



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

2016

INTERIM REPORT

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Important Notice

1. The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the content of this interim report, guarantee that there are no false representations or misleading statements contained in, or material omissions from, this report; and jointly and severally accept responsibility.
2. Absent Director

Position held by the absent director	Name of the absent director	Reason for the absence	Name of the proxy
Director	Hu Yu	Business engagements	Shang Hong
3. The interim report is unaudited.
4. Chang Qing, a legal representative of the Company, Gu De Jun, the accounting chief, and 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 interim report.
5. Profit distribution plan or plan for converting surplus reserves into share capital for the Reporting Period approved by the board of directors
Not applicable.
6. Risk Warning for Forward-looking Statements
Forward-looking statements in this interim report including development strategies and future plans do not constitute actual commitments of the Company to investors. Investors are advised to pay attention to the investment risks involved.
7. Any fund misused by the Controlling Shareholder and its related/connected party for non-operating purpose?
No
8. Any guarantee provided to any external party in violation of decision-making procedures?
No
9. Others
Not applicable.

DEFINITIONS

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

DEFINITIONS

Company Group	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司) 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)
Jiangsu Petroleum	Jiangsu Expressway Petroleum Development Co., Ltd. (江蘇高速公路石油發展有限公司)
Jiangsu Sundian	Jiangsu Sundian Engineering Co., Ltd. (江蘇現代路橋有限責任公司)
Guangjing Xicheng Company	Jiangsu Guangjing Xicheng Expressway Company Limited (江蘇廣靖錫澄高速公路有限公司)
Sujiahang Company	Suzhou Sujiahang Expressway Co., Ltd. (蘇州蘇嘉杭高速公路有限責任公司)
Yangtze Bridge Company	Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司)
Ningchang Zhenli Company	Jiangsu Ningchang Zhenli Expressway Company Limited (江蘇寧常鎮溧高速公路有限公司)
Xiyi Company	Jiangsu Xiyi Expressway Company Limited (江蘇錫宜高速公路有限公司)
Jinghu Company	Jiangsu Jinghu Expressway Company Limited (江蘇京滬高速公路有限公司)
Runyang Bridge Company	Jiangsu Runyang Bridge Development Co., Ltd. (江蘇潤揚大橋有限責任公司)
Suhuaiyan Company	Jiangsu Suhuaiyan Highway Management Co., Ltd. (江蘇宿淮鹽高速公路管理有限公司)
Railway Development Company	Jiangsu Railway Development Co., Ltd. (江蘇鐵路投資發展有限公司)
Tongsha Port Company	Nantong Tongsha Port Company Limited (南通通沙港務有限公司)
Tongchang Real Estate Company	Jiangsu Tongchang Real Estate Investment Co., Ltd. (江蘇通昌置業投資有限公司)
Taicang Container Company	Taicang Port Container Shipping Co., Ltd. (太倉港集裝箱海運有限公司)
Zhendan Company	Jiangsu Zhendan Expressway Company Limited (江蘇鎮丹高速公路有限公司)
Ninghu Investment	Jiangsu Ninghu Investment Development Co., Ltd. (江蘇寧滬投資發展有限責任公司)
Ninghu Properties	Jiangsu Ninghu Properties Co., Ltd. (江蘇寧滬置業有限責任公司)
Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司)
Kuailu Company	Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司)
Sujiayong Company	Suzhou Sujiayong Expressway Co., Ltd. (蘇州蘇嘉甬高速公路有限責任公司)
Luode Fund Company	Jiangsu Luode Equity Investment Fund Management Company Limited (江蘇洛德股權投資基金管理有限公司)
Jiangsu GCL Gas	Jiangsu GCL Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司)
Jiangsu Leasing	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)
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 (蘇州南林飯店有限責任公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Far East Shipping Company	Jiangsu Far East Shipping Co., Ltd. (江蘇遠東海運有限公司)
Group Finance Co., Ltd.	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Information Company	Jiangsu Expressway Information Engineering Technology Co., Ltd. (江蘇高速公路信息工程有限公司)

DEFINITIONS

HuaTong Company	Jiangsu HuaTong Engineering Testing Co., Ltd. (江蘇華通工程檢測有限公司)
Fenguan Company	Jiangsu Fenguan Expressway Management Co., Ltd. (江蘇汾灌高速公路管理有限公司)
Ocean Shipping Company	Jiangsu Ocean Shipping Co., Ltd. (江蘇遠洋運輸有限公司)
Suzhou Circular Company	Suzhou Circular Expressway Co., Ltd. (蘇州繞城高速公路有限公司)
Ninghang Company	Jiangsu Ninghang Expressway Co., Ltd. (江蘇寧杭高速公路有限公司)
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-Changzhou Interchange Expressway
Zhenli Expressway	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	Northern Wuxi-Yixing West Dock Hub Expressway
Luma Highway	Luqu Interchange-Mashan Expressway
Wuxi Huantaihu Expressway	Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway
Sujiayong Expressway	Suzhou-Jiaxing-Ningbo Expressway
Changyi Expressway	Changzhou-Yixing Expressway
Reporting Period or first half of the year	the period of six months from 1 January 2016 to 30 June 2016
Year-on-year	as compared with the same period of 2015
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Shares	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	overseas-listed foreign shares issued by the Company and listed on the Stock Exchange
ADR	level-1 depository 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)

* The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese included in this interim 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

1. Company Information

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
Name of the Company in English	Jiangsu Expressway Company Limited
Abbreviated English Name	Jiangsu Expressway
Legal Representative of the Company	Chang Qing

2. Contact Persons and Methods

	Secretary to the Board, Company Secretary	Securities Officers
Name	Yao Yong Jia	Jiang Tao, Lou Qing
Correspondence	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. Changes in Basic Corporate Information

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

4. Changes in 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 Interim Report	www.sse.com.cn , www.hkexnews.hk , www.jsexpressway.com
Interim Report Available at	Shanghai Stock Exchange, 528 Pudong Road South, Shanghai, the PRC; Hong Kong Registrars Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; Reed Smith Richards Butler, 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong; Jiangsu Expressway Company Limited, 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC

COMPANY INFORMATION

5. Information on the Company's shares

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

6. Particulars of changes in registration of the Company during the Reporting Period

Date of Registration	24 March 2016
Address of Registration	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Registration Number of Business Licence for Enterprise Legal Person	91320000134762764K
Tax Registration Number of the Company	91320000134762764K
Company Organization Code	91320000134762764K

