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江蘇寧滬高速公路股份有限公司  
**JIANGSU EXPRESSWAY COMPANY LIMITED**

*(Established in the People's Republic of China as a joint-stock limited company)*  
**(Stock Code: 00177)**

## **2016 INTERIM RESULTS PRELIMINARY ANNOUNCEMENT**

The content of sections III, V and VI of this announcement is disclosed pursuant to Rule 13.49(6) and paragraph 46 of Appendix 16 of the Hong Kong Listing Rules.

The other information is disclosed pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

### **I. IMPORTANT NOTICE**

**1.1** The board (“**Board**”) of directors (the “**Directors**”), the supervisory committee and directors, supervisors and senior management of Jiangsu Expressway Company Limited (the “**Company**”), together with its subsidiaries (collectively “**Group**”) warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement; and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the content of this announcement.

The content of this announcement is extracted from the full interim report, which will be published on the website of the Shanghai Stock Exchange: [www.sse.com.cn](http://www.sse.com.cn), the website of The Stock Exchange of Hong Kong Limited: [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company: [www.jsexpressway.com](http://www.jsexpressway.com). For details, investors should read the full interim report carefully.

The audit committee of the Company has reviewed and confirmed the full text and summary of the interim report for the six months ended 30 June 2016 (the “**Reporting Period**”). The relevant financial information is prepared in accordance with the PRC Accounting Standards for Business Enterprises (“**PRC Accounting Standards**”) and is unaudited.

## 1.2 Company Profile

Stock Name	寧滬高速 (A Shares)	Jiangsu Express (H Shares)	JEXYY (ADR)
Stock Code	600377	00177	477373104
Stock Exchanges	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	The United States of America
	Secretary to the Board, Company Secretary	Securities Officers	
Name	Yao Yong Jia	Jiang Tao, Lou Qing	
Address	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC		
Telephone	8625-84469332	8625-84362700-301836, 301835	
Fax	8625-84207788	8625-84466643	
Email Address	jsnh@jsexpwy.com	jsnh@jsexpwy.com	

## II. MAJOR ACCOUNTING DATA AND CHANGES IN SHAREHOLDERS

### 2.1 Major accounting data and financial indicators

	<i>Unit: Yuan</i>		<i>Currency: RMB</i>
	<b>As at the end of the Reporting Period</b>	As at the end of the previous year	Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Net assets attributable to shareholders of the Company	<b>20,016,452,701</b>	20,476,159,276	-2.25
Total assets	<b>36,213,529,953</b>	36,476,039,663	-0.72
	<b>The Reporting Period (January to June)</b>	The corresponding period of the previous year	Increase/decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities	<b>2,915,222,246</b>	2,072,655,464	40.65
Operating income	<b>4,065,387,855</b>	4,310,667,008	-5.69
Net profit attributable to shareholders of the Company	<b>1,559,819,318</b>	1,726,699,765	-9.66
Net profit attributable to shareholders of the Company after non-recurring profit or loss	<b>1,549,482,853</b>	1,463,749,830	5.86
Weighted average return on net assets (%)	<b>7.34</b>	7.96	Decreased by 0.62 percentage point
Basic earnings per share	<b>0.3096</b>	0.3428	-9.66
Diluted earnings per share	N/A	N/A	N/A
Basic earnings per share after non-recurring profit/loss	<b>0.3076</b>	0.2906	5.86

## 2.2 Shareholdings of top ten shareholders

Total number of shareholders as at the end of the Reporting Period (number of H shareholders: 445 inclusive)	27,013
Total number of preference shareholders with voting rights restored as at the end of the Reporting Period	0

### Shareholdings of top ten shareholders

Name of shareholder	Type of shareholder	Shareholding percentage %	Number of shares held	Number of shares held subject to selling restrictions	Number of shares pledged or frozen
Jiangsu Communications Holding Company Ltd. (“ <b>Communications Holding</b> ”)	State-owned legal person	54.44	2,742,578,825	0	Nil
China Merchants Huajian Highway Investment Co., Ltd.	State-owned legal person	11.69	589,059,077	0	Nil
Black Rock, Inc.	Foreign legal person	2.33	117,442,234	0	Unknown
Mondrian Investment Partners Limited	Foreign legal person	2.17	109,464,000	0	Unknown
JPMorgan Chase & Co.	Foreign legal person	1.71	85,910,959	0	Unknown
Commonwealth Bank of Australia	Foreign legal person	1.41	71,211,970	0	Unknown
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	Others	0.71	35,522,300	0	Unknown
Jiantou Zhongxin Asset Management Co., Ltd.	Others	0.43	21,410,000	0	Unknown
Hong Kong Monetary Authority	Others	0.26	13,287,371	0	Unknown
Nomura Securities Co., Ltd	Others	0.2	10,009,412	0	Unknown

Illustration on the related/connected relationship or act-in-concert arrangement with respect to the above shareholders

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

### 2.3 Changes of controlling shareholders and de facto controllers

Applicable     Not applicable

## III. MANAGEMENT DISCUSSION AND ANALYSIS

### 3.1 Discussion and Analysis of the Board on the Operation of the Company during the Reporting Period

#### 1. *Business Overview*

During the Reporting Period, the Group realized an aggregate operating revenue of approximately RMB4,065,388,000, with a decrease by approximately 5.69% as compared to the corresponding period of last year, of which toll revenue amounted to approximately RMB3,217,514,000, representing an increase of approximately 2.84% as compared to the corresponding period of last year; revenue from ancillary services amounted to approximately RMB812,173,000, representing a decrease of approximately 12.44% as compared to the corresponding period of last year; revenue from property sales amounted to RMB14,148,000, representing a decrease of approximately 93.83% as compared to the corresponding period of last year; and revenue from advertising and other non-principal operations amounted to approximately RMB21,553,000, representing a decrease of approximately 14.78% as compared to the corresponding period of last year.

Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB2,096,836,000 during the Reporting Period, representing an increase of approximately 9.75% as compared to the corresponding period of last year. The net profit attributable to shareholders of the Company amounted to approximately RMB1,559,819,000, and earnings per share was approximately RMB0.3096, representing a decrease of approximately 9.66% as compared to the corresponding period of last year, which was mainly due to the one-off deduction of deferred income tax of RMB326,834,000 following the acquisition of Jiangsu Ningchang Zhenli Expressway Company Limited (“**Ningchang Zhenli Company**”) and Jiangsu Xiyi Expressway Company Limited (“**Xiyi Company**”) in the corresponding period of the previous year, which increased the net profit after tax. As a result, the net profit attributable to shareholders of the Company during the Reporting Period decreased as compared with the corresponding period of last year. Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss during the Reporting Period was approximately RMB1,549,483,000, representing an increase of approximately 5.86% as compared to the corresponding period of last year.

## 2. *Toll road and bridge business*

During the Reporting Period, the Group recorded a toll revenue of approximately RMB3,217,514,000, representing an increase of approximately 2.84% as compared to the corresponding period of last year. Toll revenue accounted for approximately 79.14% of the Group's total operating income, representing an increase of approximately 6.56 percentage points as compared to the corresponding period of last year.

According to the data published by the National Bureau of Statistics of the PRC, the gross domestic product (GDP) of the PRC for the first half of 2016 increased by 6.7% year-on-year, representing a decrease of 0.3 percentage point as compared to the same period of last year, indicating that China's economy was still under a downward pressure. The performance of traffic volume of expressway was affected accordingly, with the traffic volume of trucks of a majority of the bridges and roads projects of the Group decreased, while the traffic volume of passenger vehicles maintained a relatively steady growth during the Reporting Period.

