particular, the measures like replacement of debt following acquisitions decreased financial expenses. The total profits recorded in for the Reporting Period exceeded the anticipation at the beginning of the Reporting Period.

2. Operating objectives in 2016

Based on the anticipated operating status and macroeconomic environment in 2016, the Board believes that the Group's total revenue will exceed RMB8,700 million in 2016, the budgeted operating costs and relevant expenses shall be strived to control under the amount of RMB5,200 million. The operating plan shall not be regarded as an undertaking of results to investors due to a certain degree of uncertainty in operations faced by the Group in 2016, investors shall have sufficient risk awareness and appreciate the difference between operating plans and undertaking of results.

3. Operating plan in 2016

In order to ensure the profit target for 2016 can be achieved in order to be well prepared for the future strategic development, the major measures of the Group in 2016 are as follows which are formulated according to the overall operational environment in 2016:

- (1) **To actively plan for the Group's "Thirteenth Five-Year" Development Strategy.** Having regards to the actual situation, the Company shall carefully research and proactively participate in the reform of State-owned enterprises, formulate and implement the Company's "Thirteenth Five-Year" development strategy. The Company will focus on the core businesses, endeavour to give full play to the function of the Company's capital operations, conduct feasibility studies on investment in, merger and acquisition of new roads and bridges projects, seriously and proactively participate in investment in core businesses and prepare sources for the expansion of the scope of the core businesses of roads and bridges. With outstanding innovative business model, enhanced awareness of market competition as well as exploration of the road of transformation, the service area operations and ancillary businesses such as real estate and finance will support each other as well as the core businesses.
- (2) **Continuously enhance road operation and management as well as service level.** With the guide of Smooth (Unobstructed Traffic), Caring, Technological, the Group will continuously enhance road operation and management as well as the level of customer service, strengthen maintenance and management of road and management of hindrance clearance work, and relentlessly maintain the first-rate road quality as will further improve the capability in respect of safety and smoothness and traffic efficiency. Through optimizing service and building of service and management brand, promoting travelling service experience of customers, concentrating on the creation of brand Caring Shanghai-Nanjing Expressway, through continuous in-depth road operation and informationization of internal management as well as development of intelligence skills, the Group shall endeavour to make progress in terms of scientific and technological innovations, and maintain its leading position in science and technology in the industry sector.
- (3) **Give full play to the function of platform for investment and financing in finance and capital market.** With the purpose of establishment of the Company's capital brand and enhancement of valuation technique, explore effective path for market value management. Take full advantage of capital market, demonstrate the function of platform for investment and financing and advantage, endeavor to broaden the horizon, seek and explore opportunities in terms of investment and financing in the new reform of State-owned enterprises, keep abreast of tendency/trend of capital market development. Strengthen the application of the direct financing tool within the capital market, research and innovate financing product, expand financing channel, to provide sufficient capital protection for the Group's strategic development.
- (4) **Promote innovation of management mechanism and operating model.** Build a highly efficient and practical management system, organically incorporate Standards Implementation, internal control, outstanding performance as well as standardization system of safety production, form a standard, copious, expandable operating management mechanism, uplift internal management efficiency, strengthen consolidated management in respect of financial resources, redirect the focus on high-value areas such as support of operating decision-making and comprehensive performance management, build new financial management model, enhance financial management efficiency, pay more attention on capital operation and assets operation efficiency, cultivate a new profit growth by way of innovation of operating mode and expansion of operating status, give full play to function of assets by way of entire-process and life-cycle management of assets.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Capital needed for maintaining current business and completing investment projects under construction

The Group will give full play to capital advantage and financing platform advantage and achieve financial synergistic effect through early repayment of debts or debt replacement in 2016. Capital needed for scheduled capital expenditure in 2016 amounted to approximately RMB1,032 million. Meanwhile, considering other debt roll-over funding of the Group, it is expected the total capital needed by the Group in 2016 shall be approximately RMB10,100 million.

Major capital expenditure items in 2016

Capital expenditure item	Amount RMB'00 million
Construction of facilities, equipment and systems for monitoring, toll collection, communication, and lighting	1.39
Reconstruction of buildings	1.6
Investment in construction of Sujiayong Expressway	0.72
Investment in construction of Zhendan Expressway	5.7
Investment in intangible assets	0.2
Other fixed assets and equipment	0.71
Total	10.32

The Group, while fully leveraging its own capital, will actively seek more convenient financing channels and lower-cost financing products, and raise funds by way of direct financing such as issuing ultra-short-term commercial papers and mid-term notes to relieve the pressure from capital need and reduce finance costs. The financing in the 2016 plan of the Group includes new authorization of ultra-short-term financing products in the amount of not more than RMB5,000 million. The financing amount will be sufficient for the capital expenditure, debt roll-over and business development of the Group. In case of other capital expenditure demands on special occasions, the Group will adjust its financing plan based on the expenditure scale and actual cash flow condition.

(IV) Possible Risks

As a listed company in the transportation infrastructure sector primarily engaged in the investment, construction, operation and management of toll roads and bridges, the Company has established the risk management system, involving the Company's strategy, decision-making, planning, operation and other aspects, in a bid to ensure achievement of its operational target and sustained and healthy development in the future. Amid its future strategic development, the Company will pay keen attention to the following risks and proactively take effective countermeasures:

1. Risks associated with the change in macroeconomic environment

Risk analysis: Uncertainty of the development of the Group's major businesses during "Thirteenth Five-Year" faced with the future of the Group arose from several factors including, the circumstances at home and abroad remain complicated and confused, the pressure resulted from economic downturn remain challenging and the fact that transport sector as a major composition of national economy closely related to macroeconomic development.

Countermeasures: In order to improve the operating performance of the expressways, the Company will carry out in-depth research on the functional positioning and features of the surrounding economic regions of projects, evaluate the impact of the macroeconomic trend on road transportation demands, continue to track on the changes in road networks and the trend of traffic volume, and through timely analysis and countermeasures, strive to reduce the adverse impact of economic conditions on the Company's operation.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Risks associated with industry policy changes

Risk analysis: The transportation infrastructure industry, with a pseudo-public nature, has always been strictly regulated by the government, so changes in the government's industry policies have a certain impact on toll road enterprises. The impact of policies like toll-free green passage and the toll-free travel for small passenger vehicles in major festival and holidays on toll road operators would continue to exist. The public welfare property of toll roads is increasingly strengthened.

Countermeasures: The Company paid more attention on further grasp, prevention and control over development tendency of toll charging policy and franchise policy, collect, analyze and study information relating to reformation dynamics followed by proactive study of potential impact from different policies over the Company and formulation of appropriate responses, enhance communication with Communications Holding and relevant administrative authorities, communicate and coordinate with competent authorities through various feasible ways to express the expectations of the Company and investors, gain understanding and support and propose reasonable working plans, endeavoring to safeguard the interest of the Company.

3. Risks associated with alternative means of transportation and traffic diversion of road networks

Risk analysis: With the rapid progress in construction of railway networks in the PRC, the construction of high speed railways has raised the passenger and cargo transport capability of railways. New transportation model will bring new competition pressure on the Group's operation in the future. On the other hand, the expressway network is being further expanded and improved, with parallel and alternative lines continuously added, traffic diversion of road networks will generate negative impact on the growth of toll revenue of the Company.

Countermeasures: As regards the risks associated with alternative means of transportation and traffic diversion of road networks, the Company will actively communicate with the government and its peers in the sector keep informed of road network plans and project construction status, and collect and analyze a range of factors including relevant road network plans, adjustment of infrastructure network plan and distribution regarding competitive transportation (mainly all levels of rail transport networks), risk factors of travelling behavior changes arisen from routes or travelling costs in competitive transportation upon which produce practical solutions. Meanwhile, the Company will preliminarily set up a modernization indicators system on the operation and management of Shanghai-Nanjing Expressway, strengthen facilities quality maintenance, and improve traffic efficiency by means of informatization. It will also provide a safe and smooth traffic service with high quality to drivers, and enhance the competitiveness and operation performance of projects.



MANAGEMENT DISCUSSION AND ANALYSIS

4. Risks associated with expiry of operation rights

Risk analysis: Operation rights of toll road assets are subject to certain limits on toll collection terms, upon maturity of which, road-operating enterprises face serious challenges in respect of sustained development.

Countermeasures: Attaches great importance to the risks result from the expiry of operation rights which should return back to the government of the toll road projects the Company has invested, take precautions, coordinate the investment of the depreciation capital of toll roads the Company has invested and the accumulated undistributed profit, increase the investment and construction and merger of newly constructed projects that engaged smoothly during the operation period and recently opened projects to ensure the sustainable asset portfolio. Meanwhile, actively plan for the upgrading and restructuring of the future business, try to diversify the industry and policy risks through a diversified business, gradually increase the percentage of non-principal business in its revenue and profit, curb overdependence on the principal business of toll roads, and gradually achieve upgrade of industrial structure and sustained development.

5. Risks associated with business expansion

Risk analysis: Based on its development strategy, the Company will proactively promote the distribution of “one core and two supports” three sectors. Due to relatively large difference between new business and the toll road business, failure to adapt to the new types of business in respect of market savvy, management model and human resources might affect the expansion of new business and thus bring risks to the overall development of the Group.

Countermeasures: As for the above risks, the Company, according to the external objective environment and its own actual conditions, will comprehensively consider the uniqueness of the industry and its merits and demerits, and formulate varied investment tactics and control models for different business sectors. Meanwhile, strictly control the investment field, the industries derivative from roads shall center on principal business, choose the industries which could develop the Company’s core competitive advantages, have certain entry threshold, with good market prospects and standardized industry management and could coordinate with the Company’s business, and relieve or transfer risks by choosing partners with strong risk control ability.

6. Financial risks

Risk analysis: With the increase of investment projects, the debt size of the Company is bound to increase, and the financial expenses will be rising, the Company should effectively prevent the financial risks result from, which could affect the good credit status of the Company’s domestic and overseas capital market.

In 2016, China will comprehensively launch the reform of “change from business tax to value-added tax” (“business-to-value added”), which will incorporate construction industry, real estate, financial industry and service industry into the pilot scope. The Company’s revenue, costs, profits, cash flow and etc. will be affected if the government plans to fully implement “business-to-value added”. Meanwhile, the Company shall develop a matching business and financial management processes, adjust accounting and tax system, and raise higher demands on supplier management, contract design and management. Currently, the specific programs and implementation time haven’t yet been determined.

Countermeasures: Under the principle of fully utilizing the self-owned capital, the Company will keep tracking on the changes in monetary policies and finance environment, actively seek for more convenient finance channels and finance products with lower cost, promote the use of direct financing instruments in capital market, and lower the reliance on bank loans, so as to provide sufficient capital assurance for the daily operation and strategic development of the Group, and ease the pressure from capital needs. Moreover, the Group will also optimize interest-bearing liabilities structure, restructure the addition liabilities from project acquisitions reasonably, optimize debt structure, reduce finance costs, and fully facilitate the financial synergy.

As for the “business-to-value added” policy, the Company will actively follow up and study the formulation and implementation progress of the “business-to-value added” policy, deploy and train staff in advance, tease the business processes, file contract documents and analyses financial impact, timely coordinate research and proposal on tax plan, and take initiative to communicate and feedback with relevant government departments, seek understanding and improvements, to minimize and reduce adverse impacts.

MANAGEMENT DISCUSSION AND ANALYSIS

7. Risks associated with operation and management

Risk: Given that Shanghai-Nanjing Expressway, the Company's core asset, was subject to gradual saturation in traffic volume, there will be an increasing pressure on ensuring safe and unobstructed traffic under the era of mass transportation flow, which will challenge the safe traffic and the Company's service brand.

Countermeasures: Centered on the requirements of customer's travel and public services, the Company needed to undergo further enhancement in the managerial and serving aspects, further improve operating capability and management efficiency, to deal with the mass transportation flow of Shanghai-Nanjing Expressway which has become normal and complex operation environment with high social attention, advance the prevention of operation risks, highlight early-warning to ensure the Company's safe operation. Study regularly on the Company's operation, establish the operation risk warning model to analyze operation data, identify key activities, key points and operation risks, determine the threshold that triggers the risk pre-warning, to adjust operation strategy and ensure that the risks are within manageable with the use of normalization, dynamic and process management.

(V) Others

Not applicable.

IV. Failure to Disclose as per Rules due to Inapplicability or Special Reasons

Applicable

Not Applicable



SIGNIFICANT MATTERS

I Profit Distribution Plan for Ordinary Shares or Plan to Convert Surplus Reserves into Share

(I) Establishment, Implementation or Adjustment of Cash Dividend Distribution Policy

The Company's most important responsibility is to maintain stable long-term returns for our shareholders. The Company has established a long-term cash dividend mechanism and clarified in Article 18.8 and 18.9 of the Articles of Association: "The Company may distribute certain dividends by way of cash or bonus shares (or a combination of both) each year. The accumulative profits distribution in cash in the recent three years shall be no less than 30% of the average annual distributable profits in the same period." In accordance with the requirement of the Notice on Further Implementation of Relevant Issues Relating to Distribution of Cash Dividend by Listed Companies issued by CSRC, the Company specified the particulars of the cash dividend policy in the Articles of Association, so as to further improve the decision-making procedure and mechanism for cash dividend distribution.

The Company's annual profit distribution plan shall be proposed and formulated by the Board by reference to the Articles of Association, profits achieved by the Company and the supply and requirement of funds. When considering specific plan for distribution of cash dividends, the Board shall study and identify the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved for implementing the distribution of cash dividends, etc. Independent Directors shall explicitly express their independent opinions on the profit distribution plan. After being considered and approved by the Board, the profit distribution plan shall be proposed at the general meeting for shareholders' consideration and approval and be implemented afterwards. When the profit distribution plan is considered, the Company shall take the initiative to communicate and exchange views with shareholders, especially minority shareholders, giving due care to their interest and appeal and timely responding to their queries.

The Company has been distributing cash dividends since its listing and the average dividend payout ratio is above 75%, providing investors opportunities to share the economic growth results of the Company.

During the Reporting Period, the Company recorded the net profit attributable to the shareholders of the parent company of RMB2.507 billion. The Board proposed to distribute the final dividend of RMB0.4 (tax inclusive) per share (2014: RMB0.38 (tax inclusive) per share) based on its total share capital of 5,037,747,500 shares. If adopting the said distribution plan, the Company will pay an accumulative dividends of RMB2.015 billion, accounting for 80.39% of the net profit attributable to the shareholders of the parent company for the year. Scheme to convert surplus reserves into share was not implemented during the Reporting Period.

(II) Profit Distribution Plan or Scheme for Ordinary Shares and Plan or Scheme to Convert Surplus Reserves into Share in the Recent Three Years (including Reporting Period)

Unit: Yuan Currency: RMB

Year of Dividend Distribution	Number of bonus share for each 10 shares (share)	Amount of cash dividend for each 10 shares (Yuan) (including tax)	Number of shares converted for each 10 shares (share)	Amount of cash dividend (including tax)	Net profit distributed to shareholders of the Company in the consolidated financial statements in the year of distribution	As a percentage of net profit attributable to shareholders of the Company in the consolidated financial statements
					(Yuan)	(%)
2015	0	4	0	2,015,099,000	2,506,629,408	80.39
2014	0	3.8	0	1,914,344,050	2,227,907,831	85.93
2013	0	3.8	0	1,914,344,050	2,707,743,147	70.7

Note: Net profit attributable to shareholders of the Company for the year 2014 has been restated.

(III) If the Earnings and Distributable Profit for the Shareholders of Ordinary Shares of the Parent Company are positive but without Cash Profit Distribution Plan for Ordinary Shares, the Company shall Disclose the Reasons as well as the Purpose and Usage Plan of the Undistributed Profit

Applicable Not Applicable

II Fulfillment of Undertakings

Applicable Not Applicable

(I) Commitments of the Company, shareholder, ultimate controller, acquirer, director, supervisor, senior management members and other related parties of the Company 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 Ningchang Zhenli Company, the Company and Communications Holding entered into a profit compensation agreement, Communications Holding has, in respect of the compensation period, guaranteed Ningchang Zhenli Company's profit before tax and financial expenses after deducting non-recurring profits and losses, such that it shall not be less than RMB230,434,300 in 2015, not less than RMB269,083,700 in 2016 and not less than RMB299,931,100 in 2017. Such guaranteed amounts are consistent with the profits before tax and financial expenses of Ningchang Zhenli Company after deducting non-recurring profits and losses set out in the "Asset Valuation Report."	2015 to 2017	Yes	Yes	Not Applicable	Not Applicable
Other undertakings	Others	Communications Holding	1. Communications Holding undertook 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; 2. 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 3. 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	Not Applicable	Not Applicable
Other commitments	Others	Communications Holding	In order to duly resolve the issue regarding the compensation for the removal of two toll stations and toll points on the G312 Shanghai-Nanjing Section and pursuant to the spirit of the documentation and relevant minutes of Suzhengfu [2015] No. 115, Communication Holdings undertakes to replace the government in compensating the Company based on 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.	None	No	Yes	Not Applicable	Not Applicable

SIGNIFICANT MATTERS

(II) The assets and projects of the Company contained a profit forecast, and the Reporting Period is within the profit forecast period. The Company shall explain whether the assets and projects have achieved the profit forecast and the relevant reasons.

Before the acquisition of equity shares of Ning Chang Zhen Li Company, the Company estimated its profitability in the next three years. Estimation of the subsidiary Ning Chang Zhen Li Company before income tax and after deducting recurring gain or loss was: not lower than RMB230,434,300 in 2015, not lower than RMB269,083,700 in 2016 and not lower than RMB299,931,100 in 2017.

After the debt transfer of Ningchang Zhenli Company, a subsidiary of the Company, the finance cost was significantly reduced. In 2015, 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 oneoff income tax reduction in the current period. Meanwhile, operating revenue recorded a year-on-year increase of 20.95%. As a result of the combined effects as aforesaid, the Group achieved net profit of RMB365 million in 2015. The profit before tax and after deducting recurring gain or loss in 2015 of Ning Chang Zhen Li Company which was audited by Deloitte was RMB258,760,000, higher than the estimated profitability.

III Appropriation of Funds and Progress of Settlement during the Reporting Period

Applicable Not Applicable

IV Statement of the Board of Directors on Issuance of a “Non-Standard Auditing Report” by the Auditor

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable



SIGNIFICANT MATTERS

V Appointment or Removal of Auditors

Unit: Yuan Currency: RMB

Current appointee

Name of domestic accounting firm	Deloitte
Remuneration for domestic accounting firm	2,400,000
Term of audit of domestic accounting firm	2015
Name of overseas accounting firm	Not Applicable
Remuneration for overseas accounting firm	0
Term of audit of overseas accounting firm	Not Applicable

	Name	Remuneration
Accounting firm for audit of internal control	Deloitte	800,000
Service fee for project auditing	Deloitte	925,000

Statement of appointment and removal of accounting firm

Applicable Not Applicable

The reappointment of Deloitte as the domestic auditor of the Company for during the Reporting Period was approved at the Company's 2014 Annual General Meeting. The audit fees amounted to RMB2,400,000 for the year. 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 Shanghai/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. The independence of Deloitte is supervised by the Audit Committee of the Company. The Audit Committee is also responsible for recommending the Board regarding the appointment of external auditor and the conditions for appointment and its remuneration.

Deloitte was also appointed as the internal control auditor of the Company during the Reporting Period at the annual 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, 2014 and 2015, such auditing firm changed the partner responsible for the audit services provided to the Company.

Statement on the change of accounting firm during the auditing period:

Not Applicable.



SIGNIFICANT MATTERS

VI Risks of Suspension of Listing

(I) Reasons for and measures taken by the Company to end the suspension of listing

Not Applicable.

VII Bankruptcy and Restructuring

Applicable Not Applicable

VIII Material Litigation or Arbitration

Applicable Not Applicable

IX Sanctions and Rectification against the Listed Company or any of its Directors, supervisors, senior management members, Controlling Shareholder, de facto controller and acquirer

Applicable Not Applicable

X Explanation on the integrity of the Company and its Controlling Shareholder and de facto controller during the Reporting Period

During the Reporting Period, there had been no refusal to implement effective judgments of a court or failure to meet debt repayment schedules in a relatively large amount by the Company and controlling shareholders or de factor controller of the Company.

XI Equity incentive scheme, employee stock ownership scheme or other employee incentives and the effects thereof

Applicable Not Applicable



XII Material related party/connected transactions

Applicable Not Applicable

(I) Related party/connected transactions related to Day-to-Day operations

1. Events disclosed in an announcement with no further progress or changes after implementation.

Description of the Events	Inquiry index
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 service fee standards were at 0.2% and 2% cash and for non-cash toll revenue. The agreements were continuously fulfilled during the Reporting Period.	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
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 Company for a period of three years from 1 January 2015 to 31 December 2017. The calculation of rent was determined to be as follows: based on the annual fuel sales volume of the petrol stations at RMB140/tonne, together with the guaranteed rental at RMB500,000 per year; The agreement was continuously fulfilled during the Reporting Period.	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 .
During the Reporting Period, the Company continued to fulfill the property lease agreement entered into with the related/connected party 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.	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 .
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 was 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.	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 .



SIGNIFICANT MATTERS

Description of the Events

Inquiry index

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 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

On 24 April 2015, subsequent to the completion of equity transfer of Xiyi Company, Guangjing Xicheng Company, a subsidiary of the Company, continued to fulfill all the continuing connected transactions/day-to-day continuing connected transaction under performance by Xiyi Company including: (1) Gaocheng Service Area Petrol Station Lease Agreement entered into by Xiyi Company with Jiangsu Petroleum Company on 30 December 2014. The calculation of rent was determined to be as follows: based on the annual fuel sales volume of the petrol stations at RMB140/tonne, together with the guaranteed rental at RMB500,000 per year; (2) 2015 Routine Maintenance Work Contractor Agreement entered into by Xiyi Company with Jiangsu Sundian on 20 December 2014. The total amount of construction fees were not exceeding the maintenance service fees for 2015 and a cap of approximately RMB7,000,000 (approximately HK\$8,770,000) contemplated under the agreement; (3) Expressway Network Management Services Framework Agreement entered into by Xiyi Company with Network Operation Company on 4 January 2014. The service fee standards were at 0.2% and 2% cash and for non-cash toll revenue.

For the details related to this transaction, please refer to the announcement on the continuing related party/connected transactions published by the Company on 24 April 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

On 24 April 2015, Guangjing Xicheng Company, a subsidiary of the Company, borrowed RMB230,000,000 from Jinghu Company. The loan bears a term of one year, carrying the interest rates equivalent to the prevailing bank benchmark interest rate.

Please refer to announcement on the continuing related party/connected transactions published on 24 April 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.



SIGNIFICANT MATTERS

Description of the Events

Inquiry index

- On 28 August 2015, Guangjing Xicheng Company, a subsidiary of the Company, entered into Guangling Service Area Petrol Station Lease Agreement with Jiangsu Petroleum Company. The calculation of the rentals was determined to be as follows: based on the annual fuel sales volume of the petrol stations: RMB100/ton for petrol stations with less than 10,000 ton/year; RMB110/ton for petrol stations with 10,000-20,000 (inclusive) ton/year; RMB120/ton for petrol stations with 20,000-30,000 (inclusive) ton/year; RMB130/ton for petrol stations with 30,000-40,000 (inclusive) ton/year; RMB140/ton for petrol stations with more than 40,000 ton/year. Guaranteed rental is RMB500,000/year.
- On 29 December 2015, the Company, Guangjing Xicheng Company, a subsidiary of the Company, and Ningchang Zhenli Company, a wholly-owned subsidiary of the Company, renewed the property lease agreement entered into with Network Operation Company in relation to ETC customer service point, with the term from 1 January 2016 to 31 March 2017. After calculation, the aggregate maximum amount of the three agreements won't exceed RMB7,100,000, of which the maximum amount of the Company, Ningchang Zhenli Company and GuangjingXicheng Company was RMB5,600,000, RMB300,000 and RMB1,200,000 respectively.
- Note:* for the purpose of the abovementioned connected/related persons, Network Operation Company was held directly and indirectly as to over 30% by Communications Holding (excluding the equity interest held through the Company and Guangjing Xicheng Company); Jiangsu Petroleum Company was held directly and indirectly as to over 30% by Communications Holding; Jiangsu Sundian was held as to 30% by the Group; and Jinghu Company was held as to 55.28% by Communications Holding.

Please refer to announcement on the continuing related party/connected transactions published on 31 August 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

Please refer to announcement on the continuing related party/connected transactions published on 30 December 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

SIGNIFICANT MATTERS

2. Events disclosed in 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 cash 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 grow rate of ETC volume, 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 24 April 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

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 Company to lease the petrol stations on both sides of Gaocheng Service Area along the Xiyi Expressway to Jiangsu Petroleum Company, with a term 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 24 April 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

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) 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 24 April 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

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.

Note: for the purpose of the abovementioned related/connected persons, Network Operation Company was held directly and indirectly as to over 30% by Communications Holding (excluding the equity interest held through the Company and Guangjing Xicheng Company); Jiangsu Petroleum Company was held directly and indirectly as to over 30% by Communications Holding and Jiangsu Sundian was held as to 7.5% and 7.5% by Guangjing Xicheng Company and the Company.

3. Events not disclosed in announcements

Applicable Not Applicable

SIGNIFICANT MATTERS

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

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

<u>Description of the events</u>	<u>Inquiry Index</u>
<p>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 capitalization 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.</p>	<p>For the details related to the transactions and the relevant approval, please refer to the announcements on the related party transactions published by the Company on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk on 31 December 2014, the circular published on the website of the Stock Exchange and the SSE on 22 January 2015, and the announcements on the resolutions of the general meeting published the website of the Stock Exchange and the SSE on 12 March 2015.</p>

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

Not Applicable.

3. Events not disclosed in announcements

Applicable Not Applicable

SIGNIFICANT MATTERS

(III) Related/connected creditor rights and debts

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

Description of the events	Inquiry index
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.	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 .
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%.	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 .

Note: for the purpose of the abovementioned related/connected persons, the controlling shareholder of Railway Development Company was Communications Holding and the controlling shareholder of Group Finance Co., Ltd. was Communications Holding.

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

Not Applicable.

3. Events not disclosed in announcements

Applicable Not Applicable



SIGNIFICANT MATTERS

Unit: Yuan Currency: RMB

Related/connected party	Related/Connected relationship	Funds provided to related/connected party			Funds provided by related/connected party to the Company		
		Balance at the beginning of Reporting Period	Amount incurred	Balance at the end of the Reporting Period	Balance at the beginning of Reporting Period	Amount incurred	Balance at the end of the Reporting Period
Communications Holding	Parent Company	—	—	—	3,554,712,642	(2,604,555,816)	950,156,826
Yanjiang Company	Associated company	—	—	—	130,000,000	(130,000,000)	—
Network Operation Company	Controlled subsidiary of the parent company	—	—	—	405,000,000	(310,000,000)	95,000,000
Group Finance Co., Ltd	Controlled subsidiary of the parent company	95,716,105	(95,709,227)	6,878	500,360,146	(300,066,240)	200,293,906
Far East Shipping Company	Controlled subsidiary of the parent company	—	—	—	240,348,333	(55,074,173)	185,274,160
Jinghu Company	Controlled subsidiary of the parent company	—	—	—	20,000,000	(20,000,000)	—
Tongsha Port Company	Controlled subsidiary of the parent company	—	—	—	50,000,000	(50,000,000)	—
Taicang Container Company	Controlled subsidiary of the parent company	—	—	—	100,000,000	(100,000,000)	—
Suhuaiyan Company	Controlled subsidiary of the parent company	—	—	—	30,000,000	—	30,000,000
Tongchang Real Estate Company	Controlled subsidiary of the parent company	—	—	—	10,000,000	(10,000,000)	—
Runyang Bridge Company	Controlled subsidiary of the parent company	—	—	—	900,000,000	(749,704,072)	150,295,928
		—	—	—	—	—	—
Total		95,716,105	(95,709,227)	6,878	5,940,421,121	(4,329,400,301)	1,611,020,820

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/connected parties, related/connected party creditor's rights and debts were formed. The interest rate for the said funds did not exceed the prevailing bank loan interest rate in the corresponding period. The Group was not required to provide any guarantee and pledge.

Effect of related party creditor's rights and debts on the Company

The related/connected party creditor's rights and debts did not cause material effect on the Company's operating results and financial condition.



SIGNIFICANT MATTERS

(IV) 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 and usual 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.

2. Confirmation Opinion from the Auditor on Continuing Connected Transactions

Deloitte, having been advised that the continuing connected transactions would be disclosed in the 2015 annual report of the Company, has reviewed those related party/connected transactions and issued a letter to the Board to confirm that the related party/connected transactions:

- (1) have been approved by the Board of the Company;
- (2) were carried out in accordance with the pricing policy of the Company (if the transaction involves provision of goods or services by the Company);
- (3) were carried out in accordance with terms of relevant agreements governing the transactions; and
- (4) have not exceeded the caps as disclosed in the previous announcement.

3. The related/connected party transactions set out in Notes 11 and 15 to the Financial Statements of the Company for 2015

The related/connected party transactions set out in Notes 11 and 15 to the Financial Statements of the Company for 2015 are in compliance with the requirements under Chapter 14A of the Hong Kong Listing Rules:

1) Note 11:

- (1) Connected transactions in relation to the sales and purchase of goods, provision and receipt of services and interest income and expenses from loans

Related party	Type of related transactions	Whether or not constituting a connected transaction or continuing connected transaction (connected relationship)	Details of related transaction	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Network Operation Company	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Management fee for toll road system maintenance and operation	Yes (published an announcement on 30 December 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Jiangsu Sundian	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Road maintenance fee	Yes (published an announcement on 27 March 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)

SIGNIFICANT MATTERS

Related party	Type of related transactions	Whether or not constituting a connected transaction or continuing connected transaction (connected relationship)	Details of related transaction	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
HuaTong Company	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Road maintenance fee	Yes (exempt from the announcement requirement according to Rule 14A.97)
Nanlin Hotel	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Food and beverage and accommodation	Yes (exempt from the announcement requirement according to Rule 14A.97)
Information Company	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Communication system maintenance fee	Yes (exempt from the announcement requirement according to Rule 14A.97)
Network Operation Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
TongSha Port Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Taicang Container Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Communications Holding	Financing	Continuing connected transaction (the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Yanjiang Company	Financing	Not continuing connected transaction (joint stock company of Guangjing Xicheng, a subsidiary of the Company)	Interest expenses of entrusted loan	Not applicable
Far East Shipping Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Communications Holding	Financing	Continuing connected transaction (the Company's substantial shareholder)	Interest expenses of related party's loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Group Finance Co., Ltd.	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of liquidity loans	Yes (published an announcement on 6 June 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Jinghu Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Runyang Bridge Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Suhuaiyan Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)

SIGNIFICANT MATTERS

Related party	Type of related transactions	Whether or not constituting a connected transaction or continuing connected transaction (connected relationship)	Details of related transaction	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Railway Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (published an announcement on 6 June 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Tongchang Real Estate Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Kuailu Company	Goods sold	No (associate of the Company)	Income from petrol fee	Not Applicable
Kuailu Company	Service provided	No (associate of the Company)	Income from toll road fee	Not Applicable
Network Operation Company	Service provided	Continuing connected transaction (associate of the Company's substantial shareholder)	Income from management for ETC customer service branch	Yes (published an announcement on 30 December 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Hanwei Company	Financing	No (70% interested joint venture of the Company)	Interest income of shareholder's loan	Not Applicable
Group Finance Co., Ltd.	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest income of bank deposit	Yes (published an announcement on 6 June 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)

(2) Leases with related parties

Name of lessor	Name of lessee	Whether or not constituting a connected transaction/ continuing connected transaction (connected relationship)	Type of leased assets	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
The Company	Network Operation Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Buildings lease	Yes (exempt from the announcement requirement according to Rule 14A.76 (1)(a))
The Company	Jiangsu Sundian	Continuing connected transaction (associate of the Company's substantial shareholder)	Buildings lease	Yes (exempt from the announcement requirement according to Rule 14A.76 (1)(a))
Guangjing Xicheng Company	Jiangsu Petroleum Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Petrol business lease	Yes (published an announcement on 30 December 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)

SIGNIFICANT MATTERS

(3) Guarantees with related parties

Guarantor	Whether or not constituting a connected transaction/continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Communications Holding	Continuing connected transaction (substantial shareholder of the Company)	Yes (exempt from the announcement requirement according to Rule 14A.90)

(4) Borrowings/loans with related parties

Related party	Whether or not constituting a connected transaction/continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Borrowed from:		
Far East Shipping Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Runyang Bridge Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Communications Holding	Continuing connected transaction (substantial shareholder of the Company)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Network Operation Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Tongsha Port Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Taicang Container Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Yanjiang Company	Not continuing connected transaction (joint stock company of Guangjing Xicheng, a subsidiary of the Company)	Not applicable
Jinghu Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Group Finance Co., Ltd.	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (published an announcement on 6 June 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Railway Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (published an announcement on 6 June 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Suhuaiyan Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Tongchang Real Estate Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Lend to:		
Hanwei Company	No (a joint venture in which the Company holds 70% interest)	Yes (exempt from the announcement requirement according to Rule 14A.89)

SIGNIFICANT MATTERS

(5) Asset transfer and debt restructure of related party

Related party	Type of related party transactions	Whether or not constituting a related/connected transaction/continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Network Operation Company	Compensation for property removal	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (published an announcement on 26 April 2014 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)

(6) Compensation for key management personnel

Item	Whether or not constituting a connected transaction/continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Compensation for key management personnel	Continuing connected transaction (Directors and General Manager of the Company)	Yes (exempt from the announcement requirement according to Rule 14A.95)

2) Note 15:

(1) Connected transactions in relation to the sales and purchase of goods, provision and receipt of services, and interest expenses and income from loans

Related party	Type of related transactions	Whether or not constituting a connected transaction or continuing connected transaction (connected relationship)	Details of related transaction	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Network Operation Company	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Management fee for toll road system maintenance and operation	Yes (published an announcement on 30 December 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Jiangsu Sundian	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Road maintenance fee	Yes (published an announcement on 27 March 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Nanlin Hotel	Service received	Continuing connected transaction (associate of the Company's substantial shareholder)	Food and beverage and accommodation	Yes (exempt from the announcement requirement according to Rule 14A.97)
Network Operation Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
TongSha Port Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Taicang Container Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Communications Holding	Financing	Continuing connected transaction (the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)

SIGNIFICANT MATTERS

Related party	Type of related transactions	Whether or not constituting a connected transaction or continuing connected transaction (connected relationship)	Details of related transaction	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Yanjiang Company	Financing	Not continuing connected transaction (joint stock company of Guangjing Xicheng Company, a subsidiary of the Company)	Interest expenses of entrusted loan	Not applicable
Far East Shipping Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Communications Holding	Financing	Continuing connected transaction (the Company's substantial shareholder)	Interest expenses of related party's loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Group Finance Co., Ltd.	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of liquidity loans	Yes (exempt from the announcement requirement according to Rule 14A.89)
Jinghu Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Guangjing Xicheng Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Runyang Bridge Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest expenses of entrusted loan	Yes (exempt from the announcement requirement according to Rule 14A.89)
Ningchang Zhenli Company	Financing	No (a wholly-owned subsidiary of the Company)	Interest expenses of entrusted loan	Not Applicable
Zhendan Company	Financing	No (a joint venture in which the Company holds 70% interest)	Interest expenses of entrusted loan	Not Applicable
Kuailu Company	Goods sold	No (associate of the Company)	Income from petrol fee	Not Applicable
Kuailu Company	Service provided	No (associate of the Company)	Income from toll road fee	Not Applicable
Ninghu Properties	Financing	No (a wholly-owned subsidiary of the Company)	Interest income of entrusted loan	Not Applicable
Network Operation Company	Service provided	Continuing connected transaction (associate of the Company's substantial shareholder)	Income from management for ETC customer service branch	Yes (published an announcement on 30 December 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Guangjing Xicheng Company	Financing	Continuing connected transaction (associate of the Company's substantial shareholder)	Interest income of loan lent to related party	Yes (exempt from the announcement requirement according to Rule 14A.90)
Hanwei Company	Financing	No (a joint venture in which the Company holds 70% interest)	Interest income of shareholder's loan	Not Applicable

SIGNIFICANT MATTERS

(2) Leases with related parties

Name of lessor	Name of lessee	Whether or not constituting a connected transaction/ continuing connected transaction (connected relationship)	Type of leased assets	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
The Company	Network Operation Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Buildings lease	Yes (exempt from the announcement requirement according to Rule 14A.76 (1)(a))
The Company	Jiangsu Sundian	Continuing connected transaction (associate of the Company's substantial shareholder)	Buildings lease	Yes (exempt from the announcement requirement according to Rule 14A.76 (1)(a))
Ninghu Investment	The Company	No (a wholly-owned subsidiary of the Company)	Buildings lease	Not Applicable

(3) Guarantees with related parties

Guarantor	Whether or not constituting a connected transaction/continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Communications Holding	Continuing connected transaction (substantial shareholder of the Company)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Ningchang Zhenli Company	No (a wholly-owned subsidiary of the Company)	Not Applicable

SIGNIFICANT MATTERS

(4) Borrowings/loans with related parties

Related party	Whether or not constituting a connected transaction/continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Borrowed from:		
Far East Shipping Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Ningchang Zhenli Company	No (a wholly-owned subsidiary of the Company)	Not Applicable
Zhendan Company	No (a joint venture in which the Company holds 70% interest)	Not Applicable
Ruyang Bridge Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Communications Holding Company	Continuing connected transaction (substantial shareholder of the Company)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Network Operation Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Tongsha Port Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Taicang Container Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Yanjiang Company	Not continuing connected transaction (joint stock company of Guangjing Xicheng, a subsidiary of the Company)	Not applicable
Jinghu Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.90)
Group Finance Co., Ltd.	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (published an announcement on 6 June 2015 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)
Lend to:		
Ninghu Properties	No (a wholly-owned subsidiary of the Company)	Not Applicable
Guangjing Xicheng Company	Continuing connected transaction (associate of the Company's substantial shareholder)	Yes (exempt from the announcement requirement according to Rule 14A.89)
Hanwei Company	No (a joint venture in which the Company holds 70% interest)	Not Applicable

SIGNIFICANT MATTERS

(5) Asset transfer and debt restructure of related party

Related party	Type of related party transactions	Whether or not constituting a connected transaction/ continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Network Operation Company	Compensation for property removal	Connected transaction (associate of the Company's substantial shareholder)	Yes (published an announcement on 26 April 2014 at the Stock Exchange and SSE in accordance with the Listing Rules of the Stock Exchange and the SSE)

(6) Compensation for key management personnel

Item	Whether or not constituting a connected transaction/continuing connected transaction (connected relationship)	Whether or not in compliance with the disclosure requirement under Chapter 14A of the Hong Kong Listing Rules
Compensation for key management personnel	Continuing connected transaction (Directors and General Manager of the Company)	Yes (exempt from the announcement requirement according to Rule 14A.95)

XIII Material Contracts and Their Fulfillment

(I) Trust, Subcontracting and Leasing

Applicable Not Applicable

(II) Guarantee

Applicable Not Applicable

(III) Entrusted cash assets management by others

1. Entrusted wealth management

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of borrower	Type of entrusted wealth management	Amount of wealth management	Beginning date of entrusted wealth management	Method to determine return	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not	Amount of provision for the impairment	Related/ Connected transaction or not	Involved in a litigation or not	Related/ Connected relationship
Industrial and Commercial Bank of China	91 days fixed rate monetary financial products	35,000,000	24 October 2014	22 January 2015	Capital preservation	35,000,000	331,589	yes	0	No	No	No
Industrial and Commercial Bank of China	91 days fixed rate monetary financial products	52,000,000	26 November 2014	26 February 2015	Capital preservation	52,000,000	492,647	yes	0	No	No	No

SIGNIFICANT MATTERS

Name of borrower	Type of entrusted wealth management	Amount of wealth management	Beginning	Method to determine return	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not	Amount of provision for the impairment	Related/ Connected transaction or not	Involved in a litigation or not	Related/ Connected relationship
			date of entrusted wealth management									
Industrial and Commercial Bank of China	91 days fixed rate monetary financial products	39,000,000	30 January 2015	4 May 2015	Capital preservation	39,000,000	385,726	yes	0	No	No	No
Industrial and Commercial Bank of China	91 days fixed rate monetary financial products	26,000,000	8 May 2015	6 August 2015	Capital preservation	26,000,000	259,288	yes	0	No	No	No
Industrial and Commercial Bank of China	structural deposits	27,500,000	15 September 2015	29 September 2015	Capital preservation	27,500,000	25,315	yes	0	No	No	No
Industrial and Commercial Bank of China	182 days fixed rate monetary financial products	27,500,000	29 September 2015	7 April 2016	Capital preservation	-	-	yes	0	No	No	No
Industrial and Commercial Bank of China	35 days fixed rate monetary financial products	500,000	30 December 2015	14 February 2016	Capital preservation	-	-	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	14,500,000	21 October 2014	21 January 2015	Capital preservation	14,500,000	175,430	yes	0	No	No	No
Bank of Jiangsu	"Jubaocaifu 2014 Wen No. 247" (聚寶財富2014穩277號)	15,000,000	22 October 2014	21 January 2015	Capital preservation	15,000,000	157,068	yes	0	No	No	No
Merchants Bank	"Bubushengjin No.8689 Plan" (步步生金8689 號保本理財計劃書)	47,850,000	21 November 2014	20 January 2015	Capital preservation	47,850,000	401,940	yes	0	No	No	No
Bank of Jiangsu	"Jubaocaifu 2014 Wen No. 277" (聚寶財富2014穩277號)	20,400,000	26 November 2014	26 February 2015	Capital preservation	20,400,000	210,819	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	22,000,000	16 December 2014	16 March 2015	Capital preservation	22,000,000	260,384	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	12,000,000	21 January 2015	21 April 2015	Capital preservation	12,000,000	147,945	yes	0	No	No	No
Bank of Jiangsu	"Jubaocaifu Wenyong No. 2 (98D)" (聚寶財富穩贏2號(98D))	15,200,000	28 January 2015	6 May 2015	Capital preservation	15,200,000	177,528	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	48,500,000	16 February 2015	18 May 2015	Capital preservation	48,500,000	604,589	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	10,000,000	27 February 2015	27 May 2015	Capital preservation	10,000,000	121,918	yes	0	No	No	No
Bank of Jiangsu	"Jubaocaifu 2014 Wen No. 277" (聚寶財富2014穩277號)	20,600,000	4 March 2015	10 June 2015	Capital preservation	20,600,000	246,128	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	22,000,000	17 March 2015	17 June 2015	Capital preservation	22,000,000	277,260	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	12,000,000	21 April 2015	21 July 2015	Capital preservation	12,000,000	149,589	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	52,000,000	28 April 2015	28 May 2015	Capital preservation	52,000,000	183,781	yes	0	No	No	No
Bank of Jiangsu	"Wenyong No. 2 (Corporation) Round 1518" (穩贏2號機構版1518期)	15,300,000	13 May 2015	19 August 2015	Capital preservation	15,300,000	156,102	yes	0	No	No	No

SIGNIFICANT MATTERS

Name of borrower	Type of entrusted wealth management	Beginning date of		Method to determine return	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not	Amount of provision for the impairment	Related/ Connected transaction or not	Involved in a litigation or not	Related/ Connected relationship
		Amount entrusted management	wealth management									
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	14,000,000	11 May 2015	11 June 2015	Capital preservation	14,000,000	51,129	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	48,500,000	18 May 2015	18 June 2015	Capital preservation	48,500,000	177,125	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	10,000,000	27 May 2015	27 June 2015	Capital preservation	10,000,000	35,342	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	52,000,000	28 May 2015	29 June 2015	Capital preservation	52,000,000	196,033	yes	0	No	No	No
China Guangfa Bank	"Xinjiaxin No.16 Beijing-D92" ("薪加薪16 號北京-D92")	26,500,000	18 June 2015	18 September 2015	Capital preservation	26,500,000	307,255	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	42,000,000	27 June 2015	27 July 2015	Capital preservation	42,000,000	146,252	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	50,000,000	30 June 2015	30 July 2015	Capital preservation	50,000,000	174,110	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	12,000,000	21 July 2015	21 August 2015	Capital preservation	12,000,000	39,748	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	42,000,000	27 July 2015	27 August 2015	Capital preservation	42,000,000	139,118	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	50,000,000	30 July 2015	31 August 2015	Capital preservation	50,000,000	170,959	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	15,000,000	20 August 2015	20 November 2015	Capital preservation	15,000,000	149,342	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	12,000,000	21 August 2015	20 November 2015	Capital preservation	12,000,000	118,175	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	42,000,000	27 August 2015	27 November 2015	Capital preservation	42,000,000	418,159	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	50,000,000	31 August 2015	30 November 2015	Capital preservation	50,000,000	486,164	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	26,500,000	18 September 2015	19 October 2015	Capital preservation	26,500,000	85,526	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	30,000,000	20 October 2015	19 November 2015	Capital preservation	30,000,000	91,233	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	30,000,000	19 November 2015	19 February 2016	Capital preservation	30,000,000	264,658	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	27,000,000	20 November 2015	19 February 2016	Capital preservation	27,000,000	235,603	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	42,000,000	27 November 2015	29 February 2016	Capital preservation	42,000,000	378,575	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type B)" ("廣贏安薪 高端保本型(B款))	50,000,000	30 November 2015	29 February 2016	Capital preservation	50,000,000	436,301	yes	0	No	No	No
China Guangfa Bank	"Guangying'anxin (Type A)" ("廣贏安薪 高端保本型(A款))	10,000,000	30 December 2015	29 January 2016	Capital preservation	10,000,000	28,767	yes	0	No	No	No
Bank of Communications	"Yuntongcaifu Rizhengli Plan (type S)" (滙豐財富日增利S款集合理財計劃)	130,000,000	30 December 2015	27 January 2016	Capital preservation	100,000,000	166,849	yes	0	No	No	No
Shanghai Pudong Development Bank	"Liduoduo finance bus S21" (利多多財富班車S21)	100,000,000	30 December 2015	21 January 2016	Returns guaranteed	130,000,000	292,589	yes	0	No	No	No
Total	/	1,446,350,000	/	/	/	1,029,350,000	7,550,716	/	/	/	/	/

Principal and accumulated returns overdue but yet to recover (Yuan)
 Explanations on entrust wealth management

0
 N/A

2. Trust Loan

Applicable

Not Applicable

SIGNIFICANT MATTERS

3. Other wealth management and investment in derivatives

Applicable Not Applicable

Type of investment	Signatory	Investment share	Term	Product type	Gains/losses	Involvement in litigations (if any)
Wealth management products issued by banks	Commercial banks	417,000,000	Within 3 months	Principal guaranteed wealth management products issued by banks	-	No
Fuanda Advantageous Growth Foundation	Fuanda Funds	9,999,400	Long-term	Funds	12,459,253	No
Precious metals – Gold	Shanghai Gold Exchange	15,710,238	Long-term	Precious metals	-2,281,840	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, “Principal Guaranteed High-end Guangying’anxin (Type A)” (「廣贏安薪」 高端保本型(A款)) and “Principal Guaranteed High-end Guangying’anxin (Type B)” (「廣贏安薪」 高端保本型(B款)), namely “Jiaxin No. 2 Beijing - D92” (加薪16號北京-D92) and Guangying’anxin (Type A) (廣贏安薪A款) issued by China Guangfa Bank, 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, the Yuntong Wealth Daily Increase (Type S) Collective Wealth Management Product (滙通財富日增利S款集合理財產品) issued by Bank of Communications and the Liduoduo Wealth Regular Bus S21 issued by Shanghai Pudong Development Bank, and held by the Group. Such wealth management products were principal-guaranteed with floating income.

XIV Explanation of other material events

Applicable Not Applicable

XV Proactive performance of social responsibility

(I) Social responsibility

The Board has prepared the corporate social responsibility report for the year 2015 to disclose the performance of social responsibility of the Company during the Reporting Period. The contents include the efforts of the Company in respect of promoting the economy of the region and maintaining the legitimate rights and interests of lenders, consumers, staff, communities, and other stakeholders; and the measures taken by the Company in respect of environmental protection, energy conservation and emission reduction and realization of sustainable development. Full text of the Corporate Social Responsibility Report for the Reporting Period has been posted on the websites of the SSE (www.sse.com.cn) and the Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com).

(II) Description of environmental protection in relation to listed companies and their subsidiaries in the heavy pollution industries as defined by the state environmental protection department

Not Applicable.

(III) Charity Donation

The Group commits to perform its obligations as a corporate citizen by initially participating in social services and public benefit activities. A proposal related to matters of annual charity donation will be proposed at the annual Board meeting of the Company each year. During the Reporting Period, public donation contributed by the Group amounted to approximately RMB 1,383,600, including poverty alleviation fund, education fund and charity fund.

XVI Convertible bonds

Applicable Not Applicable

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

I. Changes in Ordinary Share Capital

(I) Changes in Ordinary Share Capital

1. Changes in ordinary share capital

Unit: Share

	Before change		Increase or decrease after change (+,-)					After change	
	Number	Percentage (%)	New share issuance	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	Number	Percentage (%)
I. Restricted tradable shares	22,992,145	0.46	0	0	0	-5,226,000	-5,226,000	17,766,145	0.35
1. State-owned shares	0	0	0	0	0	0	0	0	0
2. State-owned legal person shares	0	0	0	0	0	0	0	0	0
3. Other domestic-owned shares	22,992,145		0	0	0	-5,226,000	-5,226,000	17,766,145	
Including: Shares held by domestic non state-owned legal persons	0	0	0	0	0	0	0	0	0
Shares held by domestic natural persons	0	0	0	0	0	0	0	0	0
4. Shares held by overseas shareholders	0	0	0	0	0	0	0	0	0
Including: Shares held by overseas legal persons	0	0	0	0	0	0	0	0	0
Shares held by overseas natural persons	0	0	0	0	0	0	0	0	0
II. Tradable shares	5,014,755,355	99.54	0	0	0	5,226,000	5,226,000	5,019,981,355	99.65
1. A shares	3,792,755,355	75.29				5,226,000		3,797,981,355	75.4
2. Foreign-owned shares listed domestically	0	0	0	0	0	0	0	0	0
3. H shares	1,222,000,000	24.25				0		1,222,000,000	24.25
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of ordinary shares	5,037,747,500	100	0	0	0	0	0	5,037,747,500	100

2. Explanation on changes in ordinary share capital

Not applicable.

3. Effects of changes in ordinary share capital on financial indicators including earnings per share and net assets per share of the most recent year or period (if any)

None.

4. Other disclosure deemed necessary by the Company or required by securities regulatory authorities

Not applicable.

CHANGES IN ORDINARY 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 year	Number of shares released from selling restrictions during the Reporting Period	Increase in number of shares with selling restrictions during 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
Shares in circulation with selling restrictions	22,992,145	5,226,000	0	17,766,145	Note 1	15 January 2015
Total	22,992,145	5,226,000	0	17,766,145	/	/

Note 1: Prior consent shall be obtained from the holders of the shares not 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 advanced 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 of the Company as the consideration for such shares. Application for the listing status of such shares will then be submitted by the Company to the SSE.

II. The Issue and Listing of Shares

(I) The Issue of Shares as at the Reporting Period

Unit: Shares Currency: RMB

Category of shares and their derivative securities	Issue date	Issue price (coupon rate)	Size of issue	Listing date	Trading volume with listing approval	Expiration date of trading
Ordinary shares						
H Shares	7 June 1997	HK\$3.11	1,222 million shares	27 June 1997	1,222 million shares	
A Shares	23 December 2000	RMB4.20	150 million shares	16 January 2001	150 million shares	
Convertible corporate bonds, convertible bonds with detachable warrants and corporate bonds						
Corporate Bonds	28 July 2008	5.4%	RMB1.1 billion	12 August 2008	RMB1.1 billion	28 July 2011

Explanation on the issue of securities as at the Reporting Period (please explain separately for bonds with different interest rates within the term):

- The Company issued 1,222 million H Shares at the issue price of HK\$3.11 per share which were listed on the Stock Exchange on 27 June 1997.

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

2. The Company issued 150 million social public shares (A Shares) to domestic investors at the issue price of RMB4.20 per share. The issue of A Shares was launched from 22 December to 23 December 2000 by means of both online pricing issue and placing to investors in the secondary market. The A Shares were listed on the SSE on 16 January 2001.
3. The Company's ADR scheme was effective on 23 December 2002 and such ADR Shares have since then been traded in the over-the-counter market in the United States.
4. The Company implemented the reform on 16 May 2006 under which the holders of A Shares not in circulation transferred a total of 48,000,000 A Shares to the circulating A Shareholders at nil consideration. As such, the number of A Shares in circulation was increased from 150,000,000 shares to 198,000,000 shares. The total number of the shares has not been changed under the Share Segregation Reform.
5. Since 16 May 2007, the shares in circulation with selling restrictions have been listed and circulated in batches following the satisfaction of the conditions regarding selling restrictions and the relevant formalities. The first batch totaling 103,260,554 shares, the second batch totaling 36,073,799 shares, the third batch totaling 11,819,527 shares, the fourth batch totaling 57,644,500 shares, the fifth batch totaling 14,087,700 shares, the sixth batch totaling 2,851,900 shares, the seventh batch totaling 4,827,000 shares, the eighth batch totaling 4,091,873 shares, the ninth batch totaling 3,331,637,902 shares, the tenth batch totaling 1,250,000 shares, the eleventh batch totaling 3,294,000 shares and the twelfth batch totaling 23,916,600 shares were circulated on 16 May 2007, 14 June 2007, 27 July 2007, 27 February 2008, 10 October 2008, 8 June 2009, 10 March 2010, 17 December 2010, 20 May 2011, 29 July 2011, 17 August 2012 and 6 November 2013, respectively. As at the end of the Reporting Period, the number of A Shares increased to 3,797,981,355 shares, representing 75.39% of the Company's total share capital. The total number of shares remained unchanged as a result of the said circulation of shares.
6. The Company issued corporate bonds amounted to RMB1.1 billion via on-line and off-line channels from 28 to 30 July 2008. The Corporate Bonds bore a coupon rate of 5.40% p.a. with a term of three years. The corporate bonds were listed on the SSE on 12 August 2008 with stock abbreviation "08 Ninghu bonds" and bond code "122010", and the principal and the interest thereon were repaid on 28 July 2011.

(II) Changes in the Total Number of Ordinary Shares and Structure of Shareholders and Changes in the Structure of Assets and Liabilities of the Company

Not applicable.

III. Shareholders and de facto controller

(I) Total number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	29,447
Total number of ordinary shareholders by the end of previous month before disclosure of the annual report	29,198
Total number of preference shareholders with voting rights restored at the end of the Reporting Period	0
Total number of preference shareholders with voting rights restored by the end of last month before publication of the annual report	0

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

(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

Shareholdings of top ten shareholders

Name of shareholder (full name)	Change during the Reporting Period	Number of shares held at the end of the Reporting Period	Shareholding percentage (%)	Number of shares held subject to selling restrictions	Shares pledged or frozen Status of shares	Type of shareholder
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	119,138,000	2.36	0	Unknown	0 Foreign legal person
BlackRock, Inc.	0	97,408,423	1.93	0	Unknown	0 Foreign legal person
JPMorgan Chase & Co.	0	85,523,023	1.7	0	Unknown	0 Foreign legal person
Commonwealth Bank of Australia	0	71,211,970	1.41	0	Unknown	0 Foreign legal person
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	0	42,710,200	0.85	0	Unknown	0 Others
Jiantou Zhongxin Asset Management Co., Ltd.	0	21,410,000	0.43	0	Unknown	0 Others
Hong Kong Securities Clearing Company Limited	0	20,334,964	0.41	0	Unknown	0 Foreign legal person
National Social Security Fund – Portfolio 116 (全國社保基金 一一六組合)	0	16,176,427	0.32	0	Unknown	0 Others

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

Shareholding of top ten shareholders without selling restrictions

Name of shareholder	Number of shares without selling restrictions in circulation	Class and number of shares	
		Class	Number
Jiangsu Communications Holdings Company Limited	2,742,578,825	A Shares	2,742,578,825
China Merchants Huajian Highway Investment Co., Ltd.	589,059,077	A Shares	589,059,077
Mondrian Investment Partners Limited	119,138,000	H Shares	119,138,000
BlackRock, Inc.	97,408,423	H Shares	97,408,423
JPMorgan Chase & Co.	85,523,023	H Shares	85,523,023
Commonwealth Bank of Australia	71,211,970	H Shares	71,211,970
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	42,710,200	A Shares	42,710,200
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	A Shares	21,410,000
Hong Kong Securities Clearing Company Limited	20,334,964	A Shares	20,334,964
National Social Security Fund – Portfolio 116 (全國社保基金一一六組合)	16,176,427	A Shares	16,176,427
Related/connected relationship among the abovementioned shareholders or any party acting in concert	(1)	The Company is not aware of the existence of related/connected relationship or act-in-concert arrangement with respect to the above shareholders;	
	(2)	During the Reporting Period, there were no related/connected parties, strategic investors nor normal legal persons of the Company becoming the top ten shareholders because of placing of new shares;	
	(3)	The number of shares of H Shareholders are per the record of registration under the SFO.	
Illustration on the preference shareholders with voting rights restored and the shareholding thereof	Nil		

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

The number of shares held by shareholders 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	

	Other public shareholders as legal persons	17,766,145	16 May 2007	0	Note 1
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Illustration on the related/connected relationship or act-in-concert arrangement with respect to the above shareholders Nil

Note 1: Prior consent shall be obtained from the holders of the shares not 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 advanced 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 of the Company as the consideration for such shares. Application for the listing status of such shares will then be submitted by the Company to the SSE.