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

I. Major accounting data and financial indicators

(I) Major accounting data

Unit: Yuan Currency: RMB

	The Reporting Period (January – June 2016)	Corresponding period of the previous year	Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Operating income	4,065,387,855	4,310,667,008	-5.69
Net profit attributable to shareholders of the Company	1,559,819,318	1,726,699,765	-9.66
Net profit attributable to shareholders of the Company after non-recurring profit or loss	1,549,482,853	1,463,749,830	5.86
Net cash flow from operating activities	2,915,222,246	2,072,655,464	40.65
	As at the end of the Reporting Period	As at the end of the previous year	Increase/ decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Net assets attributable to shareholders of the Company	20,016,452,701	20,476,159,276	-2.25
Total Assets	36,213,529,953	36,476,039,663	-0.72

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

(II) Major financial indicators

	The Reporting Period (January – June 2016)	Corresponding period of the previous year	Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Basic earnings per share (<i>Yuan</i>)	0.3096	0.3428	-9.66
Diluted earnings per share (<i>Yuan</i>)	N/A	N/A	N/A
Basic earnings per share after non-recurring profit/loss (<i>Yuan</i>)	0.3076	0.2906	5.86
Weighted average return on net assets (%)	7.34	7.96	Decreased by 0.62 percentage point
Weighted average return on net assets after non-recurring profit/loss (%)	7.29	6.75	Increased by 0.54 percentage point

II. Differences in financial data under different domestic and foreign accounting standards

Applicable Not Applicable

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

III. Non-recurring profit/loss items and the amounts

Applicable Not Applicable

Unit: Yuan Currency: RMB

Non-recurring profit/loss	Amount	Notes (If applicable)
Profit or loss from disposal of non-current assets	-483,085	
Government grant recorded in profit or loss in the current period	785,759	Compensation for construction of Ningchang Expressway received during the Reporting Period
Profit or loss from changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities as well as investment income from disposal of held-for-trading financial assets, held-for-trading liabilities and available-for-sale financial assets	3,503,798	
Profit or loss from external loans	10,033,149	Interest income from shareholder's loans provided by the Group to Hanwei Company, a joint venture, during the Reporting Period
Other non-operating income and expenses other than the aforesaid items	-32,894	
Effects attributable to minority interests	-18,580	
Effects of income tax	-3,451,682	
Total	10,336,465	

REPORT OF THE DIRECTORS

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

(I) Business Review and Analysis of Operations

1. Business Overview

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

During the Reporting Period, the Group realized an aggregate operating revenue of approximately RMB4,065,388,000, with a decrease by approximately 5.69% year-on-year, of which toll revenue amounted to approximately RMB3,217,514,000, representing an increase of approximately 2.84% year-on-year; revenue from ancillary services amounted to approximately RMB812,173,000, representing a decrease of approximately 12.44% year-on-year; revenue from property sales amounted to approximately RMB14,148,000, representing a decrease of approximately 93.83% year-on-year; and revenue from advertising and other non-principal operations amounted to approximately RMB21,553,000, with a decrease of approximately 14.78% year-on-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% year-on-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% year-on-year, which was mainly due to the one-off deduction of deferred income tax of approximately RMB326,834,000 following the acquisition of Ningchang Zhenli Company and 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 a year-on-year increase of approximately 5.86%. The analysis for the development and operating performance of each business are set out as follows.

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% year-on-year. Toll revenue accounted for approximately 79.14% of the Group's total operating income, representing an increase of approximately 6.56 percentage points year-on-year.

REPORT OF THE DIRECTORS

Operating performance of roads and bridges during the Reporting Period is as follows:

Currency: RMB

Projects		Reporting Period		Corresponding period of the previous year		Change %
Shanghai-Nanjing Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	67,069	79.63%	62,105	77.55%	7.99
	Traffic volume of truck (<i>vehicle/day</i>)	17,153	20.37%	17,976	22.45%	-4.57
	Total traffic volume (<i>vehicle/day</i>)	84,222	–	80,081	–	5.17
	Average daily toll revenue (<i>RMB'000/day</i>)	12,223.23	–	12,161.38	–	0.51
Nanjing-Lianyungang Highway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	3,769	74.19%	3,091	67.46%	21.93
	Traffic volume of truck (<i>vehicle/day</i>)	1,312	25.81%	1,491	32.54%	-12.01
	Total traffic volume (<i>vehicle/day</i>)	5,081	–	4,582	–	10.87
	Average daily toll revenue (<i>RMB'000/day</i>)	67.24	–	71.74	–	-6.26
Xicheng Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	56,315	79.93%	49,558	77.48%	13.63
	Traffic volume of truck (<i>vehicle/day</i>)	14,139	20.07%	14,408	22.52%	-1.87
	Total traffic volume (<i>vehicle/day</i>)	70,454	–	63,966	–	10.14
	Average daily toll revenue (<i>RMB'000/day</i>)	1,436.45	–	1,400.76	–	2.55
Guangjing Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	51,713	78.75%	46,457	76.05%	11.31
	Traffic volume of truck (<i>vehicle/day</i>)	13,958	21.25%	14,627	23.95%	-4.58
	Total traffic volume (<i>vehicle/day</i>)	65,671	–	61,084	–	7.51
	Average daily toll revenue (<i>RMB'000/day</i>)	769.05	–	766.45	–	0.34
Ningchang Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	24,659	77.63%	20,092	75.01%	22.73
	Traffic volume of truck (<i>vehicle/day</i>)	7,105	22.37%	6,693	24.99%	6.14
	Total traffic volume (<i>vehicle/day</i>)	31,764	–	26,785	–	18.59
	Average daily toll revenue (<i>RMB'000/day</i>)	1,820.62	–	1,519.48	–	19.82