During the Reporting Period, the average daily traffic volume of Jiangsu Section of Shanghai-Nanjing Expressway ("**Shanghai-Nanjing Expressway**") was 84,222, representing an increase of 5.17% year-on-year, among which the increase of passenger vehicles traffic volume was approximately 7.99% as compared to the corresponding period of last year, while the decrease of truck traffic volume was approximately 4.57% as compared to the corresponding period of last year. Due to the difference in the performance between the traffic volume of passenger vehicles and trucks, the structure of vehicle types was further adjusted and the proportion of passenger vehicle volume to truck volume were approximately 79.63% and approximately 20.37%, respectively, with the proportion of truck volume continued to drop by approximately 2.08 percentage points. The diversion effect of Lishui Guizhuang Hub-South of Changzhou Interchange Expressway ("**Ningchang Expressway**") on the western section of Shanghai-Nanjing Expressway remained, resulting in a decrease of approximately 6.10% as compared to the corresponding period of last year in truck volume of the western section of Shanghai-Nanjing Expressway, but representing a slowdown in decrease as compared to the same period of last year (The western section of Shanghai-Nanjing Expressway recorded a decrease of approximately 12.24% in truck volume for the first half of 2015), which indicated that the diversion effect had diminished and tended to be steady. Because of the continuous decrease of truck volume, the average daily toll revenue from Shanghai-Nanjing Expressway amounted to approximately RMB12,223,230, representing a modest increase of approximately 0.51% as compared to the corresponding period of last year.

The traffic volume of Ningchang Expressway continued to remain large in the Reporting Period, with average daily traffic volume increased by approximately 18.59% as compared to the corresponding period of last year. Among which, the average daily traffic volume of passenger vehicles increased by approximately 22.73% as compared to the corresponding period of last year, while the average daily traffic volume of trucks increased by approximately 6.14% as compared to the corresponding period of last year. The average daily toll revenue amounted to approximately RMB1,820,620, representing an increase of approximately 19.82% as compared to the corresponding period of last year, achieving the highest degree of increase of both traffic volume and toll revenue when comparing with that of other expressways within the network. The total traffic volume of Shanghai-Nanjing West Corridor comprising the western section of Shanghai-Nanjing Expressway and Ningchang Expressway has increased by approximately 10.03% in the first half of 2016 as compared to the corresponding period of last year. Among which, the average daily traffic volume of passenger vehicles increased by approximately 13.19%, while the average daily traffic volume of trucks decreased by approximately 1.84%.

### **3. *Ancillary Services***

During the Reporting Period, the Company's revenue from ancillary services amounted to approximately RMB812,173,000, representing a decrease of approximately 12.44% as compared to the corresponding period of last year. In particular, the sales of oil products amounted to approximately RMB684,199,000, accounting for approximately 84.24% of the total revenue from ancillary services. The sales volume of diesel products was to some extent affected in the petrol stations within the service areas along the Shanghai-Nanjing Expressway due to the continuous fall in truck volume of the Shanghai-Nanjing Expressway. Meanwhile, the sales revenue of oil products decreased by approximately 15.38% during the Reporting Period as compared to the corresponding period of last year due to the continuous fall in domestic refined oil price. Revenue from other businesses including food and beverage, retail service and hindrance clearing services amounted to approximately RMB127,974,000, representing an increase of approximately 7.56% as compared to the corresponding period of last year.



#### **4. *Real Estate Development and Sales Business***

During the Reporting Period, under the circumstance of constant heating-up of the property market in Nanjing, Suzhou and other cities, in an effort to ensure the smooth delivery of respective real estate projects as scheduled, the Company secured the market opportunity by adjusting its sales strategy in a timely manner, endeavored to enhance the destocking rate and accelerated the construction progress of various projects.

During the Reporting Period, the sales of the remaining units of the Huaqiao B19 “Tongcheng • Guangmingxinzuo” Project continued; units of the Suzhou “Nanmen Shijia” Project and Phase II of Jurong “Tongcheng Shijia” Project were successively introduced to the market for pre-sale; the sales of Suzhou “Qingyuan” Project also progressed. A total of 402 units from property projects have been pre-sold with contracted area amounting to 60,599.25 square meters, contributing to the revenue from the pre-sale of RMB902,206,000. During the Reporting Period, irrespective of the better results from pre-sale of property projects, since only a few remaining units of Phase I of “Tongcheng Shijia” Project and Huaqiao B4 “Tongcheng • Guangming Jiezu” Project were delivered, the carry-over revenue from sales of delivered units amounted to approximately RMB14,148,000 only, resulting in a modest profit contribution from the property business. It is expected that the sales revenue will mainly be recognised in the second half of the year.

#### **5. *Advertising and Other Businesses***

During the Reporting Period, the revenue from advertising and other businesses of the Group amounted to approximately RMB21,553,000, representing a decrease of approximately 14.78% as compared to the corresponding period of last year. Among which, operating revenue from the advertising business was approximately RMB17,030,000, representing a decrease of 22.68% as compared to the corresponding period of last year, which was mainly due to the competition among the Internet media, economic downturn, general decline of corporate profitability and decrease of advertising volume; revenue from property service fees and lease of commercial properties was approximately RMB4,523,000, representing an increase of approximately 38.56% as compared to the corresponding period of last year, which was mainly contributed by the rental income from the lease of commercial properties, and the property management income from managing and operating properties by the subsidiaries.



### 3.2 Analysis of changes in relevant items in the financial statements

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Reporting Period</b>	Corresponding period of the previous year	Change in percentage %
Operating income	<b>4,065,387,855</b>	4,310,667,008	-5.69
Operating costs	<b>1,717,903,623</b>	2,054,507,543	-16.38
Selling expenses	<b>10,394,668</b>	3,570,290	191.14
Administrative expenses	<b>88,359,190</b>	93,752,731	-5.75
Financial expenses	<b>261,626,740</b>	406,453,703	-35.63
Net cash flow from operating activities	<b>2,915,222,246</b>	2,072,655,464	40.65
Net cash flow from investment activities	<b>-103,836,011</b>	-1,382,844,231	-92.49
Net cash flow from financing activities	<b>-2,830,862,036</b>	-750,800,210	277.05

Explanation on the reason of change in selling expenses: During the Reporting Period, Jiangsu Ninghu Properties Co., Ltd. (“**Ninghu Properties**”), a subsidiary of the Company, seized the opportunities in the market to accelerate sale progress and increase sales volume of its property projects, resulting in a significant increase in the related commission and advertising fees for the pre-sold projects as compared to the corresponding period of last year.

Explanation on the reason of change in financial expenses: As at the end of the Reporting Period, the Group’s total interest-bearing liabilities amounted to approximately RMB12,859,000,000, representing a decrease of RMB991,000,000 as compared to the end of the corresponding period of last year. Upon acquisition of equity interests in Ningchang Zhenli Company in 2015, the Company swapped and adjusted the inherited debts. During the Reporting Period, the consolidated borrowing costs on interest-bearing liabilities of the Company was approximately 4.15%, representing a decrease of approximately 1.74 percentage point as compared to the corresponding period of last year, indicating an effective control of the consolidated borrowing costs; the accumulated financial expenses decreased by approximately RMB144,827,000 or approximately 35.63% as compared to the corresponding period of last year.

Explanation on the reason of change in net cash flow from operating activities: During the Reporting Period, the realised pre-sale income from the property projects of Ninghu Properties, a subsidiary of the Company, gave rise to a significant increase in the cash inflow as compared to the corresponding period of last year.

Explanation on the reason of change in net cash flow from investment activities: During the Reporting Period, the net cash outflow from investment activities of the Group significantly decreased as compared to the corresponding period of last year, during which the Group acquired Ningchang Zhenli Company and Xiyi Company and incurred a relatively large cash outflow due to external investments.

Explanation on the reason of change in net cash flow from financing activities: Due to the difference in the dates of dividend distribution, during the Reporting Period, the Group's cash outflow for payments of dividends increased as compared to the corresponding period of last year, resulting in a significant increase in the net cash outflow from financing activities as compared to the corresponding period of last year.