As at 31 December 2015, as far as the Company is aware, 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 shareholder	Capacity	Direct interests	Number of A Shares held	Percentage of A Shares out of the entire share capital
Jiangsu Communications Holdings Company Limited	Others	Yes	2,742,578,825(L)	71.88% (54.44%)(L)
China Merchants Group Limited ⁽¹⁾	Others	Yes	589,059,077(L)	15.44% (11.69%)(L)

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

Number of H Shares

Name of shareholder	Capacity	Direct interests	Number of H Shares held	Percentage of H Shares out of the entire share capital
Mondrian Investment Partners Limited	Investment manager	No	119,138,000(L)	9.75% (2.36%)(L)
BlackRock, Inc.	Investment manager	No	97,408,423(L) 306,000 (S)	7.97% (1.93%)(L)
JPMorgan Chase & Co.	Interest of controlled corporation	No	85,523,023(L) 690,000(S) 70,636,771(P)	0.03% (0.01%)(S) 7.00% (1.70%)(L) 0.06% (0.00%)(S)
Commonwealth Bank of Australia	Interest of controlled corporation	No	71,211,970(L)	5.78% (1.40%)(P) 5.83% (1.41%)(L)

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

(1) China Merchants Group Limited was deemed to be interested in the shares by virtue of its controlling interests in China Merchants Huajian.

Save as disclosed above, to the Company's best knowledge, as at 31 December 2015, there was no person required to make disclosure under the SFO.

IV. Controlling Shareholders and de facto controller

(I) Controlling Shareholders

1. Legal person

Name
Representative or legal representative
Date of establishment
Principal business

Jiangsu Communications Holdings Company Limited
Cai Renjie (蔡任杰)
15 September 2000

The Company is engaged in the operation and management of State-owned assets; investment, construction, operation and management of transport infrastructure, transportation and other related sectors, collection of tolls from vehicles according to the relevant rules; and industrial investment and domestic trading within the scope of authorization of the provincial government.

Equity interests in other domestically and overseas listed companies which were controlled or invested by the Controlling Shareholder during the Reporting Period

There was no change in the controlling or shareholding interests of the Controlling Shareholder in other domestically and overseas listed companies during the Reporting Period.

2. There is no special explanation on controlling shareholder

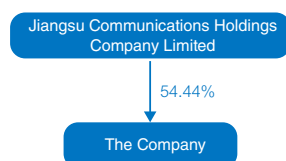
Not applicable.

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

3. Index and date of changes in controlling shareholder during the reporting period

Not applicable.

4. Diagram of the ownership and controlling relationship between the Company and the de facto controller



(II) The de facto controller of the Company

1. Legal person

Name

State-owned Asset Supervision and Administration Commission of the Jiangsu Government

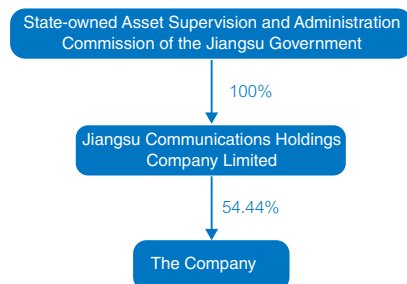
2. There is no special explanation on de facto controller

Not applicable.

3. Index and date of changes in de facto controller during the reporting period

Not applicable.

4. Diagram on the ownership and controlling relationship between the Company and the de facto controller



5. The de facto controller controls the Company by means of trust or other assets management methods

Not applicable.

(III) Other information on the Controlling Shareholder and de facto controller

Not applicable.

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

V. Other legal person shareholders with 10% or above shareholding

Unit: Yuan Currency: RMB

Name of legal person shareholder	Representative or legal representative	Date of establishment	Organization code	Registered capital	Principal businesses or management activities etc.
China Merchants Huajian	Li Xiao Peng	18 December 1993	10171700-0	RMB1,500 million	Investment in and development, construction, operation and management of infrastructures including roads, bridges, docks, ports and passages; management of investment; research and development of new technologies, new products and new materials related to transport infrastructure and the sales of products; the sales of building materials, electrical machinery and equipment, automobile and auto accessories, metals and electronics and groceries; economic information consultation (the projects shall be approved under the law and approvals shall be obtained from relevant regulatory authorities before commencement of operation).

Explanation Nil

VI. Explanation on restriction of shareholding reduction

Applicable Not applicable

CHANGES IN ORDINARY SHARE CAPITAL AND SHAREHOLDERS

VII. Others

1. Purchase, sale and redemption of Shares of the Company

During the Reporting Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries; nor was there any person who exercised the conversion rights or subscription rights over convertible securities, options, warrants or other similar rights issued or granted by the Company or any of its subsidiaries at any time.

2. Pre-emption rights

In compliance with “Company law of the PRC” and the Company’s articles of association, the Company did not grant any pre-emption rights pursuant to which the Company was required to offer new shares to existing shareholders in proportion to their shareholdings.

3. Public float

According to public information and as far as the Directors are aware, the Board is of the view that the public float of the shares of the Company as at 25 March 2016 (being the latest practicable date prior to the publication of this report) complied with the requirements of the Hong Kong Listing Rules.

4. Shareholders’ waiver or agreement on dividend arrangement

During the Reporting Period, there had been no arrangement on waiver of any dividend by the shareholders.

PREFERRED SHARES

Applicable Not applicable

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

I Changes in shareholdings and remunerations

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

Applicable Not applicable

Unit: Shares

Name	Position (Note)	Gender	Age	Date of appointment	Date of termination of appointment	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Change in shares during the Reporting Period	Reasons for the change	Total remuneration payable by the Company during the Reporting Period (before tax) (RMB)	Remuneration received at the corporate shareholder during the Reporting Period
In office											
Chang Qing	Chairman of the Board	M	53	2016.02	2018	0	0	0	Nil	–	Yes
Qian Yong Xiang	Executive Director, general manager	M	52	2015.06	2018	0	0	0	Nil	629,961	No
Du Wen Yi	Non-executive Director	M	53	2015.06	2018	0	0	0	Nil	–	Yes
Shang Hong	Executive Director, Deputy general manager	F	53	2013.11	2016.11	0	0	0	Nil	502,593	No
Zhang Yang	Non-executive Director	F	52	2015.06	2018	0	0	0	Nil	–	No
Hu Yu	Non-executive Director	F	41	2015.06	2018	0	0	0	Nil	–	No
Ma Chung Lai	Non-executive Director	M	62	2015.06	2018	0	0	0	Nil	164,272	No
Zhang Er Zhen	Independent non-executive Director	M	63	2015.06	2018	0	0	0	Nil	107,895	No
Ge Yang	Independent non-executive Director	M	54	2015.06	2018	0	0	0	Nil	53,947	No
Zhang Zhu Ting	Independent non-executive Director	M	53	2015.06	2018	0	0	0	Nil	53,947	No
Chen Liang	Independent non-executive Director	M	51	2015.06	2018	0	0	0	Nil	53,947	No
Chen Xiang Hui	Chairman of the Supervisory Committee	M	53	2016.02	2018	0	0	0	Nil	–	Yes
Pan Ye	Supervisor	M	28	2016.02	2018	0	0	0	Nil	–	No
Wang Ya Ping	Supervisor	F	53	2015.06	2018	0	0	0	Nil	378,045	No
Shao Li	Supervisor	F	38	2015.06	2018	0	0	0	Nil	399,038	No
Ren Zhuo Hua	Supervisor	F	44	2016.02	2018	0	0	0	Nil	316,328	No
Sun Hong Ning	Supervisor	M	55	2012.06	2015.06	0	0	0	Nil	–	Yes
Wang Wen Jie	Supervisor	M	32	2015.06	2015.12	0	0	0	Nil	–	No
Tian Ya fei	Deputy general manager	M	50	2015.08	2018.08	0	0	0	Nil	476,679	No
Yao Yong jia	Deputy general manager, Secretary to the Board and Company Secretary in Hong Kong	M	52	2015.08	2018.08	0	0	0	Nil	476,679	No
Zhou Chong Ming	Secretary to the disciplinary committee of the Communist Party	M	43	2015.10	2018.10	0	0	0	Nil	119,569	No
Li Jie	Deputy general manager	M	45	2014.08	2017.08	0	0	0	Nil	460,766	No
Yu Lan Ying	Financial controller	F	45	2015.12	2018.12	0	0	0	Nil	450,766	No
Wang Hong Wei	Assistant to the general manager	M	53	2015.12	2018.12	0	0	0	Nil	448,533	No
Resigned											
Chang Qing	Chairman of the Supervisory Committee	M	53	2015.06	2016.02	0	0	0	Nil	–	Yes
Chen Xiang Hui	Non-executive Director	M	53	2012.06	2015.06	0	0	0	Nil	–	Yes
Cheng Chang Yung Tsung, Alice	Non-executive Director	F	83	2012.06	2015.06	0	0	0	Nil	156,641	No
Fang Hung, Kenneth	Non-executive Director	M	78	2012.06	2015.06	0	0	0	Nil	156,641	No
Xu Chang Xin	Independent non-executive Director	M	53	2012.06	2015.06	0	0	0	Nil	53,947	No
Gao Bo	Independent non-executive Director	M	54	2012.06	2015.06	0	0	0	Nil	53,947	No
Chen Dong hua	Independent non-executive Director	M	41	2012.06	2015.06	0	0	0	Nil	53,947	No
Wu Yi Yong	Secretary to the disciplinary committee of the Communist Party	M	61	2012.08	2015.08	0	0	0	Nil	306,478	No
Total	/	/	/	/	/	/	/	/	/	5,874,566	/

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Notes:

1. During the Reporting Period, the Directors, Supervisors and members of senior management of the Company (including their spouse or children and their company or trust holding 30% or more of shares) did not hold any shares, shares options and restricted shares.
2. The Directors and members of senior management of the Company are not connected to one another.
3. Apart from the remuneration listed above, the Company has not paid any other amounts to its Directors and Supervisors. During the Reporting Period, no Director had any arrangement on the waiver of or the agreement to waive any remuneration. The remuneration of the senior management has included the emolument, performance bonus, pension premiums paid by the Company on their behalf and other benefits.
4. Other benefits include housing fund, non-monetary benefits, social medical insurance fund, work injury insurance, maternity insurance assumed by the Company.
5. Post-employment benefits include pension, social endowment insurance, unemployment insurance borne by the Company.

Name

Biographies

Chang Qing

Chairman of the Supervisory Committee and a non-executive Director, born in 1963, with university education and a Bachelor's degree, senior engineer. He has served as deputy director of the Communications Bureau of Changzhou City, Jiangsu Province, deputy secretary of the Communist Party Committee cum deputy director of the Port Administration Bureau of Changzhou City, Deputy Director of the Construction Bureau of Changzhou City, director of the Communications Bureau of Changzhou City and deputy secretary of the Communist Party Committee cum director of the Port Administration Bureau of Changzhou City. He was secretary-general of the Communist Party Committee of Changzhou City, Jiangsu Province. He is now serving as general manager of Communications Holding and deputy secretary of the Company's Communist Party Committee. Mr. Chang has long been engaged in management work and has extensive experience in economic and communications management. He has been a Supervisor since 18 March 2011. Mr. Chang reigned as the chairman of supervisory committee and Supervisor on 29 December 2015 but due to a lack of quorum he continued to perform the duties. He has been elected as a Director at an Extraordinary General Meeting held on 25 February 2016 and as the Chairman of the eighth session of the Board at the fifth meeting of the eighth session of the Board of directors. Mr. Chang has ceased to serve as a chairman of Supervisory Committee and Supervisor since 25 February 2016.

Qian Yong Xiang

Executive Director and general manager, born in 1964, with a master's degree both in Engineering and Business Administration. He taught at Southeast University from 1987 to 1992. He joined the Company in 1992 and has been head of the Planning Section, deputy manager and manager of the Investment and Development Department and deputy general manager of the Company. Mr. Qian has long been involved in the business strategic studies in the transportation industry, investment and financing management, project construction and operations management. He has extensive experience in corporate management and operation of listed companies. Mr. Qian has been an Director of the Company since 11 March 2009.

Du Wen Yi

Non-executive Director, born in 1963, with an undergraduate degree, senior economist. Mr. Du started working in the finance and accounting research office of Nanjing Communications School since 1983, and had been successively appointed as deputy director and director of the Planning and Finance Office of Jiangsu Communications Planning and Design Institute since 1987. He had been deputy head of the Finance and Auditing Section of Communications Holding since 2000, and had been director, deputy head and head of the Finance and Auditing Section of Jiangsu Communications Industry Group Co., Ltd. from 2001 to 2004. He had been deputy general manager of Jiangsu Expressway Company Limited since 2004, and became Head of the Finance Department of Communications Holdings in November 2007. Currently, Mr. Chen is the Chief Accountant of Communications Holding. Mr. Du has long been engaged in transportation management and financial management and is a senior expert with extensive transportation management and financial management experience. He has been a non-executive Director of the Company since 6 June 2008.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Biographies
Shang Hong	Executive Director and deputy general manager, born in 1963, university graduate and senior engineer. Ms. Shang taught in the Civil Engineering Department of Nanjing Jinling Vocational University from July 1985 to May 1993. She joined the Company in June 1993 and has held various positions including deputy head and head of the Planning Division of the Company; deputy manager and manager of the Investment and Development Department of the Company and assistant to general manager. She is currently executive Director and deputy general manager of the Company. Ms. Shang has long been engaged in engineering management, investment analysis and project management.
Zhang Yang	Non-executive Director, born in 1964, with a post-graduate degree. She commenced working in 1987. From 1988 to 1994, Ms. Zhang served in Aerospace Corporation under the Ministry of Aerospace. From 1994 to 2007, she served as the manager of the securities management division and the assistant to general manager of Huajian Transportation Economic Development Center, and she is now deputy general manager of Huajian Transportation Economic Development Center. She is also a director of Zhongyuan Expressway Company Limited, and vice chairman of Shenzhen Expressway Company Limited, Zhejiang Expressway Company Limited, Sichuan Expressway Company Limited and Jilin Expressway Company Limited. Ms. Zhang has extensive knowledge in the transportation and securities industries and is rich in management experience. She has been a Director of the Company since 28 November 2007.
Hu Yu	Non-executive Director, 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 Merchants Huajian and a supervisor of Huabei Expressway Company Limited. She has successively served as accountant of Beijing City Development Group, 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. She has been a Director of the Company since 23 June 2015.
Ma Chong Lai	Non-executive Director, 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 director of Nanjing Panda Electronic Company Limited (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). Mr. Ma has been a Director of the Company since 23 June 2015.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Biographies
Zhang Er Zhen	<p>Independent non-executive Director, born in 1953, a professor and an advisor for doctoral candidates. He was a lecturer at the Economics Department of Nanjing University from 1985 to 1987, an associate professor at the International Economics and Trade Department of Nanjing University from 1987 to 1993, a professor and deputy department head at the International Economics and Trade Department of Nanjing University from 1993 to 1995, the department head at the International Economics and Trade Department of Nanjing University from 1995 to 2007, and the Secretary to the Communist Party Committee at Business School of Nanjing University from 2007 to 2011. He is currently the head of the International Economics Institute of Nanjing University. Professor Zhang is also a part-time professor at Northwest University and Xiamen University, and has been granted special government subsidies from the State Council since 1992. Professor Zhang has long been engaged in research in international economics and trade, and has devoted himself into research in urbanization and innovation of cities and enterprises. He is a senior professional with extensive experience in the area of economics. Mr. Zhang has been an independent non-executive Director of the Company since 19 June 2012.</p>
Ge Yang	<p>Independent non-executive Director, 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 Department of Housing and Urban-Rural Development 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 such as the Evolution and Explanation of the Property System of Public Sector during the Economic Transformation Period 《經濟轉型期公有制產權制度的演化與解釋》, the Virtual Research of the Country's of Housing Properties Economy during the Transformation Period 《轉型期我國房地產經濟虛擬性研究》 and "Research Report of Housing Construction and Planning in Jiangsu" 《江蘇住房建設規劃研究報告》. He issued more than 80 theses in the periodicals such as "Economic Research" 《經濟研究》, "Financial Research" 《金融研究》, "Economic Perspectives" 《經濟學動態》, "Economists" 《經濟學家》 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 national, key and provincial social science projects in the PRC. Mr. Ge has been an Independent non-executive Director of the Company since 23 June 2015.</p>
Zhang Zhu Ting	<p>Independent non-executive Director, 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. Zhang has been an Independent non-executive Director of the Company since 23 June 2015.</p>

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Biographies
Chen Liang	Independent non-executive Director, 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) in 1990. 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. Mr. Chen has been an Independent non-executive Director of the Company since 23 June 2015.
Chen Xiang Hui	Chairman of the Supervisory Committee, born in 1963, with a Bachelor degree of Engineering and an Master of Business Administration, post-graduate grade Senior Engineer, being granted special government subsidies. Mr. Chen has been involved in communication construction management and expressway operations management for a long time. Mr. Chen was deputy director of the Project Quality Supervisory Section of Jiangsu Transport Department, Director of Jiangsu Ninglian Ningtong Road Management Office and general manager of the Company. Mr. Chen is currently director and deputy general manager of Communications Holding. He is deputy general secretary of the Expressway Operations Management Association of China Highway and Transportation Society and Jiangsu Highway and Transportation Society. He has been a Director since 9 April 2001. He resigned from his position as a Director on 29 December 2015 with effect immediately thereafter. Mr. Chen has been elected as a Supervisor at an Extraordinary General Meeting and as Chairman of the Supervisory Committee at the fifth meeting of the eighth session of the Board of directors held on 25 February 2016.
Pan Ye	Supervisor, born in 1988, obtained a master of business administration from Northwestern Polytechnic University. He currently serves as the project manager in Enterprise Management Department of China Merchants Huajian. He once worked in China Life Insurance Beijing Branch, Beijing Tianyi Fangyuan Management Consulting Ltd. (北京天弈方圓管理顧問有限公司) and Beijing Xinyuan Shengganggou Group (北京鑫源盛鋼構集團). Mr. Pan joined the Company on 25 February 2016.
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. Ms. Wang has been a supervisor since 23 June 2015.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Biographies
Shao Li	Supervisor, born in 1978, with post-graduate diploma, economist. Ms. Shao started working in the Nanjing Branch of Ping An Life Insurance Company of China, Ltd. in 2003. Since 2004, Ms. Shao has been successively a section head and assistant to manager of the Human Resources Department of the Company, and is currently manager of the Human Resources Department of the Company. Ms. Shao has been engaged in the field of human resources management and possesses extensive experience in human resources management. She has been a Supervisor since 24 March 2008.
Ren Zhuo Hua	Supervisor, born in 1972, with a bachelor's degree, Ms. Ren is a senior accountant. She joined the Company in August 1994, and served as an accountant of the Construction Command Department of Jiangsu Expressway (江蘇省高速公路建設指揮部) and the Finance Director of Expansion and Construction Command Department of Jiangsu Shanghai-Nanjing Expressway (江蘇滬寧高速公路擴建工程指揮部), an officer of the Finance Department of operation and development company (經營發展公司財務部) of the Company and an assistant to the manager of the Finance and Accounting Department of the Company. She currently serves as the Deputy Manager of the Finance and Accounting Department of the Company. Ms. Ren has been engaging in finance and management since she started working, and she is a professional with extensive experience.
Tian Ya fei	Deputy general manager, born in 1966, university education. Mr. Tian joined the Company in September 1996 and has held various positions including manager of Yang Cheng Hu Service Area of Shanghai-Nanjing Expressway, assistant manager and manager of operation and Development Department. He became Assistant to General Manager since February 2010. Mr. Tian has been engaged in the construction projects of G312 Shanghai-Nanjing Section and Shanghai-Nanjing Expressway since he started working and has long been engaged in the operation and management of expressways. He has extensive experience in operations management.
Yao Yong jia	Deputy general manager and secretary to the Board, born in 1964, with a master degree, senior engineer. Mr. Yao joined the Company in August 1992. He has been section chief of the Jiangsu Provincial Communications Planning and Design Institute, the Jiangsu Expressways Command Office and the Securities Department, as well as Director of the secretariat to the Board. Mr. Yao has professional experience and has been engaging in project management, investment analysis, financing and securities. Mr. Yao has accumulated extensive professional experience.
Zhou Chong Ming	Secretary to the disciplinary committee of the Communist Party, born in November 1973, joined the Communist Party in August 2005, Master of Business Administration, economist. Mr. Zhou has been the office director of the Administration Commission of Jiangsu Suqian National Economic and Technological Development Zone and the director of operational department of Jiangsu NSX Network Expressway Company Limited and successively appointed as the manager of General Affairs Department, Secretary to the disciplinary committee of the Communist Party and president of the labour union of Jiangsu Ninghang Expressway Co., Ltd. He currently serves as a secretary to the disciplinary committee of the Communist Party of the Company with rich operation and management experience. Mr. Zhou joined the Company in 2015.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Biographies
Li Jie	Deputy general manager, born in 1970, with a bachelor degree, post-graduate grade senior engineer. Mr. Li joined the Company in August 1992. He has been deputy manager and manager of the Jiangsu Expressways Command Office, the Extension Project Command Office of Shanghai-Nanjing Expressway, and the Engineering and Technology Department of the Company. Ever since he started his career, Mr. Li has all the time been engaged in engineering management and operation management, with extensive professional experience.
Yu Lan Ying	Financial controller, born in 1971, has master degree in economics with credentials as a senior accountant and a certified public accountant. Ms. Yu joined the Company in May 2008. Prior to joining the Company, she has been the accountant of Nanjing Runtai Industrial Trading Company (南京潤泰實業貿易公司), Jiangsu United Trust and Investment Company (江蘇聯合信托投資公司) and Communications Holding. She has held various positions in the Company including deputy manager and manager of the Finance and Accounting Department, and has been the vice financial controller since 2008. Ms. Yu has been engaged in the financial management since she started working and has extensive experience in financial management.
Wang Hong Wei	Assistant to the general manager, born in July 1963, university graduate, post-graduate grade senior engineer. Mr. Wang currently serves as the assistant to general manager and manager of the Operation Management Department of the Company. Since 1996, he was a head of the Engineering Department, deputy manager and manager of the Operation Management Department of the Company. Since joining the Company, Mr. Wang has been engaged in expressway engineering and operation management with rich and professional experience in the operation and management of expressway engineering.

Explanation for other conditions:

The Company held an Extraordinary General Meeting on 25 February 2016, electing Mr. Chang Qing and Ms. Shang Hong as Directors, Mr. Chen Xiang Hui, Mr. Pan Ye and Ms. Ren Zhuo Hua as Supervisors. Following this meeting, the Company respectively held the fifth meeting of the eighth session of Board of directors and the fifth meeting of the eighth session of the supervisory committee, electing Mr. Chang Qing as the Chairman of the eighth Board of directors and Mr. Chen Xiang Hui as the Chairman of the eighth supervisory committee. Mr. Wang Wen Jie has ceased to be a supervisor due to other business engagement since 29 December 2015 with effect immediately thereafter.

(II) Share Incentive Scheme Granted to Directors, Supervisors and Senior Management During the Reporting Period

Applicable Not applicable

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

II. Positions of current and resigned Directors, Supervisors and members of senior management of the Company during the Reporting Period

(I) Positions in entities as shareholders

Applicable Not applicable

Name of employee	Name of entities concerned	Position in the entities concerned	Date of appointment	Date of termination of appointment
Chang Qing	Communications Holding	General manager	11 July 2014	
Chen Xiang Hui	Communications Holding	Deputy general manager	1 May 2003	
Du Wen Yi	Communications Holding	Deputy chief accountant	1 November 2007	
Zhang Yang	China Merchants Huajian	Deputy general manager	30 March 2007	
Hu Yu	China Merchants Huajian	General manager of finance department	3 May 2010	
Pan Ye	China Merchants Huajian	Project manager of capital operation	8 October 2015	

Explanations of positions in entities as shareholders

Not applicable

(II) Positions in other entities

Applicable Not applicable

Name of employee	Name of other entities	Position in other entities	Date of appointment	Date of termination of appointment
Zhang Yang	Shenzhen Expressway Co., Ltd.	Director	1 March 2001	
	Henan Zhongyuan Expressway Co., Ltd.	Director	1 November 2009	
	Jilin Expressway Co., Ltd.	Vice chairman	1 March 2010	
Hu Yu	Huabei Expressway Co., Ltd.	Supervisor	24 February 2014	23 February 2017
Ma Chong Lai	Hong Kong Taching Petroleum Co., Ltd.	General manager		
Ge Yang	Wing Hing Enterprise Company	Vice president		
	Nanjing Xingang High-Tech Co., Ltd	Independent directors	17 December 2010	January 2016
Chen Liang	Jiangsu Sainty Co., Ltd.	Independent directors	28 April 2015	
	Jiangsu JieJie Microelectronics Co., Ltd	Independent directors	July 2010	
	Suzhou Pant Piezoelectric Tech Co., Ltd	Independent directors	August 2014	
	Nantong Haixing Electronic Co., Ltd.	Independent directors	November 2014	

Explanations of positions in entities as shareholders

Not applicable

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

III. Remuneration of directors, supervisors and senior management

The decision-making procedures for the remunerations of director, supervisors and senior management	The Remuneration and Appraisal Committee has drafted a remuneration package on behalf of the Board for executive Directors and independent non-executive Directors, setting benchmarks pursuant to the relevant rules of the domestic and overseas securities regulators taking into account the average salary levels in different markets and the actual circumstances of the Company. The committee proposed the remuneration package to the Board and the package was eventually considered and approved at the general meeting of the Company. The Company enters into an agreement with a Director who receives remuneration from the Company, under which the remuneration is paid annually.
Basis for the determination of remunerations of Directors, Supervisors and members of senior management of the Company	One non-executive Director and four independent non-executive Directors engaged by the Company received Directors' emoluments from the Company. Their salary levels were set with reference to the average salary levels in Hong Kong and the PRC.
Remunerations actually paid to Directors, Supervisors and members of senior management of the Company	<p>The annual emolument paid to each of the three non-executive Directors in Hong Kong by the Company during the Reporting Period amounted to HK\$150,000 (after tax). The annual emolument for each of the seven independent non-executive Directors in the PRC was RMB45,000 per person (after tax) during the Reporting Period. (In the election of a new session of the Board of the Company at the 2015 annual general meeting of the Company held on 23 June 2015, an independent non-executive Director was newly elected, as two former non-executive Directors had resigned as Directors of the Company. Meanwhile, given the term of the three former independent non-executive Directors has reached the maximum length, the Company reelected three independent non-executive Directors.</p> <ol style="list-style-type: none">2. Four independent non-executive Directors and three Supervisors assigned by the shareholders' entities received remuneration therefrom. The Company no longer determined or paid emoluments to such Directors or Supervisors separately.3. One executive Director and two Supervisors from staff representatives who took up management duties in the Company received management remunerations in line with the respective management positions. The Company no longer determined or paid emoluments to such Directors or Supervisors separately.4. The senior management of the Company includes various deputy general managers, assistants to general managers and the financial controller. They received their management remunerations in line with their respective positions. Their total remuneration comprised three parts namely salary, performance bonus, as well as Company's contribution to their pension scheme and other benefits.
Total remunerations actually received by all Directors, Supervisors and member of senior management of the Company at the end of the Reporting Period	RMB5,874,566

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

IV. Movement of Directors, Supervisors, and Senior Management

Name	Position held	Change	Reasons for change
Chang Qing	Non-executive Director, Chairman of the Board of Directors	Elected	Other business engagement
Chen Xiang Hui	Supervisor, Chairman of the Supervisory Committee	Elected	Other business engagement
Hu Yu	Non-executive Director	Elected	Other business engagement
Pan Ye	Supervisor	Elected	Elected at general meeting
Ren Zhuo Hua	Supervisor	Elected	Elected at general meeting
Zhou Chong Ming	Secretary to the Disciplinary Committee of the Communist Party	Appointed	Appointment of management
Chang Qing	Supervisor, Chairman of the Supervisory Committee	Resigned	Other business engagement
Sun Hong Ning	Supervisor	Resigned	Other business engagement
Chen Xiang Hui	Non-executive Director	Resigned	Other business engagement
Hu Yu	Supervisor	Resigned	Other business engagement
Wang Wen Jie	Supervisor	Resigned	Other business engagement
Wu Yi Yong	Secretary to the Disciplinary Committee of the Communist Party	Resigned	Retirement

V. Particulars of penalties by securities regulatory authorities within the latest three years

Applicable Not applicable

VI. Staff of the Parent and Major Subsidiaries

(I) Staff

Number of on-the-job staff in the parent company	3,778
Number of on-the-job staff in the major subsidiaries	2,117
Total number of on-the-job staff	5,895
Number of retired staff for whom the parent company and the major subsidiaries need to bear certain expenses	275

Composition of Functional Competency

Type of functional competency	Number of professionals
Production staff	5,203
Sales staff	0
Technicians	0
Finance and accounting staff	85
Administrative staff	607
Total	5,895

Education level

Type of education level	Number (person)
University or above	1,324
Tertiary	2,005
Secondary/vocational schools or below	2,566
Total	5,895

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

(II) Remuneration Policy

The Company adopts a position-based remuneration system with performance being a motivating factor. Salaries are determined in reflection of the comprehensive performance appraisal results of each staff, and with reference to the principle of “salary by position, award by performance”, for the sake of the fairness and competitiveness of the remuneration system. During the Reporting Period, the Company further strengthened the reform of remuneration system with a view to better motivating staff and widening the career paths of employees. On the basis of the wage band system completed by a professional institution and assessment report of competency benchmark for positions, the Company made data calculation and simulation for individual management offices and intended to carry out the wage band system at Suzhou management office during 2016 on a trial basis in order to lay a foundation and accumulate experience for the full implementation.

The Company enforced a stringent performance appraisal system. Based on the Company’s assessment and management measures and implementation, the Company conducted regular appraisals on the working performance of staff. It rewarded those who passed the appraisals with reference to the performance management targets while it imposed corresponding penalties on and gave warning to those who failed to achieve the appraisal standards. The aforesaid is achieved to raise staff’s sense of responsibility towards their respective duties and to ensure the realization of respective operational and managerial objectives. Every year, the Company selects a group of outstanding staff, exemplary toll collection staff and exemplary service staff. Spiritual and material rewards are granted to commend such staff for their excellence and to motivate the work passion of other staff. During the Reporting Period, the Company further improved the performance assessment and incentive mechanism for front-line workers. Through the rating of “star” toll collectors and the certification of maintenance and hindrance clearance workers, front-line workers’ sense of responsibility and work enthusiasm were significantly boosted.

In accordance with relevant requirements under Labour Law (《勞動法》) and Employment Contract Law (《勞動合同法》), as at 31 December 2015, the Company had paid in full and on time the social insurance, including endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance for employees. In the meantime, the Company supplemented the abovementioned schemes with enterprise annuity, supplemental medical insurance, and accidental injury insurance as well as disease and death insurance.

(III) Training Programme

Staff and talents are the foundation of corporate development. By strengthening staff education and training, the Company cultivates a corporate culture of team cooperation and continuing learning, pursuant to which employees are encouraged to promote their own work capabilities and competitiveness in realization of the added value on human resources. The Company devises training programmes based on the Company’s annual work plans and human resources development needs, so that training schemes are in line with the Company’s operating status and management needs, while conclusions and reviews will be made at the end of the year.

During the Reporting Period, the Company organized different levels of training that encompassed different professional skills, such as those for the mid-level management on the improvement of integrated skills, continuing education for newly promoted cadres, for members and cadre of the Communist Party on integrity, vocational training for internal control staff, promotion and implementation of safe production standardization, skill grade appraisal for toll collectors, trainings for safety management personnel and group leaders on safety certificates. In particular, subsequent to the training certification for psychological consultant carried out in 2014, the Company further provided trainings for enhancement of psychological counseling skills for part-time psychological observers and level three psychological consultants which made human resource and professional skills available for building of psychological stations. During the Reporting Period, there were new breakthroughs in terms of training forms, changing the previous mode in the form of classroom learning, combining exercises and sandbox simulation. These trainings were significantly conducive to the enhancement of the professionalism of managerial staff and the adaptability of transferred employees to their new positions. Total expenses incurred for these training programs throughout the Reporting Period amounted to approximately RMB2,717,000 (2014: RMB2,872,000), covering 11,912 staff of various levels, from junior front-line staff to senior management members.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Meanwhile, the Company continued to create more positions for which employees could compete. Setting aside the specific requirements on educational and professional qualifications for certain positions, the recruitment exercise was open to all staff and served as a platform on which qualified ordinary workers could make application. The selection schemes were scientific and reasonable and this internal recruitment was carried out by way of open competition, and was appreciated by the staff representing a year-on-year increase of registering.

(IV) Labour outsourcing

Total working hours outsourced	One year
Total remuneration paid for labour outsourcing	RMB8,527,900

VII. Others

1. Directors' and Supervisors' contracts

Apart from the service contract entered into between the Company and the executive Director, each of the Directors and Supervisors has entered into an appointment letter with the Company. The content of these contracts was primarily the same in all material respects. The term of these contracts commenced from the date of the 2012 annual general meeting or the appointment date until the date of the 2014 annual general meeting. The Company, the Directors or the Supervisors can terminate the contracts by giving not less than three months prior notice in writing to the other party. Save as the above-mentioned, none of the Directors or Supervisors has entered into or has proposed to enter into any service contracts with the Company expiring or determinable by the employer within one year with payment of compensation (other than statutory compensation). The Company was not required to pay compensation to any Director for the reason that the Directors, whose service contracts remained unexpired, intended to be re-elected in the next annual general meeting.

2. Interests of Directors and Supervisors in contracts

The Company was not aware of any material transactions, arrangement and contracts in which any Directors or Supervisors or their associated entities, either directly or indirectly, held interests or had considerable significant conflict of interests.

3. Representation and undertaking of Directors, Supervisors and members of senior management of the Company

During the Reporting Period, the Directors, Supervisors and senior management of the Company have signed the letter of representation and undertaking in accordance with the requirements of Listing Rules of the SSE.

4. Loan or loan guarantee granted to Directors, Supervisors and members of senior management of the Company

During the Reporting Period, the Company did not directly or indirectly grant any loan or loan guarantee to the Directors, Supervisors, members of senior management or their respective related parties.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

5. Model code for Securities Transactions by Directors

Having made enquiries from all the Directors and supervisors, the Directors and supervisors of the Company have 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 (the “Model Code”) during the Reporting Period. The Company has also formulated the “Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees” to ensure the relevant personnel’s compliance with the Model Code in carrying out securities transactions.

6. Dealings in securities by Directors, Supervisors and members of senior management of the Company

During the Reporting Period, there was no record showing that any Directors, supervisors or senior management or any of their respective related and connected parties held any interests in the registered capital of the Company and its subsidiaries or associates being subject to disclosure under the SFO or the Model Code.

During the Reporting Period, none of the Directors, Supervisors, members of senior management or any of their respective related and connected parties (including their spouses and children under 18 years of age) were granted any interests under any arrangement to subscribe for the equity or debenture of the Company, its subsidiaries or its associates.

7. Training of Directors, Supervisors and members of senior management of the Company

To promote the concept of governance of Directors, Supervisors and members of senior management of the Company, the secretary to the Board paid continuing attention to the governance requirements of securities regulatory authorities and timely relayed such requirements to the Directors, Supervisors and members of senior management of the Company. Meanwhile, the secretary to the Board also arranged the relevant Directors, Supervisors and members of senior management of the Company to participate in seminars and training programmes, including telephone video conferences held by the CSRC and specific training programmes held by the local securities regulatory bureau, so as to facilitate their continuous professional development.

8. No competing business

Apart from the interest in the business of the Company, the Directors do not have any interest in a business which competes or is likely to compete, whether directly or indirectly, with the Company’s business.



CORPORATE GOVERNANCE

I. Details of corporate governance of the Company

Good corporate governance is the key for the Company's sound business operation. During the reporting period, the Company highlighted the improvement of corporate governance as a key move in responding to the challenges and opportunities under the new normal in economic development. The Company accommodated to the new requirements for the domestic and overseas supervision, with the application of good governance principles set out in the "Corporate Governance Codes" under Appendix 14 of the Hong Kong Listing Rules, intensified the duty performance and effective checks and balances mechanism of the shareholders' General Meeting, the Board of Directors, the Supervisors Committee and the Senior Management, and enhanced the enterprise risk management of the Group. Additionally, the Bank focused on service quality improvement, enhanced the core competitiveness, and boosted the healthy development of businesses in an all-around manner.

During the Reporting Period, the Company fully exerted the core function of strategic decision and corporate governance of the Board, carried out amendments and improvements of the Company's institutional system with the idea of running enterprises fully in accordance with regulations, focused on the optimization and improvement of the framework of institutional system, and further strengthened and standardized the construction of the corporate governance regulations.

Performing the supervision function of the Supervisory Committee. Focused on its core operation, the Company strengthened supervision over the Board, senior management and their members, intensified monitoring of substantive risks and reinforced supervision over the internal control system for its completeness and effectiveness, so as to achieve continuous improvement of corporate governance and sound sustainable development.

The Company improved its comprehensive risk management system and implemented relevant regulatory requirements of domestic regulatory authorities in all respects. It used the results of internal and external audits to strengthen internal control and audit supervision, keeping the Group's risks under control. The Company actively fulfilled its social responsibility and examined the social responsibility management and communication system to achieve a win-win situation between social responsibility and the Group's efficiency.

Improve transparency of the Company. Based on the information disclosure principles that are true, complete, accurate, timely and fair as well as investor-oriented, the Company continues to promote the voluntary information disclosure to safeguard the right to information of all shareholders.

With respect to the management of inside information, the Company has strictly executed the "Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees", the "Management System Governing Personnel Having Access to Inside Information" and the "Management System Governing Users Having Access to External Information" to regulate the behaviours of relevant insiders in dealing in the shares and prevent them from abusing the right to information, disclosing inside information or conducting insider trading to safeguard the interests of the Company and the principle of fairness on information disclosure. During the Reporting Period, the Company had substantial acquisition of projects, however, by complying with the regulatory requirements and internal system and requiring each of such internal and external insiders of the Company to sign a confidentiality agreement and registration form before the commencement of acquisitions, the Company effectively prevented insider dealings and had never found itself in situations of abnormal share price fluctuations or insider trading as a result of information leakage.

During the Reporting Period, with strengthened self-investigation of misappropriation of capital and connected transactions, the Company ensured that necessary statutory approval procedures were performed on all material matters in order to strictly control different risks of violation and further enhanced the quality of standardized operation of the Company. Meanwhile, the Company makes ongoing and timely improvements to its governance system and operational process according to the work plans of the regulatory authorities as well as the latest rules and regulations. It reviews its operation and management practices from time to time, adheres to the corporate values of integrity and diligence, and endeavors to continuously improve its governance structure, to establish sound operational rules and to enhance its corporate governance level, thereby entering into a virtuous cycle of ongoing self-improvement.

CORPORATE GOVERNANCE

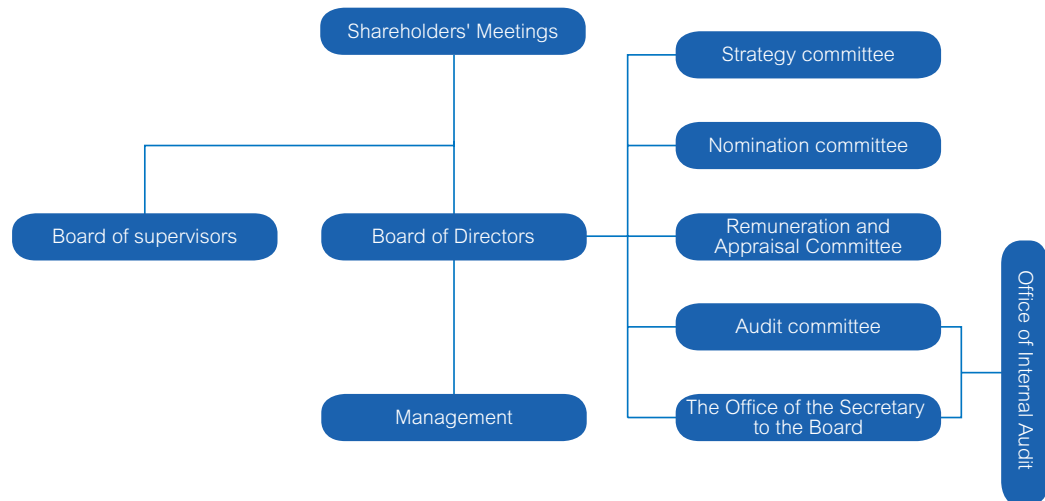
During the Reporting Period, the actual situation of the Company's corporate governance did not deviate significantly from the requirements of the "Code of Corporate Governance for Listed Companies", and the Company fully adopted all the provisions of the "Corporate Governance Code" and met the requirements of the recommended best practices thereof in certain aspects. None of the Company, the Board, the Supervisory Committee and directors, supervisors, members of senior management has been a subject of administrative punishment, reprimand by announcement or public censure by regulatory authorities.

During the Reporting Period, the Company won the Gold Bull Prize – Best Cash Dividend Distribution Company and Best Secretary to the Board of Directors from China Securities Journal, the Titanium Award for "The Asset's Triple A Corporate Awards" from The Asset and the Award of Best Corporate Governance of "Annual Award for Listed Company" by China Financial Market. These awards adequately demonstrated the Company's efforts in corporate governance, information disclosure and relationship with investors.

The Company has complied with all relevant laws and regulations that have significant impact on the Company. For business review, it should not only disclose the information which is necessary for understanding the business development, performance or condition of the company, but also specify the explanation of the key relationship among the company and its employees, customers and suppliers, and explanation of the key relationship with other persons who are complied with the following requirements and have important influence and connected to the company. (Please refer to the social responsibility report of 2015, the full text of which were published on the websites of SSE (www.sse.com.cn), Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com).

(I) Corporate governance structure and operation overview

1. Corporate governance structure and rules



The Company is listed both on the SSE and the Stock Exchange. In addition to the compliance with applicable laws and regulations, the Company is also required to comply with the requirements of the PRC Corporate Governance Code, the Corporate Governance Code and the respective requirements under the Listing Rules of SSE and the Hong Kong Listing Rules on corporate governance practices. Meanwhile, the Company has formulated various governance systems, including "Rules of Procedure for General Meetings", "Rules of Procedure for the Board of Directors", "Rules of Procedure for the Supervisory Committee", "Work Rules of Specialized Committees", "Rules of Reference to Independent Directors", "Rules of Reference to General Manager", the "Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees", "Administrative Measures for the Disclosure of Information", "Work System on Investor Relations Management", and so forth. Each of the abovementioned systems was strictly followed in order to enhance the level of the Company's corporate governance.

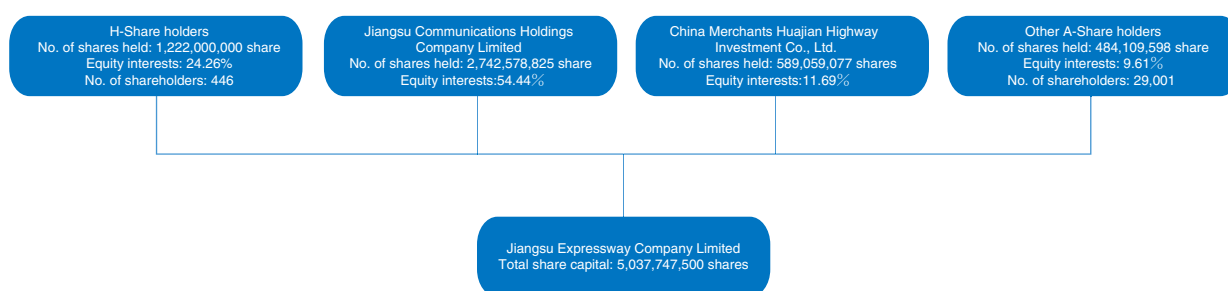
During the Reporting Period, there were no material changes on the constitutional documents of the Company.

CORPORATE GOVERNANCE

2. Shareholders and general meetings

The Company treats all shareholders equally and ensures that all shareholders have the right to be informed of, and to make decisions on, material matters relating to the Company. The Company ensures that all shareholders, in particular the minority shareholders, have the right to speak, are treated equally, and may fully exercise their rights. The notice, authorization and deliberation of general meetings complied with the relevant procedures.

(1) Substantial Shareholders



Communications Holding and China Merchants Huajian are substantial shareholders of the Company, holding approximately 54.44% and 11.69% of the shares, respectively. These two shareholders have not bypassed the general meetings to intervene directly or indirectly the decision-making process and the operations of the Company.

(2) Independence from the Controlling Shareholder

Based on the principle of “distinctive ownership, unequivocal delegation of authority and segregation of ownership and control”, the Company and Communications Holding, the Controlling Shareholder, are independent of each other in operations, assets, personnel, organization and finance. The relationship between the Company and the Controlling Shareholder is defined as purely in relation to ownership. The aforesaid two entities maintain separate scopes of operation and do not relate to each other as upstream or downstream companies. Whilst the respective businesses of the Company and the Controlling Shareholder to some extent which may objectively give rise to lateral competitions between them, there is no noticeable impact on the usual business operations of the Company. The Company’s assets are strictly separated from those of the Controlling Shareholder. The Company possesses full ownership over its operating assets and operates the same with total independence. No employees are holding concurrent positions in both companies. The Company possesses the autonomy of appointment, removal and decision-making regarding labour, personnel and remuneration, while the Controlling Shareholder’s nominations of directorship and supervisorship candidates to the Company are conducted under lawful procedures. There is no question of one team operating in two companies. Offices and business places of the Company and the Controlling Shareholder are physically separated. The Company maintains its own financial department with separate accounts and makes its financial decisions independently. The Company’s capital application is free from any interference of the Controlling Shareholder.

The Controlling Shareholder exercises its power as a capital contributor in strict accordance with laws, attends general meetings of the Company according to legal procedures and exercises its voting right thereat based on its shareholding. At the Board, the Controlling Shareholder exercises its voting right based on the actual number of Directors and has never overridden any procedures to command the Board.

CORPORATE GOVERNANCE

(3) Shareholders' general meetings

The shareholders' general meetings are the highest authority of the Company which make important decisions and lawfully exercise duties and power. The Company formulated the "Rules of Procedure for General Meetings" which has been effectively implemented. The general meeting is with well defined powers and responsibilities, and operates in compliance with prescribed procedures. The convening and holding procedures of every annual general meeting are in compliance with relevant rules, and the proposal and deliberation of resolutions thereat are in compliance with the statutory procedures. The annual general meeting and extraordinary general meeting provide a direct communication channel for the Board and the shareholders. Therefore, the Company attaches great importance to the shareholders' general meeting, and require the attendance therein of the Directors and management personnel to the greatest extent. Meanwhile, it also arranges representatives of independent Directors, chairmen of or representatives appointed by the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee to attend the annual general meeting and respond to questions from the shareholders. At the shareholders' general meeting, all shareholders have the right to raise suggestions and queries to the attending Directors/Supervisors and senior management personnel as to the business activities and development strategies of the Group. Except for trade secrets which shall not be made public, the Directors, supervisors and senior management personnel shall give illustrations and explanations on the shareholders' suggestions and queries.

The Company encourages all shareholders to attend the shareholders' general meeting. Notice of the meeting is issued at least 45 days before the meeting takes place. The relevant information about the resolutions to be considered will be posted on websites or mailed to shareholders in the form of circulars in accordance with the regulatory requirements of the relevant stock exchange, for the benefit of the decision-making of shareholders. Information such as the procedures for shareholder to attend the meeting in person or by appointing a proxy as well as the communication methods for the acceptance of shareholders' enquiries is disclosed by the Company in detail in the notice of shareholders' general meeting. Shareholder who is unable to attend the shareholders' general meeting in person may rely on such information for his/her decision-making and appoint a proxy to attend the shareholders' general meeting and vote thereat.

The shareholders' general meeting is witnessed by the lawyer delegated by the legal counsel to the Company, who will issue a legal opinion. The representative appointed by the accounting firm and shareholders' representatives also act as scrutineers to monitor the statistics of votes and to ensure the legality, fairness and transparency of the convention procedures.

Information on the general meetings convened by the Company during the year is set out below, and details of the resolutions of such general meetings are set out in the announcements of resolutions of such general meetings published on the websites of the SSE (www.sse.com.cn), the Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com).



CORPORATE GOVERNANCE

Information on general meeting

Session of the meeting	Date of meeting	The enquiry index at designated websites where the resolutions were published	Disclosure date of the published resolutions
2015 First Extraordinary General Meeting	2015-03-12	<ul style="list-style-type: none"> - Consideration and approval of the Resolution in Respect of the Acquisition of the Entire Equity Interest in Jiangsu Ningchang Zhenli Expressway Company Limited by Jiangsu Expressway Company Limited Together with the Transfer of All the Debts of Jiangsu Ningchang Zhenli Expressway Company Limited and the Capitalization of Such Debts into Equity - Consideration and approval of the Resolution in Respect of the Merger and Absorption of Jiangsu Xiyi Expressway Company Limited by Jiangsu Guangjing Xicheng Expressway Company Limited 	2015-03-13
2014 Annual General Meeting	2015-06-23	<ul style="list-style-type: none"> - Consideration and approval of the report of the Directors, the report of the Supervisory Committee, the financial report and the auditors' report of the Company for the year 2014 - Consideration and approval of the profit distribution scheme of the Company in respect of the final dividend for the year 2014 - Appointment of the Company's auditors and the auditors of internal control for the year - Consideration and approval of the issue of the super short-term commercial papers of not more than RMB5,000,000,000 and the medium-term notes of not more than RMB4,000,000,000 - Consideration and approval of the election of the eighth session of the Board and the eighth session of the Supervisory Committee 	2015-06-24

Procedures of shareholders' application for convening of extraordinary general meetings

According to the Articles of Association, when shareholders who hold 10% (inclusive) or more of the voting shares issued by the Company make a proposal on holding an extraordinary general meeting in writing to the Board, the Board shall convene such extraordinary general meeting within two months. Where shareholders request to hold an extraordinary general meeting or class general meeting, the following procedures shall be followed:

- (I) Two or more shareholders aggregately holding 10% (inclusive) or more voting shares of the meeting contemplated shall be entitled to sign a written requisition in one or more counterparts in the same form and content, requiring the Board to convene an extraordinary general meeting or class general meeting and state in such written requisition the matters to be discussed at the meeting. The Board shall convene such extraordinary general meetings or class general meetings as soon as receipt of said written requisition. The aforesaid number of shares shall be the shares held on the day on which the written requisition is made by the shareholders.
- (II) In case that the Board fails to give a notice of convening such meeting within thirty days after receipt of the aforesaid written request, the shareholders who put forward the request may convene such a meeting by themselves within four months after receipt of the request by the Board, and the procedures shall be the same as those for convening a general meeting by the Board where possible. All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors.
- (III) The Board shall, pursuant to relevant laws, administrative regulations and Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained.
- (IV) If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding no less than 10% shares of the Company shall be entitled to propose in writing to the Supervisory Committee to convene an extraordinary general meeting. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained. If the Supervisory Committee fails to issue the notice for the general meeting within the specified time, the Supervisory Committee shall be deemed as failing to convene the general meeting. The shareholder(s) severally or jointly holding no less than 10% shares of the Company for no less than 90 consecutive days may convene and preside over such meeting by themselves, and the procedures shall be the same as those for convening a general meeting by the Board where possible.



Procedures for shareholders to put forward proposals at a general meeting

According to the Articles of Association, when the Company holds the annual general meeting, the shareholders holding over 5% (inclusive) of the voting shares of the Company have the right to submit new proposals to the Company. The Company shall place the proposal on the agenda for the said meeting and submit the proposal for approval at a general meeting if the said proposal falls within the functions and powers of general meetings. Related proposal shall be delivered to the Company within 30 days after the issuance of the aforesaid meeting notice (address: 6 Xianlin Avenue, Nanjing, Jiangsu, the PRC; Addressee: Mr. Yao Yong Jia (Company Secretary)).

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

6 Xianlin Avenue, Nanjing, Jiangsu, the PRC
Email: jsnh@jsexpwy.com
Telephone: 025-84362700-301836, 301835
Fax: 025-84207788

The Office of the Secretary to the Board of the Company proceeds with the query via telephone and in writing by shareholders of the Company from time to time. Where appropriate, the queries and opinions of shareholders will be forwarded to the Board and/or relevant committees under the Board of the Company for solution.

Shareholders are entitled to obtain relevant information including the Articles of Association, register of all shareholders, personal information of Directors, supervisors, manager and other senior management members of the Company, share capital of the Company, total par value, number, top price and bottom price of each class of shares redeemed by the Company in the previous accounting year and the report on the total cost paid by the Company therefor, and the minutes of general meetings.

3. Directors and the Board

(1) Members and operation of the Board

The election of the new session of Board was approved at the annual general meeting held on 23 June 2015, forming the eighth session of the Board with terms ending on the date of the 2017 annual general meeting of the Company. In December 2015, the directors nominated by Controlling Shareholder nominated some candidates due to business engagements which have been submitted for the first session of 2016 extraordinary general meeting after approval by the Board. Reviewed and elected by an extraordinary general meeting hold on 25 February, one non-executive Director and one executive Director have been added and the Chairman of the eighth session of Board was elected at an extraordinary Board meeting following the shareholders' general meeting. There are currently eleven members of the eighth session of the Board of Directors, with two executive Directors, who also serve as the general manager and the deputy general manager, and nine non-executive Directors among whom four nominated by shareholders and five engaged by the Company, including four independent non-executive Directors which ensures adequate independence of the Board and three female Directors as well as one prominent figure in Hong Kong which ensures the diversity of the member of the Board and help the Board analyze and discuss issues from different perspectives. As at the date of this report, the executive directors are Qian Yong Xiang and Shang Hong, non-executive Directors are Chang Qing (Chairman of the Board of Directors), Du Wen Yi, Zhang Yang, Hu Yu and Ma Chung Lai, Lawrence, the independent non-executive Directors are Zhang Er Zhen, Ge Yang, Zhang Zhu Ting and Chen Liang.

Members of this session of the Board respectively have various backgrounds and professional experience in highway industry, infrastructure, investment, financial accounting, finance and securities, economic management, business management, real estate and other areas, and two of them possess professional accounting qualifications and financial management expertise as required by the regulatory authorities. The diversity of the Board members in experience, skills, judgment and other aspects will help the Board make more prudent and considerate decisions. The composition, members and operational procedures of the Board are set out in section headed "Corporate Governance Code" the status of compliance and other information in this chapter.

CORPORATE GOVERNANCE

During the Reporting Period, the Board held eight meetings, among which seven were on-site meetings and one was conducted by way of telecommunication. Through the holding of regular or extraordinary meetings and the signing of Board resolutions or authorizations, the Board discussed and made decisions as to the operating and financial performance, financing plans, investment projects, connected/related transactions and governance structure of the Group. This ensures the realization of the Company's best interests in its operation, management and development.

(2) *Independent non-executive Directors*

Zhang Er Zhen, Ge Yang, Zhang Zhu Ting and Chen Liang were appointed as independent non-executive Directors at the eighth session of the Board, accounting for more than one-third of the members of the Board. Among the four independent non-executive Directors, three of them currently serving at renowned universities in the PRC, one serving as a professor in schools of management administered by/subordinate to Ministry of Transport of the PRC, who are senior experts in the fields of transportation industry policies and regulations in the PRC, real estate studies, financial accounting and economic trade management and are well-versed with academic theories and management experience. One independent non-executive Director is with accounting qualifications and finance expertise as required by the regulatory authorities. Independent non-executive Directors play major roles in various specialized committees of the Board. The independent non-executive Directors constitute a majority of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, and an independent non-executive Director holds chairmanship at each of these committees. The independent non-executive Directors have further enhanced their independence and check-and-balance functions in the Board, played a good monitoring and balancing role in safeguarding the interests of the Company and the shareholders as a whole, aggressively facilitated the Company to step up with improved corporate governance and risk management standards on an ongoing basis, and also fully leveraged their expertise by providing professional guidance on the development and management of the Company.

Each of the independent non-executive Directors have submitted a statement in respect of their independence upon nomination. In addition, before the relevant Board meeting which was convened to consider the annual results, the Company had received confirmation letters in writing from each of the independent non-executive Directors on their independence, by virtue of which the Company could state the view regarding the relevant independent non-executive Directors' due compliance, with the relevant guidelines under Rule 3.13 of the Hong Kong Listing Rules regarding the independence requirements.

The independent non-executive Directors of the Company have been able to attend Board meetings and specialized committee meetings in a prudent, responsible, active and conscientious manner in compliance with the relevant laws, regulations and the "Rules of Reference to Independent Directors", and to give their professional opinions and exercise independent judgment on the decision-making for significant matters discussed with their professional experience and expertise. During the Reporting Period, through their participation in the Board and the specialized committees, the independent non-executive Directors have examined substantial matters such as the Company's investment and financing decisions, the conduct and annual review of related/connected transactions, financial auditing and internal control, and have held meetings with external auditors to discuss the work in respect of the annual audit and the review of the interim financial report in accordance with "System for the Annual Report Work of Independent Directors", thereby carrying out a good monitoring and balancing role in the interests of the Company and the shareholders as a whole. Meanwhile, the independent non-executive Directors have also summarized their yearly work in a report for submission to the shareholders' general meeting for consideration.

CORPORATE GOVERNANCE

(3) *Specialized committees of the Board*

Four specialized committees were established under the Board of the Company, including the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Each committee formulated its specific procedures in order to define the scope of responsibility and power. These committees assist the Board in enhancing standard management in aspects such as strategic development, project investment, financial reporting and human resources and assessment, thereby effectively improving the governance level and operational efficiency of the Company. Independent non-executive Directors play major roles in these committees of the Board. The independent non-executive Directors account for a majority of the composition in the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and an independent non-executive Director holds chairmanship in each of these committees.

Strategy Committee

The Strategy Committee was established in 2001. Its current members comprise Chang Qing (chairman), Qian Yong Xiang, Shang Hong, Ma Chung Lai, Lawrence, and Zhang Er Zhen*.

* Independent non-executive Director

Duties

The Strategy Committee is principally responsible for examining and reviewing the direction for strategic development of the Company, studying and making recommendations on substantial capital operations, asset operation projects and investment and financing proposals, determining the Company's strategic planning, supervising over the execution of strategies and enhancing the investment decision-making procedures, so as to strengthen scientific decision-making and to improve the efficiency of making substantial investment decisions and the quality of such decisions.