REPORT OF THE DIRECTORS

Projects		Reporting Period		Corresponding period of the previous year		Change %
Zhenli Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	6,566	66.46%	5,847	64.31%	12.28
	Traffic volume of truck (<i>vehicle/day</i>)	3,314	33.54%	3,245	35.69%	2.10
	Total traffic volume (<i>vehicle/day</i>)	9,880	–	9,092	–	8.65
	Average daily toll revenue (<i>RMB'000/day</i>)	562.81	–	501.97	–	12.12
Xiyi Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	15,765	84.05%	14,866	82.56%	6.05
	Traffic volume of truck (<i>vehicle/day</i>)	2,992	15.95%	3,140	17.44%	-4.71
	Total traffic volume (<i>vehicle/day</i>)	18,757	–	18,006	–	4.17
	Average daily toll revenue (<i>RMB'000/day</i>)	729.12	–	652.74	–	11.70
Wuxi Huantaihu Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	6,228	85.89%	5,567	81.23%	11.86
	Traffic volume of truck (<i>vehicle/day</i>)	1,024	14.11%	1,286	18.77%	-20.42
	Total traffic volume (<i>vehicle/day</i>)	7,252	–	6,853	–	5.81
	Average daily toll revenue (<i>RMB'000/day</i>)	70.12	–	70.34	–	-0.31
Jiangyin Bridge	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	60,448	77.31%	54,352	75.33%	11.22
	Traffic volume of truck (<i>vehicle/day</i>)	17,743	22.69%	17,801	24.67%	-0.33
	Total traffic volume (<i>vehicle/day</i>)	78,191	–	72,153	–	8.37
	Average daily toll revenue (<i>RMB'000/day</i>)	2,783.40	–	2,672.47	–	4.15
Sujiahang Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	37,824	65.34%	35,822	65.02%	5.59
	Traffic volume of truck (<i>vehicle/day</i>)	20,067	34.66%	19,271	34.98%	4.13
	Total traffic volume (<i>vehicle/day</i>)	57,891	–	55,093	–	5.08
	Average daily toll revenue (<i>RMB'000/day</i>)	3,331.59	–	3,156.09	–	5.56
Yanjiang Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	34,760	77.21%	31,600	75.80%	10.00
	Traffic volume of truck (<i>vehicle/day</i>)	10,259	22.79%	10,086	24.20%	1.72
	Total traffic volume (<i>vehicle/day</i>)	45,019	–	41,686	–	7.99
	Average daily toll revenue (<i>RMB'000/day</i>)	3,423.88	–	3,250.54	–	5.33

REPORT OF THE DIRECTORS

According to 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 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% year-on-year, while the decrease of truck traffic volume was approximately 4.57% year-on-year. Due to the difference in the performance between 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 Ningchang Expressway on the western section of Shanghai-Nanjing Expressway remained, resulting in a decrease of approximately 6.10% year-on-year in truck volume of the western section of Shanghai-Nanjing Expressway during the Reporting Period, 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 during the Reporting Period, representing a modest increase of approximately 0.51% year-on-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% year-on-year. Among which, the average daily traffic volume of passenger vehicles increased by approximately 22.73% year-on-year, while the average daily traffic volume of trucks increased by approximately 6.14% year-on-year. The average daily toll revenue amounted to approximately RMB1,820,620, representing an increase of approximately 19.82% year-on-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 approximately 10.03% year-on-year in the first half of 2016. 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

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

REPORT OF THE DIRECTORS

During the Reporting Period, the Company's revenue from ancillary services amounted to approximately RMB812,173,000, representing a year-on-year decrease of approximately 12.44%. 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% year-on-year during the Reporting Period 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 a year-on-year increase of approximately 7.56%.

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 • Guangmingxinzu" 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-sales 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

Other businesses of the Company mainly comprise advertising operations of Ninghu Investment, a subsidiary of the Company, and property services provided by Ninghu Properties, a subsidiary of the Company.

During the Reporting Period, the revenue from advertising and other businesses of the Group amounted to approximately RMB21,553,000, representing a year-on-year decrease of approximately 14.78%. Among which, operating revenue from the advertising business was approximately RMB17,030,000, representing a year-on-year decrease of approximately 22.68%, 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 a year-on-year increase of approximately 38.56%, 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.

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(II) Analysis of principal businesses

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

Unit: Yuan Currency: RMB

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

Explanation on the reason of change in selling expenses: During the Reporting Period, 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 approximately 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 points 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.

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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.

2. Components of costs

During the Reporting Period, the aggregate operating costs amounted to approximately RMB1,717,904,000, representing a decrease of approximately 16.38% as compared to the corresponding period of last year. The components of costs of each business category are set out below:

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
Operating costs of the toll roads	931,303,989	54.21	995,798,048	48.47	-6.48	
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.

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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.
Costs on ancillary businesses	797,324,297	46.41	916,577,166	44.61	-13.01	
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	
Costs on property sales business	-19,612,497	-1.14	134,401,169	6.54	-	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.
Costs on advertising and other business	8,887,834	0.52	7,731,160	0.38	14.96	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.
Total	<u>1,717,903,623</u>	<u>100</u>	<u>2,054,507,543</u>	<u>100</u>	<u>-16.38</u>	

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3. Capital expenditures

In 2016, the planned total capital expenditure of the Group was approximately RMB1,032,000,000, among which approximately RMB321,046,000 was actually incurred during the Reporting Period, representing a decrease of approximately 79.94% as compared to the corresponding period of last year. Major capital expenditure items are as follows:

Capital Expenditure Items	RMB
Equity investment in Sujjiayong Company	72,317,102
Investment in construction of Zhendan Expressway	149,996,733
Informatisation construction projects	3,710,518
Noise barriers construction projects	12,278,460
Renovation project of toll collection points and service areas	11,762,582
Construction of the three major systems	34,074,186
Connection and renovation of Jingjiang station of Guangjing Expressway	6,961,340
Other construction in progress and facilities	29,945,266
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Total	321,046,187
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4. Capital structure and solvency

The Company attached great importance to maintain a reasonable capital structure and continuously improved its profitability in order to maintain the Company's good credit rating and stable financial situation. At the end of the Reporting Period, the gross liabilities of the Group remained at a relatively reasonable level, and amounted to approximately RMB15,508,472,000, with the total gearing ratio increased by 0.91 percentage point to 42.83% as compared to 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 sound capacity of financing and capital management, the management of the Company considered that the financial gearing ratio was at a safe level at the end of the Reporting Period.

5. Financial strategy and financing arrangement

During the Reporting Period, the Company actively expanded its financing channels, adjusted its debt structure and reduced the financing costs. During the Reporting Period, additional direct financing amounted to RMB6,000,000,000. The proactive financing strategy satisfied the funding demands for operational management and project investment and effectively controlled the financing costs. As at the end of the Reporting Period, the balance of interest-bearing liabilities amounted to approximately RMB12,859,000,000, representing a decrease of approximately RMB543,000,000 as compared with the beginning of the period. The consolidated borrowing costs on interest-bearing

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liabilities were approximately 4.15%, which represented a decrease of 1.74 percentage points as compared with the corresponding period of last year and were approximately 0.88 percentage point lower than the bank lending interest rate for the same period. During the Reporting Period, the Company's major financing activities included:

Financing categories	Date of issuance	Product term	Financing Amount <i>RMB'000</i>	Interest rate of issuance %	Prevailing bank benchmark interest rate %	Decrease of percentage points in financing costs %
Ultra-short-term financing bills	25 March 2016	168 days	1,800,000	2.67	4.35	1.68
Ultra-short-term financing bills	13 May 2016	91 days	1,100,000	2.80	4.35	1.55
Ultra-short-term financing bills	25 May 2016	86 days	700,000	2.80	4.35	1.55
Ultra-short-term financing bills	16 June 2016	267 days	500,000	2.98	4.35	1.37
Ultra-short-term financing bills	17 June 2016	147 days	900,000	2.92	4.35	1.43
Medium term notes	15 April 2016	5 years	1,000,000	3.70	4.75	1.05

6. Credit policy

In order to minimize the credit risk, the Group has controlled credit limits, undertaken credit approvals and executed other monitoring procedures to ensure that necessary follow-up actions are taken to recover overdue debts. In addition, the Group reviews the 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.