### 3.3 Principal operating activities classified by industries, by products

Unit: Yuan Currency: RMB

#### Principal operating activities classified by industries

By industries	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue over the corresponding period of last year (%)	Change in operating costs over the corresponding period of last year (%)	Change in gross profit margin over the corresponding period of last year
<b>Toll road</b>	<b>3,217,513,915</b>	<b>931,303,989</b>	<b>71.06</b>	<b>2.84</b>	<b>-6.48</b>	<b>Increased by 2.89 percentage points</b>
Shanghai-Nanjing Expressway	2,224,628,709	541,371,891	75.66	1.06	3.80	Decreased by 0.65 percentage point
Nanjing Section of Nanjing-Lianyungang Highway (“Nanjing-Lianyungang Highway”)	12,238,481	8,320,425	32.01	-5.74	7.36	Decreased by 8.31 percentage points
The north connection of Jiangyin Yangtze Bridge, Guangling-Jingjiang Section (“Guangjing Expressway”) and the south connection of Jiangyin Yangtze Bridge, Jiangyin-Wuxi Section (“Xicheng Expressway”)	401,402,294	90,366,591	77.49	2.33	3.51	Decreased by 0.25 percentage point
Ningchang Expressway and Dantu Hub-Liyang Qianma Hub Expressway (“Zhenli Expressway”)	433,783,569	216,983,859	49.98	18.56	11.39	Increased by 3.22 percentage points
Northern Wuxi-Yixing West Dock Hub Expressway (“Xiyi Expressway”) and Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway (“Wuxi Huantaihu Expressway”)	145,460,862	74,261,223	48.95	11.14	10.87	Increased by 0.13 percentage point
Ancillary Services	812,173,150	797,324,297	1.83	-12.44	-13.01	Increased by 0.65 percentage point
Real Estate Property Sales	14,148,090	-19,612,498	238.62	-93.83	-	Increased by 197.25 percentage points
Advertising and others	21,552,700	8,887,835	58.76	-14.78	14.96	Decreased by 10.67 percentage points
<b>Total</b>	<b>4,065,387,855</b>	<b>1,717,903,623</b>	<b>57.74</b>	<b>-5.69</b>	<b>-16.38</b>	<b>Increased by 5.4 percentage points</b>

Explanation on the principal operating activities classified by industries and by products:

1. During the Reporting Period, gross profit margin changed as compared with the corresponding period of last year due to factors including the changes in traffic volume of each toll road and the types of vehicles using each toll road. Due to early termination of toll road concession right of Shanghai-Nanjing Section of National Highway G312 (“**G312 Shanghai-Nanjing Section**”) in September 2015, the Group’s operating costs of the toll roads decreased as compared with the corresponding period of last year, resulting in an increase of approximately 2.89 percentage points in gross profit margin.
2. Ancillary services were affected by the decrease in sales volume and downward adjustment on the price of oil products, resulting in decreases in both operating revenue and operating costs as compared to the corresponding period of last year. Due to the expansion of operating scale of leasing business in service areas, the gross profit margin level of ancillary services increased slightly compared to the corresponding period of last year.
3. During the Reporting Period, the book operating profit margin was relatively high due to the delivery of only a few residual units of property projects and the final settlement of account for the completion of Tongcheng Guangming Jiezuo project allowing for the write down of certain sale costs of properties.

## Components of costs

Unit: Yuan Currency: RMB

Items of operating costs	Reporting Period	Percentage %	Corresponding period of the previous year	Percentage %	Increase/decrease as compared to the corresponding period of last year %	Explanation on changes
<b>Operating costs of the toll roads</b>	<b>931,303,989</b>	<b>54.21</b>	<b>995,798,048</b>	<b>48.47</b>	<b>-6.48</b>	
Depreciation and amortization	589,281,298	34.30	650,616,652	31.67	-9.43	During the Reporting Period, the depreciation and amortization costs decreased as compared to the corresponding period of last year due to the early termination of toll road concession rights of G312 Shanghai-Nanjing Section in September 2015.
Costs on toll collection operation	57,672,514	3.36	53,378,302	2.60	8.04	Primarily due to the increase in ETC income in the Reporting Period as compared to the corresponding period of last year, resulting in an increase in cost for expressway network management as compared to the corresponding period of last year.
Costs on maintenance	24,522,614	1.43	59,085,374	2.87	-58.50	The maintenance cost during the Reporting Period decreased as compared to the corresponding period of last year, which was due to the relatively high road maintenance cost as a result of national examination on maintenance and management of arterial highways, etc. in the corresponding period of last year.
Costs on system maintenance	14,729,618	0.86	12,058,513	0.59	22.15	During the Reporting Period, the costs on system maintenance increased as compared to the corresponding period of last year due to the cycle of settlement.

Items of operating costs	Reporting Period	Percentage %	Corresponding period of the previous year	Percentage %	Increase/decrease as compared to the corresponding period of last year %	Explanation on changes
Labour costs	245,097,945	14.26	220,659,207	10.74	11.08	During the Reporting Period, the labour costs increased as compared to the corresponding period of last year due to the rigid increase in labour costs and the settlement cycle of partial labour costs.
<b>Costs on ancillary businesses</b>	<b>797,324,297</b>	<b>46.41</b>	<b>916,577,166</b>	<b>44.61</b>	<b>-13.01</b>	
Raw materials	689,365,861	40.13	811,346,802	39.49	-15.03	During the Reporting Period, the purchase volume and price of oil products decreased, resulting in a decrease in purchase costs of raw materials as compared to the corresponding period of last year.
Depreciation and amortization	12,396,627	0.72	13,723,601	0.67	-9.67	During the Reporting Period, the depreciation and amortization decreased as compared to the corresponding period of last year due to disposal of certain obsolete assets by the service areas in the second half of last year.
Labour costs	77,780,172	4.52	74,800,454	3.64	3.98	
Other costs	17,781,637	1.04	16,706,309	0.81	6.44	
<b>Costs on property sales business</b>	<b>-19,612,498</b>	<b>-1.14</b>	<b>134,401,169</b>	<b>6.54</b>	<b>-</b>	During the Reporting Period, the final settlement of account was finished for the completion of Guangming Jiezuo project of Ninghu Properties, a subsidiary of the Company, which wrote down certain sale costs of properties.
<b>Costs on advertising and other business</b>	<b>8,887,835</b>	<b>0.52</b>	<b>7,731,160</b>	<b>0.38</b>	<b>14.96</b>	During the Reporting Period, the advertising signage maintenance costs of the subsidiaries and the properties expenses of the delivered property projects increased as compared to the corresponding period of last year.
<b>Total</b>	<b>1,717,903,623</b>	<b>100</b>	<b>2,054,507,543</b>	<b>100</b>	<b>-16.38</b>	

### 3.4 Principal operating activities classified by regions

Unit: Yuan Currency: RMB

Regions	Operating revenue	Increase/decrease in operating revenue compared to the corresponding period of last year (%)
Jiangsu Province	4,065,387,855	-5.69

### 3.5 Analysis of Investment

#### 3.5.1 Interests held in financial institutions

Applicable  Not applicable

Name	Initial Investment amount (RMB'000)	Number of shares held	Percentage of shareholding at the end of the Reporting Period (%)	Book value as at the end of the Reporting Period (RMB'000)	Impact on profit/loss during the Reporting Period (RMB'000)	Changes in owner's equity during the Reporting Period (RMB'000)	Accounting item	Sources of shares
Jiangsu Luode Equity Investment Fund Management Company Limited	11,700	11,700,000	39%	9,184	-667	-667	Long-term equity investment	Establishment
Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu")	1,000,000	200,000,000	1.92%	1,000,000	0	0	Available-for-sale financial assets	Capital injection and share increase
Jiangsu Financial Leasing Co., Ltd. ("Jiangsu Leasing")	234,000	234,000,000	9.97%	270,898	9,970	9,970	Available-for-sale financial assets	Establishment



### 3.5.2 Other investment and wealth management and investment in derivatives

✓ Applicable       Not applicable

Type of investment	Source of capital	Signatory	Investment amount (RMB)	Investment term	Product type	Expected returns (RMB)	Profit/loss from investment (RMB)	Involvement in litigations (if any)
Wealth management products issued by banks	Internal resources	Commercial banks	190,000,000	Within 1 month	Principal guaranteed wealth management products issued by banks	468,493	-	No
Wealth management products issued by banks	Internal resources	Commercial banks	53,090,000	Redemption on demand	Non-principal guaranteed wealth management products with floating returns issued by banks	19,000	-	No
Fuanda Advantageous Growth Foundation	Internal resources	Fuanda Funds	9,999,400	Long-term	Funds	-	7,674,540	No
Precious metals – Gold	Internal resources	Shanghai Gold Exchange	15,710,238	Long-term	Precious metals	-	1,260,560	No