Major work during the year

Report on discharge of duties in 2015 by the Strategy Committee

Pursuant to the relevant requirements under the the PRC Corporate Governance Code, the Listing Rules of SSE, the articles of association and the Rules of Procedure of the Strategy Committee of the Company, as the existing members of the Strategy Committee, we hereby make the work report of 2015 to the Board as follows:

The Strategy Committee held three meetings in 2015 and all members attended the meetings.

The first meeting is regarding the consideration of the establishment of project company invested by the Company and Nanjing Luode Deshi Equity Investment LLP ("Deshi Fund") (the registered capital of the project amounting to 100 million, among which, the Company invested 70 million, accounting for 70 percent, Deshi Fund invested 30 million, accounting for 30 percent), jointly developing the No. 2 Land Parcel of South Nanjing New City.

The second meeting was to review and grant, under the prerequisite of complying with Listing Rules, the management, according to operating conditions in 2015, raised debt capital and had the overall debt-to-equity ratio to be controlled within 55%. The Company issued super short-term commercial papers of not more than RMB5 billion and approved medium term notes of no more than RMB4 billion by way of the application and the registration with The National Association Of Financial Market Institutional Investors with no more than eight years and proposed several resolutions to the Board for consideration.

The third meeting is regarding the approval of an investment of no more than RMB800 million in Changyi Expressway Phase-one by its subsidiary Guangjing Xicheng Company.

The Strategy Committee
**Chang Qing, Qian Yong Xiang, Shang Hong,
Ma Chung Lai, Lawrence, and Zhang Er Zhen**
25 March 2015

Audit Committee

The Audit Committee was established in 2001. Its current members comprise Chen Liang* (Chairman), Zhang Er Zhen* and Du Wen Yi.

* Independent non-executive Director; one of whom possesses the appropriate professional qualifications or appropriate accounting or relevant financial management expertise as required under Rule 3.10(2) of Hong Kong Listing Rules.

Duties

The Audit Committee is principally responsible for reviewing and monitoring the quality and procedures of the Company's financial reporting and supervising the establishment and implementation of the Company's internal audit system; examining the financial information and the disclosure of the Company and its subsidiaries; reviewing the establishment of the Company's internal control system and supervising its implementation, including financial control and risk management; auditing material related/connected transactions; and communicating, supervising and reviewing the work of the internal and external auditors of the Company.

Major work during the year

Report on discharge of duties in 2015 by the Audit Committee

Pursuant to the relevant requirements under the Guideline for the Operation of Audit Committees of Boards of Directors of Listed Companies of the SSE (《上海證券交易所上市公司董事會審計委員會運作指引》), the PRC Corporate Governance Code, the Listing Rules of SSE, the articles of association and the Rules of Procedures of the Audit Committee of Jiangsu Expressway Company Limited, we, as existing members of the Audit Committee, hereby make the work report of 2015 to the Board as follows:

(1) Convening of Audit Committee meetings during the year

In 2015, the Audit Committee held six meetings, including four regular reporting meetings, one meeting reviewing the borrowings from related parties and one meeting convened with an external auditor attending to discuss the preparation of the audit work on the annual results for 2015.

(2) Major works of Audit Committee in 2015

The committee supervised and evaluated the works carried out by the external auditor, provided guidance in respect of internal auditing, assessed the effectiveness of risk management and internal control as well as took the responsibility for the review and supervision of the quality and procedures of the Company's financial reporting. The specific work of the committee includes the following:

- ◆ It reviewed the financial statements for the full year of 2014 and the unaudited financial statements for the first quarter, first half year and the third quarter of 2015 and made recommendations to the Board for approval.
- ◆ It reviewed matters related to the preparation of financial reports such as the risk management and internal control system, position setting, manpower allocation and training courses of the Company. The committee considered that the resources and participation of the Company and the qualifications and experience of relevant staff members, as far as the accounting and financial reporting functions are concerned, were satisfactory during the Reporting Period.
- ◆ Before the commencement of the annual audit for 2015, the members of the committee and the independent Directors of the Company have obtained the Work Plan on Preparation of Annual Financial Report and Annual Audit from the Company and the annual audit plan from the auditors, and met with them to discuss the composition of the audit team, risk analysis, scope of audit, audit methodology, focus of audit for the Reporting Period and the schedule for the annual audit.

CORPORATE GOVERNANCE

- ◆ Before the commencement of the annual audit for 2015, the Audit Committee preliminarily reviewed the Group's 2015 financial statements and issued its opinions in writing. The committee paid special attention to the treatment of significant financial and accounting matters for the year 2015 and gave preliminary approval on the management's opinions regarding the treatment of such matters. It was of the view that significant accounting estimates adopted by the Group were reasonable.
- ◆ After the auditors issued the preliminary audit opinion, the Audit Committee, the independent Directors and the auditors held a meeting on 21 March 2016. The committee reviewed again the 2015 financial statements of the Group and had in-depth discussion and communication with the management and the auditors over the appropriateness of the accounting policies adopted by the Group and the reasonableness of the accounting estimates. The Audit Committee considered that the accounting policies and accounting estimates adopted by the Group for 2015 met the requirements of relevant accounting standards, that the significant accounting policies adopted were appropriate, and that the significant accounting estimates were reasonable.
- ◆ It reviewed the risk management and internal review report on 2015 annual report and the relevant review checklist submitted by the finance and accounting department of the Company, and examined the extent of its compliance with statutory disclosure rules and the completeness and accuracy of the information disclosed. It also examined the compliance with corporate governance rules as well as the disclosure under the corporate governance report of the Company in 2015.
- ◆ Through adequate communication in advance and timely supervision during the process, the auditors completed the annual audit as scheduled and submitted the 2015 audit report on 16 March 2016. Based on the aforementioned work and the audit report of the auditors, the Audit Committee considered that the Group's 2015 financial statements truthfully and reasonably reflect its operating results in 2015 and the financial position as at 31 December 2015, and thus suggested the Board to approve the same.
- ◆ It is responsible for assisting the Board in reviewing the effectiveness of the Group's risk management and internal control system, and the review covers the control of all key areas, including financial control, operation control, compliance control and risk management. The Audit Committee reviewed the 2015 Evaluation Report on Risk Management and Internal Control of the Company and assisted the Board in making independent assessment on the effectiveness of the Group's risk management and internal control to ensure its establishment and implementation of appropriate risk management and internal control systems and procedures.
- ◆ As required by the risk management and internal control evaluation process, the committee considered and approved the Work Plan for 2015 Self-evaluation on Risk Management and Internal Control of the Company and Work Plan for 2016 Risk Management and Internal Audit of the Company. The committee kept itself informed of the progress of the construction and evaluation tasks of the Company's risk management and internal control and the key deficiencies revealed during risk management and internal control testing and the correction thereof through regular work overview and reporting to the Office of the Secretary to the Board. In particular, the Audit Committee thoroughly reviewed the draft of the trial run of risk management and internal control procedures in the course of the preparation of financial statements.

(3) Control and routine management of connected/related transaction

According to the requirements of Implementation Guidelines for Connected Transactions of Listed Companies of the SSE (《上市公司關聯交易實施指引》) and the Hong Kong Listing Rules, and subject to the approval of the Board, the committee also undertook the duties relating to the control and routine management of connected/related transactions of the Company. With knowledge on the procedures for identifying and approving connected/related transactions, the committee reviewed the List of Connected Persons/Related Parties (《關聯人／關連人清單》) of the Company during the year so as to ensure the compliance of all connected transactions with regulation requirements and timely disclosure of information.

(4) Risk management and anti-fraud efforts

During the year, the committee continued to furnish the management with professional advice on the Group's significant matters and the enhancement of management standards, and reminded the management of any risks associated with such matters on an ongoing basis.

The Audit Committee has had a separate complaint mailbox for collecting any fraud-related information in a timely manner, and on the foregoing basis entered into a cooperation memorandum with the disciplinary inspection department of the Company. In 2015, the Audit Committee provided guidance for and supervision on the anti-fraud activities of the Company in accordance with the Anti-fraud Management Measures of the Company. It exchanged opinions with the auditors on risks of fraud and their management and control measures, obtained an understanding on the management feedback and status of rectification regarding the risk management and internal control suggestions made by both the auditors and the audit department of the Company, and reviewed the significant accounting policies and accounting estimates adopted by the management. Based on the work as mentioned above, the Audit Committee considered that the Company's risk management and control of fraud were effective.

(5) Work evaluation and re-appointment of auditors

In 2015, the Company appointed Deloitte to audit the annual financial statements and internal control procedures and to undertake the duties as the Company's auditor as required under the Hong Kong Listing Rules.

In accordance with the requirement of the Company, the Audit Committee made a conclusion on the audit work of Deloitte for the year 2015 after discussion with and assessment by the management. The Committee held the opinion that Deloitte performed well in terms of independence and objectivity, professional skills, quality and efficiency of the disclosure and audit of financial information and the communication with the management, the Audit Committee and the Board. Therefore, the Audit Committee proposed that Deloitte be re-appointed as the Company's auditor for the year 2016 to conduct a consolidated audit on the annual financial statements and internal control procedures, and to undertake the duties as an international auditor as required under the Hong Kong Listing Rules.

Audit Committee

Chen Liang, Zhang Er Zhen, Du Wen Yi

25 March 2016

Nomination Committee

The Nomination, Remuneration and Appraisal Committee established by the Company in 2001 was split into the Nomination Committee and the Remuneration and Appraisal Committee in 2012 as required by the Stock Exchange. Its current members comprise Zhang Zhu Ting* (Chairman), Zhang Yang, Hu Yu, Ge Yang*, Chen Liang*.

* Independent non-executive Director

Duties

The Nomination Committee is primarily responsible for devising the Company's human resources development strategies and plans; and conducting studies and making proposals in respect of nominees, nomination criteria and procedures for the Company's Directors and senior management. It is held accountable to the Board.

CORPORATE GOVERNANCE

Major work during the year

Report on discharge of duties in 2015 by the Nomination Committee

Pursuant to the relevant requirements under the PRC Corporate Governance Code, the Listing Rules of SSE, articles of association and the Rules of Procedures of the Nomination Committee of Jiangsu Expressway Company Limited, we, as existing members of the Nomination Committee of the Company, hereby present the report on the discharge of our duties in 2015 to the Board:

The committee was mainly responsible for formulation of the human resources development strategy and plan of the Company as well as examining and making recommendations on the candidates, selection standard and procedures (including various backgrounds and professional experience in highway industry, infrastructure, investment, financial accounting, finance and securities, economic management, business management, real estate and other areas) of directors and senior management of the Company. It is also accountable to the Board. The Company will review the structure, number of members and the composition of the Board (including (but not limited to) skill, expertise, experience, gender, age, culture and educational background as well as various perspectives and dimensions), examine the independence of independent non-executive Directors and make recommendation on the proposed changes on the Board in response to the strategies of the Company.

The Nomination Committee held three meetings in 2015 in which all members attended.

The Nomination Committee has carried out the relevant nomination procedures in respect of the election of candidates for the new session of Directors and change of certain members of the Board.

Nomination Committee

Zhang Zhu Ting, Zhang Yang, Hu Yu, Ge Yang, Chen Liang

25 March 2016

Remuneration and Appraisal Committee

The Nomination, Remuneration and Appraisal Committee established by the Company in 2001 was split into the Nomination Committee and the Remuneration and Appraisal Committee in 2012 pursuant to requirements of the Stock Exchange. Its current members comprise Ge Yang* (Chairman), Zhang Yang, Hu Yu, Zhang Zhu Ting*, Chen Liang*.

* Independent non-executive Director

Duties

The Remuneration and Appraisal Committee is principally responsible for examining the independence of the independent non-executive Directors, proposing to the Board of Directors remuneration of individual directors, supervisors and senior management, the devise of the appraisal standards for the Directors and members of senior management of the Company and the performance of appraisals thereof. It is held accountable to the Board.

Major work during the year

Report on discharge of duties in 2015 by the Remuneration and Appraisal Committee

Pursuant to the relevant requirements under the PRC Corporate Governance Code, the Listing Rules of SSE, the articles of association and the Rules of Procedures of the Remuneration and Appraisal Committee of Jiangsu Expressway Company Limited, we, as existing members of the Remuneration and Appraisal Committee of the Company, hereby present the report on the discharge of our duties in 2015 to the Board:

The Remuneration and Appraisal Committee is mainly responsible for studying and formulating the remuneration policy and the incentive system of the Company, as well as responsible for formulating the appraisal standards and performance of appraisals of the Directors and senior management. It is held accountable to the Board.

The Remuneration and Appraisal Committee held one meeting in 2015 where all members attended. Major works included:

The committee has confirmed the independence of the independent Directors and proposed to the Board of Directors the remuneration of Directors and senior management.

The committee has examined the remuneration information of the Directors, Supervisors and senior management of the Company disclosed in this annual report and is of the view that the data disclosed was truthful and accurate. Besides, none of the Directors, supervisors or senior management of the Company held any shares, share options or being granted restricted shares of the Company, and the Company has not adopted any share option incentive schemes currently.

The committee has appraised and assessed the discharge of duties by the Directors and the management during 2015. The committee is of the view that all Directors have loyally fulfilled their obligations with integrity and diligence and have dutifully fulfilled and discharged their duties under their respective service contracts, and that they have devoted the necessary attention and adequate time to the Company's businesses and have brought their professional experience and expertise into full play, thus helping the Board to make decisions in a scientific and efficient manner and assuring the realization of the Company's best interests. The management of the Company has discharged its duty professionally and conscientiously and has satisfactorily achieved the Company's various operation and management objectives for the year which had been pre-set by the Board in early 2015.

The committee has ensured that any directors or any other related persons should not participate in determination of their own remuneration.

Remuneration and Appraisal Committee

Ge Yang, Zhang Yang, Hu Yu, Zhang Zhu Ting, Chen Liang

25 March 2016

CORPORATE GOVERNANCE

4. Supervisors and Supervisory Committee

The eighth session of the Supervisory Committee was elected at the annual general meeting of the Company held on 23 June 2015 and with a term ending on the date of the 2017 annual general meeting of the Company. Since the establishment of the new Supervisory Committee of the Company and the changes of work-distribution and resignation of some supervisors, again on 25 February 2016, the Company held an extraordinary general meeting, elected and replaced three supervisors; and also held a meeting of the Supervisory Committee after the general meeting and re-elected the new chairman of the Supervisory Committee – Mr. Chen Xiang Hui. Currently the Supervisory Committee comprises five supervisors, of whom two are representatives of the shareholders, two are staff representatives of the Company and the other one is the staff of the Company. The number of members and composition of the Supervisory Committee is in compliance with the requirements under the relevant laws and regulations. As at the date of the report, the supervisors of the Company are Chen Xiang hui (chairman of the Supervisory Committee), Pan Ye, Wang Ya ping, Shao Li and Ren Zhuo hua.

The Supervisory Committee is accountable to the shareholders' general meetings and independently exercises its supervisory authority over the Company in a lawful manner, so as to prevent the infringement of the legitimate interests of the shareholders, the Company and its staff. Its main duties include examining the financial situation of the Company, supervising the Company's decision-making and operational procedures on material business activities and related/connected transactions, and supervising the discharge of duties of the Directors and senior management of the Company to ensure legality and compliance. The articles of association and the "Rules of Procedure for the Supervisory Committee" of the Company set out the powers and authorities of the Supervisory Committee in detail.

In 2015, the Supervisory Committee held eight meetings, and all supervisors sat in each Board meeting. In accordance with the PRC Company Law, the Listing Rules and other relevant regulations as well as the articles of association and the Rules of Procedure for the Supervisory Committee and by observance of the principle of integrity, all members of the Supervisory Committee have faithfully discharged their duties. It examined the signing of written resolutions of the Board, exercised an effective supervision over the legality of the decision-making process of the Company, the implementation of the resolutions passed at the shareholders' general meetings by the Board, and the performance of duties by the Directors and management of Company, as well as alerted the Board and the management of the Company of any potential risks; checked the Company's financial report; verified the financial disclosures, such as financial report, business report, profit distribution scheme and etc, submitted to the general meeting by the Board of directors; reviewed the periodical reports of the Company prepared by the boards of directors and provided its written opinions after review; supervised the Company's decision-making and operational procedures on material business activities and whether the contracts signed for the above activities were legal, compliant and reasonable, whether related transactions were made according to the fair and reasonable terms to the shareholders. Based on the above supervision, the Supervisory Committee is of the opinion that the Company has operated in strict accordance with relevant laws and regulations and that the Directors and members of senior management of the Company have discharged their duties in the interests of both the shareholders and the Company. There was no violation of laws and regulations, nor was there any abuse of power or any act detrimental to the interests of the Company, the shareholders and employees. The Company's risk management and internal control system was adequate and the implementation was basically sound and effective, and no risk or major weaknesses were found thereof to be inherent in the operation and management of the Company.

5. The management

The management of the Company, comprising one General Manager and four deputy general managers and three senior management officers, is in charge of the coordination and management of the business and operations of the Group, the implementation of the strategies set by the Board, and decision making and control over day-to-day business, financial and human resources management.

The Board and the Remuneration and Appraisal Committee are responsible for the appraisal of the Company's management members, and the establishment of various performance objectives including operating revenue, costs of operations, profit indicators and objectives for the respective operations. After the consideration and approval by the Board at the beginning of each year, the Company assigns specific tasks to various functional departments of operations. The persons-in-charge of the respective departments then enter into annual responsibility letters with the general manager of the Company. At the end of the year, the Board will assess the management's performance based on the extent of satisfaction with various objectives.

(II) Corporate Governance Report

As at the publication date of this report, the Board has reviewed the daily governance in compliance with the Corporate Governance Code, and is of the view that the Company fully adopted all code provisions in the Corporate Governance Code and strived to fulfill the recommended best practices, other than the code provisions A2.1, A2.7, B1.1 and E1.2 stated below, the Company has been in compliance with all the code provisions under the Corporate Governance Code and no material deviation or breach of the provisions of the Corporate Governance Code was found.

A. Directors

A1. The Board

Code principle

- The issuer shall be headed by an effective board: the Board should be collectively responsible for its leadership and control and supervise the issuer's affairs to promote the success of the issuer. Directors should take decisions objectively with decisions made in line with the best interests of the issuer. The board should regularly review the contribution required from a director to perform his responsibilities to the issuer, and whether he is spending sufficient time performing them.

The best corporate governance status

- The Board is accountable to shareholders' general meetings and fully represents the interests of shareholders and formulates the Company's development strategies in strict compliance with the "Rules of Procedure for the Board of Directors" and within its terms of reference as stipulated by the articles of association. The Board also monitors the implementation of the Group's operation management and its financial performance, with the primary mission of achieving operating results that generate the most stable returns in the long run.
- The Directors take the initiative to understand the Company's operation and business development, attend Board meetings and specialized committee meetings in a prudent, responsible, proactive and diligent manner, adequately capitalize on their respective professional experience and expertise and produce proactive and encouraging effect in ensuring the Board to run in the best interests of the Company.

Code provision

Compliance Corporate governance procedures

Code provision	Compliance	Corporate governance procedures
A1.1 Regular board meetings should be held at least four times a year, approximately once every quarter. Directors should attend in person or actively getting involved through electronic means of communications. A regular board meeting does not include obtaining board consent through circulating written resolutions	Yes	<ul style="list-style-type: none"> • In 2015, the Company held eight Board meetings, including seven physical meetings where Directors attended in person and one extraordinary meeting where votes were casted by way of correspondence. • Each of the regular Board meetings was participated by the majority of Directors who were entitled to attend, either in person or through the appointment of another Director to vote on his/her behalf. The attendance complied with the provisions of the articles of association of the Company. The extraordinary meeting was approved by the Board by way of circulation of written resolutions. Details of attendance in 2015 Board meetings are listed in the table below.
A1.2 All directors are given an opportunity to include matters in the agenda for regular board meetings	Yes	<ul style="list-style-type: none"> • All Directors were given the opportunity to include matters in the agenda for regular Board meetings but such right was not exercised in the year.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A1.3 Notice of at least 14 days should be given prior to a regular board meeting	Yes	<ul style="list-style-type: none"> Notice, agenda and the relevant information of each regular Board meeting were given 14 days prior to such meeting. Notice of extraordinary Board meeting was also given within a reasonable time before the meeting to ensure that all Directors were given an opportunity to attend.
A1.4 Minutes of meetings should be kept by the duly appointed secretary of the meeting and should be open for inspection by any director at any reasonable time	Yes	<ul style="list-style-type: none"> Secretary to the Board is responsible for preparing and maintaining all minutes and the relevant meeting materials of the Board and Board committees which were available for inspection by any Director at any reasonable time.
A1.5 Minutes of board meetings should record in sufficient detail the matters considered by directors and decisions reached at meetings; and the drafted and finalized minutes of the meetings shall be delivered to all directors within a reasonable period.	Yes	<ul style="list-style-type: none"> The minutes of meetings reflected objectively the consideration, voting and opinions given by the Directors in detail and were duly signed by Directors having attended the meetings.
A1.6 Directors could seek independent advice under an agreed procedure at the issuer's expense	Yes	<ul style="list-style-type: none"> In respect of matters that require advice to be sought from professional institutions, the Company will appoint professional institutions including accountants, lawyers, valuers, and so forth to issue written reports for the perusal of the Directors at the Company's expense. For the project concerning the participation of Guangjing Xicheng Company in the capital increase of Yanjiang Company in the year, the Company appointed independent advisory agencies to issue independent opinions in accordance with the requirements to the Directors for their decision.
A1.7 If a substantial shareholder or a director has a conflict of interest in a material matter, the company shall convene a board meeting (shall not be handled through written resolution) in due course, the independent non-executive directors which has no major interest in the transactions as well as their close associates shall be present at the meeting.	Yes	<ul style="list-style-type: none"> The Company has made it clear that, if a substantial shareholder or a Director has a conflict of interest in any material matter, the related/connected Director must abstain from voting when a Board meeting is held. The relevant matter shall not be dealt with by way of circulation of written resolutions or by a Board committee. During the Reporting Period, all related/connected Directors have abstained from voting in respect of the relevant resolutions on the connected/related-party transactions such as the entering into road maintenance contracts and the entering into loan agreement between holding subsidiaries and connected parties. The number of other non-related/connected Directors and independent non-executive Directors who had voted complied with the statutory quorum requirements.
A1.8 An issuer should arrange appropriate insurance cover in respect of legal action against its directors	Yes	<ul style="list-style-type: none"> During the Reporting Period, the Company had arranged liability insurance for its Directors, supervisors and senior management members pursuant to the requirements under the Hong Kong Listing Rules to mitigate risks arising in the course of their performance of duties.

CORPORATE GOVERNANCE

A2. Chairman and Chief Executive Officer

Code principle

- For the management of the board and the day-to-day management of business, there should be a clear division of responsibilities to ensure a balance of power and authority so that power is not concentrated in any one individual.

The best corporate governance status

- The Company has clearly defined the respective responsibilities of the Chairman and the managing Director of the Company. The roles and responsibilities of the Board and the management are separated and set out in detail in the articles of association, the Rules of Procedure for the Board of Directors and the Rules of Reference to General Manager of the Company, ensuring a balance of power and authority as well as guaranteeing the independence of the Board in the decision-making process and the independence of the management in day-to-day operation and management activities. The management is able to effectively control the day-to-day operation and management activities of the Company and maintain its independence in personnel arrangement and management activities. The Company has a sound accountability system in place and there has not been any ultra vires act or “insider control”.

Code provision

Compliance

Corporate governance procedures

A2.1 The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities should be clearly established and set out in writing

No

- Before his appointment as a Director, Mr. Chang Qing was the chairman of the supervisory committee of the Company and assumed the position as the Chairman of the eighth session of the Board, Mr. Qian Yong Xiang held the position as the managing Director of the Company. The Chairman of the Board concentrated his work on the Group's development strategies and matters of the Board, while the managing Director undertook the duties of chief executive officer and was in charge of the coordination and management of the business and operations of the Group, the implementation of the strategies set by the Board and day-to-day decision-making under the support and assistance of the Board and with the support of other senior management staff of the Company. The separation of the roles is explained in detail in the articles of association, the “Rules of Procedure for the Board of Directors” and the “Rules of Reference to General Manager” of the Company.
- There was no relationship between the Chairman and the general manager of the Company in the financial, operational, family or other relevant aspects.



CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A2.2 The chairman should ensure that all directors are properly briefed on issues arising at board meetings	Yes	<ul style="list-style-type: none"> <li data-bbox="911 504 1445 1485">• On December 31, 2014, Mr. Yang Gen Lin, former chairman of the Company, resigned as Chairman and non-executive director of the Company, and also resigned as Chairman of the parent company of the Company- Communications Holding due to other business engagement. The seventeenth meeting of the seventh session of the Board of the Company proposed Mr. Qian Yong Xiang, executive Director, to assume the role of Chairman and Legal Representative of the Company to ensure the normal work of the Board until the election of the new Director of the Company. Pursuant to the relevant rules of the management of state-owned property, since the Company is a state holding listed company, the candidates of the Directors shall be appointed and removed by the State-owned assets regulatory institution according to legal procedures(article 13(IV) of the Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises) and recommended by the parent company, Communications Holding. According to the general practice, the Chairman of Communications Holding shall also be the Director of the Company. While after the resignation of Mr. Yang as the Chairman of Communications Holding, the Chairman of the parent company is vacant from then on. Communications Holding is a wholly state-owned company controlled by State-owned Assets Supervision and Administration Commission of Jiangsu province, according to article 17 of the guidance on the construction of the board of directors of a wholly state-owned company of State-owned Assets Supervision and Administration Commission (try out): "The board of directors of the wholly state-owned company shall have a chairman and may have one vice-chairman if necessary. The Chairman and vice Chairman shall be appointed by the State-owned Assets Supervision and Administration Commission". Accordingly the Chairman of Communications Holding is to be appointed by the State-owned Assets Supervision and Administration Commission, which resulted in the vacancy of the Directors of the Company for a long time. <li data-bbox="911 1514 1445 1738">• The Company elected Mr. Chang Qing and Ms. Shang Hong as candidates of Directors and proposed to the extraordinary general meeting for consideration held on 29 December, 2015. The Company approved the proposal of the election of candidates of Directors at the extraordinary general meeting held on 25 February, 2016; after the meeting, the Company held an extraordinary meeting of the Board and elected Mr. Chang Qing as the Chairman of the eighth session of the Board. <li data-bbox="911 1767 1445 1937">• The Board has established a reporting system in which the general manager reports to all Directors at each regular meeting, held at least four times a year, the most updated status of the Company. The Chairman also tables, for decision-making purposes, any material matters of the Group to the Board for collective discussion by the Directors at the meeting.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A2.3 The chairman should ensure that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable	Yes	<ul style="list-style-type: none"> The Chairman has appointed the Secretary to the Board who shall timely provide information regarding the obligations to be fulfilled by the Board, commit to continuously improving the quality and timeliness of the information as well as assuming the obligations to ensure the accuracy and completeness of the information provided.
A2.4 The chairman should ensure that the board works effectively, and be primarily responsible for drawing up the agenda and any matters to be considered at each board meeting	Yes	<ul style="list-style-type: none"> The agendas of Board meetings were discussed among the Chairman, the executive Directors and the secretary to the Board, and were determined after having taken into account all motions put forward by non-executive Directors.
A2.5 The chairman should ensure that good corporate governance practices and procedures are established	Yes	<ul style="list-style-type: none"> The Chairman played a significant role in the development of the Company's corporate governance system. The Chairman assigned the Secretary to the Board to establish a good corporate governance system and procedures, and supervised the management to faithfully implement various systems to ensure that the operations of the Company are regulated.
A2.6 The chairman should encourage all directors to make a full and active contribution to the board's affairs and to conduct adequate discussions of the matters under consideration and should encourage directors to express different opinions	Yes	<ul style="list-style-type: none"> The Chairman encouraged all Directors to make a full and active contribution to the Board's affairs and to make valuable contributions to the Board. The Chairman acted as a role model and made sure that the Board acted in the best interests of the Company. At Board meetings, all Directors had ample opportunities to express their respective views and to discuss the matters under consideration. The results of voting at Board meetings also fairly reflected the consensus of the Directors.
A2.7 The chairman should hold a meeting annually with non-executive directors, in the absence of the executive directors	No	<ul style="list-style-type: none"> The Board has 11 members, of whom two are an executive Director and the rest are non-executive Directors. Six Directors were appointed externally. This ensures adequate independence of the Board and safeguards the Board's decisions from being prejudiced by the opinions of executive Directors.
A2.8 The chairman should ensure effective communication with shareholders and that the views of shareholders are communicated to the board	Yes	<ul style="list-style-type: none"> The Chairman placed emphasis on the effective communications between the Company and the shareholders for the purpose of continuing enhancement of investor relations and the realization of the best returns for the shareholders. All shareholders are entitled to attend shareholders' meetings and express their opinions. The Secretary to the Board will also report to the Board the important views of shareholders on a day-to-day basis.
A2.9 The chairman should promote a culture of openness and debate and ensure constructive relations among the directors	Yes	<ul style="list-style-type: none"> The Board encouraged and embraced democratic discussions and respected the views of each Director. The Board maintained a good atmosphere for discussions, in which the Directors were invited to give their respective opinions before an official voting took place and were free to discuss the matters being considered. The Chairman also valued the contributions of the Directors and strove to ensure that there were constructive relations between the executive Director and the non-executive Directors.

CORPORATE GOVERNANCE

A3. Board composition

Code principle

- The board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business. It should ensure that changes to the composition of the board can be managed without undue disruption. The board should also include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board at which independent judgment can be exercised effectively. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

The best corporate governance status

- The election of the new session of Board was approved at the annual general meeting held on 23 June 2015, forming the eighth session of the Board with the terms of office ending on the date of the 2017 annual general meeting of the Company. In December 2015, the controlling shareholders of the Company recommended some of the Directors due to the changes of work-distribution and proposed at the first extraordinary general meeting of 2016 for shareholders' consideration after being considered and approved by the Board. After being considered at the extraordinary general meeting held on 25 February, 2016, the Company elected one additional non-executive Director and one executive Director, and elected the Chairman of the eighth Board of Directors of the Company at the extraordinary meeting of the Board subsequent to the annual general meeting. Currently the eighth Board of the Company comprises 11 members, of whom two are executive Directors and nine are non-executive Directors. Four of the non-executive Directors were nominated by shareholders and five of them were engaged externally by the Company, including four independent non-executive Directors, to ensure adequate independence of the Board. At the same time, three Directors are female and one is prominent figures in Hong Kong to ensure the diversity of the Board and help the Board analyze and discuss issues from different perspectives.
- The Directors were elected or replaced at shareholders' general meetings. The Company adopts cumulative voting in the election process for Directors. The term of appointment of a Director is usually three years. The appointment of all Directors was determined at shareholders' general meeting. Directors can be re-elected when their terms of appointment expire. A re-elected independent Director shall not serve for more than six consecutive years.
- The members of the Board have different industry background. They are diversified in experience, competence and judgmental skills, which enable the Board to make more prudent and considerate decisions. Members of the current session of the Board have background and professional experience in the fields of highway, engineering, investment, financial accounting, finance and securities, economic management, corporate management and real estate, of whom two Directors have accounting qualifications and financial management expertise as required by the regulatory authorities and two are prominent figures in Hong Kong to help the Board analyze and discuss issues from different perspectives.
- There was no relationship among the Board members in the financial, business, family or other relevant material aspects.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A3.1 The independent non-executive directors should be identified in all corporate communications	Yes	<ul style="list-style-type: none"> The independent non-executive Directors are disclosed in all corporate communications including the Company's annual, interim and quarterly reports, and other corporate communications set out on the websites of the Company and the Stock Exchange.
A3.2 The issuer should maintain on its website and the Stock Exchange's website an updated list of current board members.	Yes	<ul style="list-style-type: none"> The Company has uploaded onto the websites of the Company and the Stock Exchange the list with profiles of the current Board members, which set out their roles, functions and independence. The Company will promptly update relevant information should there be any changes in the composition of the Board.

A4. Appointment, Re-election and Removal

Code principle

- There should be a formal, considered and transparent procedure for the appointment of new directors. There should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

The best corporate governance status

- The Board has established the Nomination Committee which makes recommendations on the procedures for the appointment, re-election, removal and recruitment of Board candidates for consideration by the Board. Their appointment will ultimately be determined at a shareholders' general meeting. During the process of selection, the criteria considered by the committee include the relevant candidate's integrity, his/her achievement and experience in the relevant industry, his/her professional and educational background and his/her level of commitment, including the amount of time that he/she can devote to and his/her concern about relevant affairs, and so forth.
- For changes in Directors for the year, please refer to section headed "Changes in Directors, Supervisors and Senior Management" in this Report.



CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A4.1 Non-executive directors should be appointed for a specific term, subject to re-election	Yes	<ul style="list-style-type: none"> Directors are generally appointed for a term of three years. All Directors are appointed at a shareholders' general meeting and can be re-appointed upon expiry of the term.
A4.2 Directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after appointment. Every director should be subject to retirement by rotation at least once every three years	Yes	<ul style="list-style-type: none"> All Directors were elected or replaced at shareholders' general meetings. The Company has introduced the cumulative voting system for the election of Directors. The Company does not implement the policy of retire from office by rotation for reelection, every three years, however the Company Law and the articles of association of the Company stipulate that each session of the Board is for a term of three years, each Director is appointed for a term of three years and should retire upon the expiry of the three-year term. Any re-appointment is subject to re-election at a shareholders' general meeting.
A4.3 Serving more than 9 years could be relevant to the determination of an independent director's independence.	Yes	<ul style="list-style-type: none"> The Company enforces the listing rules of the SSE regarding the term of independent Directors. The consecutive term of an independent Director should not be more than six years in order to ensure adequate independence.
A5. <i>Nomination Committee</i>		
Code Principle		<ul style="list-style-type: none"> In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under A.3 and A.4.

Code provision	Compliance	Corporate governance procedures
A5.1 Issuers should establish a nomination committee, which is chaired by the chairman of the Board or an independent non-executive director and comprises a majority of independent non-executive directors	Yes	<ul style="list-style-type: none"> The Nomination Committee has been established under the Board of the Company, comprising Zhang Zhu Ting, Zhang Yang, Hu Yu, Ge Yang and Chen Liang, of whom three are independent non-executive Directors. The chairman of the committee is Zhang Zhu Ting.
A5.2 The nomination committee should be established with specific written terms of reference	Yes	<ul style="list-style-type: none"> The Company has formulated the "Rules of Procedure for the Nomination Committee" specifying the terms of reference and responsibilities of the committee. The main responsibilities of the committee are set out in the section headed "Specialized Committees of the Board" in this Chapter.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A5.3 The nomination committee should make available its terms of reference, illuminating its role and the authority delegated by the board by including them on the websites of the issuer and the Stock Exchange	Yes	<ul style="list-style-type: none"> The Company has made available the terms of reference of the Nomination Committee on its website, and published the same on the websites of both the SSE and the Stock Exchange for the enquiry of investors at any time.
A5.4 The issuer should provide sufficient resources for the committee to perform its duties. Where necessary, it should seek independent professional advice, at expense of the issuer	Yes	<ul style="list-style-type: none"> The Company provided sufficient resources for the Nomination Committee to perform its duties. In respect of matters that require advice to be sought from professional institutions, the Company proactively engaged professional institutions including accountants, lawyers, valuers and so forth to issue written reports for perusal by the Directors at the Company's expense. During the year, the committee had not requested the Company to seek professional independent advice on any relevant matter.
A5.5 In the election of an independent non-executive director, the board should set out in the circular to shareholders why they believe he should be elected and the reasons why they consider him to be independent	Yes	<ul style="list-style-type: none"> As far as the election of an independent non-executive Director is concerned, the Company included the reasons for appointing such person and the independence statement in both the notice of the general meeting and the circular to the shareholders.
A5.6 The nomination committee(or the board) should make board diversity policy and disclose the policy or summary of the policy in the corporate governance report	Yes	<ul style="list-style-type: none"> The Company has adopted the Board Diversity Policy ("Board Diversity Policy"), which is aimed at listing the policy taken by the Board to reach the Board Diversity. All the appointment of the members of the Board shall be based on the capacities, give consideration to objective conditions when consider the candidates and appropriately take into consideration the benefit of Board Diversity. The selection of candidates will be on the basis of a series of diverse categories, including, but not limited to, gender, age, culture and education background, race, professional experience, skills, knowledge and term of service, and will finally be decided by the merits of the candidates and what they can contribute to the Board. The nomination committee will supervise the implementation of the policy at times and review the policy when appropriate to ensure the policy is effective. The nomination committee will continue to take full consideration of such measurement targets as proposing the appointed candidates.

CORPORATE GOVERNANCE

A6. Responsibilities of Directors

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| Code principle | <ul style="list-style-type: none"> Every director must always know his responsibilities as a director of an issuer and its conduct, business activities and development. Non-executive directors have the same fiduciary duties and duties of care and skill as executive directors. |
| The best corporate governance status | <ul style="list-style-type: none"> The Company has formulated the “Rules of Procedure for the Board of Directors”, the work rules of each committee and the “Rules of Reference to Independent Directors”, specifying the responsibilities of each Director so as to ensure that all Directors understand their roles and duties thoroughly. The secretary to the Board is responsible for ensuring that all Directors obtain the Company’s latest information on business development and updated statutory information. |

Code provision	Compliance	Corporate governance procedures
A6.1 Every newly appointed director should receive an induction on appointment. He should subsequently receive an introduction and professional development necessary to ensure that he has a proper understanding of the issuer’s operations and business and is fully aware of his responsibilities under legal and other regulatory requirements and the business and governance policy of the issuer	Yes	<ul style="list-style-type: none"> A comprehensive information package and relevant training which comprise an introduction to the Group’s operations, a brief introduction to Directors’ responsibilities and duties and other statutory requirements will be provided to new Directors upon their appointment. All non-executive Directors will be provided with reports on business progress, financial objectives, development plans and strategic plans regularly by the management. The Secretary to the Board is responsible for ensuring that all Directors obtain the latest information on the Listing Rules and other statutory requirements.
A6.2 Functions of non-executive directors	Yes	<ul style="list-style-type: none"> Non-executive Directors have actively participated in Board meetings and served as committee members, reviewed the progress on the achievement of the Company’s business objectives and provided independent opinions on the Board’s decision-making processes. Functions of non-executive Directors include: <ul style="list-style-type: none"> – Participating in Board meetings to give independent judgements on the issues involving strategy, policy, performance, accountability, resources, key appointments and code of conduct, etc.; – taking the lead where potential conflicts of interest arise; – serving on the Audit Committee, the Remuneration and Appraisal Committee, Nomination Committee and other governance committees, if invited, and – scrutinising the Company’s performance in achieving agreed corporate goals and objectives, and monitoring performance reporting of the Company.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A6.3 Every director should ensure that they can give sufficient time and attention to the issuer's affairs	Yes	<ul style="list-style-type: none"> All Directors of the Company worked hard and faithfully performed their duties, and each of them was able to devote sufficient time and efforts in dealing with the matters of the Company. There was satisfactory attendance at Board meetings and committee meetings each year and no single Director failed to attend Board meetings for more than two times within a year. For records of attendance of the meetings, please refer to the relevant section of this Chapter.
A6.4 The board should establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the issuer's securities	Yes	<ul style="list-style-type: none"> The Directors have complied with the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Hong Kong Listing Rules during the year. The Board has formulated the Model Code as a written guideline for the trading of securities of the Company by the relevant employees. The Model Code's standards on securities transactions by Directors are not lower than the requirements of the "Model Code for Securities Transactions by Director of Listed Issuers". During the Reporting Period, there were no transactions involving the dealing in the shares by the Directors. The Directors and Supervisors have complied with the standards of "Model Code for Securities Transactions by Directors of Listed Issuers" relating to securities transactions of the Directors as set out in Appendix 10 to the Hong Kong Listing Rules and "Model Code for Securities Transactions by Directors, Supervisors, Senior Management and the Employees" after the special queries to all the Directors and Supervisors of the Company.
A6.5 All directors should participate in continuous professional development. The issuer should be responsible for arranging and funding suitable training in development plans	Yes	<ul style="list-style-type: none"> All Directors will have opportunities to receive professional training arranged by the Company during their terms of office. The Secretary to the Board kept paying attention to the development of governance requirements of securities regulatory authorities and delivered latest requirements to the Directors, supervisors and members of senior management by means of communication to help them update their knowledge and improve the exercise of their functions and responsibilities. Meanwhile, the Secretary to the Board also arranged the Directors, supervisors and members of senior management to participate in special training programmes held by the stock exchanges or local securities regulatory authorities, and organized special seminars on laws, finance, management and capital market for the Directors to facilitate their continuing professional development. Providing profiles and training to the Directors of the Board <p>The Management of the Company provides with comprehensive, formal and special profiles relating to the operation of principal business and practicing work of the Company. The Company has distributed "A Guide on Directors' Duties" issued by the Hong Kong Companies Registry and "Guide for Independent Non-Executive Directors" (if as Independent Non-Executive Directors) published by the Hong Kong Institute of Directors, for reference.</p>

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures																																																																																					
		<p>During the reporting period, the Directors would collect the latest information briefing on the changes and development of the Group's business, and knowledge of directorship.</p> <p>The training of the Directors and the ongoing progress. The Company encourage all the Directors to participate in relevant training programmes to promote knowledge of directorship.</p> <p>During the reporting period, the Directors has received the following training to update and develop their skills and knowledge:</p>																																																																																					
			<table border="1"> <thead> <tr> <th></th> <th>Corporate governance</th> <th>Laws and regulations</th> <th>Business of the Group</th> </tr> </thead> <tbody> <tr> <td>Executive Directors</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Qian Yong Xiang</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Shang Hong</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Non-executive Directors</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chang Qing (chairman)</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Du Wen Yi</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Zhang Yang</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Hu Yu</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Ma Chong Lai</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Chen Xiang Hui</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Cheng Chang Yung Tsung, Alice</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Fang Hung, Kenneth</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Independent non-executive Directors</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Zhang Er Zhen</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Ge Yang</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Zhang Zhu Ting</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Chen Liang</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Xu Chang Xin</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Gao Bo</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Chen Dong Hua</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> </tbody> </table>		Corporate governance	Laws and regulations	Business of the Group	Executive Directors				Qian Yong Xiang	✓	✓	✓	Shang Hong	✓	✓	✓	Non-executive Directors				Chang Qing (chairman)	✓	✓	✓	Du Wen Yi	✓	✓	✓	Zhang Yang	✓	✓	✓	Hu Yu	✓	✓	✓	Ma Chong Lai	✓	✓	✓	Chen Xiang Hui	✓	✓	✓	Cheng Chang Yung Tsung, Alice	✓	✓	✓	Fang Hung, Kenneth	✓	✓	✓	Independent non-executive Directors				Zhang Er Zhen	✓	✓	✓	Ge Yang	✓	✓	✓	Zhang Zhu Ting	✓	✓	✓	Chen Liang	✓	✓	✓	Xu Chang Xin	✓	✓	✓	Gao Bo	✓	✓	✓	Chen Dong Hua	✓	✓	✓
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A6.6	Each director should disclose to the issuer at the time of his appointment, (and should make such disclosure regularly thereafter) the number and nature of offices held in public companies or organizations, and other significant commitments	Yes	<ul style="list-style-type: none"> Each Director regularly provided information to the Company on and after his/her appointment as to his/her employment with other companies (including employment as Directors or supervisors in listed companies in the previous three years). Details of the positions currently held by such Directors in other listed companies are disclosed in the chapter headed "Directors, Supervisors, Senior Management and Staff" in this annual report. 																																																																																				
A6.7	Independent non-executive directors should regularly attend Board meetings, meetings of committees and shareholders' general meetings, and develop a balanced understanding of the views of the shareholders	Yes	<ul style="list-style-type: none"> All independent non-executive Directors have attended Board meetings and meetings of various committees regularly and contributed their skills and expertise to the Company's decision-making process. All independent non-executive Directors have attended the annual general meetings and extraordinary general meetings of the Company held during the year. 																																																																																				

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
A6.8 Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments	Yes	<ul style="list-style-type: none"> All Directors have been able to attend Board meetings and specialized committee meetings in a prudent, responsible, active and conscientious manner, offering their respective professional experience and expertise, and giving their independent judgment, knowledge and experience in the matters discussed so that the Board could conduct productive discussions and make decisions in a speedy and prudent manner.

A7. Supply of and access to information

Code principle	<ul style="list-style-type: none"> Directors should be provide in a timely manner with appropriate information in the form and quality shall enable them to make an informed decision and perform their duties and responsibilities.
The best corporate governance status	<ul style="list-style-type: none"> The secretary to the Board is responsible for providing all information to Directors, including documents of all meetings of the Board and specialized committees; providing reports on business progress, financial objectives, development plans and strategic plans regularly and the latest information on the Listing Rules and other statutory requirements; and improving the quality and timeliness of information on a continued basis.

Code provision	Compliance	Corporate governance procedures
A7.1 An agenda and accompanying board papers should be sent to directors at least three days before the date of a regular board or board committee meeting	Yes	<ul style="list-style-type: none"> The Company's meeting materials were sent to the Directors at least five business days before the date of each regular Board or committee meeting and at least three days by courier, mail or electronic mail before the date of each extraordinary Board meeting.
A7.2 Management has an obligation to supply the board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. Each director should have separate and independent access to the issuer's senior management for making further enquiries	Yes	<ul style="list-style-type: none"> The management provided adequate information to the Board and its committees in a timely manner. Directors could obtain the necessary information separately and independently from the Company's senior management. The Board and the committees would make arrangements for the relevant members of the senior management to attend their meetings and report the latest situation about the operations, including the background or explanatory information on matters to be submitted to the Board for consideration, including disclosure documents, budgets, forecasts and monthly financial statements and other relevant internal financial statements.
A7.3 All directors are entitled to have access to board papers and related materials. Where queries are raised by directors, steps must be taken to respond as promptly and fully as possible	Yes	<ul style="list-style-type: none"> All Board documents and related materials have been kept by the Secretary to the Board for inspection by Directors at any time. The Board and the committees have also made arrangements for relevant members of the senior management to attend their meetings and report on the latest situation about operations and respond to queries.

CORPORATE GOVERNANCE

B. Remuneration of Directors and senior management of the Company and appraisal of the Board

B1. The level and make-up of remuneration and disclosure

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| Code principle | <ul style="list-style-type: none"> An issuer should disclose its directors' remuneration policy and other remuneration related matters. The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Remuneration level should be sufficient to attract and retain the directors to run the company successfully without paying more than necessary. No director should be involved in deciding his own remuneration. |
| The best corporate governance status | <ul style="list-style-type: none"> The Company has established the Remuneration and Appraisal Committee, the terms of reference of which include formulating and reviewing the remuneration policy and plan for the Directors and senior management staff of the Company. Except for the two external non-executive Directors and four independent non-executive Directors who received Directors' remuneration, the remaining Directors have not received any Directors' remuneration from the Company. The remuneration for independent Directors is determined with reference to the average market level and the Company's current status. The executive Director has received management remuneration from the Company. During the Reporting Period, no Director participated in determining his/her own remuneration. During the Reporting Period, the remuneration paid by the Company to three external independent non-executive Directors amounted to HK\$150,000(net of tax) per person. The remuneration paid to seven independent Directors during the first half of the year amounted to RMB45,000(net of tax) per person. Setting aside the foregoing, the independent Directors had not received other types of compensation from the Company. (The Company elected the new session of Board at the annual general meeting held on 23 June 2015, re-elected one non-executive Director and the former two non-executive Directors had resigned from the position of Directors of the Company; The Company re-elected three independent non-executive Directors since the former three independent non-executive Directors had reached the maximum age limit of the term of office.) |

Code provision

Compliance Corporate governance procedures

- | Code provision | Compliance | Corporate governance procedures |
|---|------------|--|
| B1.1 The remuneration committee should consult the chairman or the chief executive officer about their remuneration proposals for other executive directors, and should have access to professional advice if necessary | No | <ul style="list-style-type: none"> During the Reporting Period, other than the general manager who serves as the executive Director, the Company does not have other executive Directors. The general manager of the Company receives management remuneration, which was suggested by the remuneration committee to the Chairman and the general manager did not receive Directors' remuneration. |
| B1.2 The remuneration committee's terms of reference | Yes | <ul style="list-style-type: none"> The Company has established the "Rules of Procedure for the Remuneration and Appraisal Committee" which specify the powers and duties of the committee, with its terms of reference being not limited to the provisions under the HK Corporate Governance Code. The Remuneration and Appraisal Committee acted as an advisor to the Board, while the Board retained the ultimate power of approving the remuneration for executive Director and senior management staff. |

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
B1.3 The remuneration committee should make available its terms of reference, illuminating its role and the authority delegated by the board on the websites of the issuer and the Stock Exchange	Yes	<ul style="list-style-type: none"> The Company has made available the terms of reference of the committee on its website, published the same on the website of the Stock Exchange for enquiry of investors.
B1.4 The remuneration committee should be provided with sufficient resources to perform its duties	Yes	<ul style="list-style-type: none"> The Company will provide sufficient resources for the committee to perform its duties.
B1.5 The issuer should disclose details of any remuneration payable to members of senior management by band in its annual reports	Yes	<ul style="list-style-type: none"> The Company has disclosed the remuneration of each of its Directors, Supervisors and members of senior management with their names in the annual report and accounts. For details, please refer to the chapter headed "Directors, Supervisors, Senior Management and Staff" in this annual report.
B1.6 Details about any objection of the remuneration committee to the board's resolution on remuneration shall be disclosed in the Corporate Governance Report	Yes	<ul style="list-style-type: none"> The Board and the Remuneration and Appraisal Committee did not see such matter as referred to in the provision to have occurred during the Reporting Period.
B1.7 A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance	Yes	<ul style="list-style-type: none"> The total remuneration of each of the executive Director and senior management staff comprises three parts, which is salary for the position, performance bonus and the Company's contribution to their pension scheme and other benefits. The remuneration has been generally linked with the Company's and individual performance.
B1.8 Issuers should disclose details of any remuneration payable to the members of senior management, on an individual and named basis in the annual reports	Yes	<ul style="list-style-type: none"> The Company has disclosed the remuneration of each of its Directors, Supervisors and members of senior management with their names in the annual report and accounts. For details please refer to "Directors, Supervisors, Senior Management and Staff" in Section VII of this annual report.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
B1.9 The board should conduct a regular evaluation of its performance	Yes	<ul style="list-style-type: none"> The Board and the Remuneration and Appraisal Committee are responsible for the appraisal of the Company's management members, and the establishment of various performance objectives including operating revenue, costs of operations, profit indicators and objectives for the respective operations. After the consideration and approval by the Board at the beginning of the Reporting Period, the Company assigned specific tasks to various functional departments of operations. The persons-in-charge of the respective departments then entered into annual responsibility letters with the general manager of the Company. At the end of the Reporting Period, the Board assessed the management's performance based on the extent of satisfaction with various objectives.

C. Accountability and audit

C1. Financial reporting

Code principle	<ul style="list-style-type: none"> The board should present a balanced, clear, comprehensible assessment of the company's performance, position and prospects.
The best corporate governance status	<ul style="list-style-type: none"> The Board has strived to provide comprehensive information in all regular financial reports issued to shareholders so as to comply with the regulatory requirements of the Stock Exchange and the SSE, and kept improving the management discussion and analysis to give a comprehensive disclosure on the Company's production and operation, finance and project development. Meanwhile, it has also taken the initiative to increase the substance of information, including information on the Company's operating environment, development strategies and corporate culture, and to enhance the corporate governance report, so as to give a comprehensive, objective, fair and clear presentation of the Group's operating management status and prospects.

Code provision	Compliance	Corporate governance procedures
C1.1 Management will provide sufficient explanation and information to enable the Board to make an informed assessment of the relevant matters	Yes	<ul style="list-style-type: none"> The management of the Company has provided comprehensive reports on the Company's business progress, financial objectives, development plans and strategic plans to the Board at all Board meetings to enable all Directors to make well-grounded assessment on the financial and other information submitted to them for approval.
C1.2 Management should provide all members of the board with monthly updates to give a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.	Yes	<ul style="list-style-type: none"> According to the new requirements under the HK Corporate Governance Code, the Company has submitted to each Director "Operations Bulletin" or other information that needs to be reviewed by Directors on a monthly basis from year 2012 and submitted general manager's work report on a quarterly basis to the extent sufficient enough to allow the Directors to acquire details about the Company's interim operation and management.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
C1.3 Directors should acknowledge their responsibility for preparing the accounts; there shall be a statement by the auditors about their reporting responsibilities in the auditors' report. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the issuer's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.	Yes	<ul style="list-style-type: none"> Directors are responsible for overseeing the preparation of annual accounts so that the accounts could give a true and fair view of the Group's results and cash flow in the relevant year. The auditors' report also stated the reporting responsibilities of the auditors. The Company was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Company ability to continue as a going concern.
C1.4 The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives	Yes	<ul style="list-style-type: none"> The Company included in its annual report a separate section containing a comprehensive and detailed discussion on the Company's business development environment, performance of each business, future risks and development strategies. For details, please refer to the section V headed "Report of the Directors" of this annual report.
C1.5 The board should present a balanced, clear and understandable assessment of the company's performance in periodic reports and other financial disclosures	Yes	<ul style="list-style-type: none"> The Board gave an objective, fair and clear presentation of the Group's position and prospects in all announcements issued to shareholders.

Recommended best practices:

- Apart from issuing reports on annual results and interim results, the Company has prepared and issued the reports on the results that cover the first and third quarters of the year pursuant to the requirements of the SSE. The Company announced and issued quarterly financial results within 30 days after the end of the relevant quarter. The information disclosed would be sufficient for the shareholders to assess the performance, financial position and prospects of the Company.

CORPORATE GOVERNANCE

C2. Risk management and internal control

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| Code principle | <ul style="list-style-type: none"> The board is in charge of the assessment and is responsible to determine the nature and extent of risks that the issuer is willing to take in achieving the strategic objectives, and ensure that the issuer would establish and maintain appropriate and effective risk management and internal control systems. The board should supervise the design, implementation and supervision of the risk management and the internal control systems conducted by the management, and the management should provide a confirmation to the board on the effectiveness of the relevant systems. |
| The best corporate governance status | <ul style="list-style-type: none"> The Board has authorized the management of the Company to establish and implement the risk management and the internal control systems and conduct review on the financial, operating and regulatory procedures from time to time to safeguard the Group's assets and shareholders' interests. During the Reporting Period, the Board had conducted a self-evaluation on the Company's risk management and internal control and did not find any significant weakness in the design or implementation of the risk management system and the internal control system. For details, please refer to the section "2014 Evaluation Report on risk management and Internal Control" in this annual report. The Company has established the internal audit department within the organization framework to conduct regular review, supervision and assessment on the financial position, operating, risk management and internal control activities according to different businesses and flow. It has also engaged external audit institutions to regularly audit the financial reports, risk management and internal control of the Company and to offer independent and objective assessments and suggestions in the form of audit reports. |

Code provision

Compliance Corporate governance procedures

- | Code provision | Compliance | Corporate governance procedures |
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| C2.1 The board should at least annually conduct a review of the effectiveness of the risk management and the internal control systems (including financial control, operating control, compliance control and risk management functions) | Yes | <ul style="list-style-type: none"> Currently, the Company has established the risk management and internal control systems. During the Reporting Period, the Company's internal audit department and external independent auditor have conducted preliminary review, rectification, audit and evaluation of the effectiveness of the establishment and implementation of the risk management and internal control system respectively, and ensured that a comprehensive audit covering all businesses and management activities within the scope of internal control was carried out each year. The Company considered the risk management and internal control systems as effective and adequate. For details, please refer to the section headed "2015 Self-evaluation Report on Risk Management and Internal Control of the Company by the Board" in this annual report. |
| C2.2 The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience of the issuer's financial reporting function | Yes | <ul style="list-style-type: none"> The Company has taken into consideration of the resources of corporate accounting, internal auditing and financial reporting functions, seniority and experience of the staff, as well as adequacy of courses offered to the staff and relevant budgets when reviewing the risk management and internal control. The Company has sufficient resources to support the launch of the financial reporting functions. The relevant employees also possess the qualifications and experiences required for their corresponding positions, and have the opportunity to receive professional training in this area each year. |

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
C2.3 Matters that the board should evaluate each year	Yes	<ul style="list-style-type: none"> • There is always no Major Risk of the Company, and the Company has strong ability in coping with the transformation of the business and the changes in external environment; • Management of the Company continues to comprehensively supervise the effective operation of the risk management and internal control; • The Company's internal audit department and external independent auditor have reported the supervisory results at the meeting of the annual report of audit committee to the Board and the audit committee, which helped the Board evaluate the supervisory conditions and the effectiveness of risk management; • There is no major supervisory mistake or major supervisory weakness; and • Procedures relating to financial report and compliance with the Listing Rules are effective.
C2.4 The issuer should disclose how they have complied with the risk management and internal control code provisions in the form of narrative statement in the Corporate Governance Report.	Yes	<ul style="list-style-type: none"> • The Company identifies, evaluate and manage the major risks with the full cover all the year round audit made by the internal audit department and external independent auditor; • The Company established special audit department to audit the risk management and internal control; • The Board of the Company shall be in charge of the risk management and internal control system, and evaluate its effectiveness of such system. The risk management and internal control of the Company is aimed at managing but not eliminating the risk of falling to achieving the business objectives, and could only make reasonable and non-absolute guarantee on the non-misrepresentation or loss; • The Company evaluates the effectiveness of risk management and internal control system and solves the major deficiency of the internal supervision with the full cover all the year round audit made by the internal audit department and external independent auditor; and • The Company comprehensively processes and issues inside information and internal supervisory measures at times all the year round by the secretariat of the Board.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
C2.5 The issuer should establish internal audit function. The issuer without an internal audit function should review the need for one every year, and explain the absence of such function in the Corporate Governance Report	Yes	<ul style="list-style-type: none"> The Company has established the internal audit function.