7. 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 Guangmingxinzuo 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).

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8. Pledge of assets

The Company entered into a debt transfer agreement with Ningchang Zhenli Company and the relevant bank on 15 June 2015 and agreed that the outstanding part of the pledged borrowings 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 the pledge of the 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.

9. Entrusted deposits

As at 30 June 2016, the Company did not have any entrusted deposits with any financial institutions in the PRC or any fixed term deposits which would be irrecoverable upon their maturity.

10. Entrusted loans

The loans of the Company and its subsidiaries obtained by way of entrusted loans are as follows:

Related Party	Amount of borrowing/loan (RMB)	Inception date	Maturity date	Explanation
Borrowed from				
Far East Shipping Company	185,000,000	13 August 2015	13 August 2016	Entrusted loan with annual interest rate of 4.85%
Runyang Bridge Company	150,000,000	26 February 2013	25 February 2019	Entrusted loan with annual interest rate of 6.4566%
Suhuaiyan Company	(30,000,000)	5 March 2015	4 March 2016	Entrusted loan with annual interest rate of 5.35%
Network Operation Company	(75,000,000)	12 March 2015	11 March 2016	Entrusted loan with annual interest rate of 5.35%
Network Operation Company	(20,000,000)	3 February 2015	2 February 2016	Entrusted loan with annual interest rate of 5.6%

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

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11. Foreign exchange risks

The Group operates its businesses principally in the PRC. No material foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H Shares. A loan of USD9,800,000 at the annual interest rate of 2% was secured by the Group from the Spanish government in 1998 and will be due on 18 July 2027. As at 30 June 2016, the balance of the loan was approximately RMB20,537,000 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 Company's results.

(III) Operation analysis classified by industries, products or regions

1. Principal operating activities classified by industries, by products

Unit: Yuan Currency: RMB

By industries	Principal operating activities classified 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
Toll road	3,217,513,915	931,303,989	71.06	2.84	-6.48	Increased by 2.89 percentage points
Shanghai-Nanjing Expressway	2,224,628,709	541,371,891	75.66	1.06	3.80	Decreased by 0.65 percentage point
Nanjing-Lianyungang Highway	12,238,481	8,320,425	32.01	-5.74	7.36	Decreased by 8.31 percentage points
Guangjing Expressway and Xicheng Expressway	401,402,294	90,366,591	77.49	2.33	3.51	Decreased by 0.25 percentage point
Ningchang Expressway and Zhenli Expressway	433,783,569	216,983,859	49.98	18.56	11.39	Increased by 3.22 percentage points
Xiyi Expressway and 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	-19,612,497	238.62	-93.83	-	Increased by 197.25 percentage points
Advertising and Others	21,552,700	8,887,834	58.76	-14.78	14.96	Decreased by 10.67 percentage points
Total	4,065,387,855	1,717,903,623	57.74	-5.69	-16.38	Increased by 5.4 percentage points

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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 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 a year-on-year 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 year-on-year operating revenue and operating costs. 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.

2. Operating activities classified by regions

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

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II. Analysis of Investment

(I) Investment in equity interests

1. Investment of Securities
 Applicable Not Applicable
2. Interests held in the shares of other listed companies
 Applicable Not Applicable
3. 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
Luode Fund Company	11,700	11,700,000	39%	9,184	-667	-667	Long-term equity investment	Establishment
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 Leasing	234,000	234,000,000	9.97%	270,898	9,970	9,970	Available-for-sale financial assets	Establishment

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(II) Entrusted arrangement in respect of non-financial corporations and investment in derivatives

1. Entrusted arrangement
 Applicable Not Applicable
2. Entrusted loan
 Applicable Not Applicable
3. 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

Explanation of other investment, wealth management and derivatives:

Wealth management products were the principal guaranteed wealth management products with floating returns including “Guangying’anxin (Type A)” (“廣贏安薪” 高端保本型(A款)) issued by China Guangfa Bank and “91-days fixed rate Renminbi monetary financial products” (保本型法人91天穩利人民幣理財產品) issued by Industrial and Commercial Bank of China; and non-principal guaranteed wealth management products with floating returns including the third tranche of open-type interest on interest RMB wealth management product of “Golden Key – An Xin Express” (“金鑰匙 – 安心快線”) issued by Agricultural Bank of China Limited; BOC Accumulation – Daily Plan (中銀日積月累一日計劃) issued by Bank of China. The maturity date and expected returns of the aforementioned non-principal guaranteed wealth management products were recognised at the end of the Reporting Period.

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(III) 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 (%)
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
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

* During the Reporting Period, the operating income of Guangjing Xicheng Company amounted to approximately RMB565,886,000 in aggregate, representing an increase of approximately 4.2% as compared to the corresponding period of last year; the operating costs amounted to approximately RMB183,151,000, representing an increase of approximately 4.82% as compared to the corresponding period of last year; gross operating profit increased by approximately 3.91% as compared to the corresponding period of last year. Although the income from investment recorded decreased due to the decrease in dividends from Jiangsu Leasing as compared to the corresponding period of last year, Guangjing Xicheng Company still recorded a net profit of RMB309,065,000 in the Reporting Period, representing an increase of approximately 2.64% as compared to the corresponding period of last year.

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- * During the Reporting Period, the toll revenue of Ningchang Zhenli Company continued to rise. After the transfer of interest-bearing debts which removed the burden of the corporate financial costs, the total profit during the Reporting Period increased by approximately RMB265,197,000 as compared to the corresponding period of last year. Due to a one-off deferred income tax recognition, which increased the net profit after tax for the corresponding period of last year, the net profit of Ningchang Zhenli Company during the Reporting Period decreased significantly as compared to the corresponding period of last year.
- * Due to the combined effects of (1) the decrease in gross profit of Ninghu Investment due to the reduction in advertising income, (2) the decrease in the fair value of Ninghu Investment's held-for-trading financial assets during the Reporting Period, and (3) the relatively high income from redemption of fund investment in the corresponding period of last year, the net profit of Ninghu Investment decreased by approximately 80.88% as compared to the corresponding period of last year.
- * Despite the relatively good conditions of pre-sale of property projects of Ninghu Properties during the Reporting Period, its net profit decreased by approximately 94.37% as compared to the corresponding period of last year due to the significantly smaller delivery scale as compared to the corresponding period of last year. Please refer to the section headed "Business Review and Analysis of Operations" in this report for the operational performance and change in results.