### 3.5.3 Analysis of Key subsidiaries and associates

#### 1. Operations of Key Subsidiaries

Name of company	Principal business	Investment cost (RMB'000)	Equity interest attributable to the Company (%)	Total assets (RMB'000)	Net assets (RMB'000)	Net profit (RMB'000)	Percentage over the Company's net profit (%)	Increase/decrease in net profit as compared to the corresponding period of last year (%)
Jiangsu Guangjing Xicheng Expressway Company Limited ("Guangjing Xicheng Company")	Construction, management, maintenance and toll collection etc. of expressways	2,125,000	85	6,139,615	3,396,116	309,065	19.24	2.64
Ningchang Zhenli Company	Construction, management, maintenance and toll collection etc. of expressways	10,688,850	100	8,090,780	7,999,324	146,496	9.12	-38.98
Jiangsu Ninghu Investment Development Co., Ltd. ("Ninghu Investment")	Investments in various infrastructure, industries and assets	110,100	100	313,851	301,789	7,021	0.44	-80.88
Ninghu Properties	Development, operation and consultancy of real estate	500,000	100	3,973,473	600,159	2,613	0.16	-94.37

#### 2. Operations of Key Associates

During the Reporting Period, the investment income of the Group amounted to RMB205,887,000, representing a decrease of approximately 25.61% as compared to the corresponding period of last year, which accounted for approximately 12.82% of the Group's net profit. The decrease in investment income as compared to the corresponding period of last year was mainly due to the distribution of dividends from Jiangsu Leasing and Bank of Jiangsu in the corresponding period of last year and the decreases in both the income from available-for-sale financial assets and income from disposal of held-for-trading financial assets during the Reporting Period caused by redemption of part of funds held by Ninghu Investment for obtaining income. In the meantime, the investment income contributed by associates decreased. During the Reporting Period, the investment income from associates

was approximately RMB181,138,000, representing a decrease of approximately 8.24% compared to the corresponding period of last year. Operating results of some key associates are set out below:

Company name	Principal business	Investment cost RMB'000	Equity interest attributable to the Company %	Net profit attributable to the shareholders of the associates RMB'000	Investment income contribution RMB'000	Percentage over the Company's net profit %	Change as compared to the corresponding period of last year %
Suzhou Sujiahang Expressway Co., Ltd.	Management and operation of Jiangsu Section of Suzhou-Jiaxing-Hangzhou Expressway	526,091	31.55	223,004	53,834	3.35	-25.82
Jiangsu Yangtze Bridge Co., Ltd.	Mainly engaged in the management and operation of Jiangyin Yangtze River Bridge	631,159	26.66	235,232	62,713	3.90	19.43
Jiangsu Yanjiang Expressway Co., Ltd.	Mainly engaged in the management and operation of Changzhou-Taicang Expressway	1,466,200	29.81	240,623	77,625	4.83	3.00

### 3.6 Outlook and Plan

#### 1. Analysis of Operating Situation

In the second half of 2016, despite certain downward pressure on the macroeconomic situation, the operation in July suggested that the traffic volume of both passenger vehicles and trucks of each expressway outperformed their average level in the Reporting Period. In particular, the traffic volume of the newly acquired Ningchang Expressway, Zhenli Expressway and Xiyi Expressway exceeded expectations and therefore will gradually become the new source of profit growth of the Group. Meanwhile, the toll road concession right of G312 Shanghai-Nanjing Section, which has long been in deficits, was terminated in September 2015, which, to some extent, alleviated our operational pressure and will contribute to the decrease in the operating costs of the toll road operations for the year. During the Reporting Period, the real estate arm of the Company achieved excellent pre-sale results by leveraging on market opportunities. It is expected that the delivery and settlement of certain projects in the second half of the year will bring new profit contribution for the year. In addition, through proper swap and adjustment for liabilities arising from acquired projects in the second half of 2015, capital cost of the Group decreased significantly for the year, which will substantially alleviate the burden on finance costs. As a result, the Group expects that the overall operating situation in the second half of 2016 will be positive and is relatively optimistic about the annual results for the whole year.

## 2. *Work Priorities in the Second Half of This Year*

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

- (1) **Proactively promoting the implementation of the “Thirteenth Five-Year” Development Strategy of the Group.** Based on the future development trend and the need for sustainable development of the Company, the Company will proactively study and promote the implementation of the development strategy during the “Thirteenth Five-Year” and accelerate the optimisation, transformation and upgrading of the industrial structure. It will expand the businesses on the franchise operation of the traffic and urban infrastructures based on the toll roads and seek opportunities for equity investment in the infrastructure derived industries and emerging industries, with a view to gradually build a business layout comprising three major fields, namely, infrastructure, equity investment and functional property and to cultivate talents and reserve resources for its sustainable development.
- (2) **Continuously enhancing road operation and management as well as service level.** Centered on the users’ demand for travel and public services, the Group will carry out innovation and upgrade in terms of management and service on an ongoing basis, and further enhance the management of toll collection, service areas, hindrance clearing, command and dispatch center and information services as well as the establishment of corporate culture, to effectively improve the road operation efficiency and service level. Furthermore, the Company will steadily advance the upgrading of service areas, bring new ideas to the operation model and expand the state of business operation, in an effort to achieve improvement of both basic service functions and economic benefits.
- (3) **Making a full use of platform for financing to provide capital assurance.** The Group will pay close attention to any change in the monetary policy and financing environment, strengthen the application of the direct financing tool, expand financing channels, reduce the financing costs to provide sufficient capital assurance for the Group’s strategic development.

#### **IV. PROFIT DISTRIBUTION PLAN OR PLAN TO CONVERT SURPLUS RESERVES INTO SHARE CAPITAL**

##### **4.1 Execution or Adjustments of profit distribution plan implemented in the Reporting Period**

As approved at the 2015 annual general meeting, the Company distributed a cash dividend of RMB0.40 (tax inclusive) per share to all shareholders on the basis of a total of 5,037,747,500 shares in the share capital at the end of 2015, representing a payout ratio of 80.39%. Such profit distribution plan was implemented on 24 June 2016.

##### **4.2 Profit Distribution Plan or Plan to Convert Surplus Reserves into Share Capital proposed for this interim period**

Whether to make profit distribution or convert surplus reserves into share capital	No
Number of bonus share for every 10 shares ( <i>share</i> )	0
Amount of cash dividend for every 10 shares ( <i>Yuan</i> ) ( <i>including tax</i> )	0
Number of shares converted for every 10 shares ( <i>share</i> )	0
Relevant explanation on profit distribution plan or plan to convert surplus reserves into share capital	N/A

During the Reporting Period, the board of directors of the Company has recommended not to distribute dividends for the six months ended 30 June 2016 (for the corresponding period in 2015: nil), and did not have any plan to convert surplus reserves into share capital.

#### **V. OTHER SIGNIFICANT MATTERS**

5.1 Purchase, Sale and Redemption of Shares of the Company: For the six months ended 30 June 2016, there was no purchase, sale or redemption of any of the Company's listed securities by the Company or any of its subsidiaries.

5.2 Pre-emption Rights: In accordance with the laws of the PRC and the Company's Articles of Association, the Company did not grant any pre-emption rights pursuant to which the Company would be required to put forward a proposal to the existing shareholders to offer new shares in proportion to their shareholdings.