Recommended best practices:

- During the Reporting Period, the Company had conducted an inspection and a self-evaluation of the rationality of the internal control policy as well as the comprehensiveness, effectiveness, operation and implementation of the internal control system in five aspects covering control environment, risk identification and assessment, control measures, information and communication as well as supervision. The coverage review included but was not limited to those items under provision C.2.3 and C.2.4 of the HK Corporate Governance Code. For the findings of the review, please refer to the section headed “Self-evaluation Report on Risk Management and Internal Control of the Company by the Board” in this annual report.
- The Company has ensured that the information disclosed in all announcements issued to shareholders are meaningful and do not contain misrepresentations, misleading statements or material omissions. All Directors have warranted that the announcements do not contain misrepresentations, misleading statements or material omissions and are jointly and severally responsible for the truthfulness, accuracy and completeness of the statements contained therein.

C3. Audit Committee

- Code principle**
- The board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer’s auditors. The audit committee established under the Listing Rules should have clear terms of reference.

CORPORATE GOVERNANCE

The best corporate governance status

- The Company has established the Audit Committee and Chen Liang, Zhang Er Zhen and Du Wen Yi are members of the committee. All of them have expertise and experience in financial management. All members are non-executive Directors, of whom Chen Liang and Zhang Er Zhen are independent non-executive Directors. Mr. Chen Liang is an independent non-executive Director possessing professional qualifications and experience in financial management. He took up the position as the chairman of the committee.
- The Audit Committee is principally responsible for supervising and implementing the internal audit system of the Company and its subsidiaries; examining the financial information and information disclosure of the Company and its subsidiaries; supervising the internal control system of the Company and its subsidiaries, including financial control and risk management; auditing material connected/related transactions; and communicating, supervising and reviewing the internal and external audits of the Company. The terms of reference is specified clearly in the “Rules of Reference of the Audit Committee”.
- The Audit Committee held six meetings in 2015, including four meetings to review periodic reports, one meeting to discuss matters on loans for the related parties, one to communicate with external audit institutions on the audit work with respect to the 2015 annual results of the Group, and one to reach agreement on the proposal of the capital loss disposition caused by the company’s decision of early termination of charging operation rights to the Huning section of 312 national road, and on daily related party transactions to renew the house-leasing contract for ETC service outlets with the network companies. Some provisions of the “Rules of Reference of the Audit Committee” were also revised in this meeting at the request of Hong Kong Stock Exchange. At such meetings, all members attended, and the management and the financial controller reported on the financial position of the Company and major matters related to internal controls.
- During the Reporting Period, the Audit Committee had made one direct contact with external auditors of the Company, before the preparation of the annual audit report, to understand the procedures and principles regarding the preparation of the auditors’ report, and to discuss the relevant issues with the auditors, so as to lay a foundation for evaluation.

Code provision	Compliance	Corporate governance procedures
C3.1 Full minutes of the audit committee meetings should be kept by a duly appointed secretary (company secretary in general) and the draft and final version of the minutes of the meetings should be sent to all members of the committee in a reasonable period. The drafted minutes are provided to the members for their comment and records.	Yes	<ul style="list-style-type: none"> • The Secretary to the Board has been responsible for compiling and keeping the minutes and relevant meeting materials of the committee. The minutes reflected the consideration and voting situations of the meetings in an objective and detailed manner and were signed by all Directors attending the meetings for confirmation.
C3.2 A former partner of the issuer’s existing auditing firm should be prohibited from acting as a member of the audit committee	Yes	<ul style="list-style-type: none"> • None of the Audit Committee members is a former partner of the external auditors.
C3.3 Terms of reference of the audit committee	Yes	<ul style="list-style-type: none"> • The Company has formulated the “Rules for Procedure of the Audit Committee” which specify the terms of reference and work procedures of the committee and the authority granted by the Board in order to comply with the requirements under the provisions. Some provisions were partially revised in 2015 at the supervisory request of Stock Exchange.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
C3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the websites of the issuer and the Stock Exchange	Yes	<ul style="list-style-type: none"> The Company has made available the terms of reference of the committee on its website, and published the same on the website of the Stock Exchange for enquiry of investors.
C3.5 The Board should obtain views from the audit committee on the selection, appointment or dismissal of external auditors	Yes	<ul style="list-style-type: none"> The Audit Committee makes recommendations on the selection, appointment or removal of external auditors to the Board, subject to approval at the general meeting after consideration by the Board.
C3.6 The audit committee should be provided with sufficient resources to perform its duties	Yes	<ul style="list-style-type: none"> The Audit Committee may have timely access to relevant information and seek necessary independent professional advices pursuant to the established procedures at the expense of the Company. During the Reporting Period, the Company engaged an independent financial adviser, a valuer and an auditor to provide professional advice in respect of the participation in the capital increase of Yanjiang Company.
C3.7 The audit committee should review arrangements employees of the issuer can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and act as a key representative body for overseeing the issuer's relations with the external auditors	Yes	<ul style="list-style-type: none"> The Audit Committee has had a separate complaint mailbox for collecting any fraud-related information in a timely manner, and on the foregoing basis entered into a cooperation memorandum with the disciplinary inspection department of the Company. In 2015, the Audit Committee provided guidance for and supervision on the anti-fraud activities of the Company in accordance with the Anti-fraud Management Measures of the Company. It exchanged opinions with the auditors on risks of fraud and their management and control measures, obtained an understanding on the management feedback and status of rectification regarding the internal control suggestions made by both the auditors and the audit department of the Company, and reviewed the significant accounting policies and accounting estimates adopted by the management. Based on the work as mentioned above, the Audit Committee considered that the Company's risk management and control of fraud were effective.

Recommended best practices:

- The Company has clearly defined the relevant responsibilities and terms of reference of the Audit Committee and the internal disciplinary inspection and supervision department, established a reporting mechanism, set up and made known a dedicated reporting telephone line and e-mail address as confidential channels for the employees and other stakeholders of the Company to report inappropriate matters to the Audit Committee and the internal disciplinary inspection and supervision department.

D. Delegation by the Board

D1. Management functions

Code principle

- An issuer should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on the issuer's behalf.

The best corporate governance status

- The main functions and duties of the Board include convening the shareholders' general meetings; making decisions on the Company's operational plans, investment proposals and establishment of the internal management organization; preparing the Company's annual budget, final accounts and profit distribution scheme; formulating corporate merger, demerger, dissolution proposals and significant acquisition or sale proposals; and implementing the resolutions passed at the shareholders' general meetings.
- The articles of association of the Company and the Rules of Procedure for the Board of Directors explicitly state the matters reserved for consideration and approval by the Board. For the implementation of certain major projects, the Board may, after its consideration and approval, set up a committee or panel consisting of two or more Directors, where appropriate, and empower such committee or panel with some powers, authorities, and discretions vested in it to ensure the smooth implementation and efficient execution of relevant resolution. The committee or panel hereof must act within the scope of authorization granted by the Board and shall report to the Board on any act that goes beyond the scope of authorization.

Code provision

Compliance Corporate governance procedures

Code provision	Compliance	Corporate governance procedures
D1.1 When the board delegates aspects of its management and administration functions to the management, it must, at the same time, give clear directions as to the management's powers	Yes	<ul style="list-style-type: none"> • The management is accountable to the Board. Its main functions and duties include taking charge of the Company's production and operation management, organization and implementation of the annual business plans and investment proposals approved by the Board, and implementation of the resolutions passed by the Board. When exercising its power, the management cannot surpass its terms of reference and resolutions of Board meetings. The Board has issued clear guidelines on the rights and responsibilities of the management.
D1.2 An issuer should formalise functions reserved to the board and those delegated to the management and review these arrangements on a regular basis	Yes	<ul style="list-style-type: none"> • The Company has specified the terms of reference of the management and the matters required to be resolved by the Board in the "Rules of Reference to General Manager" and reviewed the same regularly.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
D1.3 An issuer should disclose the respective responsibilities, accountabilities and contributions of the board and management	Yes	<ul style="list-style-type: none"> The Company has specified the separate functions and duties between the Board and the management in its articles of association, the “Rules of Procedure for the Board of Director” and the “Rules of Reference to General Manager” which have been made available on the Company’s website. The Company also reviews the performance of the Board and the management in its annual report every year.
D1.4 Directors should clearly understand delegation arrangements in place. Issuers should have formal letters of appointment for directors	Yes	<ul style="list-style-type: none"> Each newly appointed Director has received a formal letter of appointment setting out the key terms and conditions of the appointment. Meanwhile, the Board has followed the relevant authorization procedures when delegating the relevant powers.

D2. Board committees

Code principle	<ul style="list-style-type: none"> Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.
The best corporate governance status	<ul style="list-style-type: none"> The Board has established four specialized committees, including the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The Board selects and appoints members of each committee after taking into account the expertise and experience of each Director so that each committee can carry out its work with high efficiency. Most members of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee are independent non-executive Directors. Each committee has defined work rules which deal clearly with the committee’s authority and duties as well as the procedures for handling business. The committees hold meetings regularly and report their work progress and discussion results to the Board. Most committee members have actively participated in their respective committee’s affairs. The Secretary to the Board offers a comprehensive assistance to facilitate the commencement of work of all committees.

CORPORATE GOVERNANCE

Records of attendance of meetings of specialized committees in 2015 (Attendance/Number of Meetings)

Name	Position	Strategy Committee	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee
Qian Yong Xiang	Executive Director	3/3	-	-	-
Chen Xiang Hui	Non-executive Director	3/3	-	-	-
Du Wen Yi	Non-executive Director	-	6/6	-	-
Zhang Yang	Non-executive Director	-	-	3/3	1/1
Hu Yu	Non-executive Director	-	-	1/3	0/1
Cheng Chang Yung Tsung, Alice	Non-executive Director	2/3	-	-	-
Fang Hung, Kenneth	Non-executive Director	-	-	2/3	-
Ma ZhongLi	Non-executive Director	1/3	-	-	-
Zhang Er Zhen	Independent non-executive Director	3/3	6/6	3/3	1/1
Ge Yang	Independent non-executive Director	-	-	1/3	0/1
Zhang Zhu Ting	Independent non-executive Director	-	-	1/3	0/1
Chen Liang	Independent non-executive Director	-	3/6	1/3	0/1
Xu Chang Xin	Independent non-executive Director	-	-	2/3	1/1
Gao Bo	Independent non-executive Director	-	-	2/3	1/1
Chen Donghua	Independent non-executive Director	-	3/6	2/3	1/1

Due to the election of the new session of the Board held at the annual general meeting of the Company on 23 June 2015, some changes were made to the members of the board. Details are as follows: Ms. Cheng Chang Yung Tsung, Alice and Mr. Fang Hung, Kenneth no longer served as directors of the company after the annual general meeting; Mr. Ma Zhongli and Ms. Hu Yu were elected as non-executive Directors of the new session of the Board. Since Mr. Xu Changxin and Mr. Chen Donghua had served as independent non-executive directors for six years, two sessions, which was the longest service term, they would no longer take positions as independent non-executive directors after the general meeting; Mr. Ge Yang, Mr. Zhang Zhuting and Mr. Chen Liang were elected as independent non-executive directors of the new session of the Board. There were all some changes for the members of the other committees, see the current chapter for the detailed information of 2015 annual report.



CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
D2.1 The Board should give the committees sufficiently clear terms of reference to enable them to perform their functions properly.	Yes	<ul style="list-style-type: none"> The four committees under the Board have adopted their respective detailed rules of operation to provide guidance on their decision-making procedures and performance of duties. For the terms of reference of the committees, please see "A4.Appointment, Re-election and Removal", "B1. The Level and Make-up of Remuneration and Disclosure" and "C3. Audit Committee".
D2.2 The terms of reference of board committees should require them to report back to the Board on their decisions or recommendations.	Yes	<ul style="list-style-type: none"> The committees have reported their decisions and recommendations to the Board after each meeting, and submitted matters required to be decided by the Board to the Board for consideration.
<i>D3. Corporate governance function</i>		

Code provision	Compliance	Corporate governance procedures
D3.1 The terms of reference of the board should include corporate governance duties	Yes	<ul style="list-style-type: none"> The Board assumes the responsibilities for corporate governance, supervises the management to establish a compliant organizational structure and system, reviews and supervises trainings and continuous professional development of directors, follows the HK Corporate Governance Code, other legal and regulatory requirements in the course of carrying out day-to-day operation and management, and makes a conclusion and a review in the annual report.
D3.2 The board should be responsible for performing the corporate governance duties or it may delegate the responsibility to a committee or committees.	Yes	<ul style="list-style-type: none"> The Company's corporate governance duties are undertaken by the Board directly, and the Company has neither set up a specialized committee to undertake such responsibilities nor assigned such duties to other committees.

CORPORATE GOVERNANCE

E. Communication with Shareholders

E1. Effective Communication

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| Code principle | <ul style="list-style-type: none"> The board should be responsible for maintaining an on-going dialogue with shareholders and, in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation. |
| The best corporate governance status | <ul style="list-style-type: none"> The Board endeavours to maintain on-going communication with the shareholders and regards annual general meetings and other extraordinary general meetings as key opportunities to contact individual shareholders. The Company dispatches shareholders' circular at least 21 days before the date of a general meeting. The Company dispatches the notice for an annual general meeting, which set out the matters to be considered at the meeting and the voting procedures in detail, at least 45 days before the date of that particular meeting. All shareholders are entitled to attend a general meeting. |

Code provision

Compliance Corporate governance procedures

Code provision	Compliance	Corporate governance procedures
E1.1 In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting	Yes	<ul style="list-style-type: none"> Separate resolutions were proposed at the general meeting on each of the substantially separate issues, including the election of Directors. No resolutions were proposed in a bundle.
E1.2 The chairman of the board should attend the annual general meeting and arrange for the chairmen or members of the committees to be available to answer questions raised by shareholders at the meeting. The management should ensure that the external auditors attend the annual general meeting	No	<ul style="list-style-type: none"> When the 2014 annual general meeting was held, the position of Chairman of the Company was vacant, so the annual general meeting was presided over by the acting chairman of the Company. Representatives of all committees and the management of the Company have been arranged to be available to answer questions raised by shareholders at the meeting. Each year, independent Directors give their independent opinions and report to shareholders on matters that are subject to independent shareholders' approval, and answer questions raised by Shareholders at the general meeting. The Company also arranged for the representatives of the external auditors to attend the annual general meeting to answer relevant questions if necessary or to act as a scrutineer of the meeting.
E1.3 The issuer should give notice at least 20 clear business days prior to an annual general meeting and at least 10 clear business days prior to an extraordinary general meeting	Yes	<ul style="list-style-type: none"> Pursuant to other relevant requirements, the Company gave notice at least 45 days prior to any general meeting, which was in full compliance with the requirements of the code provisions.
E1.4 The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	Yes	<ul style="list-style-type: none"> The secretary to the Board is specifically responsible for the day-to-day communications with shareholders. The Company has published the relevant communication methods on the website and in the relevant announcements. Shareholders have had smooth channels to make enquiries to the Company, and the Company has also arranged for specific personnel to promptly respond to the same.

CORPORATE GOVERNANCE

E2. Voting by Poll

Code principle

- The issuer should ensure that shareholders are familiar with the detailed procedures for conducting a poll.

The best corporate governance status

- The Company has formulated the “Rules of Procedure for General Meetings” specifying the voting method and procedures of shareholders’ general meetings and ensured that the procedures comply with the requirements contained in the Listing Rules and the articles of association of the Company. The Company also stated detailed procedures for the voting by poll in the notice of a general meeting.
- The Company confirmed the validity of all the voting shares present at the meetings, and appointed external auditors and shareholders’ representatives as scrutineers and lawyers to issue legal opinions on the final voting results. The voting results have been published in designated newspapers and websites.

Code provision

Compliance Corporate governance procedures

E2.1 The chairman of a meeting should explain the procedure for voting by poll and the procedure for answering questions raised by shareholders before the commencement of the meeting

Yes

- The notice of a general meeting and the related circular contained the details of the matters for consideration at the meeting and the voting procedures. Such procedures were also explained at the meeting. The chairman of the meeting disclosed the voting rights represented by proxies during voting. The chairman of the meeting took care of the meeting procedures, dealt with questions raised by shareholders, and conducted a poll after all shareholders had gained a full understanding of the resolutions.

F. Company Secretary

Code principle

- The company secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

The best corporate governance status

- The Company assigned a member of the senior management as the Secretary to the Board to assume the role of company secretary at Board meetings, and set up a specialized office of the Secretary to the Board in order to ensure the availability of resources for its smooth operation. The Company established the Work Rules for the Secretary to the Board, setting out its terms of reference and job responsibilities. The Secretary to the Board takes a major role in the operation of the Board and various specialized committees as well as in the maintenance of corporate governance. In addition, the Company engaged an external legal advisor to assist in dealing with the compliance matters relating to the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.
- The Secretary to the Board received more than 15 hours of professional training in 2015.

CORPORATE GOVERNANCE

Code provision	Compliance	Corporate governance procedures
F1.1 The company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs	Yes	<ul style="list-style-type: none"> The Secretary to the Board is concurrently served by Mr. Yao Yong Jia, deputy general manager of the Company. Pursuant to the relevant requirements of Stock Exchange, as Mr. Yao from the Company has met the relevant qualifications of the company secretary in Hong Kong, Mr. Yao held the position as the company secretary.
F1.2 The board should approve the selection, appointment or dismissal of the company secretary.	Yes	<ul style="list-style-type: none"> The selection and appointment of the Secretary to the Board and the Company Secretary were in compliance with the relevant requirements of the code provision.
F1.3 The company secretary should report to the board chairman or the chief executive.	Yes	<ul style="list-style-type: none"> The Secretary to the Board and the company secretary are responsible for regularly providing all information to the Directors and supervisors, including the documents for each meeting of the Board, specialized committees and the Supervisory Committee; providing Company's business progress report, financial objectives, development plans and strategic programs as well as the latest information on the Listing Rules and other statutory requirements; and continuously improving the quality and timeliness of the information to ensure that Directors, supervisors and senior management staff of the Company are able to make decisions and fulfill the duties and responsibilities with the availability of such information.
F1.4 All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	Yes	<ul style="list-style-type: none"> The Secretary to the Board maintained close communication with all Directors and provided timely material information about the Company and the relevant updated rules, as well as contributed advice to the Directors on matters regarding corporate governance and regulatory compliance to ensure that the Board's operation was in compliance with the procedures. In respect of the matters relating to the Hong Kong Listing Rules and Hong Kong Company Ordinance, the Secretary to the Board kept close contact with the company secretary.

CORPORATE GOVERNANCE

(III) Information disclosure

The Company has been striving to strictly comply with the relevant laws and Listing Rules on information disclosure in adherence to the principles of fairness, equality and openness in order to dutifully perform its statutory disclosure obligations. On top of this, the Company has actively gained an understanding of the key concerns of investors and enhanced the extent of voluntary disclosure. Moreover, it emphasizes on maintaining a deep and thorough analysis of its operation, financial situation and the major reasons affecting business performance, and provided relevant risks in operation activities and its corresponding mitigating measures so as to increase investors' understanding of the Company's business, management and development prospects and increase transparency of the Company.

As the regulatory ideas evolve, information disclosure has become the core regulatory work of listed companies. In particular, with the implementation of direct information disclosure, the focus of regulatory works has shifted from conducting pre-works to after-works, while the way of monitoring has changed from reviewing and checking to assessment and supervision, and information disclosure has thoroughly become an autonomous act of listed companies. Therefore, the preparation of information disclosure by the Company at the early stage has become even more significant. Through the promotion of our self-management capability on information disclosure, the quality of such disclosure by the Company will be of assurance and in avoidance of mistakes. During the Reporting Period, the "Administrative Measures for the Disclosure of Information" of the Company has been strictly implemented. In accordance with the statutory disclosure requirements, announcements were simultaneously published on major matters in the PRC and overseas to disclose in details important corporate information on operating results, financial information, dividend payment, daily operations, project investments, financing activities, connected transactions, shareholders' general meetings, the Board and the Supervisory Committee as well as the development of significant events.

During the Reporting Period, the "Administrative Measures for the Disclosure of 7 of 8 Information" of the Company has been strictly implemented. In accordance with the statutory disclosure requirements on temporary material matters announcements were simultaneously published on major matters in the PRC and overseas to disclose detailed and important corporate information on operating results, financial information, dividend payment, daily operations, project investments, financing activities, related/connected transactions, shareholders' general meetings, the Board and the Supervisory Committee as well as the development of significant events.

During the Reporting Period, all the contents and procedures on information disclosure provided and carried out by the Company was strictly in compliance with relevant requirements under the Listing Rules for disclosure in Hong Kong and Shanghai. Announcements of the Company were published in the China Securities Journal and Shanghai Securities News and on the websites of the SSE (www.sse.com.cn), the Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com).

(IV) Investor relations and communications

Investor relations are vital for the maximization of the Company's value and the protection of investors' interests. Great importance has always been attached to investor relation for the purpose of management of the Company, and formulated the "Work System of Investor Relations Management" to reinforce investor relations management from the perspectives of management structure and internal system.

During the Reporting Period, in order to carry through the aim of the "Opinions in Relation to Further Strengthening the Protection of the Legal Interests of Medium and Small Investors in the Capital Market" as well as to actively perform the obligations and rights of listed companies, the Company proactively assisted in the regulatory authorities in strengthening the education on the protection of investors. The Company was recognised as a model of one of the best companies in terms of distribution of cash dividend by the SSE and Securities Regulatory Commission in Jiangsu, with a series of feature reports made on the Company. Through publishing these ideas, on the one hand, investors were guided to develop a concept of making long-term and rational investment, so as to fulfill the duties and obligations of a listed company for the benefit of the continuous healthy development of the capital market of the PRC. On the other hand, a good image of the Company was established in the capital market to actively make return for its shareholders. This could help strengthen the confidence of investors for their long-term support to the Company.

CORPORATE GOVERNANCE

The core of investor relations lies with effective communication. The Company continued to enhance proactive communication. Through various platforms and channels, the Company strengthened its effective communication with all domestic and overseas investment funds and analysts who were keeping eyes on the Company, delivered positive signals, reinforced market confidence, and created a favourable atmosphere for investment in the market. By launching various promotional activities, including organising roadshows and press conferences on the Company's performance and participating in various investment forums, we could achieve communications with investors on face-to-face occasions. Meanwhile, the Company made relatively substantial adjustments on the contents of the "investment relation" column by way of informationalization and upgrade of portal website. The Company also gained the experience in website construction from various large-scale A-share and H-share listed companies to adjust the setting of columns and arrangement of contents so as to comply with regulatory requirements and satisfy the needs of investors. In doing so, we could facilitate an easy access to the information, and the interaction and communication between the Company and the investors.

During the Reporting Period, the major activities on investment relation carried out by the Company included the following:

- ◇ Prompt responses were made to investors' inquiries through E-interaction platform of the SSE, the investor hotline, company website and e-mail; operational data was sent to investors on a regular basis.
- ◇ Field trips to the Company by investors and analysts or specific teleconferences: 12 batches of visit to the Company by domestic and foreign investors (19 persons in total) were organized.
- ◇ Various promotional activities, including roadshows and press conferences for results announcement presentations, foreign roadshows, various investor forums and face-to-face discussions with investors, were conducted. Eight major presentations were attended or organized in 2015 with details as follows:

January	–	Participated in the annual "Investment Conference" organized by Deutsche Bank and UBS securities
February	–	held investors roadshow activities of special acquisition projects in Hong Kong
March	–	Held 2014 annual results presentation and investor roadshow activities in Hong Kong
May	–	Attended HSBC and Macquarie Securities' annual investors conference
June	–	organized overseas roadshow activities in Singapore and in Australia
August	–	Held 2015 interim results presentation and investor roadshow activities in Hong Kong
November	–	attended annual investors forum held by CICC
November	–	organized overseas roadshow activities in the USA and in Canada

During the Reporting Period, there were no material changes on the constitutional documents of the Company.

CORPORATE GOVERNANCE

(V) Investor return mechanism

While capitalizing on the rapid development of the capital market, the Company also understands clearly that investors are the driving source for the development of the Company. The Company appreciated the importance of bringing positive returns to shareholders as its mission and business principle, and strives to enable investors to better share with the Company the results from its development and guide investors to establish long-term and rational investment ideas in the achievement of a virtuous cycle of capital. The Company sets up a positive and stable dividend policy as set out in its articles of association.

In respect of its implementation, the Company formulated a reasonable dividend distribution mechanism in light of its emphasis on its social responsibility, and actively advocated the equity culture of shareholder returns, so as to foster harmonious and win-win environments for valued investment and financing activities, and make due efforts and contributions to promotion of the sustainable and healthy development of capital markets. Since its listing, the Company has been paying cash dividends for 17 consecutive years. At the end of 2014, the Company had distributed an aggregate of approximately RMB19.326 billion cash dividends, with average payout ratio reaching 75% and accumulated dividend per share amounting to RMB3.8417, thus enabling shareholders to enjoy good returns from the development of the Company.

In 2015, the Company proposed to declare a cash dividend of RMB0.40 per share, and the payout ratio reached 80.39%.

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Earnings per share (RMB)*	0.318	0.308	0.399	0.493	0.482	0.463	0.538	0.442	0.498
Dividend per share (tax inclusive) (RMB)	0.27	0.27	0.31	0.36	0.36	0.36	0.38	0.38	0.40
Payout ratio (%)	84.90	87.66	77.66	73.0	74.64	77.72	70.70	85.93	80.39

* Earnings per share refer to the basis of profit for distribution of dividends.

Ensuring a long-term and stable return for shareholders remains the top priority which the Company has been persisting in. Taking into account both the long-term benefits and current income of its investors, the Company will maintain a stable dividend policy in the coming years.

II Directors' Performance of their Duties

(I) Directors' Attendance in Board Meetings and General Meetings

Name	Independent director	Required attendance at Board meetings within the year	Attendance in Board meetings				absence from board meetings in person for twice in a consecutive manner	Attendance in general meetings
			attended in person	attended by telecommunication	attended by delegation	absence		
Qian Yong Xiang	NO	8	7	1	0	0	NO	2
Cheng Xianghui	NO	8	7	1	0	0	NO	2
Du Wen Yi	NO	8	7	1	0	0	NO	2
Zhang Yang	NO	8	6	1	1	0	NO	2
Hu Yu	NO	4	4	0	0	0	NO	1
Cheng Chang Yung Tsung, Alice	NO	4	3	1	0	0	NO	0
Fang Hung, Kenneth	NO	4	3	1	0	0	NO	0
Ma Zhongli	NO	4	4	4	0	0	NO	1
Zhang Er Zhen	YES	8	7	1	0	0	NO	2
Ge Yang	YES	4	4	0	0	0	NO	1
Zhang Zhu Ting	YES	4	4	0	0	0	NO	1
Chen Liang	YES	4	4	0	0	0	NO	1
Xu Chang Xin	YES	4	3	1	0	0	NO	1
Gao Bo	YES	4	3	1	0	0	NO	1
Chen Dong Hua	YES	4	3	1	0	0	NO	1

Explanation for absence from board meetings in person for twice in a consecutive manner

Not applicable.

Number of Board meetings convened during the Reporting Period	8
Number of on-site meetings	7
Number of meetings convened by way of telecommunication	1
Number of on-site meetings combined with telecommunication	0

CORPORATE GOVERNANCE

(II) Disagreement on all matters regarding the Company issued by independent non-executive directors

Statements about disagreement on all matters regarding the Company issued by independent non-executive directors

During the Reporting Period, the independent non-executive Directors of the Company had expressed no disagreement on all matters regarding the Company, neither were there instances where the independent non-executive Directors proposed to hold a Board meeting or shareholders' general meeting or publicly collected voting rights from the shareholders.

III Disclosure is required for detailed information about important views and suggestions or details about any objections put forward by the specialized committees of the Board during the Reporting Period

Not applicable.

IV Statements about risks of the Company found by the supervisory committee

Not applicable.

V Statements about the controlling shareholders' incapacity of maintaining their independence and self-management in respect of business, staff, asset, organization and finance

Not applicable.

Solutions, working process and subsequent work plan in case of horizontal competition

Not applicable.

VI Establishment and implementation of the comprehensive performance appraisal mechanism and incentive mechanism for the senior management during the reporting period

Not applicable.

VII Internal control and self-evaluation report disclosed or not

Applicable Not Applicable

The Board has prepared the “2015 Evaluation Report on Risk Management and Internal Control” to disclose the performance of internal control of the Company during the Reporting Period.. During the Reporting Period, there was no other internal control information that was likely to have a significant impact on the investors’ investment decisions by means of understanding about the risk management and internal control evaluation report and evaluating the risk management and internal control conditions. Full text of the Evaluation Report on Risk Management and Internal Control has been posted on the websites of the SSE (www.sse.com.cn), the Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com).

Statements about major defects on internal control during the reporting period

Applicable Not Applicable

VIII Relevant Details of Risk Management and Internal Control Audit Report

Deloitte has issued the internal control audit report for 2015 of the Company and is of the view that the Company has maintained the effective internal control in the financial report pursuant to the Audit Guidelines on Enterprise Risk Management and Internal Control and other relevant stipulations as of 31 December 2015. Full text of the 2015 risk management and internal control audit report has been posted on the websites of the SSE (www.sse.com.cn), the Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com).

Audit Report on Risk Management and Internal Control disclosed or not: Yes

CORPORATE BONDS

Applicable

Not Applicable

FINANCIAL REPORT

The financial report of the Group for 2015 were prepared under Accounting standard for Business Enterprises of China and audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP who issued standard unqualified auditor's report.

Major contents of the financial report include:

Consolidated Balance Sheet and Balance Sheet of the Company

Consolidated Income Statement and Income Statement of the Company

Consolidated Cash Flow Statement and Cash Flow Statement of the Company

Consolidated Statement of Changes in Owners' Equity and Statement of Changes in Owners' Equity of the Company

Notes to the Financial Statements

Other Supplementary Financial Information

For details, please refer to the full text of the financial report.

AUDITOR'S REPORT

De Shi Bao (shen) Zi (16) No. P0843

To the Shareholders of Jiangsu Expressway Co., Ltd

We have audited the accompanying financial statements of Jiangsu Expressway Co., Ltd (the "Company"), which comprise the company's and consolidated balance sheets as at 31 December 2015, and the company's and consolidated income statements, the company's and consolidated statements of changes in shareholders' equity and the company's and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the Company's and consolidated financial position as of 31 December 2015, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Chinese Certified Public Accountant: Yu Yang

Chinese Certified Public Accountant: Bu Jun

Shanghai, China
25 March 2016

CONSOLIDATED BALANCE SHEET

31 December 2015

Unit: RMB

Item	Notes	Closing balance	Opening balance (restated)	Last year Opening balance (restated)	Item	Notes	Closing balance	Opening balance (restated)	Last year Opening balance (restated)
Current Assets:					Current Liabilities:				
Cash and bank balances	(VI)1	255,475,447	726,415,172	523,544,443	Short-term borrowings	(VI)20	1,811,000,000	3,005,000,000	3,465,000,000
Financial assets at fair value through profit or loss	(VI)2	35,887,051	38,951,822	20,175,395	Accounts payable	(VI)21	924,505,565	767,168,706	420,564,473
Notes receivable	(VI)3	1,722,313	2,518,000	149,843	Receipts in advance	(VI)22	555,913,419	375,468,300	413,016,626
Accounts receivable	(VI)4	123,353,524	117,412,597	64,976,566	Employee benefits payable	(VI)23	3,375,508	5,624,993	4,851,604
Prepayments	(VI)5	14,498,363	266,879,166	21,816,840	Taxes payable	(VI)24	61,498,426	102,377,617	160,536,051
Interest receivable	(VI)6	18,733,333	-	-	Interest payable	(VI)25	69,925,072	115,056,758	87,811,650
Dividends receivable	(VI)7	4,989,960	4,989,960	4,989,960	Dividends payable	(VI)26	69,467,760	68,678,625	62,903,610
Other receivables	(VI)8	812,198,353	1,224,608,057	1,230,106,753	Other payables	(VI)27	80,687,691	58,896,322	185,673,798
Inventories	(VI)9	3,256,454,567	3,091,938,748	2,845,519,492	Non-current liabilities due within one year	(VI)28	151,608,861	1,029,826,457	974,110,574
Other current assets	(VI)10	502,774,234	231,636,482	175,082,464	Other current liabilities	(VI)29	6,685,220,505	3,548,749,165	3,039,577,219
Total Current Assets		5,026,087,145	5,705,350,004	4,886,361,756	Total Current Liabilities		10,413,202,807	9,076,846,943	8,814,045,605
Non-current Assets:					Non-current Liabilities:				
Available-for-sale financial assets	(VI)11	1,293,818,457	1,313,185,957	1,313,185,956	Long-term borrowings	(VI)30	1,382,806,332	6,172,708,646	6,173,148,039
Long-term equity investment	(VI)12	4,456,793,805	4,174,591,269	3,787,359,931	Bonds payable	(VI)31	3,456,427,928	494,603,286	991,074,397
Investment properties	(VI)13	33,009,175	34,284,836	35,415,146	Deferred income	(VI)32	34,886,135	36,199,928	37,820,117
Fixed assets	(VI)14	1,692,923,594	1,802,660,953	1,766,964,867	Deferred tax liabilities	(VI)18	2,544,353	1,275,048	1,369,249
Construction in progress	(VI)15	1,030,127,104	258,800,371	132,963,159	Total Non-current Liabilities		4,876,664,748	6,704,786,908	7,203,411,802
Intangible assets	(VI)16	22,238,627,984	24,136,118,565	25,289,864,582	TOTAL LIABILITIES		15,289,867,555	15,781,633,851	16,017,457,407
Long-term prepaid expenses	(VI)17	5,713,616	6,418,189	1,166,864	Shareholders' Equity:				
Deferred tax assets	(VI)18	398,938,783	49,806,472	16,307,595	Share capital	(VI)33	5,037,747,500	5,037,747,500	5,037,747,500
Other non-current assets	(VI)19	300,000,000	-	-	Capital reserve	(VI)34	10,446,662,341	11,511,362,341	11,512,948,688
Total Non-current Assets		31,449,952,518	31,775,866,612	32,343,228,100	Other comprehensive income	(VI)35	121,482,904	188,889,048	95,858,321
TOTAL ASSETS		36,476,039,663	37,481,216,616	37,229,589,856	Surplus reserve	(VI)36	3,040,287,779	2,927,043,693	2,833,298,081
					Retained profits	(VI)37	1,829,978,752	1,350,937,480	1,131,119,311
					Total shareholders' equity attributable to equity holders of the Company		20,476,159,276	21,015,980,062	20,610,971,901
					Minority interests		710,012,832	683,602,703	601,160,548
					TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,186,172,108	21,699,582,765	21,212,132,449
							36,476,039,663	37,481,216,616	37,229,589,856

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

BALANCE SHEET OF THE COMPANY

31 December 2015

Unit: RMB

Item	Notes	Closing balance	Opening balance	Item	Notes	Closing balance	Opening balance
Current Assets:				Current Liabilities:			
Cash and bank balances	(XV)1	121,485,890	238,658,010	Short-term borrowings	(XV)15	1,616,000,000	340,000,000
Accounts receivable	(XV)2	81,944,374	80,125,072	Accounts payable	(XV)16	350,849,157	238,350,163
Prepayments	(XV)3	7,136,623	257,152,125	Receipts in advance		12,694,400	7,759,002
Interest receivable		21,856,416	3,175,792	Employee benefits payable	(XV)17	636,163	987,091
Dividends receivable		4,989,960	4,989,960	Taxes payable	(XV)18	18,703,014	76,760,557
Other receivables	(XV)4	1,143,393,025	1,519,681,070	Interest payable		48,996,795	28,081,880
Inventories	(XV)5	19,444,676	20,995,413	Dividends payable		69,467,760	68,678,625
Non-current assets due within one year	(XV)6	1,540,000,000	150,000,000	Other payables	(XV)19	17,479,904	31,829,823
Other current assets	(XV)7	274,645,099	–	Non-current liabilities due within one year	(XV)20	101,608,861	500,826,457
				Other current liabilities		6,685,220,505	3,548,749,165
Total Current Assets		3,214,896,063	2,274,777,442	Total Current Liabilities		8,921,656,559	4,842,022,763
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets	(XV)8	1,005,230,000	1,008,915,500	Long-term borrowings	(XV)21	169,306,332	19,708,646
Long-term equity investment	(XV)9	13,402,103,616	5,217,907,838	Bonds payable		3,456,427,928	494,603,286
Fixed assets	(XV)10	945,144,897	953,515,356				
Construction in progress	(XV)11	276,750,775	208,246,561	Total Non-current Liabilities		3,625,734,260	514,311,932
Intangible assets	(XV)12	12,013,889,240	13,475,809,444				
Deferred tax assets	(XV)13	3,990,046	4,024,527	TOTAL LIABILITIES		12,547,390,819	5,356,334,695
Other non-current assets	(XV)14	1,050,794,885	1,540,000,000				
Total Non-current Assets		28,697,903,459	22,408,419,226	Shareholders' Equity:			
				Share capital		5,037,747,500	5,037,747,500
				Capital reserve	(XV)22	7,339,039,535	7,482,952,651
				Other comprehensive income	(XV)23	103,057,672	170,463,816
				Surplus reserve	(XV)24	2,518,873,750	2,518,873,750
				Retained profits	(XV)25	4,366,690,246	4,116,824,256
				TOTAL SHAREHOLDERS' EQUITY		19,365,408,703	19,326,861,973
TOTAL ASSETS		31,912,799,522	24,683,196,668	Total liabilities and shareholders' equity		31,912,799,522	24,683,196,668

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

Unit: RMB

Item	Notes	Amount for the current year	Amount for the prior year (restated)
I. Total operating income	(VI)38	8,761,321,186	8,830,860,795
Including: Operating income		8,761,321,186	8,830,860,795
Less: Total operating costs		5,700,480,153	6,070,494,998
Including: Operating costs	(VI)38	4,416,207,589	4,674,829,859
Business taxes and levies	(VI)39	275,332,597	273,402,548
Selling expenses	(VI)40	16,030,791	13,806,381
Administrative expenses	(VI)41	213,294,103	212,989,851
Financial expenses	(VI)42	778,935,597	895,551,358
Impairment losses of assets	(VI)43	679,476	(84,999)
Add: Gains from changes in fair values	(VI)44	6,935,829	3,066,189
Investment income	(VI)45	444,068,189	352,287,304
Including: Income from investments in associates and joint ventures		340,332,126	310,937,218
II. Operating profit		3,511,845,051	3,115,719,290
Add: Non-operating income	(VI)46	42,430,974	25,411,960
Including: Gains from disposal of non-current assets		1,516,024	5,078,206
Less: Non-operating expenses	(VI)47	659,221,149	37,081,034
Including: Losses from disposal of non-current assets		629,723,205	7,684,626
III. Total profit		2,895,054,876	3,104,050,216
Less: Income tax expenses	(VI)48	305,144,944	807,730,901
IV. Net profit		2,589,909,932	2,296,319,315
Including: Net profit attributable to owners of the Company		2,506,629,408	2,227,907,831
Profit or loss attributable to minority interests		83,280,524	68,411,484

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

Item	Notes	Amount for the current year	Amount for the prior year (restated)
V. Other comprehensive income (net of tax)	(VI)49	(67,406,144)	93,030,727
Other comprehensive income (net of tax) attributable to owners of the parent company		(67,406,144)	93,030,727
(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		(67,406,144)	93,030,727
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss		(67,406,144)	93,030,727
Other comprehensive income (net of tax) attributable to minority interests		–	–
VI. Total comprehensive income		2,522,503,788	2,389,350,042
Total comprehensive income attributable to owners of the Company		2,439,223,264	2,320,938,558
Total comprehensive income attributable to minority shareholders		83,280,524	68,411,484
VII. Earnings per share:			
(I) Basic earnings per share		0.4976	0.4422
(II) Diluted earnings per share		N/A	N/A

For business combination involving entities under common control occurred during this year, net profit of the acquiree generated before the business combination in this year is RMB230,688,998, and the net loss of the acquire generated in 2014 is RMB350,969,819.

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

INCOME STATEMENT OF THE COMPANY

For the year ended 31 December 2015

Unit: RMB

Item	Notes	Amount for the current year	Amount for the prior year
I. Total operating income	(XV)26	6,372,125,753	6,756,383,604
Less: Operating costs	(XV)26	3,210,659,200	3,542,296,839
Business taxes and levies	(XV)27	163,759,617	170,616,800
Administrative expenses	(XV)28	148,995,672	151,004,781
Financial expenses	(XV)29	441,486,961	288,927,710
Impairment loss of assets	(XV)30	(137,924)	(96,127)
Add: Investment income	(XV)31	874,697,484	599,526,358
Including: Income from investments in associates and joint ventures		200,071,491	215,407,886
II. Operating profit		3,282,059,711	3,203,159,959
Add: Non-operating income	(XV)32	37,333,126	19,006,448
Including: Gains from disposal of non-current assets		1,463,066	5,018,251
Less: Non-operating expenses	(XV)33	651,573,917	28,518,580
Including: Losses from disposal of non-current assets		628,775,846	6,047,890
III. Total profit		2,667,818,920	3,193,647,827
Less: Income tax expenses	(XV)34	503,608,880	703,012,524
IV. Net profit		2,164,210,040	2,490,635,303
V. Other comprehensive income (net of tax)	(XV)35	(67,406,144)	93,030,727
(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		(67,406,144)	93,030,727
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss		(67,406,144)	93,030,727
VI. Total comprehensive income		2,096,803,896	2,583,666,030

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

Unit: RMB

Item	Notes	Amount for the current year	Amount for the prior year (restated)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		9,190,479,563	9,091,697,622
Other cash receipts relating to operating activities	(VI)51(1)	81,362,913	37,156,448
Sub-total of cash inflows from operating activities		9,271,842,476	9,128,854,070
Cash payments for goods purchased and services received		2,796,027,402	3,284,668,273
Cash payments to and on behalf of employees		818,787,472	764,894,539
Payments of various types of taxes		1,078,613,749	1,218,204,714
Other cash payments relating to operating activities	(VI)51(2)	102,520,728	119,441,128
Sub-total of cash outflows from operating activities		4,795,949,351	5,387,208,654
Net Cash Flow from Operating Activities		4,475,893,125	3,741,645,416
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		1,041,006,240	1,749,633,714
Cash receipts from investment income		240,315,712	161,227,972
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		606,170,697	26,980,769
Other cash receipts relating to investing activities	(VI)51(3)	—	—
Sub-total of cash inflows from investing activities		1,887,492,649	1,937,842,455
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		786,135,407	410,961,074
Cash payments to acquire investments		1,386,477,678	1,929,821,578
Net cash payments for acquisitions of subsidiaries and other business units		1,164,000,000	—
Other cash payments relating to investing activities	(VI)51(4)	50,000,000	—
Sub-total of cash outflows from investing activities		3,386,613,085	2,340,782,652
Net Cash Flow used in Investing Activities		(1,499,120,436)	(402,940,197)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

Item	Notes	Amount for the current year	Amount for the prior year (restated)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		121,680,000	60,000,000
Including: cash receipts from capital contributions from minority owners of subsidiaries		121,680,000	60,000,000
Cash receipts from borrowings		10,951,000,000	6,695,000,000
Cash receipts from issue of bonds		11,000,000,000	3,700,000,000
Other cash receipts relating to financing activities	(VI)51(5)	–	–
Sub-total of cash inflows from financing activities		22,072,680,000	10,455,000,000
Cash repayments of borrowings		22,715,041,198	10,799,033,918
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,790,359,366	2,792,927,613
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		79,250,395	45,969,330
Other cash payments relating to financing activities	(VI)51(6)	31,558,693	16,666,485
Sub-total of cash outflows from financing activities		25,536,959,257	13,608,628,016
Net Cash Flow used in Financing Activities		(3,464,279,257)	(3,153,628,016)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		–	–
V. Net Increase (decrease) in Cash and Cash Equivalents	(VI)52	(487,506,568)	185,077,203
Add: Opening balance of Cash and Cash Equivalents	(VI)52	708,621,646	523,544,443
VI. Closing Balance of Cash and Cash Equivalents	(VI)52	221,115,078	708,621,646

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

CASH FLOW STATEMENT OF THE COMPANY

For the year ended 31 December 2015

Unit: RMB

Item	Notes	Amount for the current year	Amount for the prior year
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		6,660,775,600	7,072,593,363
Other cash receipts relating to operating activities	(XV)37(1)	41,037,054	12,621,015
Sub-total of cash inflows from operating activities		6,701,812,654	7,085,214,378
Cash payments for goods purchased and services received		2,242,051,712	2,804,199,984
Cash payments to and on behalf of employees		528,516,891	493,287,677
Payments of various types of taxes		789,271,028	950,571,021
Other cash payments relating to operating activities	(XV)37(2)	75,749,236	77,440,556
Sub-total of cash outflows from operating activities		3,635,588,867	4,325,499,238
Net Cash Flow from Operating Activities		3,066,223,787	2,759,715,140
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		–	850,000,000
Cash receipts from investment income		755,020,934	483,194,037
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		605,838,810	24,468,003
Other cash receipts relating to investing activities	(XV)37(3)	475,000,000	–
Sub-total of cash inflows from investing activities		1,835,859,744	1,357,662,040
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		157,247,734	285,837,768
Cash payments to acquire investments		658,833,612	1,096,861,340
Net cash payments for acquisitions of subsidiaries and other business units		502,000,000	–
Other cash payments relating to investing activities	(XV)37(4)	1,160,000,000	310,000,000
Sub-total of cash outflows from investing activities		2,478,081,346	1,692,699,108
Net Cash Flow used in Investing Activities		(642,221,602)	(335,037,068)

CASH FLOW STATEMENT OF THE COMPANY

For the year ended 31 December 2015

Item	Notes	Amount for the current year	Amount for the prior year
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		8,735,000,000	1,490,000,000
Cash receipts from issue of bonds		11,000,000,000	3,700,000,000
Sub-total of cash inflows from financing activities		19,735,000,000	5,190,000,000
Cash repayments of borrowings		19,970,541,198	5,411,433,917
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,279,209,927	2,173,301,407
Other cash payments relating to financing activities	(XV)37(5)	26,423,180	12,110,861
Sub-total of cash outflows from financing activities		22,276,174,305	7,596,846,185
Net Cash Flow from Financing Activities		(2,541,174,305)	(2,406,846,185)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
V. Net Increase (decrease) in Cash and Cash Equivalents			
	(XV)38	(117,172,120)	17,831,887
Add: Opening balance of Cash and Cash Equivalents	(XV)38	238,658,010	220,826,123
VI. Closing Balance of Cash and Cash Equivalents			
	(XV)38	121,485,890	238,658,010

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2015

Unit: RMB

Item	Amount for the current year											Total shareholders' equity	
	Attributable to owners of the Company										Minority interests		
	Share capital	Preferred shares	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision			Retained profits
		Perpetual debts	Others										
I. Closing balance as at 31 December 2014 (before the restatement)	5,037,747,500	-	-	-	7,481,987,841	-	188,889,048	-	2,927,043,883	-	4,712,880,149	588,809,342	20,986,647,873
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of last period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of business combinations involving enterprises under common control	-	-	-	-	4,029,394,500	-	-	-	-	-	(3,361,752,898)	95,293,361	762,334,892
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2015 (after the restatement)	5,037,747,500	-	-	-	11,511,382,341	-	188,889,048	-	2,927,043,883	-	1,350,937,400	683,802,703	21,639,982,765
III. Changes for the period													
(I) Total comprehensive income	-	-	-	-	(1,064,700,000)	-	(67,406,144)	-	113,244,086	-	479,041,272	26,410,129	(513,410,657)
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	(67,406,144)	-	-	-	2,506,629,408	83,280,524	2,522,503,788
1. Capital contribution from owners	-	-	-	-	(1,064,700,000)	-	-	-	-	-	-	22,380,000	(1,042,320,000)
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Effect of business combinations involving enterprises under common control	-	-	-	-	(1,064,700,000)	-	-	-	-	-	-	-	121,680,000
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	(89,300,000)	(1,164,000,000)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	113,244,086	(2,027,588,186)	(79,250,995)	(1,993,594,445)	
3. Distributions to shareholders	-	-	-	-	-	-	-	-	113,244,086	(113,244,086)	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	(1,914,344,050)	(79,250,995)	(1,993,594,445)	
(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 31 December 2015	5,037,747,500	-	-	-	10,446,682,341	-	121,482,904	-	3,040,287,779	-	1,829,978,752	710,012,832	21,186,172,108

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2015

Unit: RMB

Item	Amount for the last year (restated)											Total shareholders' equity	
	Attributable to owners of the Company										Minority interests		
	Share capital	Preferred shares	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision			Retained profits
			Perpetual debts	Others									
I. Closing balance as at 31 December 2013 (before the restatement)	5,037,747,500	-	-	-	7,483,554,188	-	95,853,321	-	2,833,298,081	-	4,146,025,799	501,743,680	20,088,227,739
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)	99,416,689	1,113,904,711
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2014 (after the restatement)	5,037,747,500	-	-	-	11,512,948,688	-	95,853,321	-	2,833,298,081	-	1,131,119,311	601,160,549	21,212,132,450
III. Changes for the period													
(I) Total comprehensive income	-	-	-	-	(1,586,347)	-	93,030,727	-	93,745,612	-	219,818,169	82,442,154	487,450,315
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	93,030,727	-	-	-	2,227,907,831	68,411,484	2,389,350,042
1. Capital contribution from owners	-	-	-	-	(1,586,347)	-	-	-	-	-	60,000,000	60,000,000	58,413,653
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	60,000,000	60,000,000
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	(1,586,347)	-	-	-	-	-	-	-	(1,586,347)
(III) Profit distribution	-	-	-	-	-	-	-	-	93,745,612	-	(2,008,089,662)	(45,989,330)	(1,960,313,380)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	93,745,612	-	(93,745,612)	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	(1,914,344,050)	(45,989,330)	(1,960,313,380)
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 31 December 2014	5,037,747,500	-	-	-	11,511,362,341	-	188,883,048	-	2,927,043,693	-	1,350,937,480	683,602,703	21,699,582,765

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the year ended 31 December 2015

Unit: RMB

Item	Amount for the current year										Total shareholders' equity	
	Share capital	Preferred shares	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision		Retained profits
			Perpetual debts	Others								
I. Closing balance as at 31 December 2014 (before the restatement)	5,037,747,500	-	-	-	7,482,952,651	-	170,463,816	-	2,518,873,750	-	4,116,824,256	19,326,861,973
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 2015	5,037,747,500	-	-	-	7,482,952,651	-	170,463,816	-	2,518,873,750	-	4,116,824,256	19,326,861,973
III. Changes for the period												
(I) Total comprehensive income	-	-	-	-	(143,913,116)	-	(67,406,144)	-	-	-	2,986,960	38,546,730
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	(67,406,144)	-	-	-	2,164,210,040	2,036,803,896
1. Capital contribution from owners	-	-	-	-	(143,913,116)	-	-	-	-	-	-	(143,913,116)
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	(143,913,116)	-	-	-	-	-	-	(143,913,116)
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	(1,914,344,050)	(1,914,344,050)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	(1,914,344,050)	(1,914,344,050)
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	(1,914,344,050)	(1,914,344,050)
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	-	-	-	-	-	-	103,057,672	-	-	-	-	-
IV. Closing balance as at 31 December 2015	5,037,747,500	-	-	-	7,339,039,535	-	103,057,672	-	2,518,873,750	-	4,366,690,246	19,335,408,703

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the year ended 31 December 2015

Unit: RMB

Item	Amount for the last year										Total shareholders' equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Special reserve	Surplus reserve	General Risk Provision	Retained profits	
I. Closing balance as at 31 December 2013	5,037,747,500	-	-	7,484,538,898	-	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	-	-	7,484,538,898	-	77,433,089	-	2,470,793,441	-	3,588,613,312	18,659,126,340
III. Changes for the period											
(I) Total comprehensive income	-	-	-	(1,586,347)	-	83,030,727	-	48,080,309	-	528,210,944	667,735,633
Owners' contributions and reduction in capital	-	-	-	-	-	83,030,727	-	-	-	2,490,635,303	2,583,666,030
(II) Owners' contributions from owners	-	-	-	(1,586,347)	-	-	-	-	-	-	(1,586,347)
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	(1,586,347)	-	-	-	-	-	-	(1,586,347)
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Transfer to surplus reserve	-	-	-	-	-	-	-	48,080,309	-	(1,982,424,359)	(1,914,344,050)
2. General Risk Provision	-	-	-	-	-	-	-	48,080,309	-	(48,080,309)	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	(1,914,344,050)	(1,914,344,050)
(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 31 December 2014	5,037,747,500	-	-	7,482,952,651	-	170,463,816	-	2,518,873,750	-	4,116,824,256	19,326,861,973

The accompanying notes form part of the financial statements.

The financial statements on pages 147 to 317 were signed by the following:

Legal Representative:

Person in Charge of the Accounting Body:

Chief Accountant:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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”), 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.

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

The company and the consolidated financial are approved by the Board of Directors on 25 March 2015.

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”.

II. BASIS OF PREPARATION OF FINACIAL 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 Rules Governing the Listing of Securities on the 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 year ended 31 December 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; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

As at 31 December 2015, the Group had total current liabilities in excess of total current assets of RMB5,387,115,662. As at 31 December 2015, the Group has available unutilized bank loan facilities with a time limit over one year of approximately RMB2,815,500,000 and authorized but not issued super short-term bonds and medium term notes with a time limit over one year of approximately RMB4,000,000,000. 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 31 December 2015, and the Company's and consolidated results of operations and cash flows for the year 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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.

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 year ended 31 December 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 year ended 31 December 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 (i) 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; (ii) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. Financial instruments *(continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. Financial instruments *(continued)*

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

9.2.3 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.

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;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. Financial instruments *(continued)*

9.3. Impairment of financial assets *(continued)*

- (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.

– *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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 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.

9.4. Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (i) the contractual rights to the cash flows from the financial asset expire; or (ii) 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 (iii) 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 derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. Financial instruments *(continued)*

9.5. Classification, recognition and measurement of financial liabilities *(continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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.

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

10.2.1. 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	<u>2</u>	<u>2</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

14. Fixed assets *(continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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	27–35	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 year ended 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

21. Revenue *(continued)*

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.

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 production safety subsidy. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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.

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.

Deferred tax assets

The benefit of the deferred tax assets may depend on the future taxable profits and the expected tax rate when associated deductible temporary differences is realised. If future taxable profits or actual tax rate is less than expected, the carrying amounts of deferred tax assets will be reduced and the reduction will be reversed to profits or losses in the corresponding period. For the deductible losses that can be carried forward for the year, due to the uncertainty of the amount of taxable income in the future, deferred tax assets is not fully recognized. The detail information for deductible tax losses and deductible temporary differences recognized or not recognized as deferred tax assets of the Group please refer to note VI18.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

V. TAXES

Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value Added Tax ("VAT")	Taxable value added (The amount of tax payable is calculated according to the taxable sales amount multiplied by the applicable tax rate less deductible input VAT)	17%,6%
Business Tax	Toll income	3%
	Maintenance income	5%
	Food and beverage income	5%
	Real Estate rental income and Real Estate sales income	5%
City maintenance and construction tax	Actual paid business tax and VAT	5%-7%
Educational surtax and surcharge	Actual paid business tax and VAT	5%
Land appreciation tax	Taxable value added of real estate transfer	progressive rates ranging from 30% to 60%
Enterprise income tax	Taxable income	25%

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			433,300			339,941
Bank balances:						
RMB			215,685,478			692,566,496
USD	1,372	6.4936	8,909	1,372	6.1173	8,393
HKD	775,363	0.8378	649,584	1,357,059	0.7889	1,070,584
Other currency funds:						
RMB			38,698,176			32,429,758
Total			255,475,447			726,415,172

Other explanations:

Other currency funds stated above includes security deposits for certain mortgage loans to customers RMB4,054,665, supervised advance from customers RMB30,305,704 (opening balance: security deposits for certain mortgage loans to customers RMB4,542,732, supervised advance from customers RMB13,250,794). According to the requirements of some local authorities (such as Suzhou, Jurong, Kunshan etc.) in the PRC, real estate developers need to open supervised bank account when applying for pre-sale permit for new commercial property. All the advances received from property customers should be transferred to such account which are supervised by regulator and all cash payment from such account should coincide with the construction progress in order to ensure the cash being used for property construction on a priority basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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	22,458,653	24,539,264
Gold investment	13,428,398	14,412,558
Total	35,887,051	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 RMB22,458,653 and RMB13,428,398. The above information of closing market price was quoted by relevant open sourced information of the fund and gold market.

3. Notes receivable

(1) Disclosure of notes receivable by categories:

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance notes	1,722,313	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

4. Accounts receivable

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		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- Portfolio 1	118,641,889	95	-	-	118,641,889	107,579,300	91	-	-	107,579,300
Accounts receivable for which bad debt provision has been assessed by portfolios Portfolio 2	4,807,791	4	96,156	5	4,711,635	9,193,000	8	183,860	17	9,009,140
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	1,699,980	1	1,699,980	95	-	1,699,980	1	875,823	83	824,157
Total	125,149,660	100	1,796,136	100	123,353,524	118,472,280	100	1,059,683	100	117,412,597

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	4,807,791	96,156	2
Total	4,807,791	96,156	2

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

4. Accounts receivable (continued)

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Proportion (%)	Bad debt provision	Net book value	Carrying amount	Proportion (%)	Bad debt provision	Net book value
Within 1 year	123,449,680	99	96,156	123,353,524	116,772,300	99	183,860	116,588,440
More than 1 year but not exceed 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	1,699,980	1	875,823	824,157
More than 3 years	1,699,980	1	1,699,980	-	-	-	-	-
Total	<u>125,149,660</u>	<u>100</u>	<u>1,796,136</u>	<u>123,353,524</u>	<u>118,472,280</u>	<u>100</u>	<u>1,059,683</u>	<u>117,412,597</u>

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

Provision recorded in the current year is RMB824,157.

Provision reversal in the current year is RMB87,704.