2. Operations of Key Associates

During the Reporting Period, the investment income of the Group amounted to approximately 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 and the income from redemption of part of the funds held by Ninghu Investment in the corresponding period of last year, which resulted in the decrease in income from available-for-sale financial assets and income

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from disposal of held-for-trading financial assets during the Reporting Period. 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 (%)
Sujiahang Company	Management and operation of Sujiahang	526,091	31.55	223,004	53,834	3.35	-25.82
Yangtze Bridge Company	Mainly engaged in the management and operation of Jiangyin Bridge	631,159	26.66	235,232	62,713	3.90	19.43
Yanjiang Company	Mainly engaged in the management and operation of Yanjiang Expressway	1,466,200	29.81	240,623	77,625	4.83	3.00

* During the Reporting Period, Sujiahang Company acquired and merged with Suzhou Changkun Expressway Co., Ltd. (蘇州常昆高速公路有限公司) ("Changkun Company"). Sujiahang Company increased its registered capital by RMB89,161,600. The Company waived its pre-emptive rights in the capital increase of Sujiahang Company. The equity interests attributable to the Company decreased from 33.33% to 31.55%. Changkun Company, being acquired and merged, diluted the current net profit of Sujiahang Company. Therefore, the investment income contributed by Sujiahang Company during the Reporting Period decreased as compared to the corresponding period of last year.

* Due to the continuous increase in toll revenue and decrease in financing expenses, the investment income contributed by Yangtze Bridge Company and Yanjiang Company continued to rise during the Reporting Period.

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III. Analysis of Core Competitiveness

The core business of the Company is the operation and management of basic transport infrastructure. Operations of the Company are located in one of the most vibrant economic regions in the PRC, being the Yangtze River Delta. The roads and bridges owned or invested by the Group are key land transport corridors of the two important industrial belts along the Yangtze River and Shanghai-Nanjing in the southern part of Jiangsu, putting us in a leading position in the expressway network in southern Jiangsu. The unique geographical advantage, quality assets networks and highly efficient operating system constitute the distinct competitive edges of the Company in its operation and development. In addition, the Company also has the following core capabilities:

1. Leading operational management capability

The Company has accumulated rich experience in expressway operation and management, and formed certain management system and means of informatization for expressway operation. Public recognition of our brand value has provided advantage to the Company for the professional operation and management of longer expressway mileage.

2. Sound investment management capability

The Company is experienced in investment research in the field of expressways, and has gained considerable revenue from invested projects. This has laid a relatively sound foundation for the Company's future integration of its existing quality road and bridge assets, investment in, construction and operation of toll road and bridge projects and realization of profits.

3. Strong financial management capability

The Company is one of the first batch of listed expressway operation and management companies in the PRC. It is also one of the four expressway operation and management companies with both listed A Shares and H Shares and therefore, having an access to the good financing platforms in the capital markets in the PRC and Hong Kong. Meanwhile, the Company has been maintaining a high level of credit rating and smooth financing channels which allow for a relatively low financing costs.

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IV. Outlook and Plan

(I) 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 business 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.

(II) 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.

REPORT OF THE DIRECTORS

- (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.

V. Profit Distribution Plan or Plan to Convert Surplus Reserves into Share Capital

(I) 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.

(II) 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	

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.

VI. Other Disclosures

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

Not Applicable.

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

Not Applicable.

SIGNIFICANT MATTERS

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

Applicable Not Applicable

II. Bankruptcy and Restructuring Related Matters

Applicable Not Applicable

III. Asset Transactions and Business Combination

Applicable Not Applicable

IV. Equity Incentives of the Company and Its Effects

Applicable Not Applicable

V. Material Related Party/Connected Transactions

Applicable Not Applicable

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

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

Description of the events

On 30 December 2014, the Company and Guangjing Xicheng Company renewed operation technical services 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 standard was 0.2% for cash revenue and 2% for non-cash revenue with reference to the toll revenue. The agreements were continuously performed during the Reporting Period.

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

Inquiry Index

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

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.

SIGNIFICANT MATTERS

Description of the events

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

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

On 28 August 2015, Guangjing Xicheng Company entered into Guangling Service Area Petrol Station Lease Agreement with Jiangsu Petroleum with a term from 8 September 2015 to 31 December 2017. The rentals for 2015, 2016 and 2017 were estimated to be not more than RMB1,300,000, RMB4,400,000 and RMB4,800,000, respectively. The agreement was continuously performed during the Reporting Period.

On 29 December 2015, the Company, Guangjing Xicheng Company, and Ningchang Zhenli 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 would not exceed RMB7,100,000, of which the maximum amount of the Company, Ningchang Zhenli Company and Guangjing Xicheng Company was RMB5,600,000, RMB300,000 and RMB1,200,000 respectively. The agreements were continuously performed during the Reporting Period.

Inquiry Index

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 of directors 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.

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.

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

Description of the events

On 25 March 2016, the Company, Guangjing Xicheng Company and Ningchang Zhenli Company entered into a maintenance service contract with Jiangsu Sundian, respectively, with the term from 1 April 2016 to 31 December 2016. The estimated cap of maintenance fee under the three agreements will not be more than RMB35,000,000, RMB30,000,000 and RMB23,000,000, respectively.

On 25 March 2016, Ningchang Zhenli Company and Jiangsu Petroleum entered into the Service Area Petrol Station Lease Contract, with effect from 1 April 2016 to 31 March 2019. The estimated annual rentals for the three years are RMB10,000,000, RMB13,000,000 and RMB17,000,000, respectively.

On 30 March 2016, the Company and the Group Finance Co., Ltd. entered into the Financial Services Agreement for a term of three years commencing on 1 April 2016. The maximum daily deposit balance (including accrued interest and commission) shall not exceed 5% of the audited absolute net asset value of the Company in the latest period. Meanwhile, the Group Finance Co., Ltd. granted a comprehensive credit in the amount of not less than RMB1 billion to the Company, and undertook that the loan interest rate offered to the Company would not be higher than the rate offered by any joint-stock or large state-owned commercial banks in China. The Company was not required to provide any pledge or guarantee.

Inquiry Index

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 28 March 2016 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

For the details related to this transaction, please refer to the announcement on the continuing related party/connected transactions published by the Company on 28 March 2016 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

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 March 2016 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk.