5.3 Public Float: As at 30 June 2016 and the disclosure date of this announcement, the Company complied with the 25% public float requirement under the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

- 5.4 Compliance with the Corporate Governance Code: As at the publishing date of this announcement, the Board, having reviewed the day-to-day governance practices of the Company with reference to the corporate governance code under Appendix 14 of the Hong Kong Listing Rules (the “**Corporate Governance Code**”), was of the opinion that the Company fully adopted and complied with all code provisions in the Corporate Governance Code and met the requirements of the recommended best practices thereof in certain aspects and that no deviation or breach was found. For details of the Company’s governance practices, please refer to the relevant sections in the Company’s 2015 Annual Report.
- 5.5 Compliance with the Model Code for Securities Transactions by Directors: Having made specific enquiries to all the directors and supervisors of the Company, the directors and supervisors of the Company have fully complied with the provisions 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”, which is on terms no less exacting than the required standard set out in the Model Code, to ensure the relevant personnel’s compliance with the code in carrying out securities transactions.
- 5.6 The Company has appointed sufficient number of independent non-executive directors. Zhang Er Zhen, Zhang Zhu Ting, Chen Liang and Lin Hui were appointed as independent non-executive directors of the Eighth session of the Board of the Company, accounting for more than one-third of the members of the Board. Four independent non-executive directors are currently serving at renowned universities in the PRC and are senior experts in the academic fields of economic management, industry policies and regulations, financial accounting and online financing and are well-versed with academic theories and management experience. Independent directors respectively serve as members of various committees of the Board. Independent non-executive directors represent a majority in the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and an independent non-executive director acts as the Chairman at each of these committees.
- 5.7 Save as disclosed in this announcement, there has been no material changes in respect of (a) the development of the business of the Group during the Reporting Period and of the financial position of the Group at the end of the Reporting Period; (b) important events affecting the Group; and (c) the likely future development in the business of the Group and its prospects for the current financial year since the publication of the 2015 annual report of the Company.

## VI. FINANCIAL REPORT

The relevant financial information is prepared on basis of the PRC Accounting Standards for Business Enterprises and is unaudited. The Audit Committee of the Board has reviewed the interim financial report of the Company for the six months ended 30 June 2016 and had sufficient communication with the Company's management in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2016.

### 6.1 Financial statement

#### 1. Consolidated Balance Sheet

30 June 2016

Unit: Yuan Currency: RMB

Item	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Item	Closing balance of the Reporting Period	Opening balance of the Reporting Period
<b>Current Assets:</b>			<b>Current Liabilities:</b>		
Cash and bank balances	234,837,093	255,475,447	Short-term borrowings	1,790,000,000	1,811,000,000
Financial assets at fair value through profit or loss	34,644,738	35,887,051	Accounts payable (Note 7)	707,887,044	924,505,565
Notes receivable	692,000	1,722,313	Receipts in advance	1,443,020,555	555,913,419
Accounts receivable (Note 7)	117,938,666	123,353,524	Employee benefits payable	3,256,792	3,375,508
Prepayments	34,309,362	14,498,363	Taxes payable	102,479,887	61,498,426
Interest receivable	30,866,666	18,733,333	Interest payable	115,844,389	69,925,072
Dividends receivable	145,509,098	4,989,960	Dividends payable	187,656,263	69,467,760
Other receivables	818,878,614	812,198,353	Other payables	79,097,217	80,687,691
Inventories	3,449,749,202	3,256,454,567	Non-current liabilities due within one year	81,642,953	151,608,861
Other current assets	355,953,866	502,774,234	Other current liabilities	5,020,932,500	6,685,220,505
<b>Total Current Assets</b>	<b>5,223,379,305</b>	<b>5,026,087,145</b>	<b>Total Current Liabilities</b>	<b>9,531,817,600</b>	<b>10,413,202,807</b>



*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Closing balance of the Reporting Period</b>	<b>Opening balance of the Reporting Period</b>	<b>Item</b>	<b>Closing balance of the Reporting Period</b>	<b>Opening balance of the Reporting Period</b>
<b>Non-current Assets:</b>			<b>Non-current Liabilities:</b>		
Available-for-sale financial assets	<b>1,293,818,457</b>	1,293,818,457	Long-term borrowings	<b>1,486,893,959</b>	1,382,806,332
Long-term equity investment	<b>4,536,811,018</b>	4,456,793,805	Bonds payable	<b>4,452,139,495</b>	3,456,427,928
Investment properties	<b>32,715,902</b>	33,009,175	Deferred income	<b>34,100,376</b>	34,886,135
Fixed assets	<b>1,693,474,888</b>	1,692,923,594	Deferred tax liabilities	<b>3,520,444</b>	2,544,353
Construction in progress	<b>920,108,593</b>	1,030,127,104	<b>Total Non-current Liabilities</b>	<b>5,976,654,274</b>	4,876,664,748
			<b>Liabilities</b>		
Intangible assets	<b>21,843,208,009</b>	22,238,627,984	<b>TOTAL LIABILITIES</b>	<b>15,508,471,874</b>	15,289,867,555
Long-term prepaid expenses	<b>4,900,599</b>	5,713,616	<b>Shareholders' Equity:</b>		
Deferred tax assets	<b>365,113,182</b>	398,938,783	Share capital	<b>5,037,747,500</b>	5,037,747,500
Other non-current assets	<b>300,000,000</b>	300,000,000	Capital reserve	<b>10,446,662,341</b>	10,446,662,341
			Other comprehensive income	<b>117,056,011</b>	121,482,904
			Surplus reserve	<b>3,040,287,779</b>	3,040,287,779
<b>Total Non-current Assets</b>	<b>30,990,150,648</b>	31,449,952,518	Retained profits	<b>1,374,699,070</b>	1,829,978,752
			<b>Total shareholders' equity attributable to equity holders of the Company</b>	<b>20,016,452,701</b>	20,476,159,276
			Minority interests	<b>688,605,378</b>	710,012,832
			<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>20,705,058,079</b>	21,186,172,108
<b>TOTAL ASSETS</b>	<b>36,213,529,953</b>	36,476,039,663	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>36,213,529,953</b>	36,476,039,663

*Legal Representative:*  
**Chang Qing**

*Person in Charge of the  
Accounting Body:*  
**Gu De Jun**

*Chief Accountant:*  
**Yu Lan Ying**

## 2. Consolidated Income Statement

For the period ended 30 June 2016

Item	Unit: Yuan	Currency: RMB
	Amount for the Reporting Period	Amount for the corresponding period of last year
<b>I. Total operating income</b>	<b>4,065,387,855</b>	4,310,667,008
Including: Operating income ( <i>Note 1</i> )	<b>4,065,387,855</b>	4,310,667,008
Less: Total operating costs ( <i>Note 1</i> )	<b>2,173,196,275</b>	2,688,176,595
Including: Operating costs	<b>1,717,903,623</b>	2,054,507,543
Business taxes and levies	<b>94,912,054</b>	129,791,810
Selling expenses	<b>10,394,668</b>	3,570,290
Administrative expenses	<b>88,359,190</b>	93,752,731
Financial expenses		
( <i>Note 2</i> )	<b>261,626,740</b>	406,453,703
Impairment losses of assets	–	100,518
Add: Gains from changes in fair values	<b>(1,242,313)</b>	11,300,937
Investment income ( <i>Note 3</i> )	<b>205,887,185</b>	276,781,668
Including: Income from		
investments		
in associates and		
joint ventures	<b>181,137,925</b>	197,407,194
<b>II. Operating profit</b>	<b>2,096,836,452</b>	1,910,573,018
Add: Non-operating income	<b>11,277,544</b>	4,287,774
Including: Gains from disposal of		
non-current assets	<b>21,133</b>	48,000
Less: Non-operating expenses	<b>11,793,523</b>	12,794,618
Including: Losses from disposal of		
non-current assets	<b>504,218</b>	679,889
<b>III. Total profit</b>	<b>2,096,320,473</b>	1,902,066,174
Less: Income tax expenses ( <i>Note 4</i> )	<b>490,137,637</b>	130,231,182
<b>IV. Net profit</b>	<b>1,606,182,836</b>	1,771,834,992
Including: Net profit attributable to owners		
of the Company	<b>1,559,819,318</b>	1,726,699,765
Profit or loss attributable to minority interests	<b>46,363,518</b>	45,135,227