(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")	27,537,362	-	22
Sinopec Sales Co., Ltd. Jiangsu Branch	24,722,693	-	20
Jiangsu Ninghang Expressway Co., Ltd. ("Ninghang Company")	10,295,251	-	8
Suzhou Sujiahang Expressway Co., Ltd. ("Sujiahang Company")	9,205,646	-	7
Jiangsu Expressway Petroleum Development Co., Ltd. ("Jiangsu Petroleum Company")	8,342,500	-	7
Total	<u>80,103,452</u>	<u>-</u>	<u>64</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

4. Accounts receivable (continued)

- (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	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	11,270,634	78	266,852,881	100
More than 1 yearbut not exceeding 2 years	3,225,729	22	24,285	—
More than 2 years but not exceeding 3 years	—	—	2,000	—
More than 3 years	2,000	—	—	—
Total	14,498,363	100	266,879,166	100

- (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 Sales Co., Ltd. Jiangsu Branch	6,201,084	43
Urban and Rural Construction Science and Technology Service Center in Jurong (句容市城鄉建設科技服務中心)	2,866,929	20
Suzhou Shipping Co., Ltd. (蘇州輪船運輸有限公司)	712,500	5
Kunshan Litong Gas Co., Ltd. (昆山利通天然氣有限公司)	577,500	4
Liyang Sutong Engineering Co., Ltd. (溧陽市蘇通工程有限公司)	400,000	2
Total	10,758,013	74

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

6. Interest Receivable

Unit: RMB

The invested entity	Closing balance	Opening balance
Shareholder loan	18,733,333	–
Total	18,733,333	–

Other explanations:

Please refer to Note (VI)19.

7. Dividends Receivable

Unit: RMB

The invested entity	Closing balance	Opening balance
Jiangsu Kuailu Motor Transport Co., Ltd. (“Kuailu Co., Ltd.”)	4,989,960	4,989,960

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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					Opening balance				
	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Net book value	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Net book value
Other receivables that are individually significant and for which bad debt provision has been assessed individually	15,812,140	2	15,812,140	99	-	15,812,140	1	15,812,140	99	-
Other receivables for which bad debt provision has been assessed by portfolios-Portfolio1	807,602,857	97	-	-	807,602,857	1,217,220,670	98	-	-	1,217,220,670
Other receivables for which bad debt provision has been assessed by portfolios-Portfolio2	4,689,282	1	93,786	1	4,595,496	7,538,150	1	150,763	1	7,387,387
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	828,104,279	100	15,905,926	100	812,198,353	1,240,570,960	100	15,962,903	100	1,224,608,057

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

Unit: RMB

Other receivables (According to entity)	Closing balance			Reasons
	Other receivables	Bad debt provision	Proportion (%)	
Yicao Highway (宜漕公路)	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	Closing balance		
	Other receivables	Bad debt provision	Proportion (%)
Portfolio2	4,689,282	93,786	2

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

8. Other receivables (continued)

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

Provision recorded in the current year is RMB16,893.

Provision reversal in the current year is RMB73,870.

- (3) Disclosure of other receivables by nature:

Unit: RMB

Nature	Closing balance	Opening balance
Amounts of the disposal of the removal network point of 312 National Highway	789,629,780	1,124,177,798
Amounts of investment clearance	15,812,140	15,812,140
Petty cash	5,517,965	4,686,900
Landlord maintenance funds	3,580,800	3,507,153
Pre-borrowings for engineering	3,000,000	5,000,000
Compensation for road assets	2,407,462	2,155,945
Deposits for engineering	1,600,000	1,600,000
Amounts of the disposal of Zhenjiang branch line	–	74,033,640
Other insignificant amounts	6,556,132	9,597,384
Total	828,104,279	1,240,570,960

- (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	Amounts of the disposal of the removal network point of 312 National Highway	191,871,836	Within 1 year	23	–
		597,757,944	Over 3 years	72	–
Yicao Highway (宜漕公路)	Amount of investment clearance	15,812,140	Over 3 years	2	15,812,140
Transportation Bureau of Jingjiang City (靖江市交通運輸局)	Pre-borrowings for engineering	3,000,000	Within 1 year	1	–
Kunshan Finance Bureau Huaqiao branch (昆山市財政局花橋分局)	Deposits for engineering	1,600,000	1–2years	0	–
Jiangsu Ninghu Expressway Road Administration Division (江蘇省寧滬高速公路路政支隊)	Compensation for road assets	1,103,427	Within 1 year	0	–
Total		811,145,347		98	15,812,140

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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) 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 the 312 National Highway (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 2013 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 Communications Holding in March 2015, pursuant to which Communications Holding agreed to compensate the total said amount on behalf of the government by cash.

On 1 September 2015, the Company received the "Notice from the Office of Jiangsu Provincial Government in respect of the agreement on Changli Expressway toll charge and other related issues" (Suzhengfu [2015] No. 88) issued by the Office of the Jiangsu Provincial Government. According to the Notice, The Company removed Daijiamen Toll station, Benniu Toll station, Wangting Toll station and Gu'nan Toll station that along the 312 National Highway, and early terminated the toll road operation rights of the 312 National Highway (including the stations removed in 2012) on 15 September 2015. The State-owned Asset Management Commission of Jiangsu Provincial Government issued the "Notice in respect of the approved economic compensation on the removal of the 312 National Highway toll station and early termination of the toll road operation rights "(Suguoazifu[2015] No. 195) and committed to compensate for the early termination of the toll road operation rights at RMB1,316,049,634(including the removed stations compensation RMB1,124,177,798 in 2012), the compensation should be paid by Communications Holding on behalf of the government at cash.

As at 31 December 2015, the Company has received compensation RMB526,419,854, and the outstanding receivable balance is RMB789,629,780.

9. Inventories

Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Properties under development	2,063,388,643	–	2,063,388,643	1,875,234,170	–	1,875,234,170
Properties for sale	1,171,574,292	–	1,171,574,292	1,193,745,734	–	1,193,745,734
Spare parts for repair and maintenance	15,297,258	–	15,297,258	14,742,360	–	14,742,360
Petrol	6,194,374	–	6,194,374	8,216,484	–	8,216,484
Total	3,256,454,567	–	3,256,454,567	3,091,938,748	–	3,091,938,748

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. Inventories (continued)

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	May 2020	2,764,000,000	534,334,226	429,202,955
Suzhou Nanmen Road G25 Project	July 2015	November 2017	1,146,300,000	570,913,691	619,636,153
Baohua Hongyan Community AB Project	April 2014	May 2021	3,592,000,000	769,986,253	1,014,549,535
Total			7,502,300,000	1,875,234,170	2,063,388,643

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	12,076,252	-	-	12,076,252
Suzhou Qingyuan	December 2013	631,587,664	-	-	631,587,664
Huaqiao Urban Core C7 Pujiang Building Project	June 2014	378,826,330	-	34,489,410	344,336,920
Baohua Hongyan Community B1 Tongchengshijia Project	April 2014	171,255,488	-	39,238,626	132,016,862
Huaqiao Urban Core B4 Tongcheng Guangmingjiezuo	June 2015	-	267,212,883	215,656,289	51,556,594
Total		1,193,745,734	267,212,883	289,384,325	1,171,574,292

Details information of properties under development are as follows:

Project name	Address	Purpose	Attributable equity interest of the Group	Stage of completion	Completion date
Baohua Hongyan Community B2 Tongchengshijia Project	Jurong Baohua Hongyan Community Xianlin East Road No. 8	House	100	In progress	September 2016
Baohua Hongyan Community A1 Tongchengshijia Project	Jurong Baohua Hongyan Community Xianlin East Road No. 8	House	100	Not start	December 2019
Baohua Hongyan Community A2 Tongchengshijia Project	Jurong Baohua Hongyan Community Xianlin East Road No. 8	House	100	Not start	May 2021
Huaqiao Urban Core C5Yufuhao Project	Kunshan Huaqiao business core area	Hotel	100	In progress	March 2018
Huaqiao Urban Core C3	Kunshan Huaqiao business core area	House	100	Not start	September 2018
Huaqiao Urban Core B18	Kunshan Huaqiao business core area	House	100	Not start	May 2020
Huaqiao Urban Core B19 Guangmingxinzu Project	Kunshan Huaqiao business core area	House	100	In progress	November 2016
Suzhou Nanmen Road G25 Project	Suzhou Nanmen Road	House	100	In progress	November 2017

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. Inventories (continued)

Details information of properties for sale are as follows:

Project name	Address	Purpose	Attributable equity interest of the Group	Stage of completion	Completion date
Baohua Hongyan Community B1 Tongchengshijia Project	Jurong Baohua Hongyan Community Xianlin East Road No. 8	House	100	Completed	April 2014
Huaqiao C4 Tongcheng Hongqiao Mansion	Kunshan Huaqiao business core Xiqiao Road No. 158	House	100	Completed	August 2012
Huaqiao Urban Core C7 Pujiang Building Project	Kunshan Huaqiao business core Yunqiao Road No. 118	Office building	100	Completed	June 2014
Huaqiao Urban Core B4 Tongcheng Guangmingjiezuo	Kunshan Huaqiao business core Yunqiao Road No. 188	House	100	Completed	June 2015

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Available for sale financial assets- Financial management products	417,000,000	206,750,000
Enterprise income tax paid in advance	55,187,818	–
Business taxes and levies related to real estate sales paid in advance	30,577,726	24,886,482
Others	8,690	–
Total	502,774,234	231,636,482

Other explanations:

Financial management products represent “Wenying 2 No. 1518” issued by Bank of Jiangsu, “Guangyinganxin capital preservation(type A)”, “Guangyinganxin capital preservation(type B)”, “Xinjiixin No. 16 Beijing-D92” and “Guangyinganxin(type A)” issued by Guangdong Development Bank, “91 days fixed rate monetary financial products” issued by Industrial and Commercial Bank of China, “Yuntongcaifu Rizengli(type S)” issued by Bank of Communication and “Liduoduo finance bus S21” issued by Shanghai Pudong Development Bank. These products are capital preservation with floating income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	Closing balance			Opening balance		
	Gross carrying amount	Impairment provision	Net carrying amount	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	Carrying amount				Impairment provision				The proportion of shareholding in the Investee (%)	Cash dividends in the year
	Opening balance	Addition	Decrease	Closing balance	Opening balance	Addition	Decrease	Closing balance		
Network Operation Company	20,920,000	–	–	20,920,000	–	–	–	–	14.48	–
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	33,857,735
Shenzhen Ruijin Co., Ltd.	2,000,000	–	–	2,000,000	–	–	–	–	17.24	–
Jiangsu Sundian Engineering Co., Ltd. ("Sundian Company")	19,367,500	–	19,367,500	–	–	–	–	–	–	–
Total	1,313,185,957	–	19,367,500	1,293,818,457	–	–	–	–	–	49,857,735

(3) Other explanations:

The ending 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.

Since the Group owns 30% stake of Sundian Company, and has a seat in the board of Sundian Company in 2015, the Group could exercise significant influence on the operation of Sundian Company, the Group converted the investment on Sundian Company into long-term equity investments from available for sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

12. Long-term equity investments

Unit: RMB

Investee	Opening balance	Increase	Decrease	Changes in the current year					Closing balance	Closing balance of impairment loss	
				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			Others
Joint ventures											
Nanjing HanWei Real Estate Development Co., Ltd. ("Hanwei Company") (Note)	-	70,000,000	-	(22,161,710)	-	-	-	-	-	47,838,290	-
Associates											
Kuailu Co., Ltd.	62,913,464	-	-	(2,510,705)	-	-	-	-	-	60,402,759	-
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge Company")	1,136,605,750	-	-	89,982,606	(67,406,144)	-	(56,983,566)	-	-	1,102,198,646	-
Sujiahang Company	845,948,831	-	-	135,167,646	-	-	(42,092,000)	-	-	939,024,477	-
Suzhou Sujiaiyong Expressway Co., Ltd. ("Sujiaiyong Company")	293,913,100	65,249,712	-	(35,644)	-	-	-	-	-	359,127,168	-
Jiangsu Xiexin Gas Co., Ltd. ("Xiexin Company")	3,426,693	9,673,900	-	(1,469,335)	-	-	-	-	-	11,631,258	-
Suzhou Nanlin Hotel Co., Ltd. ("Nanlin Hotel")	169,291,166	-	-	258,786	-	-	-	-	-	169,549,952	-
Jiangsu Yanjiang Expressway Co., Ltd. ("Yanjiang Company")	1,654,447,800	-	-	134,898,740	-	-	(55,938,992)	-	-	1,733,407,548	-
Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Luode Equity Company")	8,044,465	-	-	1,807,211	-	-	-	-	-	9,851,676	-
Sundian Company	-	-	-	4,394,531	-	-	-	-	19,367,500	23,762,031	-
Total	4,174,591,269	144,923,612	-	340,332,126	(67,406,144)	-	(155,014,558)	-	19,367,500	4,456,793,805	-

Other explanations:

The foregoing companies are all unlisted company registered in PRC.

On 4 Mar 2015, the Company set up Hanwei Company together with Nanjing Luode Deshi Equity Investment LLP ("Deshi Fund"). The Company contributed for 70% of the registered capital. Hanwei Company specified in the Articles of Association that all significant resolution should reach consensus from both 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	–
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	1,275,661
(1) Amount accrued or amortized	1,275,661
3. Decrease in the current year	–
4. Closing carrying amount	6,363,088
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	33,009,175
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 year ended 31 December 2015

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

14. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Buildings	Safety 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	1,621,902,433	813,558,745	447,597,600	379,292,271	548,576,904	58,829,312	88,487,074	31,168,723	3,989,413,062
2. Increase in the current year	77,088,396	28,123,279	50,641,608	15,818,081	10,145,509	7,948,817	1,849,070	7,373,222	198,987,982
(1) Purchase	1,187,909	788,585	666,910	2,190,230	7,104,213	2,982,099	1,849,070	2,216,017	18,985,033
(2) Transferred from construction in progress	61,140,810	26,914,148	49,974,698	11,285,590	1,845,398	1,713,940	-	-	152,874,584
(3) Reclassification	14,759,677	420,546	-	2,342,261	1,195,898	3,252,778	-	5,157,205	27,128,365
3. Decrease in the current year	40,914,027	4,350,096	42,089,501	41,820,511	30,376,557	5,555,120	7,650,502	1,476,965	174,233,279
(1) Disposal or retirement	33,392,126	4,350,096	25,074,775	34,791,036	29,474,348	5,334,254	7,124,617	1,370,862	140,912,114
(2) Transferred to intangible assets	-	-	6,192,800	-	-	-	-	-	6,192,800
(3) Reclassification	7,521,901	-	10,821,926	7,029,475	902,209	220,866	525,885	106,103	27,128,365
4. Closing carrying amount	1,658,076,802	837,331,928	456,149,707	353,289,841	528,345,856	61,223,009	82,685,642	37,064,980	4,014,167,765
II. Total accumulated depreciation									
1. Opening carrying amount	603,089,595	621,430,449	277,544,753	217,637,055	358,597,341	39,111,837	47,610,581	21,730,498	2,186,752,109
2. Increase in the current year	71,644,016	62,476,546	31,906,640	31,328,254	40,112,131	6,701,342	7,778,232	7,167,912	259,115,073
(1) Amount accrued	67,616,837	60,552,302	31,906,640	31,328,254	40,112,131	6,701,342	7,778,232	2,549,545	248,545,283
(2) Reclassification	4,027,179	1,924,244	-	-	-	-	-	4,618,367	10,569,790
3. Decrease in the current year	21,239,410	3,798,413	26,959,203	32,038,872	27,676,556	5,340,969	6,340,633	1,228,955	124,623,011
(1) Disposal or retirement	15,994,115	3,798,413	24,539,544	29,435,110	27,483,983	5,131,793	6,290,679	1,204,939	113,878,576
(2) Transferred to intangible assets	-	-	174,645	-	-	-	-	-	174,645
(3) Reclassification	5,245,295	-	2,245,014	2,603,762	192,573	209,176	49,954	24,016	10,569,790
4. Closing carrying amount	653,494,201	680,108,582	282,492,190	216,926,437	371,032,916	40,472,210	49,048,180	27,669,455	2,321,244,171
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	1,004,582,601	157,223,346	173,657,517	136,363,404	157,312,940	20,750,799	33,637,462	9,395,525	1,692,923,594
2. Opening net book value	1,018,812,838	192,128,296	170,052,847	161,655,216	189,979,563	19,717,475	40,876,493	9,438,225	1,802,660,953

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	72,049,874	70,270,665

(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	4,529,914	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Xuejia toll station	10,368,560	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Wuxi airport toll station	4,971,726	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Kunshan toll station	4,972,190	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Suzhou management offices	9,742,750	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Changzhou Luoshuwan buildings	3,795,723	Have not obtained certification yet.
Shanghai-Nanjing Expressway Changzhou ETC customer service branch buildings	1,019,895	Have not obtained certification yet.
Shanghai-Nanjing Expressway Jingfa Service zone office buildings	2,414,718	Have not obtained certification yet.
Shanghai-Nanjing Expressway Heyang toll station	3,073,420	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Zhenjiang toll station	10,401,076	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Danyang toll station	1,415,895	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway South Network Centre and project management center houses	19,881,710	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Buildings in Danyang toll station of Shanghai-Nanjing Expressway	13,739,287	Have not obtained certification yet.
Shanghai-Nanjing Expressway Buildings in management areas and Xidong toll station	26,405,622	Transferred into fixed asset at estimate amount and not finally settlement yet.
Shanghai-Nanjing Expressway Living buildings of management areas	9,489,690	Transferred into fixed asset at estimate amount and not finally settlement yet.
Shanghai-Nanjing Expressway Nanjing toll station	14,774,548	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Tangshan toll station	14,579,710	Incorporated into communication facilities and cannot obtain certification at present
Buildings in Guangji Xicheng Expressway service zone	52,623,564	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Xiyi Expressway service zone	33,965,572	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Ningchang Expressway and Zhenli Expressway service zone	156,891,818	Incorporated into communication facilities and cannot obtain certification at present.
Total	<u>399,057,388</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Construction Project of Zhendan Expressway	686,697,477	–	686,697,477	–	–	–
Housing projects of Toll stations and service zones	119,419,338	–	119,419,338	62,159,830	–	62,159,830
Suzhou inter-communication expansion project	103,400,000	–	103,400,000	65,340,000	–	65,340,000
Jingjiang inter-communication expansion project	54,550,500	–	54,550,500	45,975,500	–	45,975,500
Information project	32,033,569	–	32,033,569	43,807,499	–	43,807,499
Advertisement board	5,515,988	–	5,515,988	4,578,310	–	4,578,310
Renovation of toll station houses	5,000,000	–	5,000,000	–	–	–
Three big system construction project	4,713,085	–	4,713,085	13,788,903	–	13,788,903
Lighting system construction project	1,961,030	–	1,961,030	1,937,030	–	1,937,030
Noise barrier construction project	–	–	–	10,134,887	–	10,134,887
Others	16,836,117	–	16,836,117	11,078,412	–	11,078,412
Total	1,030,127,104	–	1,030,127,104	258,800,371	–	258,800,371

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	Transfer to intangible assets	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
Construction Project of Zhendan Expressway	108,900,000	65,340,000	38,060,000	-	-	103,400,000	95	In progress	-	-	-	Own funds
Housing projects of Toll stations and service zones	321,169,297	62,159,830	114,851,605	57,592,097	-	119,419,338	55	In progress	-	-	-	Own funds
Suzhou inter-communication Expansion project	100,000,000	45,975,500	8,575,000	-	-	54,550,500	55	In progress	-	-	-	Own funds
Jingjiang inter-communication expansion project	70,378,676	43,807,499	12,754,746	22,452,676	2,076,000	32,033,569	80	In progress	-	-	-	Own funds
Information project	49,201,405	13,788,903	30,449,587	39,525,405	-	4,713,085	90	In progress	-	-	-	Own funds
Advertisement board	26,914,148	10,134,887	16,779,261	26,914,148	-	-	100	Completed	-	-	-	Own funds
Renovation of toll station houses	25,500,000	1,937,030	24,000	-	-	1,961,030	8	In progress	-	-	-	Own funds
Three big system construction project	12,450,991	4,578,310	5,893,104	4,955,426	-	5,515,988	91	In progress	-	-	-	Own funds
Lighting system construction project	1,730,260,500	-	686,697,477	-	-	686,697,477	40	In progress	-	-	-	Own funds
Noise barrier construction project	7,500,000	-	5,000,000	-	-	5,000,000	67	In progress	-	-	-	Own funds
Others	N/A	11,078,412	7,192,537	1,434,832	-	16,836,117		In progress	-	-	-	Own funds
Total		<u>258,800,371</u>	<u>926,277,317</u>	<u>152,874,584</u>	<u>2,076,000</u>	<u>1,030,127,104</u>			<u>-</u>	<u>-</u>	<u>-</u>	

(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 year ended 31 December 2015

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

16. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Toll road operation rights	Land use rights	Software	Total
I. Total original carrying amount				
1. Opening carrying amount	32,212,295,838	1,720,207,956	8,385,484	33,940,889,278
2. Increase in the current year	–	–	9,018,900	9,018,900
(1) Purchase	–	–	750,100	750,100
(2) Transferred from construction in progress	–	–	2,076,000	2,076,000
(3) Transferred from fix assets	–	–	6,192,800	6,192,800
3. Decrease in the current year	2,317,398,847	–	–	2,317,398,847
(1) Disposal	2,317,388,848	–	–	2,317,388,848
(2) Others	9,999	–	–	9,999
4. Closing carrying amount	29,894,896,991	1,720,207,956	17,404,384	31,632,509,331
II. Total accumulated amortization				
1. Opening carrying amount	8,842,911,879	961,711,926	146,908	9,804,770,713
2. Increase in the current year	1,041,198,597	63,184,146	3,364,056	1,107,746,799
(1) Amortization accrued	1,041,198,597	63,184,146	3,189,411	1,107,572,154
(2) Transferred from fix assets	–	–	174,645.00	174,645
3. Decrease in the current year	1,518,636,165	–	–	1,518,636,165
(1) Disposal	1,518,636,165	–	–	1,518,636,165
4. Closing carrying amount	8,365,474,311	1,024,896,072	3,510,964	9,393,881,347
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	21,529,422,680	695,311,884	13,893,420	22,238,627,984
Opening net book value	23,369,383,959	758,496,030	8,238,576	24,136,118,565

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	2,240,005	2,944,578	–	5,713,616

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	17,702,061	4,425,515	16,144,436	4,036,109
Unrealized profits through internal transactions	256,711,817	64,177,954	167,081,456	41,770,364
Deductible losses	1,320,750,066	330,187,517	20,885,703	5,221,426
Prepayment of business tax and land appreciation tax for real estate pre-sale and so on	7,554,527	1,888,632	1,484,963	371,241
Total	1,602,718,471	400,679,618	205,596,558	51,399,140

Other explanations:

According to the Group's future profit forecast, the Group believes that it is probable that sufficient taxable profits will be available in future periods to offset the deductible temporary differences and deductible losses. Therefore, the related deferred tax assets are recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

(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	10,177,413	2,544,353	3,241,584	810,396
Real estate pre-sale	6,963,339	1,740,835	8,229,279	2,057,320
Total	<u>17,140,752</u>	<u>4,285,188</u>	<u>11,470,863</u>	<u>2,867,716</u>

(3) 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	1,740,835	398,938,783	1,592,668
Deferred tax liabilities	<u>1,740,835</u>	<u>2,544,353</u>	<u>1,592,668</u>	<u>1,275,048</u>

(4) Details of unrecognised deferred tax assets

Unit: RMB

Items	Closing balance	Opening balance
Deductible temporary differences	—	878,150
Deductible losses	286,784,980	1,931,706,734
Total	<u>286,784,980</u>	<u>1,932,584,884</u>

Other explanations:

Deductible temporary differences and deductible losses for which deferred tax assets are not recognised due to uncertainty whether sufficient taxable profits will be available in the future shall be presented.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

(5) Deductible losses, for which no deferred tax assets are recognised, will expire in the following years

Unit: RMB

Items	Closing balance	Opening balance
2015	—	326,170,257
2016	51,255,073	328,661,314
2017	151,290,930	473,668,717
2018	84,238,977	466,098,425
2019	—	337,108,021
Total	<u>286,784,980</u>	<u>1,931,706,734</u>

19. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Shareholder loan	<u>300,000,000</u>	<u>—</u>

Other explanations:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Bank loans	1,286,000,000	340,000,000
Including: Unsecured loans	1,101,000,000	150,000,000
Entrusted loans (Note 1)	185,000,000	190,000,000
Non-bank financial institutions loans	325,000,000	2,065,000,000
Including: Unsecured loans	200,000,000	500,000,000
Entrusted loans (Note 2)	125,000,000	1,565,000,000
Loans from a related party	200,000,000	600,000,000
Including: Short-term bonds (Note 3)	200,000,000	600,000,000
Total	1,811,000,000	3,005,000,000

Note 1: Entrusted bank loans are provided by Jiangsu Far East Shipping Co., Ltd. ("Far East Shipping Company") through China CITIC Bank on 13 August 2015, the principal is RMB185,000,000, annual interest rate is 4.85%, and duration period is 1 year.

Note 2: Non-bank financial institutions entrusted loans are provided by Communications Holding' subsidiaries through Jiangsu Communications Holding Group Finance Company Limited ("Group Finance Company"), including: (1) the amount of RMB20,000,000 and RMB75,000,000 provided by Network Operation Company on 3 February 2015 and 12 March 2015, annual interest rate is 5.6%, 5.35%, duration period is 1 year. (2) the amount of RMB30,000,000 provided by Jiangsu Suhuiyan Expressway Co., Ltd. ("Suhuiyan Company") on 5 March 2015, annual interest rate is 5.35%, duration period is 1 year.

Note 3: Short-term bonds issued by Communications Holding and allocated to the Group according to the fund use term of the bond prospectus. The bonds issued on 21 July 2015 (Code: Su Communications SCP007), and the amount allocated to the Group is RMB200,000,000, annual interest rate is 3.39% duration period is 6 months.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Construction payable	396,725,660	228,971,103
Construction payable for real estate project	394,223,615	419,524,316
Purchase of petroleum payable	5,193,921	15,799,258
Toll road fee payable	39,267,672	58,225,244
Deposit payable	7,903,900	5,421,500
Others	81,190,797	39,227,285
Total	924,505,565	767,168,706

(2) Aging analysis of accounts payable is as follows

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	706,236,559	707,961,428
More than 1 year but not exceed 2 years	186,847,880	34,691,624
More than 2 years but not exceeding 3 years	8,687,716	1,321,201
More than 3 years	22,733,410	23,194,453
Total	924,505,565	767,168,706

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

Unit: RMB

Item	Closing balance	Reasons for outstanding
Construction payable	21,142,076	Long settlement procedure of the project
Construction payable for real estate project	164,200,693	Long settlement procedure of the real estate project

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Rental deposit received in advance	13,391,953	8,192,293
Advertising service fee received in advance	8,670,093	11,235,740
Income from properties for sales received in advance	532,697,812	355,809,531
Others	1,153,561	230,736
Total	555,913,419	375,468,300

The aging analysis of receipts in advance is as follows:

Unit: RMB

Aging	Closing balance		Opening balance	
	RMB	%	RMB	%
Within 1 year	537,832,364	97	373,637,836	99
More than 1 year but not exceed 2 years	18,001,055	3	1,750,464	1
More than 2 years but not exceeding 3 years	—	—	—	—
More than 3 years	80,000	—	80,000	—
Total	555,913,419	100	375,468,300	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

22. Receipts in advance (continued)

- (1) Receipts in advance are shown as follows: (continued)

Details of receipts in properties for sales received in advance are as follows:

Unit: RMB

Project name	Opening balance	Closing balance	Completion date	Proportion of advance sale (%)
Baohua Hongyan Community B1 Tongchengshijia Project	10,205,063	1,750,464	April 2014	64
Baohua Hongyan Community B2 Tongchengshijia Project	11,604,196	116,587,920	September 2016	13
Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion	694,454	694,454	August 2012	97
Huaqiao Urban Core B4 Guangmingjiezuo Project	333,305,818	7,356,388	June 2015	82
Huaqiao Urban Core B19 Guangmingxinzuo Project	—	247,640,458	November 2016	66
Suzhou Nanmen Road G25 Project	—	158,668,128	November 2017	66
Total	355,809,531	532,697,812		

23. Employee benefits payable

- (1) Employee benefits payable are shown as follows:

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Short term compensation	5,624,993	704,109,156	706,358,641	3,375,508
2. Post-employment benefits – Defined contribution plan	—	111,578,898	111,578,898	—
3. Termination benefits	—	849,933	849,933	—
4. Other welfare due within one year	—	—	—	—
Total	5,624,993	816,537,987	818,787,472	3,375,508

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	Increase in the current year	Decrease in the current year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	–	481,140,458	481,140,458	–
II. Staff welfare	–	46,370,298	46,370,298	–
III. Social security contributions	–	55,904,796	55,904,796	–
Including: Medical insurance	–	50,401,359	50,401,359	–
Work injury insurance	–	3,559,567	3,559,567	–
Maternity insurance	–	1,943,870	1,943,870	–
IV. Housing funds	–	41,844,588	41,844,588	–
V. Union running costs and employee education costs	5,624,993	11,128,506	13,377,991	3,375,508
VI. Non-monetary welfare	–	45,901,919	45,901,919	221–
VII. Others	–	21,818,591	21,818,591	–
Total	<u>5,624,993</u>	<u>704,109,156</u>	<u>706,358,641</u>	<u>3,375,508</u>

(3) Defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Basic endowment insurance	–	71,731,143	71,731,143	–
2. Unemployment insurance	–	5,386,832	5,386,832	–
3. Enterprise annuity payment	–	34,460,923	34,460,923	–
Total	<u>–</u>	<u>111,578,898</u>	<u>111,578,898</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

23. Employee benefits payable (continued)

(3) Defined contribution plan (continued)

Notes:

(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 RMB71,731,143, RMB34,460,923 and RMB5,386,832 to basic pension insurance, annuity scheme, unemployment insurance plan respectively (2014: RMB61,667,181, RMB29,471,001 and RMB4,515,245). All the contribution had paid over to the schemes as at 31 December 2015.

(2) Non-monetary welfare

Non-monetary benefits are RMB45,901,919 (2014: RMB42,598,960), 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
Enterprise income tax	16,612,229	70,234,930
Business tax	19,644,988	18,329,584
Land appreciation tax	12,215,568	231,089
VAT	1,912,663	2,396,979
Property tax	1,905,922	1,559,712
Individual income tax	3,861,150	4,610,570
City construction and maintenance tax	1,541,352	1,525,297
Others	3,804,554	3,489,456
Total	61,498,426	102,377,617

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

25. Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest payable of long-term borrowings with interest payable by installments and principal payable on maturity	18,390,740	65,134,240
Interest payable of enterprise bonds	46,459,726	27,464,658
Interest payable of short-term borrowings	5,074,606	22,457,860
Total	69,925,072	115,056,758

There are no interest payable overdue but not yet repaid.

26. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends	69,467,760	68,678,625
Total	69,467,760	68,678,625

Note: The amount of dividends payable aged more than 1 year is RMB62,678,625, which was the uncollected dividends by investors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Rural road construction funds	42,436,814	9,106,700
Payable of daily procurement in service area	9,383,567	9,119,457
Amount of ETC prepaid cards collected on behalf of the internetwork settlement center	5,741,174	11,413,235
Construction quality warrantee fee payable	1,783,118	1,903,026
Earnest money of acquisition of properties	1,183,004	2,482,196
312 toll road operation right acquisition costs payable	—	10,000,000
Amount of the noise barrier construction projects collected on other's behalf	—	631,565
Others	20,160,014	14,240,143
Total	80,687,691	58,896,322

(2) Significant other payables aged more than one year

Unit: RMB

Item	Closing balance	Reasons for outstanding
N/A		

28. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	151,608,861	530,516,049
Bonds payable due within one year	—	499,310,408
Total	151,608,861	1,029,826,457

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	—	1,002,805,555
Super short term bonds payable	6,685,220,505	2,028,599,167
Private placement note	—	517,344,443
Total	6,685,220,505	3,548,749,165

Changes of short-term bonds payable

Unit: RMB

Name of bond	Par value	Issue date	Duration of the bond (days)	Issue amount	Opening balance	Issue in the current year	Interest accrued according to par value	Premium and discount amortization	Repayment in the current year	Closing balance
Private placement note										
14 Ninghu Gao PPN001	500,000,000	23 May 2014	365	500,000,000	517,344,443	—	11,122,222	—	528,466,665	—
Short term bonds payable										
14 Ninghu Gao CP001	1,000,000,000	12 December 2014	270	1,000,000,000	1,002,805,555	—	35,209,723	—	1,038,015,278	—
Super short term bonds payable										
14 Ninghu Gao SCP002	500,000,000	13 June 2014	270	500,000,000	513,719,167	—	4,686,250	—	518,405,417	—
14 Ninghu Gao SCP003	400,000,000	25 August 2014	150	400,000,000	406,880,000	—	1,173,333	—	408,053,333	—
14 Ninghu Gao SCP004	400,000,000	13 October 2014	270	400,000,000	404,266,667	—	10,186,666	—	414,453,333	—
14 Ninghu Gao SCP005	700,000,000	14 November 2014	266	700,000,000	703,733,333	—	17,033,334	—	720,766,667	—
15 Ninghu Gao SCP001	300,000,000	20 January 2015	90	300,000,000	—	300,000,000	3,640,000	—	303,640,000	—
15 Ninghu Gao SCP002	300,000,000	6 March 2015	180	300,000,000	—	300,000,000	6,938,333	—	306,938,333	—
15 Ninghu Gao SCP003	400,000,000	16 April 2015	180	400,000,000	—	400,000,000	9,452,222	—	409,452,222	—
15 Ninghu Gao SCP004	400,000,000	21 May 2015	176	400,000,000	—	400,000,000	6,785,000	—	406,785,000	—
15 Ninghu Gao SCP005	1,200,000,000	8 July 2015	267	1,200,000,000	—	1,200,000,000	18,880,000	—	—	1,218,880,000
15 Ninghu Gao SCP006	1,200,000,000	9 July 2015	266	1,200,000,000	—	1,200,000,000	18,773,333	—	—	1,218,773,333
15 Ninghu Gao SCP007	800,000,000	15 July 2015	268	800,000,000	—	800,000,000	12,844,445	—	—	812,844,445
15 Ninghu Gao SCP008	700,000,000	12 August 2015	261	700,000,000	—	700,000,000	9,111,672	—	—	709,111,672
15 Ninghu Gao SCP009	1,000,000,000	21 August 2015	270	1,000,000,000	—	1,000,000,000	12,154,722	—	—	1,012,154,722
15 Ninghu Gao SCP010	1,000,000,000	9 September 2015	261	1,000,000,000	—	1,000,000,000	10,418,333	—	—	1,010,418,333
15 Ninghu Gao SCP011	700,000,000	6 November 2015	84	700,000,000	—	700,000,000	3,038,000	—	—	703,038,000
Total				11,500,000,000	3,548,749,165	8,000,000,000	191,447,588	—	5,054,976,248	6,685,220,505

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

29. Other current liabilities (continued)

Other explanation:

On 31 December 2015, the detail of the Group's short-term bonds include: (1) The Company issued "15 Ninghu Gao SCP005" with the par value of RMB1,200,000,000 on 8 July 2015, bond duration is 267 days, annual interest rate is 3.20%. (2) The Company issued "15 Ninghu Gao SCP006" with the par value of RMB1,200,000,000 on 9 July 2015, bond duration is 266 days, annual interest rate is 3.20%. (3) The Company issued "15 Ninghu Gao SCP007" with the par value of RMB800,000,000 on 15 July 2015, bond duration is 268 days, annual interest rate is 3.40%. (4) The Company issued "15 Ninghu Gao SCP008" with the par value of RMB700,000,000 on 12 August 2015, bond duration is 261 days, annual interest rate is 3.30%. (5) The Company issued "15 Ninghu Gao SCP009" with the par value of RMB1,000,000,000 on 21 August 2015, bond duration is 270 days, annual interest rate is 3.29%. (6) The Company issued "15 Ninghu Gao SCP010" with the par value of RMB1,000,000,000 on 9 September 2015, bond duration is 261 days, annual interest rate is 3.29%. (7) The Company issued "15 Ninghu Gao SCP011" with the par value of RMB700,000,000 on 6 November 2015, bond duration is 84 days, annual interest rate is 2.79%.

30. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Bank Loans	634,415,193	3,623,224,695
Including: Unsecured loans	315,500,000	—
Secured loans (Note 1)	100,000,000	2,143,000,000
Guaranteed loan (Note 2)	175,915,193	1,427,224,695
Secured and guaranteed loans (Note 3)	43,000,000	53,000,000
Non-bank financial institutions loans	150,000,000	930,000,000
Including: Entrusted loans (Note 4)	150,000,000	930,000,000
Loans from a related party	750,000,000	2,150,000,000
Including: Private Placement Bond	—	550,000,000
Medium Term Notes (Note 5)	750,000,000	1,600,000,000
Subtotal	1,534,415,193	6,703,224,695
Less: long-term borrowings due within one year	151,608,861	530,516,049
Long-term borrowings due after one year	1,382,806,332	6,172,708,646

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

30. Long-term borrowings *(continued)*

(2) Description of categories of long-term borrowings:

Note 1: The secured bank loans indicate loans of RMB1,700,000,000 with loan duration 11 years obtained from Jiangsu branch of China Development Bank on 25 March 2005. The loan was used to construct Ningchang Expressway and secured by the toll road operation right of Ningchang Expressway. The loan has been paid up for RMB1,600,000,000 by the end of the year, annual interest rate is 4.90%.

Note 2: Guaranteed loans including: (1) The Group 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 Communications Holding. 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 been paid up in 2006. The Spanish government loan is paid up every half year from January 2009 to 2029 with annum interest rate of 2%. The outstanding closing balance at the end of this year is USD3,220,893. (2) The Group obtained bank loans of RMB195,000,000 with loan duration 15 years from Industrial and Commercial Bank of China, Jiangsu branch on 16 March 2004. The loan was used to construct Xiyi Expressway and guaranteed by Communications Holding. The loan has been paid up for RMB40,000,000 by the end of the year, annual interest rate is 5.90%.

Note 3: Secured and guaranteed loans indicate loans of RMB200,000,000 with loan duration 14 years obtained from Bank of China, Wuxi branch on 15 April 2004. The loan was used to construct Xiyi Expressway and Wuxi Huantaihu Expressway and secured by the toll road operation rights Xiyi Expressway and Wuxi Huantaihu Expressway, also the loan was guaranteed by Communications Holding. The loan has been paid up for RMB157,000,000 by the end of the year, annual interest rate is 5.90%.

Note 4: Non-bank financial institutions entrusted loans indicate the loan of RMB900,000,000 with loan duration 6 years provided by Communications Holding' subsidiary Jiangsu Runyang Bridge Development Co., Ltd ("Runyang Bridge Company") through Group Finance Company on 26 February 2013. The loan has been paid up for RMB750,000,000 by the end of the year, annual interest rate is 6.46%.

Note 5: Medium term notes represent medium term notes issued by Communications Holding and allocated to the Group according to the fund use term of the bond prospectus. The group paid the corresponding interest and principal to Communications Holding, including: (1) Communications Holding issued "12 Su Communications MTN2" on 4 December 2012 and allocated RMB250,000,000 to the Group, duration is 10 years, annual interest rate is 5.80%. (2) Communication Holding issued "13 Su Communications MTN2" on 16 May 2013 and allocated RMB250,000,000 to the Group, duration is 10 years, annual interest rate is 5.60%. (3) Communications Holding issued "14 Su Communications MTN2" on 20 May 2014 and allocated RMB250,000,000 to the Group, duration is 5 years, annual interest rate is 6.10%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

30. Long-term borrowings *(continued)*

(3) Analysis of maturity for long-term borrowings over one year is as follows:

Item	Current year	Prior year
1-2 years	71,608,861	951,516,048
2-5 years	798,326,583	1,286,548,149
Over 5 years	512,870,888	3,934,644,449
Total	<u>1,382,806,332</u>	<u>6,172,708,646</u>

(4) Other explanations:

Interest rate of the loans above between 2%-6.46%.

31. Bond payable

(1) Bond payable

Unit: RMB

Item	Closing balance	Opening balance
Medium Term Notes	3,456,427,928	494,603,286
Private Placement Bond	–	499,310,408
Subtotal	<u>3,456,427,928</u>	<u>993,913,694</u>
Less: bonds payable due within one year	–	499,310,408
Total	<u>3,456,427,928</u>	<u>494,603,286</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

31. Bond payable (continued)

(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 year	Interest accrued according to par value	Premium and discount amortization	Repayment in the current year	Closing balance
Private Placement										
Bond	500,000,000	18 June 2012	3 years	500,000,000	499,310,408	-	12,269,863	689,592	512,269,863	-
Medium Term Notes	500,000,000	19 June 2013	5 years	500,000,000	494,603,286	-	13,166,301	1,460,501	13,166,301	496,063,787
Medium Term Notes	2,000,000,000	25 August 2015	5 years	2,000,000,000	-	1,972,021,112	30,394,521	1,848,905	30,394,521	1,973,870,017
Medium Term Notes	1,000,000,000	4 December 2015	5 years	1,000,000,000	-	986,300,080	2,830,685	194,043	2,830,684	986,494,124
Total				4,000,000,000	993,913,694	2,958,321,192	58,661,370	4,193,041	558,661,369	3,456,427,928

Other explanations:

On 31 December 2015, the detail of the Group's bonds payable include: (1) The Company issued "13 Ninghu Gao MTN1" with the par value of RMB500,000,000 on 19 June 2013, bond duration is 5 years, annual interest rate is 4.98%, the interest is paid by year and principal paid on maturity. (2) The Company issued "15 Ninghu Gao MTN1" with the par value of RMB2,000,000,000 on 25 August 2015, bond duration is 5 years, annual interest rate is 4.30%, the interest is paid by year and principal paid on maturity. (3) The Company issued "15 Ninghu Gao MTN2" with the par value of RMB1,000,000,000 on 4 December 2015, bond duration is 5 years, annual interest rate is 3.69%, the interest is paid by year and principal paid on maturity.

32. Deferred Income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Remarks
Government grants	36,199,928	-	1,313,793	34,886,135	Ningchang Expressway Construction Compensation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

32. Deferred Income (continued)

Government grants:

Unit: RMB

Item	Opening balance	Increase in the current period	Transfer to non-operating income for the year	Other	Closing balance	Related to asset/Related to income
Ningchang Expressway Construction Compensation	36,199,928	–	1,313,793	–	34,886,135	Related to asset

Other explanations:

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, the Group recognizes the project construction subsidy as a compensation of the construction cost of Ningchang expressway which is recorded in deferred income.

33. Share capital

Unit: RMB

	Opening balance	New issue of shares	Bonus issue	Change for the year Capitalization of surplus reserves	Others	Subtotal	Closing balance
Year 2015:							
Total shares	5,037,747,500	–	–	–	–	–	5,037,747,500
Year 2014:							
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 year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

34. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Year 2015:				
Capital premium	8,829,971,453	–	1,064,700,000	7,765,271,453
Including: Capital contributed by investors	4,800,576,953	–	–	4,800,576,953
Differences arising from business combination involving enterprises under common control (Note)	4,029,394,500	–	1,064,700,000	2,964,694,500
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	–	1,064,700,000	10,446,662,341
Year 2014:				
Capital premium	8,829,971,453	–	–	8,829,971,453
Including: Capital contributed by investors	4,800,576,953	–	–	4,800,576,953
Differences arising from business combination involving enterprises under common control	4,029,394,500	–	–	4,029,394,500
Other capital reserve	2,682,977,235	–	1,586,347	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	11,512,948,688	–	1,586,347	11,511,362,341

Note: Please refer to Note (VII)1.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	Less:Net amount included in other comprehensive income in the prior periods that is reclassified to profit or loss for the year	Change for the year		Closing balance
				Less:income tax expense	Post-tax net amount attribute to parent company owners	
Year 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	(67,406,144)	-	-	(67,406,144)	121,482,904
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	(67,406,144)	-	-	(67,406,144)	121,482,904
Total other comprehensive income	188,889,048	(67,406,144)	-	-	(67,406,144)	121,482,904
Year 2014						
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	188,889,048
II. Other comprehensive income that will be reclassified subsequently to profit or loss	95,858,321	93,030,727	-	-	93,030,727	188,889,048
Including:						
Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	95,858,321	93,030,727	-	-	93,030,727	188,889,048
Total other comprehensive income	95,858,321	93,030,727	-	-	93,030,727	188,889,048

Note: During the year, other comprehensive income decreased 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

36. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Year 2015:				
Statutory surplus reserve	2,909,597,769	65,239,648	–	2,974,837,417
Discretionary surplus reserve	17,445,924	48,004,438	–	65,450,362
Total	<u>2,927,043,693</u>	<u>113,244,086</u>	<u>–</u>	<u>3,040,287,779</u>
Year 2014:				
Statutory surplus reserve	2,833,298,081	76,299,688	–	2,909,597,769
Discretionary surplus reserve	–	17,445,924	–	17,445,924
Total	<u>2,833,298,081</u>	<u>93,745,612</u>	<u>–</u>	<u>2,927,043,693</u>

Note: According to “Company law of the People’s Republic of China” and the Articles of the company, the Company and its subsidiaries are required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company’s registered capital. Statutory surplus reserve can be used for making up losses, or to increase the capital after approval. The Group transfer RMB65,239,648 to the statutory surplus reserve in 2015 (2014: RMB76,299,688). Jiangsu Guangjing Xicheng Co., Ltd. (“Guangjing Xicheng Company”), the subsidiary of the Company appropriated the discretionary surplus reserve at the amount of RMB48,004,438 (2014: RMB17,445,924) when the balance of the statutory surplus reserve has reached 50% of the registered capital.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

37. Retained profits

Unit: RMB

Item	Current year	Prior year
Opening retained profits (before adjustment)	4,712,690,449	4,146,025,799
Adjustment on opening balance of total retained profits	(3,361,752,969)	(3,014,906,488)
Opening retained profits (adjusted)	1,350,937,480	1,131,119,311
Add: Net profit attributable to owners of the Company for the year	2,506,629,408	2,227,907,831
Less: Appropriation to statutory surplus reserve	65,239,648	76,299,688
Appropriation to discretionary surplus reserve	48,004,438	17,445,924
Declaration of dividends on ordinary shares	1,914,344,050	1,914,344,050
Closing retained profits	<u>1,829,978,752</u>	<u>1,350,937,480</u>

Note 1: Adjustment on opening retained profits

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

Note 2: Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the company's registered capital.

Note 3: Appropriation to discretionary surplus reserve

The discretionary surplus reserve was appropriated by Guangjing Xicheng Company, the subsidiary of the Company when the balance of the statutory surplus reserve has reached 50% of the company's registered capital.

Note 4: Cash dividends approved in shareholders' meeting during the year

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 5: Profit distribution decided after the balance sheet date

According to a proposal of the board of directors on 25 March 2016, on the basis of 5,037,747,500 issued shares (with the par value of RMB1 per share) in 2016, cash dividends of RMB0.40 per share will be distributed to all the shareholders. The above proposal regarding dividends distribution is yet to be approved in a shareholders' meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

38. Operating income and operating costs

(1) Operating income

Unit: RMB

Item	Amount recognized in the current year		Amount recognized in the prior year	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	8,323,216,253	4,169,355,742	8,528,734,035	4,460,258,690
Including: Shanghai-Nanjing Expressway	4,490,662,560	1,161,120,216	4,490,913,228	1,107,253,412
312 National Highway	32,325,290	252,453,864	53,001,537	276,893,764
Nanjing-Lianyungang Highway	26,531,422	15,913,020	29,941,035	15,548,066
Guangjing Expressway				
and Xicheng Expressway	807,198,623	234,778,837	798,365,574	233,208,883
Ningchang Expressway and				
Zhenli Expressway	787,782,499	446,644,225	647,150,717	423,890,846
Xiyi Expressway	293,353,415	166,326,329	269,128,391	155,787,143
Ancillary services	1,885,362,444	1,892,119,251	2,240,233,553	2,247,676,576
Real estate development	388,975,137	227,549,069	253,556,650	197,100,033
Advertising and others	49,129,796	19,302,778	48,570,110	17,471,136
Total	<u>8,761,321,186</u>	<u>4,416,207,589</u>	<u>8,830,860,795</u>	<u>4,674,829,859</u>

39. Business taxes and levies

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Business tax	225,380,373	220,602,548
City construction and maintenance tax	16,702,018	16,179,152
Education surcharge	13,235,647	12,929,238
Land appreciation tax	19,981,040	23,658,110
Others	33,519	33,500
Total	<u>275,332,597</u>	<u>273,402,548</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

40. Selling expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Depreciation	340,432	60,489
Commission fee for agent of real estate sales	5,690,662	5,797,475
Advertisement and promotion fee	7,074,345	6,551,152
Production and planning fee	2,024,677	778,685
Others	900,675	618,580
Total	16,030,791	13,806,381

41. Administrative expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Salaries	73,980,855	79,421,676
Depreciation and amortization	72,586,303	72,671,189
Audit fee	4,125,000	3,765,000
Consulting and intermediary service fee	15,879,516	12,195,322
Properties tax and other taxes	27,723,854	22,222,302
Entertainment fee	1,541,855	2,780,435
Maintenance and repair costs	4,103,082	5,481,697
Office expenses	817,678	835,319
Travelling expenses	649,506	938,070
Vehicle related expenses	2,270,031	2,264,587
Others	9,616,423	10,414,254
Total	213,294,103	212,989,851

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

42. Financial expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Interest expenses	743,920,403	882,001,222
Less: Interest income	6,546,617	8,096,720
Exchange differences	8,208,577	4,030,747
Bond issue fee and other loan charges	31,558,693	16,666,485
Others	1,794,541	949,624
Total	<u>778,935,597</u>	<u>895,551,358</u>

43. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Bad debt provision record (reversal)	<u>679,476</u>	<u>(84,999)</u>

44. Gains from changes in fair values

Unit: RMB

Sources of gains from changes in fair values	Amount incurred in the current year	Amount incurred in the prior year
FVTPL	<u>6,935,829</u>	<u>3,066,189</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 current year	Amount incurred in prior year
Income from long-term equity investments under equity method	340,332,126	310,937,218
Income (losses) on disposal of FVTPL	21,480,974	(183,628)
Investment income from available-for-sale financial assets in the holding period	49,857,735	33,550,000
Investment income from disposal of available-for-sale financial assets	7,550,716	7,983,714
Interest income from loans	24,846,638	—
Total	444,068,189	352,287,304

46. Non-operating income

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

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Total gains on disposal of non-current assets	1,516,024	5,078,206
Including: Gains on disposal of fixed assets	1,516,024	5,078,206
Compensation income from damaged road	9,306,894	9,814,837
Government grants	1,813,793	8,990,189
Others	29,794,263	1,528,728
Total	42,430,974	25,411,960

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

46. Non-operating income (continued)

(2) Details of government grants

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year	Remarks
Ningchang Expressway Construction Compensation	1,313,793	1,620,189	Related to asset
Special funds for production safety	500,000	–	Related to income
Environmental subsidies	–	7,370,000	Related to income
Total	1,813,793	8,990,189	

47. Non-operating expenses

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Total losses on disposal of non-current assets	629,723,205	7,684,626
Including: Losses on disposal of fixed assets	22,842,359	7,684,626
Losses on disposal of intangible asset	606,880,846	–
Repair expenditure of damaged road	24,147,043	19,592,421
Donation	1,383,556	1,406,120
Funds	3,689,905	4,271,067
Others	277,440	4,126,800
Total	659,221,149	37,081,034

Other explanations:

In 2015, Jiangsu Provincial Government agreed to remove the toll stations along the 312 National Highway, and early terminated the toll road operation rights of 312 National Highway with economic compensation of RMB1,316,049,634. As a result, the Company recognized fixed assets loss of RMB17,076,634 and toll road operation rights loss of RMB606,880,846.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

48. Income tax expenses

- (1) Income tax expenses

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Current tax expenses	653,005,145	833,617,721
Deferred tax expenses	(347,863,006)	(33,593,077)
Provision of prior years' tax	2,805	7,706,257
Total	305,144,944	807,730,901

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

- (2) Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

	Amount incurred in current year	Amount incurred in prior year
Accounting profit	2,895,054,876	3,104,050,216
Income tax expenses calculated at 25% (prior year: 25%)	723,763,719	776,012,554
Effect of cost, expenses and loss that are not deductible for tax purposes	28,183,656	26,579,738
Effect of tax-free income	(97,547,465)	(86,702,885)
Effect of using previously unrecognised deductible losses and deductible temporary differences (Note)	(349,257,771)	–
Effect of unrecognised deductible losses and deductible temporary differences	–	84,135,237
Adjustment to provision of prior years' tax	2,805	7,706,257
Total	305,144,944	807,730,901

Note: Effect of using previously unrecognised deductible losses and deductible temporary differences during this year was mainly due to the combination of Jiangsu Ningchang Zhenli Expressway Limited ("Ningchang Zhenli Company") and Jiangsu Xiyi Expressway Limited ("Xiyi Company") under common control. According to the Group's profit forecast, the Group considered that it is probable that sufficient taxable profits will be available in the future to allow the deductible temporary difference and deductible losses to be utilized. Hence, the Group recognized deferred tax assets for the deductible temporary differences and deductible losses of Ningchang Zhenli Company and Xiyi Company which were not recognized in the previous years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

49. Other comprehensive income

See Note (VI)35 for details.

50. Supplementary information of income statement

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Employee benefits	807,289,001	758,636,407
Depreciation and amortization	1,359,073,337	1,413,775,996
Toll related expenses	140,992,457	135,486,597
Road maintenance expenses	287,009,397	214,650,022
System maintenance expenses	44,224,164	43,828,856
Real estate development land and construction cost	227,549,069	197,100,033
Petroleum in the service zone	1,543,123,419	1,910,996,290
Retail goods in the service zone	32,636,430	32,061,525
Catering cost in the service zone	59,627,718	61,972,304
Audit fee	4,125,000	3,765,000
Consulting and intermediary service fee	15,879,516	12,195,322
Properties tax and other taxes	29,207,597	22,810,549
Commission fee for agent of real estate sales	5,690,662	5,797,475
Advertisement fee	8,484,513	8,389,675
Others	80,620,203	80,160,040
Total	4,645,532,483	4,901,626,091

51. Items in the cash flow statement

(1) Other cash receipts relating to operating activities:

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Receipts from compensation of damaged road and non-operating income items, etc.	41,486,182	20,558,905
Receipts from interest income of bank deposit	6,546,617	8,326,922
Collection of funds for construction of rural roads	33,330,114	8,270,621
Total	81,362,913	37,156,448

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 current year	Amount incurred in prior year
Payment of non-salary and other expenditure	85,953,885	101,647,603
Changes of restricted monetary funds	16,566,843	17,793,525
Total	102,520,728	119,441,128

(3) Other cash receipts relating to investing activities: N/A

(4) Other cash payments relating to investing activities:

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Loans to related parties	50,000,000	–

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

(6) Other cash payments relating to financing activities:

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Bond issue fee and other charges of loans	31,558,693	16,666,485

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,589,909,932	2,296,319,315
Add: Provision for impairment losses of assets	679,476	(85,000)
Depreciation of fixed assets	248,545,283	273,824,079
Amortization of intangible assets	1,107,572,154	1,139,113,132
Amortization of long-term prepaid expenses	2,944,578	3,660,228
Amortization of Deferred income	(1,313,793)	(1,620,189)
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “-”)	628,207,181	2,606,420
Losses on changes in fair values (gains are indicated by “-”)	(6,935,829)	(3,066,189)
Financial expenses (income is indicated by “-”)	783,754,134	898,862,082
Losses arising from investments (gains are indicated by “-”)	(444,068,189)	(352,287,304)
Decrease in deferred tax assets (increase is indicated by “-”)	(349,132,311)	(33,498,877)
Increase in deferred tax liabilities (decrease is indicated by “-”)	1,269,305	(94,201)
Decrease in inventories (increase is indicated by “-”)	(164,515,819)	(246,419,256)
Decrease in receivables from operating activities (increase is indicated by “-”)	(62,503,615)	(298,229,273)
Increase in payables from operating activities (decrease is indicated by “-”)	156,771,820	79,230,278
Others- depreciation of investment properties	1,275,661	1,123,696
Others-decrease in restricted monetary funds (increase is indicated by “-”)	(16,566,843)	(17,793,525)
Net cash flow from operating activities	4,475,893,125	3,741,645,416
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	221,115,078	708,621,646
Less: Opening balance of cash	708,621,646	523,544,443
Net increase (decrease) in cash and cash equivalents	(487,506,568)	185,077,203

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

- (2) Net cash payments for acquisitions of subsidiaries and other business units

Unit: RMB

Item	Amount
Cash and cash equivalents paid for business combination in the current year	
Including: Ningchang Zhenli Company	502,000,000
Xiyi Company	662,000,000
Net cash outflow on acquisition of subsidiaries and business units	1,164,000,000

- (3) Composition of cash and cash equivalents

Unit: RMB

Item	Current year	Prior year
I. Cash	221,115,078	708,621,646
Including: Cash on hand	433,300	339,941
Bank deposits	216,343,971	693,645,473
Other monetary funds	4,337,807	14,636,232
II. Cash equivalents	—	—
Including: Investment in debt securities due within three months	—	—
III. Closing balance of cash and cash equivalents	221,115,078	708,621,646

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

53. Assets or use rights with restricted ownership

Unit: RMB

Item	Closing carrying amount	Reasons for restriction
Bank deposits	4,054,665	Customer mortgage deposit
Bank deposits	30,305,704	Regulations of pre-sale properties
Intangible assets	6,378,804,721	Pledge of toll road right
Total	6,413,165,090	

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	6.4936	8,909
HKD	775,363	0.8378	649,584
Long-term borrowings			
Including: USD	3,220,893	6.4936	20,915,193
Total			21,573,686

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE

1. Business combination under common control

(1) 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 prior to the date of combination in current year	The acquiree's net income(loss) from period prior to the date of combination in current year	The acquiree's income in the prior year	The acquiree's net income(loss) in the prior year
Xiyi Company	85%	Xiyi Company was originally the subsidiary of Communications Holding. The subsidiary of the Company, Guangjing Xicheng Company acquire and merge with Xiyi Company for a total consideration of RMB662,000,000 on 9 April 2015. Guangjing Xicheng Company and Xiyi Company are ultimately controlled by Communications Holding before and after the transactions, therefore the Company consider the transactions as business combination under common control.	9 April 2015	The date actually obtain the control	86,586,748	247,936	276,305,297	(27,488,920)
Ningchang Zhenli Company	100%	Ningchang Zhenli Company was originally the subsidiary of Communications Holding. The Company acquired and merge with Ningchang Zhenli Company for a total consideration of RMB502,000,000 on July 2015. The Company and Ningchang Zhenli Company are ultimately controlled by Communications Holding before and after the transactions, therefore the Company consider the transactions as business combination under common control.	15 June 2015	The date actually obtain the control	311,511,366	230,441,062	675,479,213	(323,480,899)

Other explanations:

Xiyi Company was absorbed and merged by the subsidiary of the Company, Guangjing Xicheng Company and completed the cancellation of business registration on 24 June 2015.