SIGNIFICANT MATTERS

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

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

Description of the event

Guangjing Xicheng Company 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%. The borrowing was fully repaid during the Reporting Period.

Guangjing Xicheng Company borrowed RMB30,000,000 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%. The borrowing was continuously performed during the Reporting Period.

Inquiry index

For the details related to this transaction and the relevant approval, please refer to the announcement on the borrowing from related party/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.

For the details related to this transaction and the relevant approval, please refer to the announcement on the borrowing from related party/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.

SIGNIFICANT MATTERS

2. Events not disclosed in provisional announcements

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related/connected party	Related/connected relationship	Funding provided to related/connected parties			Funding provided by related/connected parties to the Company		
		Opening balance of the Reporting Period	Amount incurred	Closing balance of the Reporting Period	Opening balance of the Reporting Period	Amount incurred	Closing balance of the Reporting Period
Communications Holding	Parent company	-	-	-	950,156,826	(190,097,237)	760,059,589
Network Operation Company	Controlled subsidiary of the parent company	-	-	-	95,000,000	(95,000,000)	-
Group Finance Co., Ltd.	Controlled subsidiary of the parent company	6,878	60,176,196	60,183,074	200,293,906	195,163,479	395,457,385
Far East Shipping Company	Controlled subsidiary of the parent company	-	-	-	185,274,160	(24,924)	185,249,236
Suhuaiyan Company	Controlled subsidiary of the parent company	-	-	-	30,000,000	(30,000,000)	-
Runyang Bridge Company	Controlled subsidiary of the parent company	-	-	-	150,295,928	(26,903)	150,269,025
Total		<u>6,878</u>	<u>60,176,196</u>	<u>60,183,074</u>	<u>1,611,020,820</u>	<u>(119,985,585)</u>	<u>1,491,035,235</u>

Amount provided by the Company to the Controlling Shareholder and its subsidiaries during the Reporting Period (Yuan) 60,176,196
 Balance of amount provided by the Company to the Controlling Shareholder and its subsidiaries (Yuan) 60,183,074

Reasons for related/connected party creditor's rights and debts The related/connected party creditor's rights and debts were formed due to the borrowing and lending of funds among the related/connected parties. The interest rate for the above funds did not exceed the prevailing bank loan interest rate in the corresponding period. The Company and its subsidiaries were not required to provide any guarantee and pledge.

Repayment of related/connected party creditor's rights and debts Not Applicable.

Undertakings related to related/connected party creditor's rights and debts Not Applicable.

Effect of related/connected party creditor's rights and debts on the Company's operation result and financial condition The related/connected party creditor's rights and debts did not cause material effect on the Company's operation result and financial condition.

SIGNIFICANT MATTERS

(III) Others

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

The independent non-executive directors of the Company have reviewed all related party/connected transactions and confirmed that:

- (1) Such transactions were conducted in the ordinary course of business of the Group;
- (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 the relevant transactions. The transaction terms were fair and reasonable and in the interests of the Company's shareholders as a whole.

VI. Material Contracts and Their Performance

1 Trust, Subcontracting and Leasing

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

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

2 Guarantees

Ninghu Properties, a subsidiary of the Company, provided several guarantees to banks for mortgage loans granted to buyers of properties of Huaqiao Urban Core B4 Guangming Jiezuo Project, Huaqiao Urban Core B19 Guangmingxinzuo 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 end 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).

SIGNIFICANT MATTERS

3 Other Material Contracts or Transactions

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

VII. Undertakings and Fulfillment of Undertakings

Applicable Not Applicable

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

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Other undertakings	Others	Communications Holding	In the process of equity acquisition of 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 interest and tax 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. As at the end of the Reporting Period, such undertaking is yet required to be performed.	2015 to 2017	Yes	Yes	N/A	N/A

SIGNIFICANT MATTERS

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
	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號文) 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; 3. Communications Holding will, as always, continuously support the Company's operation and development, further enhance the Company's core competitiveness and bring positive returns to the investors. As at the end of the Reporting Period, such undertakings had been fully performed.	9 July 2015 to 8 January 2016	Yes	Yes	N/A	N/A
	Others	Communications Holding	In order to duly resolve the issue regarding the compensation for the removal of two toll stations and toll points on G312 Shanghai-Nanjing Section and pursuant to the spirit of the Suzhengfu [2012] No. 115 documentation and relevant minutes, Communications Holding will compensate the Company on behalf of the governmental authorities for an amount calculated on the basis of the net asset value of the toll road concession 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. The total amount of compensation is RMB1.316 billion. As at the end of the Reporting Period, the Company received the first installment of the compensation of RMB526 million.	Nil	No	Yes	N/A	N/A

SIGNIFICANT MATTERS

VIII. Appointment or removal of Accounting Firm

Applicable Not Applicable

Explanation of appointment or removal of Accounting Firm

The reappointment of Deloitte as the domestic auditor of the Company for 2016 was approved at the Company's 2015 Annual General Meeting. The audit fees amounted to RMB2,400,000 for 2016. Deloitte, a practicing certified public accountants firm approved by the Ministry of Finance and the CSRC to act as a reporting accountant and/or an auditor for Mainland incorporated companies listed in Hong Kong, was engaged to audit the financial statements of the Company for the fiscal year ended 31 December 2016 prepared under the PRC Accounting Standards and to undertake the duties required to be performed by international auditors in accordance with the Hong Kong Listing Rules.

Deloitte was also appointed as the internal control auditor of the Company for 2016 at the general meeting. The audit fee was RMB800,000.

Deloitte has been providing audit services to the Company for thirteen 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.

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

Applicable Not Applicable

X. Convertible Corporate Bonds

Applicable Not Applicable

SIGNIFICANT MATTERS

XI. Corporate Governance Status of the Company

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

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

1. Compliance with the Corporate Governance Code

The Company has used its endeavours to uphold its corporate governance standards. During the Reporting Period, the Company has complied with the requirements of the domestic and overseas regulators and the latest rules and regulations. The Company has fully adopted and complied with all code provisions of the Corporate Governance Code under Appendix 14 of the Hong Kong Listing Rules and met the requirements of the recommended best practices thereof in certain aspects. For details of the Company’s governance practices, please refer to the relevant sections in the Company’s 2015 Annual Report.

2. Compliance with the Model Code

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.

SIGNIFICANT MATTERS

3. Audit Committee

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

The Audit Committee has reviewed the interim financial report of the Company for the six months ended 30 June 2016 and had sufficient communication with the Company's management in the course of discharging their duties and proposed to the board of directors for the approval of the publication of the interim financial report for the six months ended 30 June 2016.