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
<b>Item</b>	<b>Amount for the Reporting Period</b>	Amount for the corresponding period of last year
<b>V. Other comprehensive income (net of tax)</b>	<b>(4,426,893)</b>	(24,385,902)
Other comprehensive income (net of tax) attributable to owners of the parent company	<b>(4,426,893)</b>	(24,385,902)
(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	<b>(4,426,893)</b>	(24,385,902)
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	<b>(4,426,893)</b>	(24,385,902)
Other comprehensive income (net of tax) attributable to minority interests	-	-
<b>VI. Total comprehensive income</b>	<b>1,601,755,943</b>	1,747,449,090
Total comprehensive income attributable to owners of the Company	<b>1,555,392,425</b>	1,702,313,863
Total comprehensive income attributable to minority shareholders	<b>46,363,518</b>	45,135,227
<b>VII. Earnings per share:</b>		
(I) Basic earnings per share ( <i>Note 5</i> )	<b>0.3096</b>	0.3428
(II) Diluted earnings per share	N/A	N/A

	<i>Person in Charge of the</i>	
<i>Legal Representative:</i>	<i>Accounting Body:</i>	<i>Chief Accountant:</i>
<b>Chang Qing</b>	<b>Gu De Jun</b>	<b>Yu Lan Ying</b>

### 3. Consolidated Cash Flow Statement

For the period ended 30 June 2016

Item	Unit: Yuan    Currency: RMB	
	Amount for the Reporting Period	Amount for the corresponding period of last year
<b>I. Cash Flows from Operating Activities:</b>		
Cash receipts from the sale of goods and the rendering of services	<b>5,480,579,350</b>	4,741,367,410
Other cash receipts relating to operating activities	<b>36,766,379</b>	27,588,114
Sub-total of cash inflows from operating activities	<b><u>5,517,345,729</u></b>	<u>4,768,955,524</u>
Cash payments for goods purchased and services received	<b>1,591,725,611</b>	1,740,940,262
Cash payments to and on behalf of employees	<b>365,460,754</b>	325,540,318
Payments of various types of taxes	<b>595,655,810</b>	589,581,873
Other cash payments relating to operating activities	<b><u>49,281,308</u></b>	<u>40,237,607</u>
Sub-total of cash outflows from operating activities	<b><u>2,602,123,483</u></b>	<u>2,696,300,060</u>
<b>Net Cash Flow from Operating Activities</b>	<b><u><u>2,915,222,246</u></u></b>	<b><u><u>2,072,655,464</u></u></b>

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
<b>Item</b>	<b>Amount for the Reporting Period</b>	Amount for the corresponding period of last year
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from disposals and recovery of investments	<b>1,662,000,000</b>	551,374,236
Cash receipts from investment income	<b>43,267,416</b>	157,907,177
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	<b>32,760</b>	74,055,040
Other cash receipts relating to investing activities	-	-
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	<b>1,705,300,176</b>	783,336,453
	<hr/>	<hr/>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	<b>248,729,085</b>	363,626,784
Cash payments to acquire investments	<b>1,560,407,102</b>	1,752,553,900
Net cash payments for acquisitions of subsidiaries and other business units	-	-
Other cash payments relating to investing activities	-	50,000,000
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	<b>1,809,136,187</b>	2,166,180,684
	<hr/>	<hr/>
<b>Net Cash Flow used in Investing Activities</b>	<b>(103,836,011)</b>	<b>(1,382,844,231)</b>
	<hr/> <hr/>	<hr/> <hr/>

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year
<b>III. Cash Flows from Financing Activities:</b>		
Cash receipts from capital contributions	–	81,120,000
Including: cash receipts from capital contributions from minority owners of subsidiaries	–	81,120,000
Cash receipts from borrowings	<b>1,755,000,000</b>	4,696,000,000
Cash receipts from issue of bonds	<b>5,988,937,937</b>	1,397,532,000
Other cash receipts relating to financing activities	–	–
Sub-total of cash inflows from financing activities	<b>7,743,937,937</b>	6,174,652,000
Cash repayments of borrowings	<b>8,322,317,252</b>	6,450,451,746
Cash payments for distribution of dividends or profits or settlement of interest expenses	<b>2,252,131,370</b>	474,106,883
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	–	–
Other cash payments relating to financing activities	<b>351,351</b>	893,581
Sub-total of cash outflows from financing activities	<b>10,574,799,973</b>	6,925,452,210
<b>Net Cash Flow used in Financing Activities</b>	<b><u>(2,830,862,036)</u></b>	<b><u>(750,800,210)</u></b>
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	<b><u>–</u></b>	<b><u>–</u></b>
<b>V. Net Increase (decrease) in Cash and Cash Equivalents</b>	<b>(19,475,801)</b>	<b>(60,988,977)</b>
Add: Opening balance of Cash and Cash Equivalents	<b>221,115,078</b>	708,621,647
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b><u>201,639,277</u></b>	<b><u>647,632,670</u></b>

Legal Representative:  
**Chang Qing**

Person in Charge of the  
Accounting Body:  
**Gu De Jun**

Chief Accountant:  
**Yu Lan Ying**

## 6.2 Notes to the financial statements

### 1. Operating income and operating costs

Unit: Yuan Currency: RMB

Item	Amount recognized in the Reporting Period		Amount recognized in the corresponding period of last year	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	<b>4,029,687,065</b>	1,728,628,286	4,056,157,147	1,912,375,214
Including: Shanghai-Nanjing Expressway	<b>2,224,628,709</b>	541,371,891	2,201,209,034	521,545,486
312 National Highway	-	-	25,424,867	117,425,949
Nanjing- Lianyungang Highway	<b>12,238,481</b>	8,320,425	12,984,405	7,749,710
Guangjing Expressway and Xicheng Expressway	<b>401,402,294</b>	90,366,591	392,263,734	87,304,159
Ningchang Expressway and Zhenli Expressway	<b>433,783,569</b>	216,983,859	365,882,294	194,792,912
Xiyi Expressway and Wuxi Huantaihu Expressway	<b>145,460,862</b>	74,261,223	130,877,098	66,979,832
Ancillary services	<b>812,173,150</b>	797,324,297	927,515,715	916,577,166
Real estate development	<b>14,148,090</b>	(19,612,497)	229,219,704	134,401,169
Advertising and others	<b>21,552,700</b>	8,887,834	25,290,157	7,731,160
Total	<b><u>4,065,387,855</u></b>	<b><u>1,717,903,623</u></b>	<b><u>4,310,667,008</u></b>	<b><u>2,054,507,543</u></b>



## 2. *Financial expenses*

<b>Item</b>	<i>Unit: Yuan    Currency: RMB</i>	
	<b>Amount incurred in the Reporting Period</b>	<b>Amount incurred in the corresponding period of last year</b>
Interest expenses	<b>249,391,878</b>	404,171,189
Less: Interest income	<b>1,898,200</b>	3,719,738
Exchange differences	<b>2,239,902</b>	-5,140
Bond issue fee and other loan charges	<b>10,968,063</b>	5,234,278
Others	<b>925,097</b>	773,114
Total	<b><u>261,626,740</u></b>	<b><u>406,453,703</u></b>

## 3. *Investment income*

<b>Item</b>	<i>Unit: Yuan    Currency: RMB</i>	
	<b>Amount incurred in the Reporting Period</b>	<b>Amount incurred in the corresponding period of last year</b>
Income from long-term equity investments under equity method	<b>181,137,925</b>	197,407,194
Income (losses) on disposal of FVTPL	<b>7,749</b>	19,509,768
Investment income from available-for-sale financial assets in the holding period	<b>9,970,000</b>	39,887,735
Investment income from disposal of available-for-sale financial assets	<b>4,738,362</b>	4,392,653
Interest income from loans	<b>10,033,149</b>	15,584,318
Total	<b><u>205,887,185</u></b>	<b><u>276,781,668</u></b>

#### 4. *Income tax expenses*

<b>Item</b>	<i>Unit: Yuan    Currency: RMB</i>	
	<b>Amount incurred in the Reporting Period</b>	<b>Amount incurred in the corresponding period of last year</b>
Current tax expenses	<b>451,079,262</b>	437,663,936
Deferred tax expenses	<b>34,801,692</b>	-307,432,754
Provision of prior years' tax	<b>4,256,683</b>	—
Total	<b><u>490,137,637</u></b>	<b><u>130,231,182</u></b>

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

#### 5. *Return on net assets and earnings per share (“EPS”)*

The return on net assets and EPS have been prepared by Jiangsu Expressway Company Limited 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.