The Company undertake all of the interest bearing debts of Ningchang Zhenli Company amounting to RMB7,360,000,000, and transferred of such creditor's right into the equity investment to Ning Zhenli Company on 15 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE (continued)

1. Business combination under common control (continued)

(2) Cost of combination

Unit:RMB

Cost of combination	Ningchang Zhenli Company	Xiyi Company	Total
Cash	502,000,000	662,000,000	1,164,000,000

(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:				
Current Assets	81,820,516	36,263,684	239,580,361	117,283,247
Non-current Assets	2,360,610,579	2,390,005,555	7,658,890,584	7,492,801,147
Total Assets	2,442,431,095	2,426,269,239	7,898,470,945	7,610,084,394
Liabilities:				
Current Liabilities	774,894,089	758,980,169	2,434,756,296	2,575,238,644
Non-current Liabilities	1,032,000,000	1,032,000,000	5,105,627,765	4,907,199,928
Total Liabilities	1,806,894,089	1,790,980,169	7,540,384,061	7,482,438,572
Net Assets	635,537,006	635,289,070	358,086,884	127,645,822
Less: minority interest	95,330,551	95,293,361	-	-
Net assets obtained	540,206,455	539,995,709	358,086,884	127,645,822

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

VIII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Group composition

Unit: RMB

Name of subsidiary (note)	Type of subsidiaries	Registered Capital/Paid up capital	Business premise	Registered place	Business nature	Proportion of holding equity (%)		Acquired method
						Direct	Indirect	
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 and Zhenjiang	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")	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	Zhenjiang	Nanjing	Construction and operation of expressway	70	-	Set-up
Ningchang Zhenli Company	Limited liability company	10,688,850,000	Changzhou, Zhengjiang	Nanjing	Construction and operation of expressway	100	-	Business combination under the common control

Note: None of the subsidiaries had issued any debt securities at the beginning and end of the year.

(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	15	83,014,003	79,250,395	528,064,841
Zhendan Expressway	30	266,521	-	181,947,991

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

VIII. EQUITY IN OTHER ENTITIES (continued)

1. Equity in subsidiaries (continued)

(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 assets	Current liabilities	Non-current liabilities	Total liabilities
Guangjing Xicheng	65,877,202	6,065,416,081	6,131,293,283	787,039,308	1,805,396,474	2,592,435,782	148,149,497	6,165,208,026	6,313,357,523	855,590,739	1,282,000,000	2,137,590,739
Zhendan Expressway	32,392,258	686,697,477	719,089,735	112,606,430	-	112,606,430	200,004,900	-	200,004,900	-	-	-

Unit: RMB

Name of subsidiaries	Amount in the current year				Amount in the prior year			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net income	Total Comprehensive income	Cash flow from operating activities
Guangjing Xicheng	1,142,569,073	553,426,684	553,426,684	702,051,504	1,104,379,805	456,066,759	456,066,759	677,093,774
Zhendan Expressway	-	888,405	888,405	(100,666)	-	4,900	4,900	4,900

2. Equity in associates

(1) Significant associates

Name of joint ventures or associates	Business premise	Registered place	Business nature	Proportion of shareholding (%)		
				Direct	Indirect	Accounting method
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 year ended 31 December 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 year				Opening balance/Amount incurred in the prior year			
	Yangtze Bridge Company	Sujiahang Company	Sujiayong Company	Yanjiang Company	Yangtze Bridge Company	Sujiahang Company	Sujiayong Company	Yanjiang Company
Current asset	1,135,774,517	1,061,043,236	634,549,173	804,141,921	372,014,371	820,521,450	639,849,813	914,263,318
Non-current asset	8,330,636,198	2,449,381,993	2,187,382,168	8,228,369,604	8,958,594,451	2,819,413,505	1,511,891,100	8,258,875,954
Total asset	9,466,410,715	3,510,425,229	2,821,931,341	9,032,511,525	9,330,608,822	3,639,934,955	2,151,740,913	9,173,139,272
Current liability	1,284,695,037	399,736,739	273,072,161	260,017,787	2,856,682,168	499,737,200	260,867,896	725,553,561
Non-current liability	3,877,874,169	374,014,507	972,000,000	2,864,400,000	2,410,043,247	683,031,700	600,000,000	2,757,700,000
Total liability	5,162,569,206	773,751,246	1,245,072,161	3,124,417,787	5,266,725,415	1,182,768,900	860,867,896	3,483,253,561
Minority Interests	369,000,000	5,283,194	–	575,686,834	–	4,895,378	–	602,239,341
Shareholders equity attributable to shareholders of the parent company	3,934,841,509	2,731,390,789	1,576,859,180	5,332,406,904	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	1,049,024,212	910,417,463	359,127,168	1,720,234,467	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	–	–	–	–	–	–	–	–
Net book value of the equity investment in associates	1,102,198,646	939,024,477	359,127,168	1,733,407,548	1,136,605,750	845,948,831	293,913,100	1,654,447,800
Operating income	1,189,058,570	1,257,915,029	–	1,491,955,486	1,136,537,494	1,200,775,750	–	1,446,864,579
Net income (Net loss) attributable to the parent company	337,519,153	405,543,493	(156,541)	418,161,005	381,399,666	349,034,210	(172,849)	303,545,050
Other comprehensive income attributable to the parent company	(252,836,250)	–	–	–	348,952,462	–	–	–
Total comprehensive income attributable to the parent company	84,682,903	405,543,493	(156,541)	418,161,005	730,352,128	349,034,210	(172,849)	303,545,050
Dividends received from associates in the current year	56,983,566	42,092,000	–	55,938,992	56,983,566	42,092,000	–	28,786,034

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

VIII. EQUITY IN OTHER ENTITIES *(continued)*

2. Equity in associates *(continued)*

(2) Financial information of significant associates *(continued)*

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.

(3) Financial information of non-significant associates

Unit: RMB

	Closing balance/ Amount incurred in the current year	Opening balance/ Amount incurred in the prior year
Joint ventures		
Total net book value of the investment	47,838,290	–
Total amount of the following items calculated according to the proportion of shareholding		
Net profit (loss)	(22,161,710)	–
Other comprehensive income	–	–
Total comprehensive income (loss)	(22,161,710)	–
Associates		
Total net book value of the investment	275,197,676	243,675,788
Total amount of the following items calculated according to the proportion of shareholding		
Net profit (loss)	2,480,488	(4,959,582)
Other comprehensive income	–	–
Total comprehensive income (loss)	2,480,488	(4,959,582)

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

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

(5) Contingent liabilities related to joint ventures or associates

There is no contingent liabilities related to joint ventures or associates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include bank deposits, equity investments, debt investments, accounts receivable, other receivables, borrowings, bonds payable, 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 adopts sensitivity analysis technique to analyse how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives and policies

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.

1.1 Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with borrowings and bank deposits denominated in USD and HKD while the Group's other principal activities are denominated and settled in RMB. As at 31 December 2015, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in USD and HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

At reporting date the balance of the Group's assets and liabilities in foreign currency are set out below:

Unit: RMB

	Closing balance	Opening balance
Cash and cash equivalents	658,493	1,078,977
Non-current liabilities due within one year	1,608,861	1,516,049
Long-term borrowings	19,306,332	19,708,646

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

1. Risk management objectives and policies *(continued)*

1.1 Market risk *(continued)*

1.1.1. Currency risk *(continued)*

Sensitivity analysis on currency risk

Given that where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

Unit: RMB

Item	Change in exchange rate	Current year		Prior year	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
USD	5% increase against RMB	(1,045,314)	(1,045,314)	(1,060,815)	(1,060,815)
USD	5% decrease against RMB	1,045,314	1,045,314	1,060,815	1,060,815
HKD	5% increase against RMB	32,479	32,479	53,529	53,529
HKD	5% decrease against RMB	(32,479)	(32,479)	(53,529)	(53,529)

1.1.2. Interest rate risk – risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate long-term bank borrowings (31 December 2015: RMB763,500,000; 31 December 2014: RMB4,532,000,000). It is the Group's policy to keep its borrowings at floating rate of interests so as to eliminate the fair value interest rate risk.

Analysis on interest rate risk

The sensitivity analysis on interest rate risk is based on the following assumptions that changes in the market interest rate may influence the interest income or expense of the variable rate financial instruments. For variable-rate long-term bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk represents management's assessment of the reasonably possible change in interest rates.

On the basis of the above assumptions, where all other variables are held constant, if interest rates had been 50 basis points higher/lower, the Group's pre-tax profit or loss for the year 2015 and shareholders' equity would decrease/increase by RMB2,863,125 (2014: decrease/increase by RMB16,995,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate long-term bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

1. Risk management objectives and policies *(continued)*

1.1 Market risk *(continued)*

1.1.3. Other price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to price risk. The Group established an internal investment division and a designated team are assigned to monitor closely the price movement of its investment. In this regard, the directors of the Group consider that the Group's price risk is mitigated.

Sensitivity analysis on other price risk

The Group is exposed to the price risk arising from financial assets which are measured at fair value.

As at 31 December 2015, if the price of the financial assets at fair value through profit or loss the Group holds had increased/decreased by 50%, profit or loss for the year 2015 and shareholders' equity would have been increased/decreased by approximately RMB13,457,644 (31 December 2014: RMB14,606,934).

1.2. Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.
- The amount of financial guarantees contract related to real estate sales disclosed in Note XII "Contingencies".

In order to minimize the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

1. Risk management objectives and policies *(continued)*

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Loans are main source of funding for the Group. As at 31 December 2015, the Group has available unutilised bank loan facilities of approximately RMB8,344,500,000 (31 December 2014: RMB6,790,000,000). Also, private placement note, super short-term bonds and medium term notes etc. are important source of funding for the Group. As at 31 December 2015, the Group has authorized but not issued bonds including private placement note, super short-term bonds and medium term notes etc. of approximately RMB6,400,000,000 (31 December 2014: RMB4,500,000,000).

As at 31 December 2015, the Group had net current liabilities of RMB5,387,115,662 (31 December 2014: RMB3,371,496,939), the Group has taken the following measures to reduce liquidity risk.

- In 2015, the Group issued RMB8,000,000,000 super short-term bonds at a relatively low interest rate.
- The Group has available unutilized bank loan facilities with a time limit over one year of approximately RMB2,815,500,000.
- The Group has authorized but not issued bonds with a time limit over one year of approximately RMB4,000,000,000 related to super short-term bonds, medium term notes
- The management is confident about the repayment of the borrowings as scheduled and the acquiring of new cycle borrowings.

To sum up, the management considers that the liquidity risk of the Group is greatly reduced, which has no significant impact on the Group's operation and the financial statements. The financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

1. Risk management objectives and policies *(continued)*

1.3. Liquidity risk *(continued)*

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

Unit: RMB

	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Accounts payable	-	-	924,505,565	-	-
Other payables	-	-	80,687,691	-	-
Interest payable	2,848,337	1,552,471	65,524,264	-	-
Short-term borrowings	200,301,278	126,179,354	1,534,354,144	-	-
Other current liabilities	704,665,500	2,457,280,000	3,586,168,894	-	-
Long-term borrowings (including long-term borrowings due within 1 year)	168,989	56,740,819	337,569,573	941,680,723	584,857,226
Bond payable (including bonds payable due within 1 year)	-	-	110,619,777	4,079,369,524	-
Total	<u>907,984,104</u>	<u>2,641,752,644</u>	<u>6,639,429,908</u>	<u>5,021,050,247</u>	<u>584,857,226</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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	35,887,051	–	–	35,887,051
Other current assets – Financial management product	–	–	417,000,000	417,000,000
	<u>–</u>	<u>–</u>	<u>417,000,000</u>	<u>417,000,000</u>

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 31 December 2015	Valuation techniques	Significant unobservable inputs	Range
Other current assets-Financial management product	<u>417,000,000</u>	Discounted cash flow	Anticipate return rate	<u>2.05%-3.7%</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

X. DISCLOSURE ON FAIR VALUE *(continued)*

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

Unit: RMB

Item	Fair value at 31 December 2014	Valuation techniques	Significant unobservable inputs	Range
Other current assets-Financial management product	206,750,000	Discounted cash flow	Anticipate return rate	3.3%-4.8%

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Nanlin Hotel	Associate
Luode Company	Associate
Sundian Company	Associate
Hanwei Company	Joint venture

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Runyang Bridge Company	Same ultimate shareholder
Jiangsu Expressway Information Engineering Co., Ltd (“Information Company”)	Same ultimate shareholder
Jiangsu HuaTong Engineering Testing Co., Ltd. (“Huatong Company”)	Same ultimate shareholder
Taicang Port Container Shipping Co., Ltd. (“Taicang container Company”)	Same ultimate shareholder
Jiangsu Fenguan Expressway Management Co., Ltd. (“Fenguan Company”)	Same ultimate shareholder
Jiangsu Jinghu Expressway Co., Ltd (“Jinghu Company”)	Same ultimate shareholder
Jiangsu Railway Investment Development Co., Ltd (“Railway Company”)	Same ultimate shareholder
Ninghang Company	Same ultimate shareholder
Nantong TongSha Port Company Limited (“TongSha Port Company”)	Same ultimate shareholder
Suhuaiyan Company	Same ultimate shareholder
Jiangsu Ocean Shipping Co., Ltd (“Ocean Shipping Company”)	Same ultimate shareholder
Suzhou Circular Expressway Co., Ltd (“Suzhou Circular Company”)	Same ultimate shareholder
Jiangsu Tongchang Real Estate Investment Co., Ltd. (“Tongchang Real Estate Company”)	Same ultimate shareholder

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions

- (1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties

Purchase of goods, receipt of services and interest expense of loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current year	Amount incurred in the prior year
Network Operation Company*	Networking service fee	35,906,867	31,155,833
Sundian Company*	Road maintenance fee	86,583,784	69,091,282
Huatong Company*	Road maintenance fee	—	634,983
Nanlin Hotel*	Food and beverage	112,910	293,548
Information Company*	Communication system maintenance fee	2,639,405	1,877,200
Network Operation Company*	Interest expenses of entrusted loan	17,446,722	23,112,306
TongSha Port Company*	Interest expenses of entrusted loan	1,556,164	2,010,000
Taicang container Company*	Interest expenses of entrusted loan	3,112,329	6,250,000
Communications Holding*	Interest expenses of entrusted loan	25,031,963	16,219,140
Yanjiang Company*	Interest expenses of entrusted loan	2,251,720	8,999,104
Far East Shipping Company*	Interest expenses of entrusted loan	11,870,470	15,278,333
Communications Holding*	Interest expenses of loans from a related party	101,766,341	154,039,535
Group Finance Company*	Interest expenses of working capital loan	21,645,732	29,294,345
Jinghu Company*	Interest expenses of entrusted loan	9,795,891	996,667
Runyang Bridge Company*	Interest expenses of entrusted loan	39,914,670	57,549,100
Suhuaiyan Company*	Interest expenses of entrusted loan	1,651,958	1,741,935
Railway Company*	Interest expenses of entrusted loan	2,986,333	—
Tongchang Real Estate Company*	Interest expenses of entrusted loan	532,000	15,054

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

- (1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties *(continued)*

Sales, provision of services and interest income of deposits/loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current year	Amount incurred in the prior year
Kuailu Co., Ltd.	Petrol income	5,435,180	9,853,140
Kuailu Co., Ltd.	Toll road income	3,000,000	4,200,000
Network Operation Company*	ETC customer-service network management income	2,936,850	1,705,212
Hanwei Company	Interest income from shareholder loan	31,508,933	–
Group Finance Company *	Interest income from deposits	1,380,344	2,712,847

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.

- (2) Leases with related parties

Leases where a group entity is the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current year	Lease income recognized in the prior year
Network Operation Company*	Fixed assets	3,612,400	3,895,000
Sundian Company*	Fixed assets	1,690,000	1,690,000
Jiangsu Petroleum Company*	Fixed assets	13,555,500	12,676,965

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(3) Guarantees with related parties

The Group 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*	20,915,193	15 October 1998	18 July 2027	Not completed
Communications Holding*	110,000,000	16 March 2004	5 March 2019	Not completed
Communications Holding*	45,000,000	30 September 2015	30 November 2016	Not completed
Communications Holding*	43,000,000	16 April 2004	20 October 2018	Not completed

(4) Loans with related parties

In the current year:

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from:					
Far East Shipping Company*	(190,000,000.00)	13 August 2014	13 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Far East Shipping Company*	185,000,000.00	13 August 2015	13 August 2016	185,000,000	Entrusted loan with annual interest rate of 4.85%
Runyang Bridge Company*	(150,000,000.00)	26 February 2013	25 February 2019	150,000,000	Entrusted loan with annual interest rate of 6.40%
Runyang Bridge Company*	(600,000,000.00)	18 February 2014	31 December 2023	–	Entrusted loan with annual interest rate of 6.560%
Communications Holding*	(250,000,000.00)	5 December 2012	5 December 2022	–	Loan from a related party with annual interest rate 6.10%
Communications Holding*	(400,000,000.00)	17 May 2013	17 May 2023	–	Loan from a related party with annual interest rate 5.90%
Communications Holding*	(200,000,000.00)	17 May 2014	17 May 2019	–	Loan from a related party with annual interest rate 6.10%
Communications Holding*	(350,000,000.00)	22 August 2014	22 August 2017	–	Loan from a related party with annual interest rate 6.10%
Communications Holding*	200,000,000.00	12 February 2015	9 November 2015	–	Loan from a related party with annual interest rate 4.83%
Communications Holding*	(200,000,000.00)	12 February 2015	9 November 2015	–	Loan from a related party with annual interest rate 4.83%
Communications Holding*	400,000,000.00	17 April 2015	16 July 2015	–	Loan from a related party with annual interest rate 4.64%
Communications Holding*	(400,000,000.00)	17 April 2015	16 July 2015	–	Loan from a related party with annual interest rate 4.64%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the current year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Network Operation Company*	(30,000,000.00)	8 August 2014	7 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(30,000,000.00)	12 August 2014	11 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000.00)	13 October 2014	12 October 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(40,000,000.00)	11 November 2014	10 November 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000.00)	8 December 2014	7 December 2015	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	30,000,000.00	19 January 2015	18 January 2016	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	(30,000,000.00)	19 January 2015	18 January 2016	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	40,000,000.00	12 February 2015	11 February 2016	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	(40,000,000.00)	12 February 2015	11 February 2016	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	50,000,000.00	10 March 2015	9 March 2016	–	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	(50,000,000.00)	10 March 2015	9 March 2016	–	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	20,000,000.00	21 April 2015	20 October 2015	–	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	(20,000,000.00)	21 April 2015	20 October 2015	–	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	20,000,000.00	21 May 2015	20 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Network Operation Company*	(20,000,000.00)	21 May 2015	20 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Network Operation Company*	30,000,000.00	28 May 2015	27 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Network Operation Company*	(30,000,000.00)	28 May 2015	27 November 2015	–	Entrusted loan with annual interest rate of 5.10%
TongSha Port Company*	(50,000,000.00)	12 August 2014	11 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Taicang container Company*	(100,000,000.00)	5 August 2014	4 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Communications Holding*	(800,000,000.00)	17 November 2014	16 November 2015	–	Entrusted loan with annual interest rate of 6.00%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the current year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Yanjiang Company*	50,000,000.00	13 January 2015	12 July 2015	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	(50,000,000.00)	13 January 2015	12 July 2015	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	30,000,000.00	19 May 2015	18 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Yanjiang Company*	(30,000,000.00)	19 May 2015	18 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Jinghu Company*	40,000,000.00	18 March 2015	17 March 2016	–	Entrusted loan with annual interest rate of 5.35%
Jinghu Company*	(40,000,000.00)	18 March 2015	17 March 2016	–	Entrusted loan with annual interest rate of 5.35%
Jinghu Company*	20,000,000.00	21 May 2015	20 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Jinghu Company*	(20,000,000.00)	21 May 2015	20 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Group Finance Company*	(55,000,000.00)	7 July 2014	6 July 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(80,000,000.00)	13 October 2014	12 October 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(55,000,000.00)	19 November 2014	18 November 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	50,000,000.00	13 March 2015	12 September 2015	–	Working capital loan with annual interest rate of 5.08%
Group Finance Company*	(50,000,000.00)	13 March 2015	12 September 2015	–	Working capital loan with annual interest rate of 5.08%
Group Finance Company*	60,000,000.00	19 March 2015	18 September 2015	–	Working capital loan with annual interest rate of 5.08%
Group Finance Company*	(60,000,000.00)	19 March 2015	18 September 2015	–	Working capital loan with annual interest rate of 5.08%
Group Finance Company*	(20,000,000.00)	25 June 2014	24 June 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	170,000,000.00	17 June 2015	16 June 2016	170,000,000	Working capital loan with annual interest rate of 4.85%
Railway Company*	80,000,000.00	25 June 2015	24 June 2016	–	Entrusted loan with annual interest rate of 5.10%
Railway Company*	(80,000,000.00)	25 June 2015	24 June 2016	–	Entrusted loan with annual interest rate of 5.10%
Jinghu Company*	230,000,000.00	21 April 2015	20 April 2016	–	Entrusted loan with annual interest rate of 5.35%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Loans with related parties (continued)

In the current year: (continued)

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: (continued)					
Jinghu Company*	(230,000,000.00)	21 April 2015	20 April 2016	–	Entrusted loan with annual interest rate of 5.35%
Yanjiang Company*	(20,000,000.00)	13 August 2014	12 February 2015	–	Entrusted loan with annual interest rate of 5.60%
Group Finance Company*	(30,000,000.00)	4 August 2014	3 August 2015	–	Working capital loan with annual interest rate of 5.70%
Yanjiang Company*	(30,000,000.00)	10 July 2014	9 January 2015	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	(50,000,000.00)	2 July 2014	1 July 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(75,000,000.00)	12 March 2014	11 March 2015	–	Entrusted loan with annual interest rate of 6.00%
Suhuaiyan Company*	(30,000,000.00)	5 March 2014	4 March 2015	–	Entrusted loan with annual interest rate of 6.00%
Group Finance Company*	(50,000,000.00)	3 March 2014	2 March 2015	–	Working capital loan with annual interest rate of 5.70%
Yanjiang Company*	(30,000,000.00)	10 September 2014	9 March 2015	–	Entrusted loan with annual interest rate of 5.60%
Group Finance Company*	(50,000,000.00)	21 November 2014	20 November 2015	–	Working capital loan with annual interest rate of 5.70%
Tongchang Real Estate Company*	(10,000,000.00)	10 December 2014	9 December 2015	–	Entrusted loan with annual interest rate of 5.60%
Group Finance Company*	(20,000,000.00)	18 December 2014	17 December 2015	–	Working capital loan with annual interest rate of 5.32%
Network Operation Company*	30,000,000.00	5 January 2015	4 January 2016	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	(30,000,000.00)	5 January 2015	4 January 2016	–	Entrusted loan with annual interest rate of 5.60%
Jinghu Company*	40,000,000.00	28 February 2015	27 February 2016	–	Entrusted loan with annual interest rate of 5.60%
Jinghu Company*	(40,000,000.00)	28 February 2015	27 February 2016	–	Entrusted loan with annual interest rate of 5.60%
Group Finance Company*	50,000,000.00	4 March 2015	2 March 2016	–	Working capital loan with annual interest rate of 5.083%
Group Finance Company*	(50,000,000.00)	4 March 2015	2 March 2016	–	Working capital loan with annual interest rate of 5.083%
Yanjiang Company*	30,000,000.00	10 March 2015	9 September 2015	–	Entrusted loan with annual interest rate of 5.35%
Yanjiang Company*	(30,000,000.00)	10 March 2015	9 September 2015	–	Entrusted loan with annual interest rate of 5.35%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the current year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Yanjiang Company*	20,000,000.00	28 January 2015	27 July 2015	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	(20,000,000.00)	28 January 2015	27 July 2015	–	Entrusted loan with annual interest rate of 5.60%
Jinghu Company*	20,000,000.00	28 January 2015	27 January 2016	–	Entrusted loan with annual interest rate of 5.60%
Jinghu Company*	(20,000,000.00)	28 January 2015	27 January 2016	–	Entrusted loan with annual interest rate of 5.60%
Railway Company*	70,000,000.00	9 June 2015	8 June 2016	–	Entrusted loan with annual interest rate of 5.10%
Railway Company*	(70,000,000.00)	9 June 2015	8 June 2016	–	Entrusted loan with annual interest rate of 5.10%
Network Operation Company*	20,000,000.00	3 February 2015	2 February 2016	20,000,000.00	Entrusted loan with annual interest rate of 5.60%
Suhuaiyan Company*	30,000,000.00	5 March 2015	4 March 2016	30,000,000.00	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	75,000,000.00	12 March 2015	11 March 2016	75,000,000.00	Entrusted loan with annual interest rate of 5.35%
Group Finance Company*	30,000,000.00	11 August 2015	10 August 2016	30,000,000.00	Working capital loan with annual interest rate of 4.608%
Communications Holding*	(200,000,000.00)	25 April 2014	25 April 2015	–	Loan from a related party with annual interest rate 5.60%
Communications Holding*	200,000,000.00	17 April 2015	16 July 2015	–	Loan from a related party with annual interest rate 4.74%
Communications Holding*	(200,000,000.00)	17 April 2015	16 July 2015	–	Loan from a related party with annual interest rate 4.74%
Communications Holding*	200,000,000.00	21 July 2015	20 January 2016	200,000,000.00	Loan from a related party with annual interest rate 3.39%
Communications Holding*	–	5 December 2012	5 December 2022	250,000,000.00	Loan from a related party with annual interest rate 5.80%
Communications Holding*	–	17 May 2013	17 May 2023	250,000,000.00	Loan from a related party with annual interest rate 5.60%
Communications Holding*	–	20 May 2014	20 May 2019	250,000,000.00	Loan from a related party with annual interest rate 6.10%
Network Operation Company*	(30,000,000.00)	17 January 2014	16 January 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(40,000,000.00)	12 February 2014	11 February 2015	–	Entrusted loan with annual interest rate of 6.00%
Group Finance Company*	(50,000,000.00)	13 March 2014	12 March 2015	–	Working capital loan with annual interest rate of 5.70%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the current year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Jinghu Company*	(20,000,000.00)	18 March 2014	17 March 2015	–	Entrusted loan with annual interest rate of 6.00%
Group Finance Company*	(60,000,000.00)	18 March 2014	17 March 2015	–	Working capital loan with annual interest rate of 5.70%
Network Operation Company*	(20,000,000.00)	21 April 2014	20 April 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000.00)	21 May 2014	20 May 2015	–	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	(50,000,000.00)	17 July 2014	16 January 2015	–	Entrusted loan with annual interest rate of 6.00%
Far East Shipping Company *	(50,000,000.00)	8 October 2014	7 October 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(30,000,000.00)	28 May 2013	27 May 2015	–	Entrusted loan with annual interest rate of 5.75%
Lend to:					
Hanwei Company	300,000,000.00	26 March 2015	26 March 2018	300,000,000.00	Lend to a related party with annual interest rate 8.00%

In the prior year:

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from:					
Far East Shipping Company*	(190,000,000)	30 August 2013	30 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Far East Shipping Company*	190,000,000	13 August 2014	13 August 2015	190,000,000	Entrusted loan with annual interest rate of 6.00%
Group Finance Company*	(30,000,000)	2 August 2013	1 August 2014	–	Working capital loan with annual interest rate of 5.60%
Group Finance Company*	(50,000,000)	29 November 2013	28 November 2014	–	Working capital loan with annual interest rate of 5.60%
Group Finance Company*	(20,000,000)	18 December 2013	17 December 2014	–	Working capital loan with annual interest rate of 5.60%
Group Finance Company*	50,000,000	3 March 2014	2 March 2015	50,000,000	Working capital loan with annual interest rate of 5.70%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the prior year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Group Finance Company*	30,000,000	4 August 2014	3 August 2015	30,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	30,000,000	13 August 2014	12 August 2015	30,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	50,000,000	21 November 2014	20 November 2015	50,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	20,000,000	18 December 2014	17 December 2015	20,000,000	Working capital loan with annual interest rate of 5.32%
Communications Holding*	–	5 December 2012	5 December 2022	250,000,000	Loan from a related party with annual interest rate 5.80%
Communications Holding*	–	17 May 2013	17 March 2023	250,000,000	Loan from a related party with annual interest rate 5.60%
Communications Holding*	(80,000,000)	17 July 2013	16 January 2014	–	Entrusted loan with annual interest rate of 5.60%
Communications Holding*	(80,000,000)	3 September 2013	2 September 2014	–	Entrusted loan with annual interest rate of 5.60%
Communications Holding*	(200,000,000)	13 September 2013	12 March 2014	–	Loan from a related party with annual interest rate 5.30%
Communications Holding*	200,000,000	22 February 2014	22 May 2014	–	Loan from a related party with annual interest rate 6.60%
Communications Holding*	(200,000,000)	22 February 2014	22 May 2014	–	Loan from a related party with annual interest rate 6.60%
Communications Holding*	200,000,000	25 April 2014	25 April 2015	200,000,000	Loan from a related party with annual interest rate 5.60%
Communications Holding*	250,000,000	20 May 2014	20 May 2019	250,000,000	Loan from a related party with annual interest rate 6.10%
Network Operation Company*	(80,000,000)	13 March 2013	12 March 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(45,000,000)	18 March 2013	17 March 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000)	20 August 2013	19 August 2014	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	75,000,000	12 March 2014	11 March 2015	75,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	50,000,000	2 July 2014	1 July 2015	50,000,000	Entrusted loan with annual interest rate of 6.00%
Tongchang Real Estate Company*	10,000,000	10 December 2014	9 December 2015	10,000,000	Entrusted loan with annual interest rate of 5.60%
Suhuaiyan Company*	(30,000,000)	13 March 2013	12 March 2014	–	Entrusted loan with annual interest rate of 6.00%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the prior year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan <i>(Note)</i>	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Suhuaiyan Company*	30,000,000	5 March 2014	4 March 2015	30,000,000	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	30,000,000	10 September 2014	9 March 2015	30,000,000	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	(30,000,000)	13 March 2013	12 March 2014	–	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	80,000,000	9 January 2014	8 July 2014	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	(80,000,000)	9 January 2014	8 July 2014	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	30,000,000	7 March 2014	6 September 2014	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	(30,000,000)	7 March 2014	6 September 2014	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	30,000,000	10 July 2014	9 January 2015	30,000,000	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	20,000,000	13 August 2014	12 February 2015	20,000,000	Entrusted loan with annual interest rate of 5.60%
Group Finance Company*	80,000,000	12 July 2013	11 July 2014	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(80,000,000)	12 July 2013	11 July 2014	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	100,000,000	23 June 2014	22 June 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(100,000,000)	23 June 2014	22 June 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	100,000,000	25 June 2014	24 June 2015	20,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(80,000,000)	25 June 2014	24 June 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	50,000,000	25 June 2014	24 December 2014	–	Working capital loan with annual interest rate of 5.60%
Group Finance Company*	(50,000,000)	25 June 2014	24 December 2014	–	Working capital loan with annual interest rate of 5.60%
Far East Shipping Company*	(10,000,000)	19 March 2013	18 March 2014	–	Entrusted loan with annual interest rate of 6.00%
Far East Shipping Company*	(50,000,000)	12 October 2013	11 October 2014	–	Entrusted loan with annual interest rate of 6.00%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the prior year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan <i>(Note)</i>	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Far East Shipping Company*	50,000,000	8 October 2014	7 October 2015	50,000,000	Entrusted loan with annual interest rate of 6.00%
Far East Shipping Company*	(50,000,000)	15 March 2013	14 March 2014	–	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	50,000,000	17 July 2014	16 January 2015	50,000,000	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	(40,000,000)	3 December 2013	2 June 2014	–	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	50,000,000	16 January 2014	15 July 2014	–	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	(50,000,000)	16 January 2014	15 July 2014	–	Entrusted loan with annual interest rate of 6.00%
TongSha Port Company*	50,000,000	12 August 2014	11 August 2015	50,000,000	Entrusted loan with annual interest rate of 6.00%
TongSha Port Company*	(20,000,000)	12 August 2013	11 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Taicang container Company*	100,000,000	5 August 2014	4 August 2015	100,000,000	Entrusted loan with annual interest rate of 6.00%
Taicang container Company*	(100,000,000)	5 August 2013	4 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Runyang Bridge Company*	600,000,000	18 February 2014	31 December 2023	600,000,000	Entrusted loan with annual interest rate of 6.78%
Runyang Bridge Company*	–	26 February 2013	25 February 2019	300,000,000	Entrusted loan with annual interest rate of 6.68%
Network Operation Company*	40,000,000	12 February 2014	11 February 2015	40,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(30,000,000)	16 December 2013	15 December 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	20,000,000	13 October 2014	12 October 2015	20,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	30,000,000	17 January 2014	16 January 2015	30,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	30,000,000	8 August 2014	7 August 2015	30,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	30,000,000	12 August 2014	11 August 2015	30,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000)	12 October 2013	11 October 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	20,000,000	21 April 2014	20 April 2015	20,000,000	Entrusted loan with annual interest rate of 6.00%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the prior year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Network Operation Company*	20,000,000	21 May 2014	20 May 2015	20,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	40,000,000	11 November 2014	10 November 2015	40,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	20,000,000	8 December 2014	7 December 2015	20,000,000	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(30,000,000)	17 January 2013	16 January 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000)	18 April 2013	18 April 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000)	21 May 2013	20 May 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(40,000,000)	10 July 2013	9 July 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000)	8 August 2013	7 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(30,000,000)	12 August 2013	11 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	–	28 May 2013	27 May 2015	30,000,000	Entrusted loan with annual interest rate of 6.15%
Jinghu Company*	20,000,000	18 March 2014	17 March 2015	20,000,000	Entrusted loan with annual interest rate of 6.00%
Communications Holding*	(140,000,000)	15 July 2013	14 July 2014	–	Entrusted loan with annual interest rate of 6.00%
Communications Holding*	(60,000,000)	12 August 2013	11 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Communications Holding*	(100,000,000)	14 August 2013	13 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Communications Holding*	800,000,000	17 November 2014	16 November 2015	800,000,000	Entrusted loan with annual interest rate of 6.00%
Group Finance Company*	(30,000,000)	17 January 2013	16 January 2014	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	60,000,000	18 March 2014	17 March 2015	60,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	55,000,000	7 July 2014	6 July 2015	55,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	50,000,000	13 March 2014	12 March 2015	50,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(80,000,000)	12 October 2013	11 October 2014	–	Working capital loan with annual interest rate of 5.70%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

(4) Loans with related parties *(continued)*

In the prior year: *(continued)*

Unit: RMB

Related party	Amount of borrowing/loan <i>(Note)</i>	Inception date	Maturity date	Closing balance	Remarks
Borrowed from: <i>(continued)</i>					
Group Finance Company*	(50,000,000)	13 March 2013	12 March 2014	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(60,000,000)	18 March 2013	17 March 2014	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(60,000,000)	15 July 2013	14 July 2014	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	80,000,000	13 October 2014	12 October 2015	80,000,000	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	55,000,000	19 November 2014	18 November 2015	55,000,000	Working capital loan with annual interest rate of 5.70%
Communications Holding*	–	22 February 2012	22 February 2015	200,000,000	Loan from a related party with annual interest rate 6.39%
Communications Holding*	–	5 December 2012	5 December 2022	250,000,000	Loan from a related party with annual interest rate 6.10%
Communications Holding*	–	17 May 2013	17 May 2023	400,000,000	Loan from a related party with annual interest rate 5.90%
Communications Holding*	200,000,000	17 May 2014	17 May 2019	200,000,000	Loan from a related party with annual interest rate 6.10%
Communications Holding*	350,000,000	22 August 2014	22 August 2017	350,000,000	Loan from a related party with annual interest rate 6.10%
Communications Holding*	(300,000,000)	13 September 2013	13 March 2014	–	Loan from a related party with annual interest rate 5.30%
Communications Holding*	(100,000,000)	22 November 2013	22 November 2014	–	Loan from a related party with annual interest rate 6.60%
Communications Holding*	300,000,000	22 February 2014	22 May 2014	–	Loan from a related party with annual interest rate 6.60%
Communications Holding*	(300,000,000)	22 February 2014	22 May 2014	–	Loan from a related party with annual interest rate 6.60%
Communications Holding*	200,000,000	26 March 2014	26 September 2014	–	Loan from a related party with annual interest rate 5.55%
Communications Holding*	(200,000,000)	26 March 2014	26 September 2014	–	Loan from a related party with annual interest rate 5.55%
Communications Holding*	300,000,000	25 April 2014	25 April 2015	300,000,000	Loan from a related party with annual interest rate 5.60%
Communications Holding*	100,000,000	24 October 2014	24 April 2015	100,000,000	Loan from a related party with annual interest rate 4.69%

Note: When the Group is the borrower, the positive amount represents borrowing from a related party while the negative amount represents repayment to a related party; When the Group is the lender, positive amount represents lending to a related party while the negative amount represents collecting the money from a related party.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

5. Related party transactions *(continued)*

- (5) Property transfer and debt recombination with related parties

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current year	Amount incurred in the prior year
Network Operation Company*	Compensation for the demolition of the Company's houses	—	7,503,200

- (6) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Compensation for key management personnel	3,872,024	3,770,227

- (7) Other explanations

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Cash and bank balances	Group Finance Company	6,878	—	95,716,105	—
Accountants receivable <i>(note)</i>	Sujiahang Company	9,110,734	—	9,107,980	—
	Jiangsu Petroleum Company	8,342,500	—	4,509,100	—
	Yangtze Bridge Company	1,095,870	—	1,127,908	—
	Yanjiang Company	1,230,475	—	972,323	—
	Kuailu Co., Ltd.	761,025	—	47,601	—
Subtotal		20,540,604	—	15,764,912	—
Other receivable	Network Operation Company	—	—	763,429	—
Other non-current assets	Hanwei Company	300,000,000	—	—	—
Interest receivable	Hanwei Company	18,733,333	—	—	—
Dividends receivable	Kuailu Co., Ltd.	4,989,960	—	4,989,960	—

Note: At 31 December 2015, besides the accounts receivable from related party stated above, there are split toll road fee receivables from Suzhou Circular Company, Nanjing fourth Yangtze River Bridge Company Limited and other expressway companies within the toll road network companies ("Toll Road Network Companies") which amounted to RMB70,227,212 (31 December 2014: RMB67,446,960). 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 year ended 31 December 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
Accounts payable <i>(note)</i>	Sujiahang Company	3,290,259	3,147,660
	Yanjiang Company	2,482,113	2,984,177
	Yangtze Bridge Company	5,203,315	4,678,322
	Sundian Company	34,941,624	24,191,028
	Network Operation Company	2,668,841	3,449,253
	Information Company	1,577,099	595,275
	Huatong Company	43,465	694,993
Subtotal		50,206,716	39,740,708
Receipts in advance	Sundian Company	80,000	80,000
	Network Operation Company	1,204,100	1,204,100
	Kuailu Co., Ltd.	568,863	–
Subtotal		1,852,963	1,284,100
Other payables	Sundian Company	–	3,500
	Network Operation Company	5,741,174	12,313,477
	Communications Holding	4,105,801	4,550,000
Subtotal		9,846,975	16,866,977
Short-term borrowings	Far East Shipping Company	185,000,000	240,000,000
	Group Finance Company	200,000,000	500,000,000
	Communications Holding	200,000,000	1,400,000,000
	Network Operation Company	95,000,000	375,000,000
	Yanjiang Company	–	130,000,000
	Jinghu Company	–	20,000,000
	TongSha Port Company	–	50,000,000
	Taicang container Company	–	100,000,000
	Suhuaiyan Company	30,000,000	30,000,000
	Tongchang Real Estate Company	–	10,000,000
Subtotal		710,000,000	2,855,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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
Interest payable	Far East Shipping Company	274,160	348,333
	Group Finance Company	293,906	360,146
	Runyang Bridge Company	295,928	–
	Communications Holding	156,826	4,712,642
Subtotal		1,020,820	5,421,121
Long-term borrowings (including long-term borrowings due within 1 year)	Runyang Bridge Company	150,000,000	900,000,000
	Network Operation Company	–	30,000,000
	Communications Holding	750,000,000	2,150,000,000
Subtotal		900,000,000	3,080,000,000

Note: At 31 December 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 RMB25,792,193 (31 December 2014: RMB40,557,790). 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 year ended 31 December 2015

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

7. Directors' emoluments

In the current year:

Unit: RMB

Names	Director's fee	Salaries and other benefits (including housing fund etc, detail see Note 1)	Performance related payments (Note 4)	Defined contribution plan (including enterprise annuity etc, detail see Note 2)	Total
Executive directors					
Qian Yong Xiang	–	303,278	250,000	76,683	629,961
Non-executive directors					
Fang Hung (Retired on 23 July 2015)	156,641	–	–	–	156,641
Cheng Chang Yung Tsung (Retired on 23 July 2015)	156,641	–	–	–	156,641
Ma Zhong Li (Appointed on 23 July 2015)	164,272	–	–	–	164,272
Chen Xiang Hui (Note 3)	–	–	–	–	–
Du Wen Yi (Note 3)	–	–	–	–	–
Zhang Yang (Note 3)	–	–	–	–	–
Hu Yu (Appointed on 23 July 2015) (Note 3)	–	–	–	–	–
Independent non-executive directors					
Zhang Er Zhen	107,895	–	–	–	107,895
Chen Dong Hua (Retired on 23 July 2015)	53,947	–	–	–	53,947
Xu Chang Xin (Retired on 23 July 2015)	53,947	–	–	–	53,947
Gao Bo (Retired on 23 July 2015)	53,947	–	–	–	53,947
Zhang Zhu Ting (Appointed on 23 July 2015)	53,947	–	–	–	53,947
Ge Yang (Appointed on 23 July 2015)	53,947	–	–	–	53,947
Chen Liang (Appointed on 23 July 2015)	53,947	–	–	–	53,947
Supervisor					
Wang Ya Ping (Appointed on 15 April 2015)	–	176,214	145,264	56,567	378,045
Shao Li	–	184,698	153,180	61,160	399,038
Sun Hong Ning (Retired on 29 December 2015) (Note 3)	–	–	–	–	–
Hu Yu (Retired on 23 July 2015) (Note 3)	–	–	–	–	–
Chang Qing (Note 3)	–	–	–	–	–
Wang Wen Jie (Appointed on 23 June 2015, retired on 29 December 2015) (Note 3)	–	–	–	–	–
Total	909,131	664,190	548,444	194,410	2,316,175

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

7. Directors' emoluments *(continued)*

In the prior year:

Unit: RMB

Names	Director's fee	Salaries and other benefits (Including Social security and so on, See Note 1)	Performance related payments (Note 4)	Defined contribution plan (Including Enterprise annuity and so on, See Note 2)	Total
Executive directors					
Qian Yong Xiang	–	273,900	255,800	77,419	607,119
Non-executive directors					
Fang Hung	310,010	–	–	–	310,010
Cheng Chang Yung Tsung	310,010	–	–	–	310,010
Yang Gen Lin (Retired on 30 December 2014) (Note 3)	–	–	–	–	–
Chen Xiang Hui (Note 3)	–	–	–	–	–
Du Wen Yi (Note 3)	–	–	–	–	–
Zhang Yang (Note 3)	–	–	–	–	–
Independent non-executive directors					
Zhang Er Zhen	92,638	–	–	–	92,638
Chen Dong Hua	92,638	–	–	–	92,638
Xu Chang Xin	92,638	–	–	–	92,638
Gao Bo	92,638	–	–	–	92,638
Supervisor					
Yan Shi Min (Retired on 12 November 2014)	–	179,970	153,660	60,836	394,466
Shao Li	–	179,970	153,660	60,836	394,466
Sun Hong Ning (Note 3)	–	–	–	–	–
Hu Yu (Note 3)	–	–	–	–	–
Chang Qing (Note 3)	–	–	–	–	–
Total	990,572	633,840	563,120	199,091	2,386,623

Note 1: Other benefits include housing funds, non-monetary welfare, medical insurance, work injury insurance and maternity insurance provided by the Group according to government's requirement.

Note 2: Post-employment benefits include annuity payment, pension insurance and unemployment insurance provided by the Group.

Note 3: Some directors and supervisors were also the employees of the shareholders and their remuneration were paid for and borne by the shareholders during the year.

Note 4: The performance related payments is determined by reference to the individual performance of the directors or supervisors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

8. Five individuals with the highest emoluments

One (2014: one) of the five individuals with the highest emoluments in the Group is a director of the Company whose emoluments are included in note of directors' emoluments. The emoluments of the remaining four (2014: four) individuals were as follows:

	Current year	Prior year
Salaries and other benefits	1,649,512	1,623,000
Defined contribution plan	267,205	265,800
Total	<u>1,916,717</u>	<u>1,888,800</u>

Their emoluments were within the following bands:

	Number	Number
Less than HKD1,000,000	<u>4</u>	<u>4</u>

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	<u>1,379,969,805</u>	<u>292,734,780</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

XII. COMMITMENTS AND CONTINGENCIES (continued)

1. Significant commitments (continued)

(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:		
1 st year subsequent to the balance sheet date	2,485,986	2,347,786
2 nd year subsequent to the balance sheet date	2,228,803	—
3 rd year subsequent to the balance sheet date	2,126,400	—
Subsequent periods	4,500,000	—
Total	11,341,189	2,347,786

(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.

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, Baohua Hongyan Community B1 and B2 Tongchengshijia Project and Suzhou Nanmen Road G25 Shijiahuating 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 31 December 2015, the outstanding guarantees amounted to approximately RMB286,633,851 (31 December 2014: RMB175,803,094).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

XIII. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit appropriation

Unit: RMB

	Amount
Proposed distributions of profits or dividends	2,015,099,000
Distributions of profits or dividends authorized and declared	—

2. Others

In March 2016, the Fourth Session of the Twelfth National People's Congress ("the Congress") delivered the government work report. At the meeting, the full roll-out plan of the VAT reform was approved, confirming that from 1 May 2016, the VAT reform will be rolled out to cover construction, real estate, financial service and lifestyle service sectors. In the meantime, the Ministry of Finance and State Administration of Taxation Bureau issued the "Notice of preparing taxpayers on the timeline for the of VAT reform pilot program" (Caishui [2016] No. 32). The Group will be covered in the VAT reform scope. The Group is still assessing the impact.

XIV. OTHER SIGNIFICANT EVENTS

1. Annuity scheme

See note (VI) 23.

2. Retirement benefits scheme

See note (VI) 23.

3. Operating leases

Property rental income earned during the year:

Unit: RMB

	Current year	Prior year
Buildings	2,752,726	2,678,726

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

XIV. OTHER SIGNIFICANT EVENTS *(continued)*

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

Item	Amount incurred in the current year	Amount incurred in the prior year
Staff costs (Include: directors' emoluments)	702,331,675	667,525,436.00
Retirement benefits scheme contributions	104,957,326	91,110,971
Total staff costs	807,289,001	758,636,407
Audit fee	4,125,000	3,765,000
Depreciation and amortization (Included in operating costs and administrative expenses)	1,295,889,191	1,350,591,850
Losses on disposal of non-current assets	628,207,181	2,606,420
Amortization of land use rights (Included in operating costs and administrative expenses)	63,184,146	63,184,146
Cost of inventories recognised as an expense	1,893,540,995	2,193,225,169

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 10 reporting segments. The reporting segments are determined based on the standard with which the Group's management evaluates the operating results of these reporting segments and make decisions about resources to be allocated to the 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. Major products and services delivered or provided by each of the reporting segments are Shanghai-Nanjing Expressway, 312 National Highway, Nanjing-Lianyungang Highway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, Ningchang Expressway and Zhenli Expressway, Zhendan Expressway, Ancillary services (including Petrol, food and retail in service zone along the expressways), Real estate development and Advertising and others.

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 year ended 31 December 2015

XIV. OTHER SIGNIFICANT EVENTS (continued)

5. Segment reporting (continued)

(2) Financial information of reporting segment

Unit: RMB

	Shanghai-Nanjing Expressway		312 National Highway		Nanjing-Lianyungang Highway		Guangjing Expressway and Xicheng Expressway		Xiji Expressway and Wuxi Huantaihu Expressway		Ningchang Expressway and Zhenli Expressway	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income	4,490,662,560	4,490,913,228	32,325,290	53,001,537	26,531,422	29,941,035	807,198,623	798,365,574	293,353,415	269,128,391	787,782,499	647,150,717
Operating costs	1,161,120,216	1,107,253,412	252,453,864	276,893,764	15,913,020	15,548,066	234,778,837	233,208,883	166,326,329	155,787,143	446,644,225	423,890,846
Including: Amortization of toll roads operation rights	474,241,961	446,923,194	122,107,736	202,176,202	11,402,678	10,458,090	91,271,419	84,727,005	80,740,458	74,702,714	261,434,344	256,794,872
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit (loss)	3,329,542,344	3,383,659,816	(220,128,574)	(223,892,227)	10,618,402	14,392,969	572,419,786	565,156,691	127,027,086	113,341,248	341,138,274	223,259,871
Reconciling items:												
Business taxes and levies	150,886,262	150,894,684	1,810,216	2,968,086	891,456	1,006,019	27,121,874	26,825,083	9,856,675	9,283,375	26,469,492	23,293,600
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	62,985,133	61,472,819	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	3,115,670,949	3,171,292,313	(221,938,790)	(226,860,313)	9,726,946	13,386,950	545,297,912	538,331,608	117,170,411	104,057,873	314,668,782	199,966,271
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	623,957,480	-	-	-	-	-	-	-	-	-
Total profit	3,115,670,949	3,171,292,313	(845,896,270)	(226,860,313)	9,726,946	13,386,950	545,297,912	538,331,608	117,170,411	104,057,873	314,668,782	199,966,271
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	3,115,670,949	3,171,292,313	(845,896,270)	(226,860,313)	9,726,946	13,386,950	545,297,912	538,331,608	117,170,411	104,057,873	314,668,782	199,966,271
Total segment assets	12,448,904,440	12,936,817,529	-	945,091,991	294,210,267	305,612,946	1,376,755,189	1,479,048,828	2,222,568,798	2,313,371,638	6,804,863,789	7,032,196,568
Total segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary information:												
Depreciation and amortization	648,309,759	643,211,975	125,117,418	205,481,212	11,402,678	10,458,090	114,518,217	101,857,362	93,832,910	89,319,369	319,202,078	317,002,681
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets other than long-term equity investments	12,448,904,440	12,936,817,529	-	945,091,991	294,210,267	305,612,946	1,376,755,189	1,479,048,828	2,222,568,798	2,313,371,638	6,804,863,789	7,032,196,568
Capital expenditure	133,786,123	264,879,685	10,000,000	497,823	-	-	26,360,215	68,776,640	7,002,794	2,222,873	9,039,604	39,893,874
Including: Expenditure arising from construction in progress	125,833,674	227,633,364	-	-	-	-	23,440,678	48,305,063	6,319,604	2,222,873	-	39,893,874
Expenditure arising from purchase of fixed assets	7,952,449	37,246,321	-	497,823	-	-	2,919,537	20,471,577	683,190	-	9,039,604	-
Expenditure arising from purchase of intangible asset	-	-	10,000,000	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

XIV. OTHER SIGNIFICANT EVENTS (continued)

5. Segment reporting (continued)

(2) Financial information of reporting segment (continued)

Unit: RMB

	Zhendao Expressway		Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income	-	-	1,885,362,444	2,240,233,553	388,975,137	253,556,650	49,129,796	48,570,110	-	-	8,761,321,186	8,830,860,795
Operating costs	-	-	1,892,119,251	2,247,676,576	227,549,069	197,100,033	19,302,778	17,471,136	-	-	4,416,207,589	4,674,829,859
Including: Amortization of toll roads operation rights	-	-	-	-	-	-	-	-	-	-	1,041,198,596	1,075,782,077
Costs of petrol and other goods sold in service zones	-	-	1,575,757,449	1,943,055,411	-	-	-	-	-	-	1,575,757,449	1,943,055,411
Segment operating profit (loss)	-	-	(6,756,807)	(7,443,023)	161,426,068	56,456,617	29,827,018	31,098,974	-	-	4,345,113,597	4,156,030,936
Reconciling items:												
Business taxes and levies	-	-	13,866,703	17,191,562	41,374,672	40,257,500	3,055,247	1,682,639	-	-	275,332,597	273,402,548
Selling expenses	-	-	-	-	15,279,820	13,515,064	750,971	291,317	-	-	16,030,791	13,806,381
Administrative expenses	-	-	-	-	-	-	-	-	150,308,970	151,517,032	213,294,103	212,989,851
Financial expenses	-	-	-	-	-	-	-	-	778,935,597	895,551,358	778,935,597	895,551,358
Impairment loss of assets	-	-	-	-	-	-	-	-	679,476	(84,999)	679,476	(84,999)
Gains from changes in fair values	-	-	-	-	-	-	-	-	6,935,829	3,066,189	6,935,829	3,066,189
Investment income	-	-	-	-	-	-	-	-	444,068,189	352,287,304	444,068,189	352,287,304
Operating profit	-	-	(20,623,510)	(24,634,585)	104,771,576	2,684,053	26,020,800	29,125,018	(478,920,025)	(691,629,898)	3,511,845,051	3,115,719,290
Non-operating income	-	-	-	-	-	-	-	-	42,430,974	25,411,960	42,430,974	25,411,960
Non-operating expenses	-	-	-	-	-	-	-	-	35,263,669	37,081,034	69,221,149	37,081,034
Total profit	-	-	(20,623,510)	(24,634,585)	104,771,576	2,684,053	26,020,800	29,125,018	(471,752,720)	(703,298,972)	2,895,054,876	3,104,050,216
Income tax expenses	-	-	-	-	-	-	-	-	305,144,944	807,730,901	305,144,944	807,730,901
Net profit	-	-	(20,623,510)	(24,634,585)	104,771,576	2,684,053	26,020,800	29,125,018	(776,897,664)	(1,511,029,873)	2,589,909,932	2,296,319,315
Total segment assets	719,089,735	200,004,900	327,027,272	346,717,468	3,595,141,600	3,322,482,081	319,589,853	377,740,173	8,367,888,720	8,222,132,494	36,478,039,663	37,481,216,616
Total segment liabilities	-	-	-	-	-	-	-	-	15,289,867,555	15,781,633,851	15,289,867,555	15,781,633,851
Supplementary information:												
Depreciation and amortization	-	-	28,649,267	28,937,389	422,541	224,198	7,227,005	6,437,799	10,391,464	10,845,921	1,359,073,337	1,413,775,996
Interest income	-	-	-	-	-	-	-	-	6,546,617	8,096,720	6,546,617	8,096,720
Interest expense	-	-	-	-	-	-	-	-	743,920,403	882,001,222	743,920,403	882,001,222
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	340,332,126	310,937,219	340,332,126	310,937,219
Non-current assets other than long-term equity investments	719,089,735	200,004,900	327,027,272	346,717,468	9,706,788	8,850,456	64,961,310	67,703,672	2,725,071,125	1,965,859,347	26,993,158,713	27,601,275,343
Capital expenditure	574,677,477	-	13,071,612	25,913,613	540,146	1,876,712	10,907,336	6,899,854	750,100	-	786,135,407.00	410,961,074.00
Including: Expenditure arising from construction in progress	574,677,477	-	8,710,873	25,913,613	144,710	-	10,384,020	6,899,854	-	-	749,511,036	350,868,641
Expenditure arising from purchase of fixed assets	-	-	4,360,739	-	395,436	1,876,712	523,316	-	-	-	25,874,271	60,092,433
Expenditure arising from purchase of intangible asset	-	-	-	-	-	-	-	-	750,100	-	10,750,100	-

Segment profit represents the gross profit earned by each segment without allocation of finance costs, and investment income. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

XIV. OTHER SIGNIFICANT EVENTS *(continued)*

5. Segment reporting *(continued)*

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

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

- (4) Degree of reliance on major customers

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

6. Capital risk management

The Group operates through the management of capital operations to ensure the going-concern of the entities of the group, and to maximize the return on investment by optimizing the balance between debt and equity.

The capital structure of the Group consists of net liabilities (borrowings offset cash and cash equivalents) as well as equity holders of the Group. The borrowings part of net liabilities is disclosed in Note (VI) 20, 28, 29, 30 and 31. Rights enjoyed by the shareholders of the company includes capital reserve, other comprehensive income, surplus reserves and retained profits in Note (VI) 34, 35, 36 and 37 for disclosure.

The directors of the Company review the capital structure of the Group regularly, especially each capital cost and the corresponding risk. According to shareholder's proposal, the Group balances the capital structure through dividends, the issue of new bonds and repayment of existing debt.

XV. NOTES TO KEY ITEMS IN THE COMPANY'S 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			218,404			222,671
Bank balances:						
RMB			120,608,993			237,356,362
USD	1,372	6.4936	8,909	1,372	6.1175	8,393
HKD	775,363	0.8378	649,584	1,357,059	0.7889	1,070,584
Total			121,485,890			238,658,010

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

2. Accounts receivable

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Carrying amount		Closing balance Bad debt provision		Net book value	Carrying amount		Opening balance Bad debt provision		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- Portfolio 1	77,712,628	95	-	-	77,712,628	72,713,920	91	-	-	72,713,920
Accounts receivable for which bad debt provision has been assessed by portfolios Portfolio 2	4,318,109	5	86,363	100	4,231,746	7,562,400	9	151,248	100	7,411,152
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	82,030,737	100	86,363	100	81,944,374	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:

Name of portfolio	Accounts receivable	Carrying amount Bad debt provision	Proportion (%)
Portfolio 2	4,318,108	86,363	2
Total	4,318,108	86,363	2

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

2. 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	82,030,737	100	86,363	81,944,374	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	82,030,737	100	86,363	81,944,374	80,276,320	100	151,248	80,125,072

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

Provision reversal in the current period is RMB64,886.