XII. Explanations of Other Material Events

(I) The Board of Directors' Explanation on the Reasons and Effects of the Changes in Accounting Policies, Accounting Estimates or Audit Method

Applicable Not Applicable

(II) The Board of Directors' Explanation on the Reasons and Effects of the Significant Corrections of Prior Period Errors

Applicable Not Applicable

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

I. Changes in Share Capital

Applicable Not Applicable

II. Shareholders

(I) Total number of 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

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

Unit: Share

Name of shareholder (full name)	Change during the Reporting Period	Number of shares held at the end of the Reporting Period	Shareholdings of top ten Shareholders				Type of shareholder
			Shareholding percentage (%)	Number of shares held subject to selling restrictions	Status of shares	Shares pledged or frozen Number	
Jiangsu Communications Holding 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
BlackRock, Inc.	+20,033,811	117,442,234	2.33	0	Unknown	0	Foreign legal person
Mondrian Investment Partners Limited	-9,674,000	109,464,000	2.17	0	Unknown	0	Foreign legal person
JPMorgan Chase & Co.	+387,936	85,910,959	1.71	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	-7,187,900	35,522,300	0.71	0	Unknown	0	Others
Jiantou Zhongxin Asset Management Co., Ltd.	0	21,410,000	0.43	0	Unknown	0	Others
Hong Kong Monetary Authority	0	13,287,371	0.26	0	Unknown	0	Others
Nomura Securities Co., Ltd	0	10,009,412	0.2	0	Unknown	0	Others

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

Name of Shareholder	Shareholdings of top ten Shareholders without selling restrictions		
	Number of Shares without selling restrictions in circulation	Class and number of Shares	
		Class	Number
Jiangsu Communications Holding 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
BlackRock, Inc.	117,442,234	H Shares	117,442,234
Mondrian Investment Partners Limited	109,464,000	H Shares	109,464,000
JPMorgan Chase & Co.	85,910,959	H Shares	85,910,959
Commonwealth Bank of Australia	71,211,970	H Shares	71,211,970
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	35,522,300	A Shares	35,522,300
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	A Shares	21,410,000
Hong Kong Monetary Authority	13,287,371	A Shares	13,287,371
Nomura Securities Co., Ltd	10,009,412	A Shares	10,009,412

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

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

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

Nil

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

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

Unit: Shares

No.	Name of Shareholders subject to selling restrictions	Number of Shares subject to selling restrictions	Listing and trading status of shares subject to selling restrictions		Selling restrictions
			Date permissible for listing and trading	Number of additional shares permissible for listing and trading	
1	Shareholder of other social legal person shares	17,766,145	16 May 2007	0	Note 1

Illustration on the related/connected relationship or acting-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 the consideration so advanced shall be repaid by the relevant non-circulating shareholder. For repayment, the relevant shareholders may opt to transfer the number of shares being paid for by the holder of the shares in circulation or to pay in cash in an amount equivalent 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 stock exchange.

In addition, in accordance with the requirements of the Hong Kong Listing Rules, as at 30 June 2016, the following persons held 5% or more of the interests or short positions in the shares or underlying shares or debenture of the Company as recorded in the register required to be maintained under the Securities and Futures Ordinance of Hong Kong:

Number of A Shares

Name of shareholders	Capacity	Direct interests	Number of A shares held	Percentage of A Shares (total shares)
Jiangsu Communications Holding Company Limited	Others	Yes	2,742,578,825(L)	71.88% (54.44%)
China Merchants Huajian Highway Investment Co., Ltd. ⁽¹⁾	Others	Yes	589,059,077(L)	15.44% (11.69%)

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

Number of H Shares

Name of Shareholders	Capacity	Direct interests	Number of H Shares held	Percentage of H Shares (total shares)
BlackRock, Inc.	Interest of controlled corporation	No	117,442,234(L) 3,124,000(S)	9.61% (2.33%) (L) 0.26% (0.06%) (S)
Mondrian Investment Partners Limited	Investment Manager	No	109,464,000(L)	8.96% (2.17%) (L)
JPMorgan Chase & Co.	Interest of controlled corporation	No	85,910,959(L) 648,000(S) 70,654,771(P)	7.03% (1.71%) (L) 0.05 (0.01%) (S) 5.78% (1.40%) (P)
Commonwealth Bank of Australia	Interest of controlled corporation	No	71,211,970(L)	5.83% (1.41%) (L)

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

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

Save as disclosed above, to the Company's best knowledge, as at 30 June 2016, there was no person who was required to make disclosure under the Securities and Futures Ordinance of Hong Kong.

(III) Strategic investors or normal legal persons becoming the top ten Shareholders because of placing of new Shares

Applicable Not Applicable

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

III. Controlling Shareholders and change of De Facto controller

Applicable Not Applicable

IV. Others

1. Purchase, Sale and Redemption of Shares of the Company: For the six months ended 30 June 2016, there was no purchase, sale or redemption of any of the Company's listed securities by the Company or any of its subsidiaries.
2. Pre-emption Rights: In accordance with the laws of the PRC and the Company's Articles of Association, the Company did not grant any pre-emption rights pursuant to which the Company would be required to put forward a proposal to the existing shareholders to offer new shares in proportion to their shareholdings.
3. Public Float: As at 30 June 2016 and the disclosure date of this report, the Company complied with the 25% public float requirement under the Hong Kong Listing Rules.
4. No Material Change: Save as disclosed in this report, information in relation to the Group's performance in the Reporting Period for matters set out in paragraph 32 of Appendix 16 of the Hong Kong Listing Rules has not changed materially from the information disclosed in the 2015 annual report of the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes in Shareholdings

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

Applicable Not Applicable

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

Applicable Not Applicable

II. Changes of Directors, Supervisors and senior management officers of the Company

Applicable Not Applicable

Name	Position	Change	Reasons for change
Chang Qing	Non-executive Director, Chairman of the Board	Elected	Reallocation of duties in the Group
Shang Hong	Executive Director	Elected	Elected at general meeting
Lin Hui	Independent Non-executive Director	Elected	Elected at general meeting
Chen Xiang Hui	Supervisor, Chairman of the Supervisory Committee	Elected	Reallocation of duties in the Group
Pan Ye	Supervisor	Elected	Elected at general meeting
Ren Zhuo Hua	Supervisor	Elected	Elected at general meeting
Chang Qing	Supervisor, Chairman of the Supervisory Committee	Resigned	Reallocation of duties in the Group
Chen Xiang Hui	Non-executive Director	Resigned	Reallocation of duties in the Group
Ge Yang	Independent Non-executive Director	Resigned	Resignation

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biography of new directors and supervisors:

Directors:

Mr. Chang Qing

Born in 1963, Mr. Chang received university education and obtained a bachelor's degree, and is a senior engineer. Mr. Chang has served as Deputy Director and Deputy Secretary of the Communist Party Committee of the Communications Bureau of Changzhou City, Jiangsu Province and concurrently served as the Deputy Director of the Port Administration Bureau of Changzhou City, Deputy Director of the Construction Bureau of Changzhou City, Director and Deputy Secretary of the Communist Party Committee of the Communications Bureau of Changzhou City and concurrently served as the 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 and Deputy Secretary of the Communist Party Committee of Communications Holding. Mr. Chang has long been engaged in management work and has extensive experience in economic and communications management. He served as a supervisor and the chairman of the Supervisory Committee of the Company from 18 March 2011 to 29 December 2015.