<b>Profit for the reporting period</b>	<b>Weighted average return on net assets (%)</b>	<b>EPS</b>	
		<b>Basic EPS</b>	<b>Diluted EPS</b>
Net profit attributable to ordinary shareholders of the Company	<b>7.34%</b>	<b>0.3096</b>	<b>N/A</b>
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	<b>7.29%</b>	<b>0.3076</b>	<b>N/A</b>
<b>Profit for the corresponding period of last year</b>	<b>Weighted average return on net assets (%)</b>	<b>EPS</b>	
		<b>Basic EPS</b>	<b>Diluted EPS</b>
Net profit attributable to ordinary shareholders of the Company	7.96%	0.3428	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	6.75%	0.2906	N/A

Dividends per share: In the Reporting Period, the Board of the Company has recommended not to distribute profits for the six months ended 30 June 2016 (for the corresponding period in 2015: nil), and did not have any plan to convert surplus reserves into share capital.

6. *Supplementary information of income statement*

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
<b>Item</b>	<b>Amount incurred in the Reporting Period</b>	<b>Amount incurred in the corresponding period of last year</b>
Employee benefits	<b>356,886,922</b>	331,996,231
Depreciation and amortization	<b>645,389,861</b>	704,873,754
Toll related expenses	<b>57,672,514</b>	53,378,302
Road maintenance expenses	<b>24,522,614</b>	59,085,374
System maintenance expenses	<b>14,729,618</b>	12,058,513
Real estate development land and construction cost	<b>(19,612,497)</b>	134,401,169
Petroleum in the service zone	<b>645,679,692</b>	766,948,115
Retail goods in the service zone	<b>16,421,433</b>	16,158,765
Catering cost in the service zone	<b>27,019,974</b>	28,239,922
Audit fee	<b>289,434</b>	1,556,900
Consulting and intermediary service fee	<b>1,949,165</b>	4,410,604
Properties tax and other taxes	<b>11,233,872</b>	15,306,026
Commission fee for agent of real estate sales	<b>5,504,247</b>	253,747
Advertisement fee	<b>4,130,872</b>	2,519,837
Others	<b>24,839,760</b>	20,643,305
<b>Total</b>	<b><u>1,816,657,481</u></b>	<b><u>2,151,830,564</u></b>

## 7. Ageing analysis of accounts receivable and accounts payable

(1) The following is an aging analysis of accounts receivable presented based on the invoice date at the end of the Reporting Period, which approximated the respective revenue recognition dates:

Unit: Yuan Currency: RMB

Aging	Closing balance of the Reporting Period				Opening balance of the Reporting Period			
	Carrying		Bad debt	Net book	Carrying		Bad debt	Net book
	amount	Proportion	provision	value	amount	Proportion	provision	value
		(%)				(%)		
Within 1 year	118,034,822	99	96,156	117,938,666	123,449,680	99	96,156	123,353,524
More than 1 year but not exceed 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	1,699,980	1	1,699,980	-	1,699,980	1	1,699,980	-
Total	119,734,802	100	1,796,136	117,938,666	125,149,660	100	1,796,136	123,353,524

(2) The aging analysis of prepayments

Unit: Yuan Currency: RMB

Aging	Closing balance of the Reporting Period		Opening balance of the Reporting Period	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	31,377,333	91	11,270,634	78
More than 1 year but not exceeding 2 years	2,930,029	9	3,225,729	22
More than 2 years but not exceeding 3 years	-	-	-	-
More than 3 years	2,000	-	2,000	-
Total	34,309,362	100	14,498,363	100

(3) *Disclosure of other receivables by nature*

<b>Nature</b>	<i>Unit: Yuan    Currency: RMB</i>	
	<b>Closing balance of the Reporting Period</b>	<b>Opening balance of the Reporting Period</b>
Amounts of the disposal of the removal network point of G312 Shanghai-Nanjing Section	<b>789,629,780</b>	789,629,780
Amounts of investment clearance	<b>15,812,140</b>	15,812,140
Petty cash	<b>6,877,592</b>	5,517,965
Landlord maintenance funds	<b>3,554,593</b>	3,580,800
Pre-borrowings for engineering	–	3,000,000
Compensation for road assets	<b>3,428,405</b>	2,407,462
Deposits for engineering	<b>800,000</b>	1,600,000
Other insignificant amounts	<b>14,682,030</b>	6,556,132
<b>Total</b>	<b><u>834,784,540</u></b>	<b><u>828,104,279</u></b>

(4) *The following is an aged analysis of trade payables presented based on the invoice date at the end of the Reporting Period:*

<b>Item</b>	<i>Unit: Yuan    Currency: RMB</i>	
	<b>Closing balance of the Reporting Period</b>	<b>Opening balance of the Reporting Period</b>
Within 1 year	<b>648,837,228</b>	706,236,559
More than 1 year but not exceed 2 years	<b>16,257,459</b>	186,847,880
More than 2 years but not exceeding 3 years	<b>22,443,252</b>	8,687,716
More than 3 years	<b>20,349,105</b>	22,733,410
<b>Total</b>	<b><u>707,887,044</u></b>	<b><u>924,505,565</u></b>

*Details of accounts payable*

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Closing balance of the Reporting Period</b>	<b>Opening balance of the Reporting Period</b>
Construction payable	<b>192,423,785</b>	396,725,660
Construction payable for real estate project	<b>404,636,268</b>	394,223,615
Purchase of petroleum payable	–	5,193,921
Toll road fee payable	<b>20,800,800</b>	39,267,672
Deposit payable	<b>14,380,686</b>	7,903,900
Others	<b>75,645,505</b>	81,190,797
<b>Total</b>	<b><u>707,887,044</u></b>	<b><u>924,505,565</u></b>

(5) *The aging analysis of receipts in advance*

*Unit: Yuan Currency: RMB*

<b>Aging</b>	<b>Closing balance of the Reporting Period</b>		<b>Opening balance of the Reporting Period</b>	
		<b>%</b>		<b>%</b>
Within 1 year	<b>1,442,246,101</b>	<b>100</b>	537,832,364	97
More than 1 year but not exceed 2 years	<b>694,454</b>	–	18,001,055	3
More than 2 years but not exceeding 3 years	–	–	–	–
More than 3 years	<b>80,000</b>	–	80,000	–
<b>Total</b>	<b><u>1,443,020,555</u></b>	<b><u>100</u></b>	<b><u>555,913,419</u></b>	<b><u>100</u></b>

(6) *Details of other payables*

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
<b>Item</b>	<b>Closing balance of the Reporting Period</b>	Opening balance of the Reporting Period
Rural road construction funds	<b>42,436,814</b>	42,436,814
Payable of daily procurement in service area	<b>9,686,386</b>	9,383,567
Amount of ETC prepaid cards collected on behalf of the internetwork settlement center	<b>4,128,365</b>	5,741,174
Construction quality warrantee fee payable	<b>2,444,035</b>	1,783,118
Earnest money of acquisition of properties	<b>2,353,004</b>	1,183,004
Others	<b>18,048,613</b>	20,160,014
Total	<b><u>79,097,217</u></b>	<b><u>80,687,691</u></b>

8. *Credit policy*

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

9. *Contingencies*

Ninghu Properties, a subsidiary of the Company, provided several guarantees to banks for mortgage loans granted to buyers of properties of Huaqiao Urban Core B4 Guangming Jiezuo Project, Huaqiao Urban Core B19 Guangmingxinzu Project, Baohua Hongyan Community Land B Phase 1 and Phase 2 Tongcheng Shijia Project and C25 Shijia Huating on Suzhou Southern Gate Road in accordance with the market practice. The guarantee obligation begins from the date on which the guarantee contract comes into effect and will cease when the buyers complete registration formalities of mortgage of the residential property purchased by the buyer and submit the third party property rights certificates to banks. As at 30 June 2016, the outstanding guarantees amounted to approximately RMB615,460,000 (31 December 2015: RMB286,634,000).