(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 (%)
Sinopec Sales Co., Ltd. Jiangsu Branch	24,722,693	—	30
Network Operation Company	17,823,778	—	22
Sujiahang Company	7,896,196	—	10
Suzhou Circular Company	3,961,943	—	5
Ninghang Company	3,061,376	—	3
Total	57,465,986	—	70

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

3. Prepayments

(1) The aging analysis of prepayments is as follows:

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	7,134,623	100	257,150,125	100
More than 1 year but not exceed 2 years	—	—	—	—
More than 2 years but not exceeding 3 years	—	—	2,000	—
More than 3 years	2,000	—	—	—
Total	7,136,623	100	257,152,125	100

(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 Sales Co., Ltd. Jiangsu Branch	6,201,084	87
Jiangsu Changzhou Electric Co., Ltd. (江蘇省電力公司常州供電公司)	312,569	4
Jiangsu Wuxi Electric Co., Ltd. (江蘇省電力公司無錫供電公司)	305,234	4
Jiangsu Suzhou Electric Co., Ltd. (江蘇省電力公司蘇州供電公司)	258,429	4
Suzhou Ganghua Gas Co., Ltd. (蘇州港華燃氣有限公司)	57,307	1
Total	7,134,623	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

4. 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 receivables that are individually significant and for which bad debt provision has been assessed individually	15,812,140	1	15,812,140	100	-	15,812,140	1	15,812,140	99	-
Other receivables for which bad debt provision has been assessed by portfolios-Portfolio1	1,140,370,558	98	-	-	1,140,370,558	1,513,079,692	99	-	-	1,513,079,692
Other receivables for which bad debt provision has been assessed by portfolios-Portfolio2	3,084,150	1	61,683	-	3,022,467	6,736,100	-	134,722	1	6,601,378
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	1,159,266,848	100	15,873,823	100	1,143,393,025	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	Closing balance Bad debt provision	Proportion (%)	Reasons
Yicao Highway (宜漕公路)	15,812,140	15,812,140	100	Age over 3 years, is not expected to be recovered

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

4. Other receivables *(continued)*

- (1) Disclosure of other receivable by categories: *(continued)*

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	3,084,150	61,683	2

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

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

Provision reversal in the current period is RMB73,039.

- (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 312 National Highway	789,629,780	1,124,177,798
Loans to subsidiaries	345,000,000	310,000,000
Amount of investment clearance	15,812,140	15,812,140
Petty cash	3,988,565	3,780,500
Compensation for road assets	1,103,427	1,136,737
Amounts of the disposal of Zhenjiang branch line	-	74,033,640
Deposits for engineering	292,930	2,928,000
Other insignificant amounts	3,440,006	3,759,117
Total	1,159,266,848	1,535,627,932

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

4. Other receivables (continued)

(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 312 National Highway	191,871,836 597,757,944	Within 1 year Over 3 years	17 51	– –
Ninghu properties	Loans to subsidiaries	345,000,000	Within 1 year	30	–
Yicao Highway (宜漕公路)	Investment liquidation accounts	15,812,140	Over 3 years	1	15,812,140
Jiangsu Ninghu Expressway Road Administration Division (江蘇省寧滬高速公路路政支隊)	Compensation income from damaged road	1,103,427	Within 1 year	0	–
Wuxi metro group Co., Ltd. (無錫地鐵集團有限公司)	Deposits for engineering	292,230	Within 1 year	0	–
Total		<u>1,151,837,577</u>		<u>99</u>	<u>15,812,140</u>

5. Inventories

Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Spare parts for repair and maintenance	13,250,302	–	13,250,302	12,778,929	–	12,778,929
Petrol	6,194,374	–	6,194,374	8,216,484	–	8,216,484
Total	<u>19,444,676</u>	<u>–</u>	<u>19,444,676</u>	<u>20,995,413</u>	<u>–</u>	<u>20,995,413</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

6. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Entrusted loans due within one year	1,540,000,000	150,000,000
Total	1,540,000,000	150,000,000

7. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Available for sale financial assets – Financial management products	230,000,000	–
Enterprise income tax paid in advance	44,645,099	–
Total	274,645,099	–

Other explanations:

Financial management products represent “Yuntongcaifu Rizengli (type S)” issued by Bank of Communication and “Liduoduo Caifubanche S21” issued by Shanghai Pudong Development Bank. These products are capital preservation with floating income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

8. Available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Impairment provision	Net carrying amount	Gross carrying amount	Impairment provision	Net carrying amount
Available-for-sale equity instruments						
Measured at cost	1,005,230,000	—	1,005,230,000	1,008,915,500	—	1,008,915,500
Total	1,005,230,000	—	1,005,230,000	1,008,915,500	—	1,008,915,500

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

Unit: RMB

Investee	Opening balance	Carrying amount			Impairment provision			The proportion of shareholding in the Investee (%)	Cash dividends in the year
		Addition	Decrease	Closing balance	Opening balance	Addition	Decrease		
Network Operation Company	5,230,000	—	—	5,230,000	—	—	—	3.62	—
Sundian Company	3,685,500	—	3,685,500	—	—	—	—	—	—
Bank of Jiangsu	1,000,000,000	—	—	1,000,000,000	—	—	—	1.92	16,000,000
Total	1,008,915,500	—	3,685,500	1,005,230,000	—	—	—	—	16,000,000

Note 1: Since the Company owns 30% stake of Sundian Company, and has a seat in the board of Sundian Company in 2015, the Company could exercise significant influence on the operation of Sundian Company, the Group converted the investment on Sundian Company into long-term equity investments from available for sale financial assets.

Note 2: The ending balance of the equity investment to the foregoing investees by the company is RMB1,005,230,000. Since the stocks of the investees have not quoted in an active market and the fair value could not be reliably measured, the Company measures them based on the cost. The Company has intention to continue to hold the equity of the invested entities in the next year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. 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	10,877,096,885	–	10,877,096,885	2,875,100,000	–	2,875,100,000
Investments on associates	2,477,168,441	–	2,477,168,441	2,342,807,838	–	2,342,807,838
Investments on Joint ventures	47,838,290	–	47,838,290	–	–	–
Total	13,402,103,616	–	13,402,103,616	5,217,907,838	–	5,217,907,838

(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
Ningchang Zhenli Company	–	7,718,086,885	7,718,086,885	–	–
Ninghu Properties	500,000,000	–	500,000,000	–	–
Ninghu Investment	110,100,000	–	110,100,000	–	80,000,000
Zhendao Company	140,000,000	283,910,000	423,910,000	–	–
Total	2,875,100,000	8,001,996,885	10,877,096,885	–	529,085,571

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

9. Long-term equity investments (continued)

(2) Investments on joint ventures or associates

Unit: RMB

Investee	Opening balance	Increase	Decrease	Investment income under the equity method	Changes in the current year			Declaration of cash dividends or profits	Provision for impairment losses	Others	Closing balance	Closing balance of impairment loss
					Adjustment of other comprehensive income	Other changes in equity						
Joint ventures												
Harwei Company	-	70,000,000	-	(22,161,710)	-	-	-	-	-	-	47,838,290	-
Associates												
Kuailu Co., Ltd.	62,913,464	-	-	(2,510,705)	-	-	-	-	-	-	60,402,759	-
Yangtze Bridge Company	1,136,605,750	-	-	89,982,606	(67,406,144)	-	(56,983,566)	-	-	-	1,102,198,646	-
Sujiahang Company	845,948,831	-	-	135,167,646	-	-	(42,092,000)	-	-	-	939,024,477	-
Suijiayong Company	293,913,100	65,249,712	-	(35,644)	-	-	-	-	-	-	359,127,168	-
Xiexin Company	3,426,693	9,673,900	-	(1,469,335)	-	-	-	-	-	-	11,631,258	-
Sundian Company	-	-	-	1,098,633	-	-	-	-	-	3,685,500	4,784,133	-
Total	<u>2,342,807,838</u>	<u>144,923,612</u>	<u>-</u>	<u>200,071,491</u>	<u>(67,406,144)</u>	<u>-</u>	<u>(99,075,566)</u>	<u>-</u>	<u>3,685,500</u>	<u>2,525,006,731</u>	<u>-</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

10. Fixed assets

(1) Details of fixed assets are as follows:

Unit: RMB

Item	Buildings	Safety 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	729,126,095	381,556,998	251,540,932	248,891,823	374,423,748	37,261,550	51,978,039	6,286,170	2,081,065,355
2. Increase in the current year	74,378,864	27,894,419	50,063,658	14,589,298	4,821,185	7,109,190	1,838,890	1,538,357	182,233,861
(1) Purchase	3,381,243	559,725	88,960	961,447	1,779,889	2,195,032	1,838,890	1,508,002	12,313,188
(2) Transferred from construction in progress	56,237,944	26,914,148	49,974,698	11,285,590	1,845,398	1,661,380	-	-	147,919,158
(3) Reclassification	14,759,677	420,546	-	2,342,261	1,195,898	3,252,778	-	30,355	22,001,515
3. Decrease in the current year	35,256,262	4,342,383	26,336,912	35,024,896	25,395,669	4,754,488	5,582,414	1,001,300	137,694,324
(1) Disposal or retirement	32,861,212	4,342,383	9,322,186	27,995,421	24,493,460	4,533,622	5,056,529	895,196	109,500,009
(2) Transferred to intangible assets	-	-	6,192,800	-	-	-	-	-	6,192,800
(3) Reclassification	2,395,050	-	10,821,926	7,029,475	902,209	220,866	525,885	106,104	22,001,515
4. Closing carrying amount	768,248,697	405,109,034	275,267,678	228,456,225	353,849,264	39,616,252	48,234,515	6,823,227	2,125,604,892
II. Total accumulated depreciation									
1. Opening carrying amount	258,881,938	287,517,993	150,526,896	138,149,608	243,353,923	21,428,351	24,224,207	3,467,083	1,127,549,999
2. Increase in the current year	34,101,304	32,695,538	16,881,665	19,518,846	28,493,992	5,296,387	4,963,204	780,646	142,731,582
(1) Amount accrued	30,074,125	30,771,294	16,881,665	19,518,846	28,493,992	5,296,387	4,963,204	767,887	136,767,400
(2) Reclassification	4,027,179	1,924,244	-	-	-	-	-	12,759	5,964,182
3. Decrease in the current year	16,158,289	3,798,413	11,256,700	25,638,586	23,279,706	4,483,817	4,334,588	871,487	89,821,586
(1) Disposal or retirement	15,518,601	3,798,413	8,837,041	23,034,824	23,087,133	4,274,641	4,284,634	847,472	83,682,759
(2) Transferred to intangible assets	-	-	174,645	-	-	-	-	-	174,645
(3) Reclassification	639,688	-	2,245,014	2,603,762	192,573	209,176	49,954	24,015	5,964,182
4. Closing carrying amount	276,824,953	316,415,118	156,151,861	132,029,868	248,568,209	22,240,921	24,852,823	3,376,242	1,180,459,995
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	491,423,744	88,693,916	119,115,817	96,426,357	105,281,055	17,375,331	23,381,692	3,446,985	945,144,897
2. Opening net book value	470,244,157	94,039,005	101,014,036	110,742,215	131,069,825	15,833,199	27,753,832	2,819,087	953,515,356

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

10. Fixed assets (continued)

(2) Fixed assets leased out under operating leases

Unit: RMB

Item	Closing balance	Opening balance
Buildings	34,716,952	33,493,112

(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	4,529,914	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Xuejia toll station	10,368,560	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Wuxi airport toll station	4,971,726	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Kunshan toll station	4,972,190	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Suzhou management offices	9,742,750	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Changzhou Luoshuwan buildings	3,795,723	Have not obtained certification yet.
Shanghai-Nanjing Expressway Changzhou ETC customer service branch buildings	1,019,895	Have not obtained certification yet.
Shanghai-Nanjing Expressway Jingfa Service zone office buildings	2,414,718	Have not obtained certification yet.
Shanghai-Nanjing Expressway Heyang toll station	3,073,420	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Zhenjiang toll station	10,401,076	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Danyang toll station	1,415,895	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway South Network Centre and project management center houses	19,881,710	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Buildings in Danyang toll station of Shanghai-Nanjing Expressway	13,739,287	Have not obtained certification yet.
Shanghai-Nanjing Expressway Buildings in management areas and Xidong toll station	26,405,622	Transferred into fixed asset at estimate amount and not finally settlement yet.
Shanghai-Nanjing Expressway Living buildings of management areas	9,489,690	Transferred into fixed asset at estimate amount and not finally settlement yet.
Shanghai-Nanjing Expressway Nanjing toll station	14,774,548	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Tangshan toll station	14,579,710	Incorporated into communication facilities and cannot obtain certification at present.
Total	<u>155,576,434</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

11. 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 carrying amount	Carrying amount	Provision for impairment losses	Net carrying amount
Housing projects of Toll stations and service zones	119,419,338	–	119,419,338	62,159,830	–	62,159,830
Suzhou inter-communication Expansion project	103,400,000	–	103,400,000	65,340,000	–	65,340,000
Information project	32,033,569	–	32,033,569	43,807,499	–	43,807,499
Three big system construction project	4,713,085	–	4,713,085	13,788,903	–	13,788,903
Lighting system construction project	1,961,030	–	1,961,030	1,937,030	–	1,937,030
Noise barrier construction project	–	–	–	10,134,887	–	10,134,887
Others	15,223,753	–	15,223,753	11,078,412	–	11,078,412
Total	276,750,775	–	276,750,775	208,246,561	–	208,246,561

(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
Housing projects of Toll stations and service zones	108,900,000	65,340,000	38,060,000	–	–	103,400,000	95	In progress	–	–	–	Own funds
Suzhou inter-communication Expansion project	321,169,297	62,159,830	114,851,605	57,592,097	–	119,419,338	55	In progress	–	–	–	Own funds
Information project	70,378,676	43,807,499	12,754,746	22,452,676	2,076,000	32,033,569	80	In progress	–	–	–	Own funds
Three big system construction project	49,201,405	13,788,903	30,449,587	39,525,405	–	4,713,085	90	In progress	–	–	–	Own funds
Lighting system construction project	26,914,148	10,134,887	16,779,261	26,914,148	–	–	100	Completed	–	–	–	Own funds
Noise barrier construction project	25,500,000	1,937,030	24,000	–	–	1,961,030	8	In progress	–	–	–	Own funds
Others	N/A	11,078,412	5,580,173	1,434,832	–	15,223,753	–	In progress	–	–	–	Own funds
Total		208,246,561	218,499,372	147,919,158	2,076,000	276,750,775			–	–	–	

(3) The Company 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 year ended 31 December 2015

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

12. Intangible assets

(1) Details of intangible assets

Unit: RMB

Item	Toll road operation rights	Land use rights	Software	Total
I. Total original carrying amount				
1. Opening carrying amount	19,257,351,945	1,701,468,873	–	20,958,820,818
2. Increase in the current year	–	–	8,658,801	8,658,801
(1) Purchase	–	–	390,001	390,001
(2) Transferred from construction in progress	–	–	2,076,000	2,076,000
(3) Transferred from fix assets	–	–	6,192,800	6,192,800
3. Decrease in the current year	2,317,388,848	–	–	2,317,388,848
(1) Disposal	2,317,388,848	–	–	2,317,388,848
4. Closing carrying amount	16,939,963,097	1,701,468,873	8,658,801	18,650,090,771
II. Total accumulated amortization				
1. Opening carrying amount	6,528,173,498	954,837,876	–	7,483,011,374
2. Increase in the current year	607,752,376	62,386,986	1,686,960	671,826,322
(1) Amortization accrued	607,752,376	62,386,986	1,512,315	671,651,677
(2) Transferred from fix assets	–	–	174,645	174,645
3. Decrease in the current year	1,518,636,165	–	–	1,518,636,165
(1) Disposal	1,518,636,165	–	–	1,518,636,165
4. Closing carrying amount	5,617,289,709	1,017,224,862	1,686,960	6,636,201,531
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	11,322,673,388	684,244,011	6,971,841	12,013,889,240
Opening net book value	12,729,178,447	746,630,997	–	13,475,809,444

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

13. Deferred tax assets/deferred tax liabilities

- (1) Deferred tax assets that are not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	15,960,186	3,990,046	16,098,110	4,024,527
Total	<u>15,960,186</u>	<u>3,990,046</u>	<u>16,098,110</u>	<u>4,024,527</u>

14. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Entrusted loan	1,690,000,000	1,690,000,000
Less: Entrusted loan due within 1 year	1,540,000,000	150,000,000
Entrusted loan due after 1 year	150,000,000	1,540,000,000
Shareholder loan	300,000,000	–
Loan to a subsidiary	600,794,885	–
Total	<u>1,050,794,885</u>	<u>1,540,000,000</u>

Other explanations:

The entrusted loans at year end are for the loans to Ninghu Properties provided by the Company through China Merchants Bank (Nanjing Branch), Shanghai Pudong Development Bank (Nanjing Branch) and China CITIC Bank (Nanjing Branch), the annual interest rate is 6.15%, 6.15% and 5.0% respectively.

The shareholder loan is the loan to Hanwei Company provided by the Company. The maturity of the loan is not exceeding 3 years and the annual interest rate is 8%.

Loan to a subsidiary represents medium term note “15 NinghuGao MTN2” issued by the Company on 3 December 2015 and allocated to Guangjing Xicheng Company at an amount of RMB600,794,885, duration is 5 years, the annual interest rate is 3.69%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

15. Short-term borrowings

- (1) Categories of short-term borrowings:

Unit: RMB

Item	Closing balance	Opening balance
Bank loans	1,616,000,000	340,000,000
Including: Unsecured loans	1,001,000,000	150,000,000
Entrusted loans (Note 1)	615,000,000	190,000,000
Total	1,616,000,000	340,000,000

Note 1: Bank entrusted loans include: (1) the loan RMB185,000,000 was provided by Far East Shipping Company which is Communications Holding' affiliated enterprise through China Citic Bank on 13 August 2015, annual interest rate is 4.85%, duration is 1year. (2) the loan RMB30,000,000 was provided Zhendan Company which is the subsidiary of the Company through Bank of Communications on 24 September 2015, annual interest rate is 4.60%, duration is 1year. (3) the loans RMB100,000,000, RMB50,000,000, RMB50,000,000, RMB150,000,000 and RMB50,000,000 were provided by Ningchang Zhenli Company which is the subsidiary of the Compnay on 25 September 2015, 27 October 2015, 27 November 2015, 18 September 2015 and 29 December 2015 respectively, annual interest rate is 4.00%, duration is 1 year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

16. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Construction payable	246,297,959	149,343,134
Toll road fee payable	27,391,425	41,833,934
Purchase of petroleum payable	5,193,921	15,799,258
Others	71,965,852	31,373,837
Total	350,849,157	238,350,163

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

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	321,071,221	211,284,857
More than 1 year but not exceed 2 years	6,789,278	4,300,832
More than 2 years but not exceeding 3 years	1,537,103	–
More than 3 years	21,451,555	22,764,474
Total	350,849,157	238,350,163

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

Unit: RMB

Item	Closing balance	Reasons for outstanding
Construction payable	17,500,076	Long settlement procedure of the project

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

17. Employee benefits payable

(1) Details of employee benefits payable are as follows:

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Short term compensation	987,091	455,754,392	456,105,320	636,163
2. Post-employment benefits –				
Defined contribution plan	–	72,327,781	72,327,781	–
3. Termination benefits	–	83,790	83,790	–
4. Other welfare due within one year	–	–	–	–
Total	<u>987,091</u>	<u>528,165,963</u>	<u>528,516,891</u>	<u>636,163</u>

(2) Details of short-term compensation are as follows:

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	–	305,608,266	305,608,266	–
II. Staff welfare	–	24,559,327	24,559,327	–
III. Social security contributions	–	38,106,724	38,106,724	–
Including: Medical insurance	–	34,949,049	34,949,049	–
Work injury insurance	–	1,890,021	1,890,021	–
Maternity insurance	–	1,267,654	1,267,654	–
IV. Housing funds	–	27,587,175	27,587,175	–
V. Union running costs and employee education costs	987,091	7,976,195	8,327,123	636,163
VI. Non-monetary welfare	–	34,421,939	34,421,939	–
VII. Others	–	17,494,766	17,494,766	–
Total	<u>987,091</u>	<u>455,754,392</u>	<u>456,105,320</u>	<u>636,163</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

17. Employee benefits payable *(continued)*

(3) Defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Basic endowment insurance	–	45,565,468	45,565,468	–
2. Unemployment insurance	–	3,438,909	3,438,909	–
3. Enterprise annuity payment	–	23,323,404	23,323,404	–
Total	–	72,327,781	72,327,781	–

Notes:

(1) Defined contribution plan

The Company participates in basic pension insurance, unemployment insurance plan established by government in accordance with the relevant requirements. According to the plan, the Company makes a monthly contribution equivalent to 20% and 2% of the employee's monthly basic wage based on last year's salary. The Company participates 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 Company 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 occur.

During the year, the Company contributes RMB45,565,468, RMB23,323,404 and RMB3,438,909 to basic pension insurance, annuity scheme, unemployment insurance plan respectively (2014: RMB41,257,231, RMB21,769,098 and RMB3,090,508). All the contribution had paid over to the schemes as at 31 December 2015.

(2) Non-monetary welfare

Non-monetary benefits are RMB34,421,939 (2014: RMB34,229,114), which represent purchased non-monetary holiday gifts that distributed to employee etc., calculating on a certified basis of purchase costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

18. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	–	57,439,219
Business tax	11,888,967	12,238,427
VAT	1,757,502	2,141,227
Property tax	263,516	90,746
Individual income tax	1,909,114	1,728,961
City construction and maintenance tax	1,036,191	1,158,240
Others	1,847,724	1,963,737
Total	18,703,014	76,760,557

19. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Payable of daily procurement in service area	9,383,567	9,119,457
Amount of ETC prepaid cards collected on behalf of the internet work settlement center	2,681,220	9,141,375
312 toll road operation right acquisition costs payable	–	10,000,000
Others	5,415,117	3,568,991
Total	17,479,904	31,829,823

(2) Significant other payables aged more than one year

Unit: RMB

Item	Closing balance	Reasons for outstanding
N/A		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

20. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	101,608,861	1,516,049
Bonds payable due within one year	—	499,310,408
Total	101,608,861	500,826,457

21. Long-term borrowings

(1) Details of other payables are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Bank Loans	120,915,193	21,224,695
Including: Secured loans <i>(Note 1)</i>	100,000,000	—
Guaranteed loan <i>(Note 2)</i>	20,915,193	21,224,695
Non-bank financial institutions loans	150,000,000	—
Including: Entrusted loans <i>(Note 3)</i>	150,000,000	—
Subtotal	270,915,193	21,224,695
Less: long-term borrowings due within one year	101,608,861	1,516,049
Long-term borrowings due after one year	169,306,332	19,708,646

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

21. Long-term borrowings (continued)

- (2) Description of categories of long-term borrowings:

Note 1: The secured bank loans indicate loans of RMB1,700,000,000 with loan duration 11 years obtained from Jiangsu branch of China Development Bank on 25 March 2005. The loan was used to construct Ningchang Expressway and secured by the toll road operation right of Ningchang Expressway. The loan has been paid up for RMB1,600,000,000 by the end of the year, annual interest rate is 4.90%.

Note 2: 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 Communications Holding. 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 been paid up in 2006. The Spanish government loan is paid up every half year from January 2009 to 2029 with annum interest rate of 2%. The outstanding closing balance at the end of this year is USD3,220,893.

Note 3: Non-bank financial institutions entrusted loans indicate the loan of RMB900,000,000 with loan duration 6 years provided by Communications Holding' subsidiary Runyang Bridge Company through Group Finance Company on 26 February 2013. The loan has been paid up for RMB750,000,000 by the end of the year, annual interest rate is 6.46%.

- (3) Analysis of maturity for long-term borrowings over one year is as follows:

Unit: RMB

Item	Current year	Prior year
1–2 years	1,608,861	1,516,049
2–5 years	154,826,583	4,548,149
Over 5 years	12,870,888	13,644,448
Total	169,306,332	19,708,646

- (4) Other explanations:

Interest rate of the loans above between 2%-6.46%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

22. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Year 2015:				
Capital premium	4,801,561,763	—	143,913,116	4,657,648,647
Including: Capital contributed by investors	4,801,561,763	—	—	4,801,561,763
Differences arising from business combination involving enterprises under common control (Note)	—	—	143,913,116	(143,913,116)
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	7,482,952,651	—	143,913,116	7,339,039,535
Year 2014:				
Capital premium	4,801,561,763	—	—	4,801,561,763
Including: Capital contributed by investors	4,801,561,763	—	—	4,801,561,763
Differences arising from business combination involving enterprises under common control (Note)	—	—	—	—
Other capital reserve	2,682,977,235	(1,586,347)	—	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	7,484,538,998	(1,586,347)	—	7,482,952,651

Note: The decrease of capital premium in the current year is mainly due to the business combination under common control for the acquisition of Ningchang Zhenli Company. The offset amount of capital premium is the difference between the acquisition consideration and the net assets of Ningchang Zhenli Company on the date of consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

23. Other comprehensive income

Unit: RMB

Item	Opening balance	Before-tax amount for the current year	Amount for the current year		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	Less: Income tax expense			
Year 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	170,463,816	(67,406,144)	-	-	(67,406,144)	-	103,057,672
Including:							
Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	170,463,816	(67,406,144)	-	-	(67,406,144)	-	103,057,672
Gains (losses) arising from available-for-sale financial assets	-	-	-	-	-	-	-
Total other comprehensive income	170,463,816	(67,406,144)	-	-	(67,406,144)	-	103,057,672
Year 2014							
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	77,433,089	93,030,727	-	-	93,030,727	-	170,463,816
Including:							
Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	77,433,089	93,030,727	-	-	93,030,727	-	170,463,816
Gains (losses) arising from available-for-sale financial assets	-	-	-	-	-	-	-
Total other comprehensive income	77,433,089	93,030,727	-	-	93,030,727	-	170,463,816

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

24. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Year 2015:				
Statutory surplus reserve	2,518,873,750	—	—	2,518,873,750
Year 2014:				
Statutory surplus reserve	2,470,793,441	48,080,309	—	2,518,873,750

Note: According to "Company law of the People's Republic of China" and the Articles of Association, the Company are required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. Statutory surplus reserve can be used for making up losses, or to increase the capital after approval. Since the balance of the statutory surplus reserve has reached 50% of its registered capital by 31 December 2015, the Company didn't transfer any more (2014: RMB48,080,309).

25. Retained profits

Unit: RMB

Item	Current year	Prior year
Opening retained profits	4,116,824,256	3,588,613,312
Add: Net profit attributable to owners of the Company for the year	2,164,210,040	2,490,635,303
Less: Appropriation to statutory surplus reserve	—	48,080,309
Declaration of dividends on ordinary shares	1,914,344,050	1,914,344,050
Closing retained profits	4,366,690,246	4,116,824,256

Note 1: Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

Note 2: Cash dividends approved in shareholders' meeting during the year

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: Profit distribution decided after the balance sheet date

According to a proposal of the board of directors on 25 March 2016, on the basis of 5,037,747,500 issued shares (with the par value of RMB1 per share) in 2016, cash dividends of RMB0.40 per share will be distributed to all the shareholders. The above proposal regarding dividends distribution is yet to be approved in a shareholders' meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

26. Operating income and operating costs

(1) Operating income

Unit: RMB

Item	Amount recognized in the current year		Amount recognized in the prior year	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	6,372,125,753	3,210,659,200	6,756,383,604	3,542,296,839
Including: Shanghai-Nanjing Expressway	4,490,662,560	1,161,120,216	4,490,913,228	1,107,253,412
312 National Highway	32,325,290	252,453,865	53,001,537	276,893,764
Nanjing-Lianyungang Highway	26,531,422	15,913,020	29,941,035	15,548,066
Ancillary services	1,822,606,481	1,781,172,099	2,182,527,804	2,142,601,597
Total	<u>6,372,125,753</u>	<u>3,210,659,200</u>	<u>6,756,383,604</u>	<u>3,542,296,839</u>

27. Business taxes and levies

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Business tax	144,340,906	150,485,332
City construction and maintenance tax	11,300,319	11,716,361
Education surcharge	8,118,392	8,415,107
Total	<u>163,759,617</u>	<u>170,616,800</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

28. Administrative expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Salaries	32,490,445	37,115,469
Depreciation and amortization	69,363,020	68,736,356
Audit fee	4,125,000	3,765,000
Consulting and intermediary service fee	13,825,327	10,228,495
Properties tax and other taxes	15,937,046	15,600,622
Entertainment fee	343,461	822,543
Maintenance and repair costs	3,804,560	5,359,609
Office expenses	329,982	279,680
Travelling expenses	302,948	401,283
Vehicle related expenses	663,404	1,015,884
Others	7,810,479	7,679,840
Total	148,995,672	151,004,781

29. Financial expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Interest expenses	407,717,271	273,987,727
Less: Interest income	2,387,570	1,777,588
Exchange differences	8,208,577	4,030,747
Bond issue fee and other loan charges	26,423,180	12,110,861
Others	1,525,503	575,963
Total	441,486,961	288,927,710

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

30. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Bad debt provision reversal	(137,924)	(96,127)

31. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Income from long-term equity investments under equity method	200,071,491	215,407,886
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	16,000,000
Investment income from disposal of available-for-sale financial assets	—	2,247,063
Investment income from loans	129,540,422	105,378,542
Total	874,697,484	599,526,358

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

32. Non-operating income

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

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Total gains on disposal of non-current assets	1,463,066	5,018,251
Including: Gains on disposal of fixed assets	1,463,066	5,018,251
Compensation income from damaged road	5,859,215	5,887,166
Government grants	500,000	7,370,000
Others	29,510,845	731,031
Total	<u>37,333,126</u>	<u>19,006,448</u>

Government grant recorded in profit or loss in the current year:

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year	Related to assets/ income
Special funds for production safety	500,000	–	Related to income
Environmental subsidies	–	7,370,000	Related to income
Total	<u>500,000</u>	<u>7,370,000</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

33. Non-operating expenses

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Total losses on disposal of non-current assets	628,775,846	6,047,890
Including: Losses on disposal of fixed assets	21,895,000	6,047,890
Losses on disposal of intangible asset	606,880,846	–
Repair expenditure of damaged road	19,008,651	14,189,958
Donation	871,556	938,120
Funds	2,778,953	3,293,341
Others	138,911	4,049,271
	<u>651,573,917</u>	<u>28,518,580</u>

34. Income tax expenses

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Current tax expenses	503,574,399	695,855,731
Deferred tax expenses	34,481	24,032
Provision of prior years' tax	–	7,132,761
Total	<u>503,608,880</u>	<u>703,012,524</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

34. Income tax expenses (continued)

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

	Amount incurred in current year	Amount incurred in prior year
Accounting profit	2,667,818,920	3,193,647,827
Income tax expenses calculated at 25% (prior year: 25%)	666,954,730	798,411,957
Effect of expenses that are not deductible for tax purposes	22,943,415	20,442,994
Effect of tax-free income	(186,289,265)	(122,975,188)
Effect of adjusting income tax in the previous periods	—	7,132,761
Total	503,608,880	703,012,524

35. Other comprehensive income

See note (XV)22 for detail.

36. Supplementary information of income statement

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Employee benefits	528,165,963	493,481,694
Depreciation and amortization	808,419,077	884,206,918
Toll related expenses	97,312,530	99,528,665
Road maintenance expenses	193,821,900	116,027,172
System maintenance expenses	31,041,230	33,597,018
Petroleum in the service zone	1,543,123,419	1,910,996,290
Retail goods in the service zone	32,499,255	31,042,445
Catering cost in the service zone	49,162,645	51,189,175
Audit fee	4,125,000	3,765,000
Consulting and intermediary service fee	13,825,327	11,149,672
Properties tax and other taxes	15,937,046	15,600,622
Advertisement fee	1,128,150	1,678,650
Others	41,093,330	41,038,299
Total	3,359,654,872	3,693,301,620

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

37. Notes to items in the cash flow statement

- (1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Receipts from compensation of damaged road and non-operating income items, etc.	38,649,484	10,843,427
Receipts from interest income of bank deposit	2,387,570	1,777,588
Total	41,037,054	12,621,015

- (2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Payment of non-salary and other expenditure	75,749,236	77,440,556

- (3) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Withdraw loans from related parties	475,000,000	—

- (4) Other cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Lending funds to related parties	1,160,000,000	310,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

37. Notes to items in the cash flow statement *(continued)*

- (5) Other cash payments relating to financing activities

Unit: RMB

Item	Amount incurred in current year	Amount incurred in prior year
Bond issue fee and other charges of loans	26,423,180	12,110,861

38. Supplementary information to the cash flow statement

- (1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,164,210,040	2,490,635,303
Add: Provision for impairment losses of assets	(137,924)	(96,127)
Depreciation of fixed assets	136,767,400	162,262,446
Amortization of intangible assets	671,651,677	721,944,472
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	627,312,780	1,029,639
Financial expenses (income is indicated by "-")	442,415,492	286,098,588
Losses arising from investments (gains are indicated by "-")	(874,697,484)	(599,526,358)
Decrease in deferred tax assets (increase is indicated by "-")	34,481	24,032
Decrease in inventories (increase is indicated by "-")	1,550,737	(621,264)
Decrease in receivables from operating activities (increase is indicated by "-")	(43,604,588)	(279,079,028)
Increase in payables from operating activities (decrease is indicated by "-")	(59,278,824)	(22,956,563)
Net cash flow from operating activities	3,066,223,787	2,759,715,140
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	121,485,890	238,658,010
Less: Opening balance of cash	238,658,010	220,826,123
Net increase (decrease) in cash and cash equivalents	(117,172,120)	17,831,887

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

39. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

- (1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties

Purchase of goods, receipt of services and interest expense of loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current year	Amount incurred in the prior year
Network Operation Company*	Networking service fee	25,195,397	22,417,164
Sundian Company*	Road maintenance fee	42,245,348	26,669,896
Nanlin Hotel*	Food and beverage	112,910	130,695
Network Operation Company*	Interest expenses of entrusted loan	1,530,681	—
TongSha Port Company*	Interest expenses of entrusted loan	200,000	—
Taicang container Company*	Interest expenses of entrusted loan	400,000	—
Communications Holding*	Interest expenses of entrusted loan	3,333,333	—
Yanjiang Company*	Interest expenses of entrusted loan	288,667	—
Far East Shipping Company*	Interest expenses of entrusted loan	10,514,306	11,558,333
Communications Holding*	Interest expenses of loans from a related party	552,917	—
Group Finance Company*	Interest expenses of working capital loan	638,585	—
Jinghu Company*	Interest expenses of entrusted loan	210,667	—
Guangjing Xicheng Company	Interest expenses of entrusted loan	—	555,333
Runyang Bridge Company*	Interest expenses of entrusted loan	12,996,845	—
Ningchang Zhenli Company	Interest expenses of entrusted loan	3,417,084	—
Zhendan Company	Interest expenses of entrusted loan	1,575,500	—

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

39. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

- (1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties (continued)

Sales and provision of service and interest income of loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current year	Amount incurred in the prior year
Kuailu Co., Ltd.	Petrol income	5,435,180	9,853,140
Kuailu Co., Ltd.	Toll road income	3,000,000	4,200,000
Ninghu Properties	Interest income from entrusted loans	104,607,917	105,378,542
Network Operation Company*	ETC customer-service network management income	2,351,754	1,322,914
Guangjing Xicheng Company	Interest income of loans to a subsidiary	2,594,885	–
Hanwei Company	Interest income from shareholder loans	31,508,933	–

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 abstained 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 year ended 31 December 2015

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

39. RELATED PARTY RELATIONSHIPS AND 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 year	Lease income recognized in the prior year
Network Operation Company*	Fixed assets	3,612,400	3,895,000
Sundian Company *	Fixed assets	1,690,000	1,690,000

Leases where a company is the lessee:

Name of lessor	Type of leased assets	Lease expense recognized in the current year	Lease expense recognized in the prior year
Ninghu Investment	Fixed assets	770,000	770,000

(3) Guarantees with related parties

The 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*	20,915,193	15 October 1998	18 July 2027	Not completed
Communications Holding*	110,000,000	16 March 2004	5 March 2019	Not completed
Communications Holding*	45,000,000	30 September 2015	30 November 2016	Not completed
Communications Holding*	43,000,000	16 April 2004	20 October 2018	Not completed
Ningchang Zhenli Company	100,000,000	15 June 2015	27 November 2022	Not completed

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

39. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(4) Loans with related parties

In the current year:

Unit: RMB

Related party	Amount of borrowing/loan (Note 2)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from (Note 1):					
Far East Shipping Company*	(190,000,000)	13 August 2014	13 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Far East Shipping Company*	185,000,000	13 August 2015	13 August 2016	185,000,000	Entrusted loan with annual interest rate of 4.85%
Ningchang Zhenli Company	100,000,000	25 September 2015	25 September 2016	100,000,000	Entrusted loan with annual interest rate of 4.00%
Ningchang Zhenli Company	50,000,000	27 October 2015	26 October 2016	50,000,000	Entrusted loan with annual interest rate of 4.00%
Ningchang Zhenli Company	50,000,000	27 November 2015	27 November 2016	50,000,000	Entrusted loan with annual interest rate of 4.00%
Ningchang Zhenli Company	150,000,000	18 September 2015	18 September 2016	150,000,000	Entrusted loan with annual interest rate of 4.00%
Ningchang Zhenli Company	50,000,000	29 December 2015	29 December 2016	50,000,000	Entrusted loan with annual interest rate of 4.00%
Zhendan Company	150,000,000	24 September 2015	23 September 2016	30,000,000	Entrusted loan with annual interest rate of 4.60%
Zhendan Company	(120,000,000)	24 September 2015	23 September 2016	–	Entrusted loan with annual interest rate of 4.60%
Runyang Bridge Company*	(150,000,000)	26 February 2013	25 February 2019	150,000,000	Entrusted loan with annual interest rate of 6.40%
Runyang Bridge Company*	(600,000,000)	18 February 2014	31 December 2023	–	Entrusted loan with annual interest rate of 6.560%
Communications Holding*	(250,000,000)	5 December 2012	5 December 2022	–	Loan from a related party with annual interest rate 6.10%
Communications Holding*	(400,000,000)	17 May 2013	17 May 2023	–	Loan from a related party with annual interest rate 5.90%
Communications Holding*	(200,000,000)	17 May 2014	17 May 2019	–	Loan from a related party with annual interest rate 6.10%
Communications Holding*	(350,000,000)	22 August 2014	22 August 2017	–	Loan from a related party with annual interest rate 6.10%
Communications Holding*	(200,000,000)	12 February 2015	9 November 2015	–	Loan from a related party with annual interest rate 4.83%
Communications Holding*	(400,000,000)	17 April 2015	16 July 2015	–	Loan from a related party with annual interest rate 4.64%
Network Operation Company*	(30,000,000)	8 August 2014	7 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(30,000,000)	12 August 2014	11 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000)	13 October 2014	12 October 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(40,000,000)	11 November 2014	10 November 2015	–	Entrusted loan with annual interest rate of 6.00%
Network Operation Company*	(20,000,000)	8 December 2014	7 December 2015	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	(30,000,000)	19 January 2015	18 January 2016	–	Entrusted loan with annual interest rate of 5.60%
Network Operation Company*	(40,000,000)	12 February 2015	11 February 2016	–	Entrusted loan with annual interest rate of 5.60%
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%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

39. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(4) Loans with related parties (continued)

In the current year: (continued)

Unit: RMB

Related party	Amount of borrowing/loan (Note 2)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from (Note 1): (continued)					
Network Operation Company*	(20,000,000)	21 May 2015	20 November 2015	–	Entrusted loan with annual interest rate of 5.10%
Network Operation Company*	(30,000,000)	28 May 2015	27 November 2015	–	Entrusted loan with annual interest rate of 5.10%
TongSha Port Company*	(50,000,000)	12 August 2014	11 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Taicang container Company*	(100,000,000)	5 August 2014	4 August 2015	–	Entrusted loan with annual interest rate of 6.00%
Communications Holding*	(800,000,000)	17 November 2014	16 November 2015	–	Entrusted loan with annual interest rate of 6.00%
Yanjiang Company*	(50,000,000)	13 January 2015	12 July 2015	–	Entrusted loan with annual interest rate of 5.60%
Yanjiang Company*	(30,000,000)	19 May 2015	18 November 2015	–	Entrusted loan with annual interest rate of 5.10%
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 5.10%
Group Finance Company*	(55,000,000)	7 July 2014	6 July 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(80,000,000)	13 October 2014	12 October 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(55,000,000)	19 November 2014	18 November 2015	–	Working capital loan with annual interest rate of 5.70%
Group Finance Company*	(50,000,000)	13 March 2015	12 September 2015	–	Working capital loan with annual interest rate of 5.08%
Group Finance Company*	(60,000,000)	19 March 2015	18 September 2015	–	Working capital loan with annual interest rate of 5.08%
Lend to:					
Ninghu properties	–	24 October 2013	23 October 2016	200,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	15 November 2013	14 November 2016	140,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	4 September 2013	3 September 2016	500,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	11 November 2013	11 November 2016	250,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	24 October 2013	24 October 2016	300,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	17 October 2013	17 October 2016	150,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	(150,000,000)	17 October 2013	17 October 2015	–	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	150,000,000	21 September 2015	21 September 2018	150,000,000	Entrusted loan with annual interest rate of 5.00%
Guangjing Xicheng Company	600,000,000	3 December 2015	4 December 2020	600,000,000	Lend to a related party with annual interest rate 3.69%
Hanwei Company	300,000,000	26 March 2015	26 March 2018	300,000,000	Lend to a related party with annual interest rate 8.00%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

39. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(4) Loans with related parties (continued)

In the prior year:

Unit: RMB

Related party	Amount of borrowing/loan (Note 2)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from:					
Far East Shipping Company*	(190,000,000)	30 August 2013	30 August 2014	–	Entrusted loan with annual interest rate of 6.00%
Far East Shipping Company*	190,000,000	13 August 2014	13 August 2015	190,000,000	Entrusted loan with annual interest rate of 6.00%
Guangjing Xicheng Company	(70,000,000)	25 September 2013	24 March 2014	–	Entrusted loan with annual interest rate of 5.60%
Lend to:					
Ninghu properties	–	24 October 2013	23 October 2016	200,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	15 November 2013	14 November 2016	140,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	4 September 2013	3 September 2016	500,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	11 November 2013	11 November 2016	250,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	24 October 2013	24 October 2016	300,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	17 October 2013	17 October 2016	150,000,000	Entrusted loan with annual interest rate of 6.15%
Ninghu properties	–	17 October 2013	17 October 2015	150,000,000	Entrusted loan with annual interest rate of 6.15%

Note 1: The Company undertake all of the interest bearing debts of Ningchang Zhenli Company amounting to RMB7,360,000,000, and transferred of such creditor's right into the equity investment to Ning Zhenli Company on 15 June 2015.

Note 2: When the Company is the borrower, the positive amount represents borrowing from a related party while the negative amount represents repayment to a related party; When the Company is the lender, positive amount represents lending to a related party while the negative amount represents collecting the money from a related party.

(5) Property transfer and debt recombination with related parties

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current year	Amount incurred in the prior year
Network Operation Company*	Compensation for the demolition of the Company's houses	–	7,503,200

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

39. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

- (6) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Compensation for key management personnel	3,872,024	3,770,227

- (7) Other explanations

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

- (8) Amounts due from/to related parties

Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable (note)	Sujiahang Company	7,896,196	–	7,882,526	–
	Yangtze Bridge Company	430,010	–	465,824	–
	Yanjiang Company.	202,972	–	63,167	–
	Kuailu Co., Ltd.	761,025	–	47,601	–
	Guangjing Xicheng Company	3,359,164	–	3,200,762	–
	Ningchang Zhenli Company	446,405	–	433,990	–
Subtotal		13,095,772	–	12,093,870	–
Other receivables	Network Operation Company	–	–	763,429	–
	Ninghu Investment	12,644	–	40,091	–
	Ninghu properties	345,000,000	–	310,000,000	–
Subtotal		345,012,644	–	310,803,520	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

(8) Amounts due from/to related parties *(continued)*

Amounts due from related parties *(continued)*

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Other non-current assets (including loans due within 1 year)	Hanwei Company	300,000,000	–	–	–
	Guangjing Xicheng Company	600,794,885	–	–	–
	Ninghu properties	1,690,000,000	–	1,690,000,000	–
Subtotal		<u>2,590,794,885</u>	<u>–</u>	<u>1,690,000,000</u>	<u>–</u>
Interest receivables	Hanwei Company	18,733,333	–	–	–
	Ninghu properties	3,123,083	–	3,175,792	–
Subtotal		<u>21,856,416</u>	<u>–</u>	<u>3,175,792</u>	<u>–</u>
Dividends receivables	Kuailu Co., Ltd.	<u>4,989,960</u>	<u>–</u>	<u>4,989,960</u>	<u>–</u>

Note: At 31 December 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 RMB39,894,163 (31 December 2014: RMB40,896,065). 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 year ended 31 December 2015

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

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

(8) Amounts due from/to related parties *(continued)*

Amounts due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Accounts payable <i>(note)</i>	Sujiahang Company	2,726,995	2,601,000
	Yanjiang Company	1,602,927	1,342,804
	Yangtze Bridge Company	1,535,824	1,423,980
	Sundian Company	27,690,000	16,290,000
	Network Operation Company	1,858,088	2,499,527
	Guangjing Xicheng Company	1,817,368	1,720,754
	Ningchang Zhenli Company	1,683,835	1,469,647
Subtotal		38,915,037	27,347,712
Receipts in advance	Sundian Company	80,000	80,000
	Network Operation Company	1,204,100	1,204,100
	Kuailu Co., Ltd.	568,863	–
Subtotal		1,852,963	1,284,100
Other payables	Network Operation Company	2,681,220	9,141,375
Short-term borrowings	Far East Shipping Company	185,000,000	190,000,000
	Ningchang Zhenli Company	400,000,000	–
	Zhendang Company	30,000,000	–
Subtotal		615,000,000	190,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

(8) Amounts due from/to related parties *(continued)*

Amounts due to related parties *(continued)*

Unit: RMB

Item	Related party	Closing balance	Opening balance
Interest payable	Far East Shipping Company	274,160	348,333
	Ningchang Zhenli Company	488,889	–
	Zhendan Company	42,167	–
	Runyang Bridge Company	295,928	–
Subtotal		1,101,144	348,333
Long-term borrowings (including long-term borrowings due within 1 year)	Runyang Bridge Company	150,000,000	–

Note: At 31 December 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 RMB18,024,476 (31 December 2014: RMB33,275,749). 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.

SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

Unit: RMB

Item	Amount
Losses (gains) on disposal of non-current assets	628,207,181
Government grants recognized in profit or loss for the current period	(1,813,793)
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	(35,967,519)
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognised as a result of business combination of enterprises under common control	(230,688,998)
Reversal of provision for accounts receivable which were tested for impairment losses individually	(161,574)
Interest income from loans	(24,846,638)
Other non-operating income or expenses other than the above	(9,603,213)
Tax effects	(138,953,611)
Effects attributable to minority interests	178,023
Total	<u>186,349,858</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	12.45%	0.4976	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	<u>13.38%</u>	<u>0.5346</u>	<u>N/A</u>

SUPPLEMENTARY INFORMATION

3. Calculation process of basic earnings per share and diluted earnings per share

For the purpose of calculating basic earnings per share, net profit for the current year attributable to ordinary shareholders is as follows:

Unit: RMB

	Amount for the current year	Amount for the prior year
Net profit for the current year attributable to ordinary shareholders	2,506,629,408	2,227,907,831
Including: Net profit from continuing operations	2,506,629,408	2,227,907,831
Net profit from discontinued operations	–	–

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Unit: RMB

	Amount for the current year	Amount for the prior year
Number of ordinary shares outstanding at the beginning of year	5,037,747,500	5,037,747,500
Add: Weighted average number of ordinary shares issued during the year	–	–
Less: Weighted average number of ordinary shares repurchased during the year	–	–
Number of ordinary shares outstanding at the end of year	5,037,747,500	5,037,747,500

Earnings per share

Unit: RMB

	Amount for the current year	Amount for the prior year
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.4976	0.4422
Diluted earnings per share (Note)	N/A	N/A
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.4976	0.4422
Diluted earnings per share (Note)	N/A	N/A
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	N/A	N/A
Diluted earnings per share (Note)	N/A	N/A

Note: At 31 December 2015, there were no dilutive potential ordinary shares issued by the Group.

SUPPLEMENTARY INFORMATION

4. The Group's Summary of performance, assets and liabilities in the past five accounting years

Unit: RMB

Item	2015	2014	2013	2012	2011
I. Total operating income	8,761,321,186	8,830,860,795	8,333,109,668	8,470,985,919	8,103,316,827
Including: Operating income	8,761,321,186	8,830,860,795	8,333,109,668	8,470,985,919	8,103,316,827
Less: Total operating costs	5,700,480,153	6,070,494,998	5,572,748,261	5,942,790,648	5,370,341,877
Including: Operating costs	4,416,207,589	4,674,829,859	4,247,826,667	4,541,921,794	4,061,339,232
Business taxes and levies	275,332,597	273,402,548	226,700,279	232,524,736	210,544,595
Selling expenses	16,030,791	13,806,381	9,832,355	8,525,073	8,569,902
Administrative expenses	213,294,103	212,989,851	208,314,812	213,304,477	211,959,613
Financial expenses	778,935,597	895,551,358	879,801,731	946,875,069	878,514,132
Impairment losses of assets	679,476	(84,999)	272,417	(360,501)	(585,597)
Add: Gains from changes in fair values	6,935,829	3,066,189	2,109,937	(1,011,970)	(922,572)
Investment income	444,068,189	352,287,304	315,399,461	161,448,206	201,464,314
Including: Income from investments in associates and joint ventures	340,332,126	310,937,218	265,462,186	133,212,868	190,114,061
II. Operating profit	3,511,845,051	3,115,719,290	3,077,870,805	2,688,631,507	2,933,516,692
Add: Non-operating income	42,430,974	25,411,960	108,440,943	13,398,833	37,237,256
Including: Gains from disposal of non-current assets	1,516,024	5,078,206	91,894,321	1,057,746	22,361,221
Less: Non-operating expenses	659,221,149	37,081,034	36,811,657	44,189,652	47,860,066
Including: Losses from disposal of non-current assets	629,723,205	7,684,626	9,056,311	18,405,389	24,085,345
III. Total profit	2,895,054,876	3,104,050,216	3,149,500,091	2,657,840,688	2,922,893,882
Less: Income tax expenses	305,144,944	807,730,901	851,871,378	764,467,269	783,532,809
IV. Net profit	2,589,909,932	2,296,319,315	2,297,628,713	1,893,373,419	2,139,361,073
Including: Net profit attributable to owners of the Company	2,506,629,408	2,227,907,831	2,233,945,391	1,848,666,623	2,090,422,201
Profit or loss attributable to minority interests	83,280,524	68,411,484	63,683,322	44,706,796	48,938,872

SUPPLEMENTARY INFORMATION

4. The Group's Summary of performance, assets and liabilities in the past five accounting years *(continued)*

Unit: RMB

Item	2015	2014	2013	2012	2011
V. Other comprehensive income (net of tax)	(67,406,144)	93,030,727	14,452,952	24,416,693	(35,194,761)
Other comprehensive income (net of tax) attributable to owners of the parent company	(67,406,144)	93,030,727	14,452,952	24,416,693	(35,194,761)
(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	(67,406,144)	93,030,727	14,452,952	24,416,693	(35,194,761)
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	(67,406,144)	93,030,727	14,452,952	24,416,693	(35,194,761)
Other comprehensive income (net of tax) attributable to minority interests	–	–	–	–	–
VI. Total comprehensive income	2,522,503,788	2,389,350,042	2,312,081,665	1,917,790,112	2,104,166,312
Total comprehensive income attributable to owners of the Company	2,439,223,264	2,320,938,558	2,248,398,343	1,873,083,316	2,055,227,440
Total comprehensive income attributable to minority interests	83,280,524	68,411,484	63,683,322	44,706,796	48,938,872
VII. Earnings per share:					
(I) Basic earnings per share	0.4976	0.4422	0.4434	0.3670	0.4150
(II) Diluted earnings per share	N/A	N/A	N/A	N/A	N/A

Unit: RMB

Item	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Total Assets	36,476,039,663	37,481,216,616	37,229,589,856	36,616,247,586	36,358,125,368
Total Liabilities	15,289,867,555	15,781,633,851	16,017,457,407	15,868,868,963	15,957,719,856
Minority interests	710,012,832	683,602,703	601,160,548	570,231,153	569,922,258
Total shareholders' equity attributable to equity holders of the Company	20,476,159,276	21,015,980,062	20,610,971,901	20,177,147,470	19,830,483,254

DOCUMENTS AVAILABLE FOR INSPECTION

Documents available for inspection	Copies of the annual 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 an accounting institution
Documents available for inspection	Original of the auditors' report sealed by the auditor, and sealed and signed by a certified accountant
Documents available for inspection	Originals of all company documents and announcements as required by CSRC to be disclosed in the designated press during the Reporting Period
Documents available for inspection	Articles of Association of the Company
Documents available for inspection	Copies of annual reports released on other stock exchanges

Chairman: **Chang Qing**

Date of submission to the Board for approval: 28 March 2016

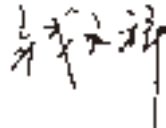
CONFIRMATION OPINION TO 2015 ANNUAL REPORT BY DIRECTORS AND SENIOR MANAGEMENT

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

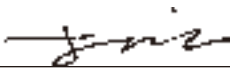
Directors



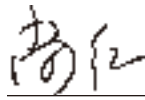
Chang Qing




Qian Yong Xiang



Du Wen Yi



Shang Hong



Zhang Yang



Hu Yu



Ma Chong Lai




Zhang Er Zhen



Ge Yang



Zhang Zhu Ting

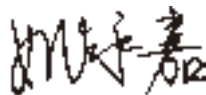


Chen Liang

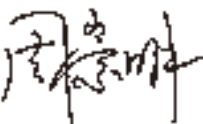
Senior Management Members



Tian Ya Fei



Yao Yong Jia



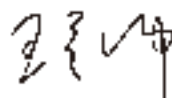
Zhou Chong Ming



Li Jie



Yu Lan Ying



Wang Hong Wei

Jiangsu Expressway Company Limited
25 March 2016

INTERNAL CONTROL AUDIT REPORT

Deloitte.
德勤

德勤华永会计师事务所（特殊普通合伙）
中国上海市延安东路222号
外滩中心30楼
邮政编码：200002

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
30/F Bund Center
222 Yan An Road East
Shanghai 200002, PRC

DTT (A) (16) No. SO119

To the shareholders of Jiangsu Expressway Company Limited

We have been appointed to carry out the audit of the effectiveness of the internal control in financial report as of 31 December 2015 of Jiangsu Expressway Company Limited (“JSE”), in accordance with the relevant requirements of the Audit Guidelines on Enterprise Internal Control and China Auditing Standards.

I. Responsibilities of an enterprise towards internal control

It is the responsibility of the board of directors of JSE to establish a sound internal control system, to implement them effectively and evaluate their effectiveness in accordance with the requirements of the Basic Standards for Enterprise Internal Control, Application Guidelines on Corporate Internal Control and Evaluation Guidelines on Corporate Internal Control.

II. Responsibilities of certified public accountants

Our responsibilities are to express an audit opinion on the effectiveness of internal control over the financial report after we conduct an audit, and to disclose the material defects that have come to our attention in the internal control over non-financial reports.

III. Inherent limitations on internal control

Internal control has its inherent limitations, and is exposed to the possibility of being incapable of preventing or detecting misreporting. Moreover, as changes in circumstances may render internal control inappropriate or reduce the degree of compliance with control policy or procedures, it is risky, to a certain extent, to predict the effectiveness of internal control in the future based on the results of an internal control evaluation.

IV. Audit opinion on the internal control over the Financial Report

In our opinion, JSE has maintained effective internal control over the Financial Report in all material respects as of 31 December 2015 in accordance with the Basic Standards for Enterprise Internal Control and relevant requirements.

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, the PRC

Chinese Certified Public Accountant:
Chinese Certified Public Accountant:

Yu Yang (虞扬)
Bu Jun (步君)

25 March 2016

2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

JIANGSU EXPRESSWAY COMPANY LIMITED 2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

To the shareholders of Jiangsu Expressway Company Limited:

In accordance with the provisions of “Basic Standards for Enterprise Internal Control” and its guidelines, the Corporate Governance Code under Appendix 14 to the Hong Kong Listing Rules and other requirements of risk management and internal control (collectively known as the “corporate internal control standard system”), and in view of the risk management and internal control system and appraisal measures of the Company (hereafter refer to as the “Company”), we evaluated the effectiveness of the risk management and internal control as at 31 December 2015 (basis date of evaluation report on risk management and internal control) based on the daily supervision and special supervision. The Company is of the view that, risk management and internal control system of the Company is effective and adequate upon considering every matters.

I. IMPORTANT STATEMENT

Pursuant to the provisions of the corporate risk management and internal control standard system, the Board is responsible for establishing and implementing a sound and effective risk management and internal control system, evaluating its effectiveness and honestly disclosing the risk management and internal control evaluation report. The supervisory committee supervised the establishment and implementation of risk management and internal control by the Board on a continuous basis. Management of the Company is in charge of the daily operation of risk management and internal control. The Board, the supervisory committee and the directors, supervisors and senior management of the Company warrant there are no false representations, misleading statements contained in, or material omissions from, and jointly and severally accept legal responsibility for the truthfulness, accuracy and completeness of the contents of this report.

The objectives of the Company’s risk management and internal control are reasonable assurance of operation and management in compliance with laws and regulations, asset safety, truthfulness and completeness of financial report and relevant information, improvement of operation efficiency and results, as well as promotion of development strategy. Due to inherent limitations of risk management and internal control, it can only provide reasonable assurance for achievement of above objectives. In addition, changes in circumstances may lead inadequacy of risk management and internal control or reduction of the adherence of control policies and procedures, thus it has certain risks in effectiveness of future risk management and internal control inferred with the evaluation results of risk management and internal control.

II. EVALUATION CONCLUSION OF RISK MANAGEMENT AND INTERNAL CONTROL

1. Whether there were any major defects identified in the risk management and internal control in the financial report on the basis date of evaluation report on risk management and internal control

Yes No

2. Evaluation conclusion of the risk management and internal control in the financial report

Effective Ineffective

According to the identification criteria of material deficiency of risk management and internal control in the financial reporting of the Company, as at the basis date of risk management and internal control evaluation report, material deficiency of risk management and internal control in the financial reporting did not exist. The Board is of the view that the Company has maintained efficient risk management and internal control in the financial report in all material respects in accordance with requirements of corporate risk management and internal control standard system and relevant regulations.

2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

3. Whether material deficiency of risk management and internal control were found in non-financial reporting

Yes No

According to the identification of material deficiency of risk management and internal control in the non-financial reporting of the Company, as at the basis date of risk management and internal control evaluation report, material deficiency of risk management and internal control in non-financial reporting did not exist.

4. Factors affecting conclusion to the evaluation and adequacy of efficiency of risk management and internal control from the basis date of risk management and internal control evaluation report to its issue date

Applicable Not applicable

There was no factor affecting conclusion to the evaluation of efficiency and adequacy of risk management and internal control from the basis date of risk management and internal control evaluation report to its issue date.

5. Whether the audit opinion on risk management and internal control is consistent with the efficiency and adequacy of risk management and internal control in the evaluation report?

Yes No

6. Whether the issuer's procedures regarding the financial report and the compliance with requirements under the Hong Kong Listing Rules is effective

Yes No

7. Whether there is adequate working scope and qualification for supervising risk and internal control on a continuous basis

Yes No

8. Whether the disclosure of material deficiency of internal control in non-financial reporting in the audit report on risk management and internal control is consistent with the disclosure of the evaluation report on risk management and internal control of the Company?

Yes No

9. Whether there are adequate resources, staff qualifications and experience, training programs and budget thereof in accounting, internal audit and financial reporting

Yes No

10. Whether there is any material risk and significant changes after last year's review

Yes No

11. Whether the Company is capable of handling the transformation of its business and changes in external environment

Yes No

12. Whether the supervising results as delivered by the supervisors and the management to the Board is adequate in terms of specification and delivery times

Yes No

2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

III. Evaluation of Risk management and Internal Control of the Company

(I) Evaluation Scope of Risk management and Internal Control

The Company determined to incorporate major units, business and matters as well as high-risk fields into the evaluation scope pursuant to risk-oriented principle.

- The major units within the evaluation scope comprise of: Jiangsu Expressway Company Limited, Jiangsu Ninghu Properties Co., Ltd., Jiangsu Guangjing Xicheng Expressway Company Limited and Jiangsu Ningchang Zhenli Expressway Company Limited.

- Percentage of the units being incorporated in the evaluation scope:

Index	Percentage (%)
Percentage of total asset of the units being incorporated in the evaluation scope over the total asset in combined financial statements of the Company	98%
Percentage of total operating revenue of the units being incorporated in the evaluation scope over the total operating revenue in combined financial statements of the Company	99%

- Main business and matters within the evaluation scope comprise of:

Organizational structure, development strategy, human resources, corporate culture, social responsibility, risk assessment, internal information transfer, information system, internal oversight and compliance matter; financial reporting, financial activities, asset management, procurement, road and bridge toll, engineering projects, business outsourcing, overall budget, contract management, salary management and guarantee.

- The high-risk field with special attention paid: Finance activities, asset management, toll of roads and bridges, construction projects and procurement and others.

- Whether there are any material omissions in the evaluation scope including the above units, business, matters and high-risk field, the main aspects of operation and management of the Company:

Yes No

- Whether there exists any statutory exemption?

Yes No

2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

(II) Basis of risk management and internal control evaluation and standard of defect identification in risk management and internal control

Pursuant to the corporate risk management and internal control standard system, systems and evaluation methods of risk management and internal control, the Company organized and carried out risk management and internal control appraisal on the basis of day to day monitoring and special supervision.

1. Whether there are any adjustments in the specific Standards for Determination of Defects in Risk Management and Internal Control compared with previous years:

Yes No

Pursuant to the determination requirements of material, important and common defects under the corporate risk management and internal control standard system, and taking into account the scale, industrial characteristics, risk preferences, risk resistant capacity and other factors of the Company, the Board of the Company made discrimination of risk management and internal control between financial and non-financial reporting, setting down the specific identification standards applicable to the risk management and internal control defects of the Company upon study, which remained the same as the previous year.

2. Standards for Identification of Defects in Internal Control on financial report

The quantitative standards of defects evaluation for internal control on financial report are as follows:

Name of indicator	Quantitative standard of material defects	Quantitative standard of important defects	Quantitative standard of common defects
Total assets or pretax profit	The misreporting financial figure was greater than or equal to 2% of the total assets or 10% of the pretax profit (whichever is lower) in the audited consolidated financial statements for the year.	The misreporting financial figure was greater than or equal to 20% of the standard figure resulted from material defects but less than the standard figure resulted from material defects.	The misreporting financial figure was less than the standard figure of important defects.

The qualitative standards of defects appraisal for risk management and internal control on financial report are as follows:

Nature of the defect	Qualitative standards
Material defect	<ul style="list-style-type: none"> – Fraud committed by Directors, supervisors general manager, vice general manager or senior management of the same level; – Audit committee or the internal audit department' failure in its performance of the corresponding risk management and internal control supervisory function; – The restatement of the Company's financial report resulted from material afterward adjustment in financial report (including quarterly, interim and annual reports) due to delayed error-discovery.
Important defect	At the end of the financial reporting period, One or more defects are found in the process of control. The goal of compiling authentic and accurate financial statements cannot be reasonably guaranteed.
Common defect	Other control defects other than the material and important defects above.

2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

3. Standards for Determination of Defects in Risk Management and Internal Control on financial report

The quantitative standards of defects appraisal for risk management and internal control on non-financial report are as follows:

name of indicator	Quantitative standard of material defects	Quantitative standard of important defects	Quantitative standard of common defects
asset losses	The asset loss figure was greater than or equal to 2% of the total assets or 10% of the pretax profit (whichever is lower) in the audited consolidated financial statements for the year.	The asset loss figure was greater than or equal to 20% of the standard figure resulted from material defects but less than the standard figure resulted from material defects.	The asset loss figure was less than the standard figure of important defects.

The qualitative standards of defects appraisal for risk management and internal control on non-financial report are as follows:

nature of the defect	qualitative standards
material defect	<ul style="list-style-type: none"> – Generating significant influence on the formulation and implementation of corporate strategy or the corporate operating; – Failing to realize critical operating goals or key performance indicators; – Exerting material negative impact on the corporate reputation; – Major violations.
important defect	<ul style="list-style-type: none"> – Having moderate influence on the formulation and implementation of corporate strategy or the corporate operation; – Partially impacting the realization of operating goals or key performance indicators; – Exerting moderate negative impact on the corporate reputation; – Exceptional incidents that get punished by the government departments or the regulators.
common defect	<ul style="list-style-type: none"> – Having marginal influence on the formulation and implementation of corporate strategy or the corporate operation; – Slowing down the operating activities, but impacting slightly the realization of operating goals; – Exerting slight negative impact on the corporate reputation; – Exceptional incidents that are held accountable by the government departments or the regulators.

2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

(III) Identification of risk management internal control deficiency and its rectification

1. Identification of risk management internal control deficiency in financial reporting and its rectification

1.1 Material deficiency

Whether there is material deficiency of risk management internal control exists in financial reporting during the reporting period.

Yes No

1.2 Important deficiency

Whether there is material deficiency of risk management internal control exists in financial reporting during the reporting period.

Yes No

1.3 Common deficiency

According to the identification criteria of common deficiency of risk management and internal control in the financial reporting of the Company, as at the basis date of risk management and internal control evaluation report, six common defects of risk management and internal control in the financial reporting were found. The company took rectifying actions in respect to the aforementioned matters and the related rectifications are expected to be fully implemented in 2016.

1.4 Whether there is material deficiency of risk management and internal control in financial reporting pending rectification as at the basis date of risk management and internal control evaluation report upon the abovementioned rectification.

Yes No

1.5 Whether there is material deficiency of risk management and internal control in financial reporting pending rectification as at the basis date of risk management and internal control evaluation report upon the abovementioned rectification.

Yes No

2. Identification of risk management and internal control deficiency in non-financial reporting and its rectification

2.1 Material deficiency

Whether there is material deficiency of risk management and internal control in non-financial reporting during the reporting period

Yes No

2.2 Important deficiency

Whether there is material deficiency of risk management and internal control in non-financial reporting during the reporting period

Yes No

2.3 Common deficiency

Nil

2015 RISK MANAGEMENT AND INTERNAL CONTROL EVALUATION REPORT

2.4. Whether there is material deficiency of risk management and internal control in non-financial reporting pending rectification as at the basis date of risk management and internal control evaluation report upon the abovementioned rectification

Yes No

2.5. Whether there is important deficiency of risk management and internal control in non-financial reporting pending rectification as at the basis date of risk management and internal control evaluation report upon the abovementioned rectification

Yes No

IV. Explanations on Other Relevant Material Matters of Internal Control

1. Rectification of risk management and internal control deficiency in previous year

Applicable Not applicable

In previous year, there was no material and important deficiency of risk management and internal control in financial and non-financial reporting identified in risk management and internal control evaluation, eight general deficiencies of internal control in financial reporting were identified, as at the reporting date, all rectifications were completed.

2. Risk management and internal control operation in the current year and improvement orientation for the next year

Applicable Not applicable

According to the identification criteria of material deficiency of risk management and internal control in 2015 financial reporting and non-financial reporting of the Company, as at the basis date of risk management and internal control evaluation report, material and important deficiency of risk management and internal control in financial and non-financial reporting did not exist. The Board is of the view that the Company has maintained efficient risk management and internal control in financial and non-financial reporting in all material respects in accordance with requirements of corporate risk management and internal control standard system and relevant regulations.

We noted that, risk management and internal control should be in line with the operational scale, business scope and risk level and make adjustment subject to the internal and external circumstance. In 2016, the Company will continue to deepen the construction of risk-oriented risk management and internal control system, further improve the risk management and internal control system, regulate implementation of systems, enhance employees training, strengthen supervision and inspection, in order to improve the level of corporate governance and risk management capability, protect legal interests of investors, and promote sustainable and healthy development of the Company.

3. Explanations on other material matters

Applicable Not applicable

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

Jiangsu Expressway Company Limited 2015 Corporate Social Responsibility Report

The Board and the Directors confirm that this report does not contain any false statements, misleading information or material omissions, and all of them severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

Reporting entity

Jiangsu Expressway Company Limited (hereinafter referred to as the "Company")

Reporting Period

From 1 January 2015 to 31 December 2015, with the exception of some content extended beyond this time frame for the sake of completeness and continuity of information disclosure.

Basis of preparation

This Corporate Social Responsibility Report is prepared with references to related rules and the requirements under the Guidelines on Preparation of Corporate Social Responsibility Report (《公司履行社會責任的報告編制指引》) issued by the Shanghai Stock Exchange and elaborated from the perspective of stakeholders.

Purposes of the Report

This 2015 Corporate Social Responsibility Report reflects the Company's commitment to promoting sustainable economic and social development and environmental protection, and to actively undertaking its social responsibilities with integrity for the benefit of stakeholders, which includes shareholders, creditors, employees and clients. We hope that this Report will serve as a bridge of communication and interaction with all sectors of the community, and will substantiate these sectors' understanding of the Company. We also hope that, with the issuance of this Report, we are subject to supervision by all parties, who will foster our continuing improvement in serving the community and the public in carrying out a harmonious development.

Consideration and approval

This Report was considered and approved at the sixth meeting of the eighth session of the Board on 25 March 2016.

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

Section I The Company's understanding of social responsibility

I. The Company's understanding of social responsibility

Corporate social responsibility denotes the commitment of a company to the society, employees, customers and environment while creating profits and undertaking legal responsibilities towards shareholders. With current economic and social developments, there is growing concern regarding the social responsibilities of a corporation, which has become a significant benchmark in the assessment of a corporation.

As a listed company in the transportation and infrastructure industry principally engaged in the investment, construction, operation and management of toll roads and bridges, the Company deems the fulfillment of public demand for transportation services and contribution to social and economic growth as its basic social responsibility. The Company is of the view that apart from making profit and acting in the interests of our shareholders, we also undertake social responsibilities on a multi-dimensional scale, which include responsibilities to our stakeholders, employees and consumers, as well as to the community and the environment.

Guided by the principle of people-oriented and scientific development, and through the refined allocation of social resources the Company strives to pursue the maximization of the integrated values in terms of its business, the society and the environment in order to attain coordinated and sustainable development.

While successfully fulfilling the aforementioned social responsibilities for the past year, the Company has also made remarkable efforts in continuously creating favourable investment returns for shareholders and in creating benefits for stakeholders including the employees, clients and business partners. It has also actively achieved environmental friendliness in its enterprise development. This Report truly and objectively reflects the important information on how the Company fulfills its social responsibilities in its operations and management.

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

II. The Company's responsibilities towards stakeholders

The Company cares for and respects all stakeholders. We focus on the bridging of communications with the government, investors, customers, employees, suppliers and non-governmental organizations, and seeks to maintain good relationships with each stakeholder on the basis of achievability and balance of interests. This could enable other parties to understand, care more about, actively participate in as well as show support to the development of the Company.

Stakeholder	Our Responsibilities	Major means of communication
Government	<ul style="list-style-type: none"> To abide by laws and regulation, and observe the regulatory requirements of the government To carry out operations in a lawful manner and pay taxes according to law 	<ul style="list-style-type: none"> Regular reporting Social media To be subject to supervision and scrutiny To Participate in policy research and formulation
Shareholders	<ul style="list-style-type: none"> To be entitled to an equal right to information To achieve a timely, true and accurate information disclosure To maintain high and stable dividend payout ratio 	<ul style="list-style-type: none"> To hold general meetings To run interactive activities for investors To achieve a disclosure of information to external parties
Creditors	<ul style="list-style-type: none"> Maintain integrity and to repay loans in a timely manner 	<ul style="list-style-type: none"> To achieve a true and accurate information disclosure
Customers	<ul style="list-style-type: none"> To establish a safe, convenient and comfortable transportation environment To provide high-quality services to raise the level of customer satisfaction 	<ul style="list-style-type: none"> To collect comments from customers and provide feedback To provide return-visit call on services To maintain electronic information platform To handle customers' complaints
Employees	<ul style="list-style-type: none"> To offer stable and reasonable remuneration packages To provide opportunities for career development To protect lawful rights and interests of employees To maintain a safe workplace 	<ul style="list-style-type: none"> To organize trade union and to convene a workers' conference To collect and analyze employees' views, and to render suggestions and feedback accordingly To run staff training To make merits and rewards available
Community and environment	<ul style="list-style-type: none"> To preserve resources, conserve energy and reduce consumption To focus on environmental protection To proactively engage in charitable activities which promote a harmonious societal development 	<ul style="list-style-type: none"> To maintain communication with the environmental protection departments To promote learning and sharing of advanced experience from home and abroad

Section II Road of continuous development

The “12th Five-Year” period is a foundation-laying period for the transformation and upgrading of the Company. Based on in-depth analyses of internal and external opportunities and challenges, as well as advantages and disadvantages, the Company re-streamlined its corporate mission, vision and strategic positioning. The Company determined its guidelines and introduced the “233” strategic system, which involves implementing three strategies: “enhancement of principal business”, “business expansion” and “extension of platforms” on the basis of boosting infrastructure operations management capabilities and investment management capabilities. The Company also set up the distribution framework of “one main and two supplementary” businesses (namely the main business of toll roads and bridges by Jiangsu Expressway Company Limited, the supplemental businesses of development of real estate by Ninghu Properties and equity investment by Ninghu Investment). During the “12th Five-Year” period, the Company was actively building up its “1+3” management platforms, which includes the investment, financing and management platform of Jiangsu Expressway Company Limited, the real estate development platform of Ninghu Properties, the equity investment and financing platform of Ninghu Investment and the industrial chain extension platform for principal business of Economic Development Company. As at the end of 2015, the Company had reaped remarkable achievements in the following aspects and successfully accomplished the strategic targets under the “12th Five-Year Plan”:

I. Significant expansion of the principal business

During the “12th Five-Year” period, the Company achieved expansion in asset size through two acquisitions and mergers for expressway as its principal business. In 2012, the Company participated in the capital increase of Yanjiang Company through its subsidiary Guangjing Xicheng and thus indirectly held 24.61% equity interests in Yanjiang Company, which led to increasing the length of its toll highways invested by 135 kilometers. In 2014 – 2015, the Company acquired all of the equity interests in Ningchang Zhenli Expressway Limited, took over all of its interest-bearing debts and capitalized these debts into equity. In addition, the Company’s subsidiary Guangjing Xicheng carried out an acquisition of and a merger with Xiyi Expressway Limited. As a result, the length of the Company’s controlled toll highways and bridges increased by 252 kilometers. As of now, 11 toll highways controlled or invested in by the Company are in operation. In addition, the newly launched Changjia Expressway, in which the Company holds 22.77% equity interests is expected to open to traffic at the end of 2016. The in-process Zhendan Expressway Project, in which the Company holds 70% equity interests is expected to open to traffic in 2018. At the end of 2015, the Board of the Company considered and approved the new construction project regarding Phase I of Changyi Expressway to be invested in by the Company’s subsidiary Guangjing Xicheng.

As determined by Jiangsu provincial government, G312 Shanghai-Nanjing Section ceased charging tolls since 00:00 on 16 September 2015. The Company entered into an agreement with the Highway Bureau of Jiangsu Provincial Department of Transportation (江蘇省交通運輸廳公路局) to terminate its operation right of G312 Shanghai-Nanjing Section. The early termination of the toll road operation right of G312 Shanghai-Nanjing Section relieved the Company’s operational burden to some extent, eliminated the financial risks posed by the long-term operating losses from G312 Shanghai-Nanjing Section and the operational risks arising from the growing contradictions between collection and payment, which further optimized the asset structure of the Company and was of strategic significance for the Company’s sustained healthy development. Meanwhile, through the efforts of the Company, the Jiangsu provincial government agreed to compensate the Company according to the highest standards under the Regulation on the Administration of Toll Roads (《收費公路管理條例》) for the early termination of its operation right of G312 Shanghai-Nanjing Section, thus securing the legitimate rights and interests of the Company and its investors.

At the end of 2015, the Company’s total assets amounted to RMB36.476 billion, representing an increase of 47% compared with its total assets of RMB24.897 billion at the end of 2010. Also the net assets attributable to the shareholders of the Company was RMB20.476 billion, representing an increase of 16.58% compared with the figure of RMB17.564 billion at the end of 2010. With the ongoing expansion of the Company’s principal business, the Company further consolidated its leading position in the expressway network in the south of Jiangsu.

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

II. New breakthroughs in supplementary business

During the “12th Five-Year” period, the Company launched special research on operation business in the service area and gradually carried out various reform measures such as strengthening supplier management and introducing uniform distribution of bulk commodities, the Company actively invited well-known brands to operate in the service area with a KFC restaurant formally open for business in Yangcheng Lake Service Area and completed and applied the system of information management in the supermarket. Moreover, the Company conducted research to develop systems like the Enterprise Resource Planning (ERP) system of Operational Development Company for shared accounting. Ninghu Properties is running its property development and sale business as scheduled, has steadily facilitated the construction of its commercial properties and strengthened its marketing and promotion. As at the end of 2015, the floor area in aggregate under construction amounted to 593,900sq m. Ninghu Investment successfully established the Luode Fund Company to issue two real estate funds in 2015, raising a total amount of approximately RMB280 million. In March 2015, a project company (Hanwei Company) was set up for the joint development of Lot No.2, South Nanjing New Town at Nanjing South Railway Station by the Company as well as the Deshi Fund, and the construction of the project commenced at the end of 2015. At the beginning of 2014, the Company established a joint-stock company, namely Jiangsu Xiexin Gas Co., Ltd., in an effort to advance the construction of the LNG gas station in the Shanghai-Nanjing Expressway Service Area. Currently, the gas stations in the service areas of Yangcheng Lake and Meicun have been formally put into operation, and the gas stations in southern Xianrenshan area and northern Yangcheng Lake area are under construction and pending official approval. In July 2013, the Company made an investment of RMB1 billion into Bank of Jiangsu for the capital increment, holding approximately 1.92% equity interest. During the “12th Five-Year” period, the Company has made a preliminary development layout for its supplemental businesses in respect of real estate, finance and derivative business of road.

III. Growing operating results

During the past five years, the Group’s major operating revenues and profits have been steadily heading upwards in general, and its investment returns have increased on a yearly basis from RMB243 million in 2010 to RMB444 million in 2015, with its contribution to the Group’s profits rising from 9.78% in 2010 to 17.72% in 2015. The Company recorded a total revenue of RMB8.761 billion and a net profit attributable to shareholders of the Company of approximately RMB2.507 billion in 2015, representing an increase of 12.51% in a year-on-year manner (under the same standards). During the “12th Five-Year” period, the Company’s rate of return on net assets and operating profit margin remained relatively high and fell within a narrow fluctuation range, representing the Company’s sustained and strong profitability. In the meantime, the Company has continuously adhered to a positive and stable dividend policy where the shareholders received preferential returns resulting from the development of the Company.

IV. Actively planning for the “13th Five-Year” development strategy

In 2015, based on the assessment and conclusion of the implementation of the “12th Five-Year” strategy, the Company analyzed the exiting internal problems in all respects, identified the opportunities and challenges during the “13th Five-Year” period and put forward a preliminary “13th Five-Year” development orientation and development strategies. In light of its formulated “13th Five-Year” development plan according to actual conditions, the Company will focus on its principal business and endeavor to draw upon its strength in capital operation to conduct feasibility research on investment and equity merger and acquisition in respect of new road-or-bridge-related projects, make investments in its principal business in an active and prudent manner, and prepare enough resources for the expansion of its principal business. The Company will lay greater stress on innovation in its business model and increasing awareness of market competition. It will also explore a path of reforming supplementary business, including operations in services areas, real estate development and modern finance all in order to achieve mutual promotion and coordinated development between the Company’s supplementary business and principal business of road operations.

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Section III Expressway of Standard Management

Excellent corporate governance is the fundamental guarantee for long term health and stable development of enterprise, and continuous improvement of governance is necessary for maintaining healthy corporate development. To this end, the Company, adhering to the corporate concept of integrity and diligence, continues to improve its governance system and operating process, and also continues to upgrade its corporate governance level in accordance with work deployment and latest rules and regulations of the regulatory department.

I. Improving the corporate governance level

In 2015, the Company made further efforts to reinforce the consciousness of standard operation, to put the latest regulatory requirements into practice, and to execute the existing governance rules strictly so as to ensure the mechanism was implemented to the highest extent. Measures were also taken to improve the daily control for key regulatory fields such as insider trading, capital occupation and related transactions. It exercised strict control over all sorts of non-compliance risks, thus improving its self-governance capacity. To start with the work of “three-meeting”, the Company standardized the procedure of decision-performance. We mapped out and made scientific decisions over the daily operating activities and major investing events in order to ensure that all significant matters fulfilled the necessary statutory procedure for examination and approval.

2015 was the year for re-election of the Board and Supervisory Committee. In strict accordance with the requirements of the supervisory departments, the Company prepared the relevant statutory documents of those Directors and Supervisors who were about to partake in the election. By way of the compliant nomination process and upon the consideration and approval by the Board and Supervisory Committee, the general election was completed successfully with a new session of the Board and Supervisory Committee as well as new committees of the Board coming into being.

The Company has a self-improved internal supervisory mechanism. Aiming at the construction of “clean state-owned enterprise” and taking the realization of “two responsibilities” as the principal line, the Company emphasized disciplined inspections while strengthening reform and development. Telephone numbers and addresses were offered for the purpose of petition letters. Full-time staff were arranged to collect, classify and register the letters regularly so as to handle the same in accordance with relevant procedures. This initiative has greatly enhanced the strength and effectiveness of discipline inspection and served as the guardian of the Company’s healthy and sustained development.

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

With the pursuit of excellence and being the paragon of the industry as the goal, the Company endeavoured to grow into an enterprise with long-term investment value. It has never stopped promoting its governance and has finally gained full recognition from the capital market and affirmation from authoritative organizations. It now has become an exemplary enterprise among the domestic listed companies. Following awards were granted to us in the capital market in 2015:

1. In the two annual assessments of Board secretary resumption and corporate information disclosure organized by the Shanghai Stock Exchange for 2014-2015, the Company ranked number one with two outstanding scores among the listed companies.
2. The Company was awarded the Golden Bull Prize for 2014 by China Securities Journal again. This award is given to the company with the best dividends and returns and the best board secretary.
3. The Company was awarded the Titanium Award for best corporate governance for 2015 by The Asset Magazine.
4. The Company was granted the Listed Company Award for best corporate governance for 2015 by China Financing.



II. Continuously improving the internal control system

The Company pays high attention to risk management and control. The internal control mechanism named the “integrated four-standard” was enacted in 2011 and subsequently, the system has run throughout the entire process of the company’s operating. As for this year, the focus of internal control was still fixed on development promotion, governance upgrading, increasing efficiency, enhancing internal control and risk prevention. At the same time, the Company stuck with daily risk inspections and management, regularly carried out analysis regarding the internal operating situation and external information collection. It also issued alerts and exercised control in accordance with pre-arranged risk management plans in order to adjust the methods of risk management in a timely manner according to the inside and outside business situation and the risk tendencies.

In 2015, specifically in January and August, the Company’s self-assessment team of internal control conducted inspections and assessments on critical control designs and the effectiveness of operating, which is in compliance with the requirements of Application Guidelines on Corporate Internal Control and the Guidelines on Evaluation of Corporate Internal Control. The team selected 28 business processes and 334 key control points and took 2,200 samples throughout the year. The results of the assessments showed that there were no serious defects on the design and implementation of the internal control system and that the system could meet all sorts of demands of the Company, including governance, operation, management, finance, and investment, administration and personnel management. Therefore the team came to the conclusion that the Company had established a sound and effective internal control system. Data of internal control assessments collected from the previous four successive years show that common defects have reduced year by year, that the risks have decreased and that the internal control system has played a favorable role in the Company.

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III. Further reinforcing the maintenance of investor relations

The Company has always advocated for positive investor relations management. It helps investors to understand our business thoroughly by means of transparent information disclosure and mutual communication so that they can make objective and correct investing decisions.

In strict accordance with the provisions under the listing rules and on information disclosure of both stock exchanges, the Company carried out pre-auditing of announcements conscientiously and elaborately coordinated with intermediaries during the reporting period. Therefore, all the information disclosed and its disclosure procedure met the requirements of information disclosure of both stock exchanges. The Company is devoted to improving the quality of its information disclosure via regular and temporary announcements so that significant information or events that might affect investor's benefits can be released to the public in a timely manner. In 2015, the Company published 45 announcements on statutory disclosure and temporary material events at home and abroad all without mistakes.

In 2015, the Company continued to manage investor relations via positive communications. The Company enhanced effective communications with all investment funds and analysts abroad through platforms and channels such as investment forums and road shows both at home and abroad. The Company endeavored to deliver positive signals and solidify market confidence so as to create a benign market investing environment.

In 2015, Jiangsu Securities Regulatory Bureau rated the Company as a model of credible enterprises among the listed companies within the area under its jurisdiction. The Company took an active part in promotion activities organized by the Securities Regulatory Bureau, and also prepared materials meticulously to facilitate the popularization and publicity of the bureau's activities. Those activities were just the means for the Company, as a listed company, to fulfill its obligations and motivate the sustained and healthy development of China's capital market. In the meantime, these acts also helped the company build a favorable image in the capital market.

The campaigns and promotions held in this year are mainly as followed:

- | | |
|----------|---|
| January | <ul style="list-style-type: none">– attending Deutsch Bank's annual investment forum– attending UBS Securities' annual investment forum |
| February | <ul style="list-style-type: none">– holding acquisitions symposium on project acquisition for analysts from major organizations at home and abroad– holding special roadshows for minority shareholders at home and abroad |
| March | <ul style="list-style-type: none">– Hosting 2014 results press conference and conducting investors roadshow in HK |
| May | <ul style="list-style-type: none">– Attending HSBC and Macquarie Securities' annual investors conference |
| June | <ul style="list-style-type: none">– organizing overseas roadshows in Singapore and in Australia– Attending investors conference held by JPMorgan |
| August | <ul style="list-style-type: none">– Hosting 2015 interim results press conference and conducting investors roadshow in HK |
| November | <ul style="list-style-type: none">– attending annual investors forum held by CICC– organizing overseas roadshows in the USA and in Canada |

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

IV. Maintaining steady investor returns mechanism

With the aid of the capital market, the Company gained a rapid development. Meanwhile the Company clearly understood that investors were the source of development so the Company regarded it as an important mission and management concept to actively provide a return to investors. Only when the investors share the fruitful results of the Company's development and build up concepts of lasting investment and rational investment can capital continue on a virtuous cycle. Positive and steady dividend policy has been included in the company regulations in order to create high returns for shareholders.



As to the specific implementation, the Company set itself an example, formulating a reasonable dividend mechanism and actively advocating equity culture of returning to shareholders, thus building a harmonious and win-win investing and financing environment and value investing atmosphere. The Company has made efforts and contributions to promote the sustained and healthy development of the capital market. From the time it was listed until 2015, the Company has distributed cash dividends for 18 successive years with a total amount of approximately RMB21.341 billion, representing an average dividend distribution rate of 75%, with an accumulated dividend payout ratio of RMB4.2417. It is obvious that shareholders have gained favorable returns from the Company's development.

In 2015, the company has distributed cash dividend per share to RMB0.4 with a dividend payout ratio of 80.39%.

	2010	2011	2012	2013	2014	2015
Earnings per share (RMB)	0.493	0.482	0.463	0.538	0.511	0.498
Dividend per share (tax included RMB)	0.36	0.36	0.36	0.38	0.38	0.40
Dividend payout ratio (%)	73.0	74.64	77.72	70.70	74.35	80.39

It has always been our primary responsibility to guarantee shareholders' long-lasting and steady returns. From the perspective of balancing both long-term and immediate interests of the investors, the company will continue to carry out sustained and steady dividend policy.

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Section IV Way of warm experience

I. Smooth Shanghai-Nanjing Expressway

In 2015, the Company continued to provide high-standard and high-quality service and guaranteed work, further establishing the service and management brand of “Smooth and Caring Shanghai-Nanjing Expressway”. It also gave a full presentation of the excellent and civilized window as well as brand enterprise image of Jiangsu Expressway Company Limited.

First-class quality of expressway. In 2015, in order to embrace the nationwide maintenance inspection of expressways that is carried out on a five-year basis, the Company accomplished the comprehensive treatment of a total length of 107 kilometers of single lane which gave a prominent upgrade to the technical condition of road surface. During the same time period, the Company also successively replaced piers of bridges and the technical conditions of bridges along the expressway were excellent. All bridges fell into Category I and Category II and were 100% safe. MQI index increased from 94.43 at the end of 2014 to 95.04. The enduring first-class quality of expressway secured an excellent driving condition for drivers.

Efficient traffic capacity. The Company constantly consummated the dispatch system of three parties commanding one expressway and intensified the expressway management by strengthening video monitoring, distribution of expressway information and single-unit system. Based on site traffic condition, road management offices alongside the entire expressway took specific new managing and controlling measures to improve on-site dynamic management and control, emergency rescue and the capacity to maintain smooth traffic. In 2015, 19,599 hindrance clearing activities were finished along Shanghai-Nanjing Expressway with an arrival rate of 96.9% within 20 minutes and 99.5% within 30 minutes. The ratio of smooth driving over 1 hour was 97.6%. To cope with the normalization of busy traffic, the Company tried its best to shorten the average time needed for a vehicle to finish the entire trip. In 2015, normal pass rate for all toll stations along the Shanghai-Nanjing Expressway was secured at more than 95%.

Good levy environment. The Company strictly implemented the toll fee levying standards issued by the provincial government to regulate collection of toll fees, publicize the service standards and address the difficulties and challenges faced by drivers and passengers. In 2015, the Company continued to carry out the toll-free policy for light passenger cars during major festive periods. We also proactively implemented policies inclined towards the agricultural sector by carrying out a toll-free arrangement for transportation vehicles loaded with fresh agricultural products.

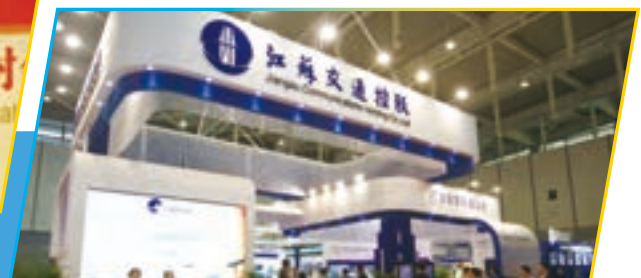
2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

II. Technological Shanghai-Nanjing Expressway

In 2015, the Company continuously propelled the informatization and intellectualization of expressway operation and internal management to seek for new advancements in technological innovation in the direction of “wise traffic and green traffic”, and by doing so, maintained the cutting-edge position in technology.

The informatization demonstration project of the Company, based on public needs “before, during and after trips”, was intended to establish a complete cycle of smooth traffic services, to broaden service range, to provide various service methods, to reduce response time for service request, to efficiently improve in route service quality for the public and ultimately to serve as a real model of informatization demonstration of expressway to the province and even the entire country. In the period from 27 April to 29 April 2015, the informatization demonstration project of integrated management and public service of expressway of the Company was successfully exhibited on the 14th ITS Asia Pacific Forum, in which the Company exhibited the informatized system of the expressway featured by “dynamic perception, data integration, service diversification and efficient decision-making” through an interactive multimedia demonstration platform, videos and other displays these exhibits demonstrated the brand-new “Visible, controllable, adjustable, traceable and analyzable” mode of intellectual examination and command and coordination of the Shanghai-Nanjing Expressway by showing practical cases of typical applications, such as command and coordination and public services provision on the expressway. These exhibits were highly applauded by experts and their counterparts.

In 2015, the Company realized the full coverage of information service centers within the Jiangsu Section of the Shanghai-Nanjing Expressway which could provide multiple information streams from the cities alongside the Shanghai-Nanjing Expressway, including timely weather information, traffic information, route search, interactive monitoring video search of the expressway, 3D route navigation, and function query of service areas. In addition, the public could use their cell phones to get informed and rate various services and service quality through WIFI. Information service centers will be demonstration windows of wonderful service images of the Shanghai-Nanjing Expressway featured by an age of modernization and informatization.



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III. Caring Shanghai-Nanjing Expressway

In 2015, the Company took further steps to improve the hardware facilities in service areas of the expressway, optimize service functions, beautify the outdoor environment and build new lavatories for the handicapped and lounges for mothers and babies to embrace the nationwide service area rating. After reviews by experts, Yangcheng Service Area and Meicun Service Area alongside the Shanghai-Nanjing Expressway were rated as “Top 100 Demonstration Service Areas”. Xianrenshan Service Area, Douzhuang Service Area and Fangmaoshang Service Area were rated as national “Excellent Service Area”. In addition, Yangcheng Service Area was rated as “Advanced Unit of Provincial Innovative Construction” by the Administrative Bureau for Industry and Commerce of Jiangsu Province and Meicun Service Area was honored as “Demonstration Block for Reassuring Consumption of the Provincial Level”, becoming the first service area honored such in the expressway industry of Jiangsu. Douzhuang Service Area was awarded “Demonstration Unit for Reassuring Consumption of Zhenjiang”.

Cost reduction by centralized procurement. To improve the quality of raw material of food and drinks and more efficiently lower the cost of procurement, the Company entered into cooperation with Metro AG, a German company. This came after the realization that centralized procurement of catering rice, edible oil and refrigerated and fresh meats of all service areas not only ensured quality safety of foodstuff in service areas and provided safe, hygienic and reassuring food to consumers but also lowered the cost of procurement. The instant edible oil alone saved approximately RMB520,000 per year compared with that of last year.

New mode of service platform. The Company took advantage of the “168 service center of the Shanghai-Nanjing Expressway” WeChat platform to make drivers and passengers easily and timely informed of necessary traffic information on the expressway and enjoy more delicate protection and services by providing search functions such as complete route and tourist spots alongside the expressway and illegal processing offices in the WeChat part. The Company made an attempt in “Internet +”customer service mode to upload information about traffic, weather, safe driving, gas refilling, catering services, supermarkets, car parking and more by means of the WeChat Platform so as to make it more convenient for customers to get timely information and to consume more specifically; and to establish a public payment account, utilize e-payment, improve service convenience and achieve seamless contact between service areas and customers.

Image improvement by standardization of regulation. In 2015, the Company chose a manner of batch by batch and post after post and conducted trainings for nearly 1,200 employees of 6 service areas of the entire expressway, sticking to the principle of “each post and each job have their own standards”. The Company absorbed advanced standards of its counterparts and set up a scientific and reasonable standard system, according to different development features and actual working situations on different sectors such as catering, commodities, gas refilling and vehicle maintenance to guide its employees to conduct various operation and service activities in accordance with the standards. This effort improves the quality of services and makes every effort to build up the image of service areas.

Expansion of service range by improving details. The Company set up quite a number of new public facilities in all service areas. This includes improved service facilities such as building up 9 restrooms for the handicapped in demonstration and excellent service areas. Other additions include supplied liquid soap non-stop for 24 hours, installed hand dryer, laid out pot culture and pamphlets and broadcast light music to relentlessly create a caring service environment. These changes truly reach the point of “endless customer service provision”.



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Brand buildup by continuous optimization. During the process of continuous improvement of service functions, our service areas further improved their outdoor service standards to continuously meet new demands of customers. In 2015, all service areas alongside the expressway finished a series of work, including outdoor adjustment and relocation, rebuilding of lucidly indicative and definite signposts and vertical sketch map, demarcation of ground lines, arrows and specific parking areas for special vehicles like “Hazardous Article” and “Livestock Vehicle”. The intellectual parking lot in Meicun Service Area expanded the parking area by almost 4,700 square meters to enlarge its parking capacity. This achieved separation of trucks and passengers vehicles by one-way traffic of different types of vehicles. It also defined areas for pedestrians to ensure their safety, and allowed drivers to easily and swiftly spot parking the area and spaces by way of dynamic traffic display screen and finally gave customers more caring and time-saving services.



Showing care by attitude of people first. In 2015, the Company has been actively responded to customers' demands in trips and consummated various facilities, services and protection in service areas alongside the expressway, these demands included the buildup of new lounges with cribs, operating tables, sofas and special washbasin for mothers and babies to meet special needs of female customers in lactation, These additions fully show the “people first” human solicitude of Shanghai-Nanjing Expressway.

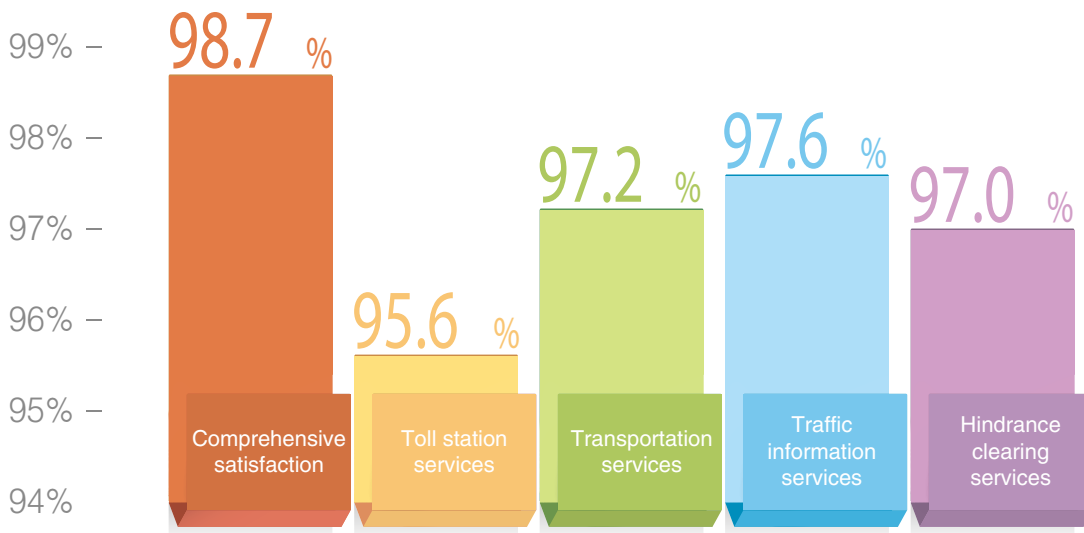


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IV. Satisfying Shanghai-Nanjing Expressway

In recent years, by comprehensively promoting the information management of expressway, strengthening the maintenance of road quality and improving the traffic efficiency, the Company has provided safe, efficient and quality traffic services for the drivers and passengers and its standard of operation and management as well as the quality of services have increased progressively. In 2015, the Company authorized a third party to conduct investigation of clients' satisfaction of Shanghai-Nanjing Expressway through methods, among others, on-site investigation, WIFI investigation and telephone investigation. A total of 13,746 questionnaires were collected through adopting the abovementioned three methods, there were 10,864 effective questionnaires with an effective rate of 79.0%. Specifically, there were 8,854 WIFI questionnaires, 1,719 on-site questionnaires, and 291 telephone questionnaires. The results of client satisfaction assessment showed the level of "moderately satisfactory". Since 2013, the comprehensive satisfaction of customers of Jiangsu Section of Shanghai-Nanjing Expressway has increased year by year, from 80.4% in 2013 to 82.1% in 2014 and further to 83.3% in 2015, representing an accumulated increase of 2.9 percentage point.

The results of client satisfaction assessment of Shanghai-Nanjing Expressway:



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Section V Road of employees' forward development

Employees are an enterprise's wealth and accordingly the cornerstone of its growth and development. The Company is people-oriented, respects the employee's efforts, strives to create a safe and healthy working environment and provides comprehensive medical, retirement and other benefits for employees. The Company has endeavoured to increase its staff's sense of happiness and belonging through various channels such as improving their comprehensive ability in the form of learning and training enhancement, which facilitates the creation of a harmonious environment for the mutual development of both the Company and its staff.

I. A multi-dimensional salary system

The Company adopts a position-based salary system with primary reference to performance. Salaries are determined in accordance with the comprehensive performance appraisal results of each staff, in adherence to the principle of "Salary by Position, Award by Performance", thereby enhancing the fairness and competitiveness of the salary system. Being restricted by few career paths available for employees, in 2015, to further develop the reform of remuneration system, the Company actively researched broadband salary system with a view to better motivating staff and widening the career paths of employees, thereby having the salary system to play its due role.

In addition to our contributions to pension, medical, unemployment, occupational injury and maternity insurance, according to relevant requirements of the government, the Company also took out supplementary medical insurance, accidental injury insurance and other commercial insurances for employees. With the exception of statutory public holidays, our staff is also entitled to annual paid leave and other vacations. These, coupled with our corporate annuity scheme which is aiming at improving the employees' post-retirement lives, has allowed longstanding and trusting relationship built up between our employees and us.

In 2015, pursuant to Interim Provisions on Labourer Dispatch, the Company removed dispatched labourers out of the categories of temporary, auxiliary and alternative positions, and gradually completed the transfer from dispatched labourer to contract system, further enhancing the labourer system.



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II. Multi-level employee training

Employees and high-caliber talents are backbones underpinning corporate development. By strengthening staff education and training, the Company cultivates a corporate culture of team cooperation and continuous learning, and encourages employees to uplift their own work capabilities and competitiveness, thereby realizing added value on human resources.

In 2015, the Company provided, at different levels and based on professional expertise, management from the financial perspective, promotion and implementation of safety production standards, internal control evaluation, team building, training of level III psychologist and training of professional capability based on the needs of work. Organization of such training helped enhance the overall awareness, communication within teams, collaborative capability as well as professionalism of positions. Total spending on these training sessions for the year amounted to approximately RMB2,716,800, for 11,912 persons and involving staff of various levels from junior servicing staff to senior management members.

III. Democratic management of multiple channels

The Company is highly concerned about the staff's right of access to information relating to the corporate management. It adopted policies including making corporate affairs open, implementing inspection systems by staff representatives, organization of employee consultations and gathering of rational recommendations as the crucial means to monitor the management. In 2015, the Company received 222 rational recommendations in total from all primary units with 100% coverage. The Company earnestly complied with the policy of making corporate affairs open and inspection systems by staff representatives with four batches of patrol annually which enhanced the corporate democratic management. With respect to the organization of employee consultations, with the consultations held monthly in the third level units, seasonally in the second level units and semiannually in the union of the Company, the Company received positive responses in general from staff.

With the purpose of providing a platform for the excellent employees to demonstrate performance, communicate and share experiences, the Company organized a promotion campaign called "Shining Stars, Beauty of Ninghu" for the promotion of outstanding deeds. 54 employees from various positions within the Company made 34 presentations and 2,684 employees were present which passed tendencies of positive upward energy and kindness, guiding all cadre and employees to preferably practice the Jiangsu Expressway Spirit and corporate core value, contributing to the corporate development and social progress.

IV. Multiple dimensional occupational security

In 2015, the Company conducted research and evaluation in the current situation regarding safety production at all unit levels including management office, toll station, maintenance center, service area, in adherence to the principle of giving priority to higher levels. This further optimized all processes by means of incorporating requirements in terms of standardized safety prevention and control, techniques and management into various business processes, ensuring that all production and operation facilities and equipment, the working environment and operational personnel to be safeguarded and controlled, enhancing the overall occupational health safety management system and realizing safety production normalization, standardization, systematization and legalization. Meanwhile, the Company constantly improved various emergency plans and measures, enhanced employees' emergency responses and matched employees' awareness of safety, skills and techniques and emergency response with those measures by emergency drills.

The Company implemented employee care policy by systematic renovation of toll stations. In the past two years, the Company renovated fifteen toll stations, maintenance centers and other primary units on the areas along expressways amounting to 24,000 square meters, as well as making employees feel at home with measures such as expansion and renovation of dormitory, canteen and replacement of facilities. On the other hand, the Company has eradicated safety hazards within kitchen by carrying out renovation of gas alarmers system, it also has conducted special inspections regarding special equipments and relevant rectification against hazards discovered in those inspections.

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V. Multi-dimensional employee care

The Company takes active measures to provide employees with a comfortable working and living environment. The entertainment facilities in our primary units were further enhanced by making reading rooms, gymnasiums and ball game rooms available.

The Company cares about the employees' psychological health, by continuously improving the building of Soul Station (心靈驛站), the E-reading room and other software and hardware to give full play to "both rooms". In 2015, the Company built 10 Soul Stations (心靈驛站) and 2 E-reading rooms and improved the Staff Home of some units to create conditions for entertainment and provide places for all employees. Statistics show that the number of visits by employees to the Soul Stations (心靈驛站) for the current year was 4,615.

The Company cares about employees' health, with medical checking arranged for the entirety of our workforce every year. Furthermore, the Company engaged experts to conduct lectures on health knowledge and organized recreational and sports activities for employees. The Company also voluntarily helped employees by providing those in difficulties to meet their urgent needs with 257 visits in 2015 and offered consolation money amounting to approximately RMB170,000.



In 2015, with the introduction of employee satisfaction assessments the Company entrusted professional consultant organizations to conduct surveys on the satisfaction of all employees in five separate dimensions including the working environment, working return, working group, working contents, and enterprise recognition. As a result, the various dimensions increased to some extent and the overall satisfaction rate of the employees remained at a higher level with respective marked growth with reference to satisfaction of enterprise recognition and working environment of 7.5% and 4.1%, and minor growth with reference to working return and working contents of 2.3% and 1.9%.

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VI. Various employees activities



Section VI Green Environmental protection road

The Company views environmental protection as an essential component of the sustainable development strategy of an enterprise. With the Comprehensive implementation of ISO14001 Environmental Management System, coupled with the operational reality, energy saving and scientific adjustment, the Company effectively fulfilled its enterprise obligations to the environment.

I. Promoting environmental protection concepts and increasing awareness of energy saving

To strengthen environmental protection and management of the Company and comprehensively implement the strategy of sustainable development, the Company has formulated a series of documents regarding internal control system on environmental protection to include: Measures on the Administration of Environmental Protection (《環境保護管理辦法》), Identification of Environmental Factors and Procedures of Risk Assessment and Risk Control (《環境因素辨識、風險評價和風險控制程序》), Procedures for Treatment and Disposal Control of Solid Waste (《固體廢棄物處理處置控制程序》), Procedures for Control and Management of Energy and Resources (《能源、資源控制管理程序》), all, pursuant to PRC Environmental Protection Law (《中華人民共和國環境保護法》). The Company has established an environmental protection committee with the general manager as its main person responsible for the comprehensive implementation of the three-level environmental protection system which include the Company, secondary units and grass-roots units.

The Company places emphasis on cultivating its employees' environmental protection awareness, and has implemented the environmental protection concept throughout the whole process of operation and management. It also actively guides the employees to set themselves as examples incorporating environmental protection and conservation into every aspect of the enterprise's operation. From the managerial perspective, the Company is committed to cost-saving, energy conservation and sharing of information and resources. Alongside the promotion of a paperless working environment, electronic and network-based operation modes including the Office Automation System and video conference system were successfully set up, thereby facilitating full capitalization on modern information technologies. The Company applied various initiatives to control the consumption of energy such as water, electricity, gas, petroleum coupled with energy and materials such as vehicles and maintenance and emission facilities, for the sake of a solid foundation on management and control.

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II. Focusing on ecological protection and promoting green and low-carbon

Pursuant to the philosophy and requirements on the construction of road projects under the theme of green and low-carbon stipulated by the Ministry of Transportation, the Company proactively promoted the implementation of “the Project under the Theme of Green and Low-carbon Roads in Shanghai-Nanjing Expressway (滬寧綠色循環低碳公路主題性項目)”. While the highway is in operation, the Company studied, explored and promoted the establishment of energy conservation and emission reduction system in operating expressways to prepare the Construction focusing on the maintenance, operation and management of the construction of the green expressway. In 2015, according to the requirements of the Implementation Scheme of the Project under the Theme of Green expressway, the Company applied the 25 key supporting projects of energy conservation and emission reduction with the theme of “low-carbon operation, green maintenance”, these included projects such as the green lighting system, green construction, Low carbon indication system for transportation, green crack maintenance technology, green block disease maintenance technology, etc.

To promote energy consumption, energy conservation and emission reduction of the Company, the Company has established a system framework module comprised of 3 types of users, namely the energy consumption statistic consumers, the energy consumption supervising consumers and the third-party audit consumers. This module was integrated with the existing report system of water, electricity, gas, petroleum. This established the energy consumption system framework which will realize the information of the system analysis of the Company’s energy consumption.



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As the exclusive expressway under operation of the Project under the Theme of Green and Low-carbon Roads, the Project under the Theme of Shanghai-Nanjing Expressway has significant uniqueness and representativeness, to form the reproducible specification standards, and to have demonstrated efficiency. The Company also carried out research of the assessment indicator system of the operational green expressway jointly with the Advisory unit. The Shanghai-Nanjing Expressway was evaluated with all the reasonable indexes to facilitate the internal assessment of enterprise and efficiency of improvement of energy conservation and emission reduction.

In 2015, the Company took various measures to promote the energy conservation and emission reduction, and completed the treatment of Shanghai-Nanjing Expressway of 97.94km (single lane) with the use of road milling materials of over 25,000 m³. All the milling materials had been used for the reconstruction and extension project of the local road, reaching zero stacking of milling materials, the recycling rate of road milling materials was 100%. At the same time, the Company finished the study of the project under the theme of SMA Hot in-place recycling of concrete pavements applied in the intensive study of Shanghai-Nanjing Expressway (SMA路面現場熱再生技術在滬甯高速公路應用中的深入研究), and implemented Hot in-place recycling of 8.35km (Ningzhen section (甯鎮段)-Suzhou section (蘇州段)), which reached the 100% in-place utilization of old asphalt mixture.

In 2015, the Company transferred the high-pressure sodium lamps of the outside of the service area into LED, and transferred all the Neon lights identified by ordinary lamps of the supermarket into LED lights, with the energy saving of 60%. The usage rate of energy-saving lamps of mainline lighting and the toll station greenhouses were 97.4% and 87.9%, respectively which were at a higher level. The usage of energy-saving lamps' lighting of the outside of the exchange hub service area and toll plazas was lower, which was 15.5% and 2.9%, respectively.

In response to the social environmental requirements, the Company stopped providing one-off chopsticks along the 6 service areas and changed that to reusable chopsticks. The Company also posted posters in both English and Chinese to remind customers to save resources and care for the environment at a prominent position of the restaurant and provided a convenient place to pick up chopsticks. The company changed the conventional chemical disinfection by using 84 disinfectants, provided large hot air disinfection cabinet that reaches national level to all the service areas to meet the need of sterilizing cutlery and tools of the service areas. Meanwhile, the Company had completed the transformation of the canteen fume purification device in 9 grass-roots units that with a canteen, 12 gas stations of the 6 service areas had been equipped with oil and gas recovery device, with the energy saving reached 0.17tce/year.

Section VII Road of love public welfare

While pressing ahead with business operation and development, the Company has actively participated in social and charitable services, performed its obligation as a corporate citizen and encouraged its employees to devote themselves with concrete actions by reaching out to society. A motion is tabled at the Company's annual Board meeting every year on proposed annual charitable donation projects. In 2015, the Company donated an aggregate of approximately RMB871,500 to various community services, including various poverty alleviation funds, education funds and charitable funds.

Regarding charitable causes, the Company has been offering assistance to the development of less developed regions by making focused, targeted donations. In 2015, the Company continued to help the cultural construction of the co-construction village, constructed the cultural activities Square and provided newspaper bulletins, musical instruments and outdoor sports equipment. This helped the co-construction villagers carry out rural characteristic cultural and sports activities and enrich the cultural life of the masses of the people. This was praised by the local government and the co-construction villagers.

Moreover, the Company emphasizes the cultivation of its employees' sense of social responsibility. In April 2015, the Company formed the "Youth Volunteers Association of Shanghai-Nanjing Expressway (寧滬高速青年志願者協會)" and the voluntary service team (志願服務總隊), recruited a total of 1,033 volunteers, formed 43 Youth Volunteers service teams of Shanghai-Nanjing Expressway and carried out 47 activities with a total public welfare time of 2,375 hours.

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As a traffic viewfinder enterprise that provides traffic service to the public, the Company attaches importance to continuously improve the standard of viewfinder cultural services, to sincerely provide warm and high quality traffic service to the public, to introduce advanced managing ideas, to pursue a green and sustainable development, to energetically carry out activities of public welfare and voluntary services, to establish an image of a responsible enterprise, to make great efforts in cultivating the corporate culture in the new era and building a harmonious and democratic enterprise which receives social recognition.

1. In 2015, the Company got the title of “National Civilized Unit(全國文明單位)” for the fourth consecutive time.
2. The “168 (Help You All The Way (一路幫) Service Center of the Shanghai-Nanjing Expressway)(寧滬高速168(一路幫)志願者服務站)” won the third prize at the 2015 China Youth Voluntary Service Project Competition (2015年度中國青年志願服務專案大賽).
3. The Yangcheng Lake and Meicun service areas were awarded the “Top 100 Demonstration Service Areas (百佳示範服務區)”, Xianrenshan area, Douzhaung(寶莊) and Fangmaoshan(芳茂山) service areas were awarded national “Excellent Service Area (優秀服務區)”. Meanwhile Meicun service area obtained the honour of the “Provincial Safe Consumption Demonstration Block (省級放心消費示範街區)”, which was the first service area to get the honour in the Jiangsu expressway industry.
4. Our staff-Cai Wenjing (蔡文靜) was awarded the “Second Session of China Road Girl (第二屆全國中國路姐) and the “Most Beautiful Road Girl (最美路姐)”
5. Our staff-Xie Shaobin(謝少斌) won the “Silver Prize of the National Blood Donation Dedication Award (全國無償獻血奉獻獎銀獎)” issued jointly by the Ministry of Health, the Red Cross Society of China, the general logistics department of the Chinese people’s liberation army and the Ministry of Health.
6. Our staff-Hu Yongchao was awarded the “Top 100 Good Youths (百名好青年)” in the “Good Youths Around Us (我們身邊好青年)” activity in Jiangsu.

Section VIII Conclusion

The Company considers it a duty and obligation to assume its social responsibilities. We take this opportunity to release this social responsibility report and accept the supervision of government departments and all communities of the society. We ensure that we will firmly implement the scientific outlook on development, continuously improve the construction of the social responsibility management system, and better perform our economic responsibility, social responsibility and environmental responsibility.

Through accumulation of experiences and dedication of efforts, the Company is committed to being a corporate citizen with integrity and responsibility. At the same time, we recognize that major social responsibilities of a corporation and the interests of relevant parties are subject to changes and adjustments at different stages of development. In this regard, we will conduct regular introspection of our social responsibilities, enhance our self-awareness and review our measures to make further and ongoing improvements in response to the needs of the society.

In the future, the Company will further substantiate its principles of social responsibilities, to be people-oriented, solid and innovative, to provide safe, expedite and comfortable transportation services to the society, to satisfy the need of social development for transportation efficiency, and to drive the economic growth of neighboring areas. Moreover, the Company will further take into account the respective interests of its shareholders, customers, employees, the government and the communities to achieve a harmonious and win-win scenario between the Company and relevant stakeholders within its reach. We will continue to pay attention to the environment, help to build a nice and harmonious homeland, and fulfill mutual development of both the enterprise and the society.



Jiangsu Expressway Company Limited
(Hong Kong Stock Exchange Stock Code: 00177)