## **10. Pledge of assets**

The Company entered into a debt transfer agreement with Ningchang Zhenli Company and the relevant bank on 15 June 2015 and agreed that the outstanding part of the pledged borrowings obtained by Ningchang Zhenli Company from China Development Bank 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, RMB1,650,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB50,000,000.

A subsidiary of the Company, Guangjing Xicheng Company, has acquired and absorbed Xiyi Company and undertaken the original borrowings of Xiyi Company. Xiyi Company obtained bank loans amounting to RMB200,000,000 from Bank of China (Wuxi branch) for the construction of Wuxi Huantaihu Expressway. The bank loans were guaranteed by Communications Holding and further secured by toll road concession rights of Wuxi Huantaihu Expressway in June 2008. At the end of the Reporting Period, RMB157,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB43,000,000.

## **11. 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 operating segments. The Group's management periodically evaluates the operating results of these segments to make decisions about resources to be allocated to the segments and assess their performance. Based on the operating segments, the Group has confirmed 10 reporting segments, including Shanghai-Nanjing Expressway, G312 Shanghai-Nanjing Section, Nanjing-Lianyungang Highway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, Ningchang Expressway and Zhenli Expressway, Zhenjiang-Danyang Expressway ("**Zhendan Expressway**"), ancillary services (including petrol, food and retail in service areas along the expressways), real estate development and advertising and others. The reporting segments are determined based on the standard with which the Group's management evaluates the operating results of these reporting segments and makes decisions about resources to be allocated to the segments.

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.

(2) Financial information of reporting segment

Unit: Yuan Currency: RMB

	Shanghai-Nanjing Expressway		G312		Nanjing-Lianyungang Highway		Guangjing Expressway and Xicheng Expressway		Xiyi Expressway and Wuxi Huantaihu Expressway		Ninghang Expressway and Zhenli Expressway	
	Corresponding		Corresponding		Corresponding		Corresponding		Corresponding		Corresponding	
	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year
Operating income	2,224,628,709	2,201,209,034	-	25,424,867	12,238,481	12,984,405	401,402,294	392,263,734	145,460,862	130,877,098	433,783,569	365,882,294
Operating costs	541,371,891	521,545,486	-	117,425,949	8,320,425	7,749,710	90,366,591	87,304,159	74,261,222	66,979,832	216,983,859	194,792,912
Including: Amortization of toll roads operation rights	254,501,565	239,289,865	-	90,471,335	6,229,752	5,542,361	48,979,471	45,191,240	41,415,562	38,579,222	136,721,906	127,937,418
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit (loss)	1,683,256,818	1,679,663,548	-	-92,001,082	3,918,056	5,234,695	311,035,703	304,959,575	71,199,640	63,897,266	216,799,710	171,089,382
Reconciling items:												
Business taxes and levies	53,347,175	73,960,624	-	1,423,793	289,899	436,276	10,008,863	13,180,061	3,475,678	4,397,471	10,991,466	12,293,645
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	31,193,493	31,389,244	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	1,598,716,150	1,574,313,680	-	-93,424,875	3,628,157	4,798,419	301,026,840	291,779,514	67,723,962	59,499,795	205,808,244	158,795,737
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total profit	1,598,716,150	1,574,313,680	-	-93,424,875	3,628,157	4,798,419	301,026,840	291,779,514	67,723,962	59,499,795	205,808,244	158,795,737
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	1,598,716,150	1,574,313,680	-	-93,424,875	3,628,157	4,798,419	301,026,840	291,779,514	67,723,962	59,499,795	205,808,244	158,795,737
	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period
Total segment assets	12,257,238,652	12,448,904,440	-	-	287,980,515	294,210,267	1,306,130,606	1,376,755,189	2,174,578,854	2,222,568,798	6,586,751,316	6,804,863,789

Unit: RMB

	Zhendan Expressway		Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Corresponding		Corresponding		Corresponding		Corresponding		Corresponding		Corresponding	
	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year	Reporting period	period of last year
Operating income	-	-	812,173,150	927,515,715	14,148,090	229,219,704	21,552,700	25,290,157	-	-	4,065,387,855	4,310,667,008
Operating costs	-	-	797,324,297	916,577,166	(19,612,497)	134,401,169	8,887,835	7,731,160	-	-	1,717,903,623	2,054,507,543
Including:												
Amortization of toll roads operation rights	-	-									487,848,256	547,011,441
Costs of petrol and other goods sold in service zone	-	-	689,365,861	804,413,124							689,365,861	804,413,124
Segment operating profit (loss)	-	-	14,848,853	10,938,549	33,760,587	94,818,535	12,664,865	17,558,997	-	-	2,347,484,232	2,256,159,465
Reconciling items:												-
Business taxes and levies	-	-	3,811,007	6,244,843	12,430,327	17,353,439	557,639	501,658	-	-	94,912,054	129,791,810
Selling expenses	-	-			10,146,515	3,364,896	248,153	205,394	-	-	10,394,668	3,570,290
Administrative expenses	-	-							57,165,697	62,363,487	88,359,190	93,752,731
Financial expenses	-	-							261,626,740	406,453,703	261,626,740	406,453,703
Impairment loss of assets	-	-								100,518		100,518
Gains from changes in fair values	-	-							(1,242,313)	11,300,937	(1,242,313)	11,300,937
Investment income	-	-							205,887,185	276,781,668	205,887,185	276,781,668
Operating profit	-	-	11,037,846	4,693,706	11,183,745	74,100,200	11,859,073	16,851,945	(114,147,565)	-180,835,103	2,096,836,452	1,910,573,018
Non-operating income	-	-							11,277,544	4,287,774	11,277,544	4,287,774
Non-operating expenses	-	-							11,793,523	12,794,618	11,793,523	12,794,618
Total profit	-	-	11,037,846	4,693,706	11,183,745	74,100,200	11,859,073	16,851,945	(114,663,544)	-189,341,947	2,096,320,473	1,902,066,174
Income tax expenses	-	-							490,137,637	130,231,182	490,137,637	130,231,182
Net profit	-	-	11,037,846	4,693,706	11,183,745	74,100,200	11,859,073	16,851,945	(604,801,181)	-319,573,129	1,606,182,836	1,771,834,992
	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Opening balance of the Reporting Period
Totalsegmentassets	726,663,607	719,089,735	316,376,106	327,027,272	3,973,472,528	3,595,141,600	323,278,963	319,589,853	8,261,058,806	8,367,888,720	36,213,529,953	36,476,039,663

Segment profit represents the gross profit earned by each segment without allocation of finance costs, and investment income. The Group's chief operating decision maker relies on such information to consider 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.

(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 of the Group are toll roads operation and ancillary services along toll roads etc., and therefore, there is no reliance on specific customers.

**12. *Events after the balance sheet date***

As at the date of the approval of the 2016 interim financial report, there was no event after the balance sheet date.

**6.3 Financial statement related matter**

**6.3.1** Compared with the financial statements for the previous year, the Company should provide explanation, reason and its impact for changes in accounting policy and accounting estimation.

Applicable       Not applicable

6.3.2 Compared with the financial statements for the previous year, the Company should provide specific explanation for changes of consolidation scope of financial statements.

Applicable     Not applicable

6.3.3 During the Reporting Period, the Company should provide explanation, correction amount, reason and its impact for correction of material accounting error which required retroactive restatement.

Applicable     Not applicable

**Jiangsu Expressway Company Limited**  
*Chairman of the Board: Chang Qing*

Nanjing, the PRC, 26 August 2016

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

*Chang Qing, Du Wen Yi, Shang Hong, Hu Yu, Ma Chung Lai, Lawrence, Zhang Er Zhen\*, Zhang Zhu Ting\*, Chen Liang\*, Lin Hui\**

*\* Independent Non-executive Directors*