Ms. Shang Hong

Born in 1963, Ms. Shang received university education and is a 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 the deputy general manager of the Company. Ms. Shang has long been engaged in engineering management, investment analysis and project management. She served as a supervisor of the Company from July 2004 to December 2007.

Independent Non-executive Director:

Mr. Lin Hui

Born in 1972, Mr. Lin holds a doctorate degree in management and post doctorate from the Institute of Economics of The Chinese Academy of Social Sciences. Mr. Lin is currently serving as a professor and a doctoral tutor of School of Business at Nanjing University. His main research direction includes asset pricing, financial engineering and risk management. He successively chaired and participated in over a total of 10 projects including the National Natural Science Foundation Project, National Social Sciences Foundation Project, Research Fund in Humanities and Social Sciences of the Ministry of Education and China Post-Doctorate Foundation, and published more than 30 academic essays on authoritative journals in China and overseas. He also serves as an independent director of Jiangsu Hongtu High-Tech Co., Ltd. Mr. Lin has long been engaged in the research of financial field, and is a senior expert with extensive financial experiences.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervisors:

Mr. Chen Xiang Hui

Born in 1963, Mr. Chen holds a bachelor's degree of Engineering and a master's degree of Business Administration and is a research 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 the deputy director of the Project Quality Supervisory Section of Jiangsu Transport Department, the director of Jiangsu Ninglian Ningdong Road Management Office and general manager of the Company. Mr. Chen is currently a 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 served as a director of the Company from 9 April 2001 to 29 December 2015.

Mr. Pan Ye

Born in 1988, Mr. Pan obtained a bachelor's degree of economics and a master's degree of business administration. He currently serves as the project manager in Enterprise Management Department of China Merchants Huajian. He was the project manager of Overseas Business Group of China Merchants Huajian.

Ms. Ren Zhuo Hua

Born in 1972, Ms. Ren has a bachelor's degree and 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 (滬寧高速擴建工程指揮部), 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 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 has gained professional and extensive experience.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

III. Other explanations

(I) Independent Non-executive Directors

The Company has appointed a sufficient number of independent non-executive directors. Mr. Zhang Er Zhen, Mr. Zhang Zhu Ting, Mr. Chen Liang and Mr. Lin Hui were appointed as independent non-executive directors of the Eighth session of the board of directors of the Company, accounting for more than one-third of the members of the board of directors. 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 with rich management experience. Independent directors respectively serve as members of various committees of the board of directors. 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 acted as the Chairman at each of these committees.

(II) Staff remuneration and training

As at 30 June 2016, the Group (including controlled subsidiaries) had 6,076 staff, comprising 745 managerial and technical staff and 5,331 manufacturing staff.

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

In order to further reform its remuneration system to increase its incentives for staff, better motivate staff and widen the career paths of employees, the Human Resources Department and Suzhou management offices are conducting the trial work in wage band system. The Group implemented supporting measures in accordance with the Labour Contract Law to constantly improve the working hours, and applied flexible working hour system for 246 managerial positions and 303 manufacturing positions to increase the initiative of operation and to control and reduce labour costs.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In terms of staff education and training, Ninghu Lecture (《寧滬講堂》) was established in the Reporting Period. All functional departments of the Company proactively attended the lecture, at which 40 subjects were studied and submitted. Currently, 14 lectures have been given with an average of 2 lectures per month. The total number of attendees was more than 1,000 persons. The themes of Ninghu Lecture focus on management and operation policy, internal management and control, informatization construction, improvement of operation and management, promotion of clean governance, corporate culture, promotion of occupational health of staff and other matters of the Company. Relying on qualifications of external experts and sharing of working experiences by internal staff, Ninghu Lecture made full use of the communication platform of video conference and sharing of course ware in the office automation system. Besides, the Company carried out various staff training programs of different levels and on different professional skills, including selecting and dispatching the middle management newly appointed in recent years for learning at external open classes, e.g. Improvement of Core Skills of Managers (《經理人核心技能提升》) and Horizontal Leadership (《橫向領導力》). The personnel at the command and dispatch center and branch centers of the Company were organised to receive the professional training of Telephone Communication Skills (《電話溝通技巧》) to continuously optimise the communication ability of the staff at the Monitoring Centre. In addition, job-transfer training was offered for the personnel involved in the personnel placement due to the removal of the toll stations at G312 Shanghai-Nanjing Section Management Office.

In the Reporting Period, the Company organised various staff trainings for up to 1,200 persons. These trainings continuously improved the business capability and competitiveness of staff, and actively facilitated the value-adding in human resources.

CONSOLIDATED BALANCE SHEET

30 June 2016

Unit: RMB

Item	Notes	Closing balance	Opening balance	Item	Notes	Closing balance	Opening balance
Current Assets:				Current Liabilities:			
Cash and bank balances	(VI)1	234,837,093	255,475,447	Short-term borrowings	(VI)20	1,790,000,000	1,811,000,000
Financial assets at fair value through profit or loss	(VI)2	34,644,738	35,887,051	Accounts payable	(VI)21	707,887,044	924,505,565
Notes receivable	(VI)3	692,000	1,722,313	Receipts in advance	(VI)22	1,443,020,555	555,913,419
Accounts receivable	(VI)4	117,938,666	123,353,524	Employee benefits payable	(VI)23	3,256,792	3,375,508
Prepayments	(VI)5	34,309,362	14,498,363	Taxes payable	(VI)24	102,479,887	61,498,426
Interest receivable	(VI)6	30,866,666	18,733,333	Interest payable	(VI)25	115,844,389	69,925,072
Dividends receivable	(VI)7	145,509,098	4,989,960	Dividends payable	(VI)26	187,656,263	69,467,760
Other receivables	(VI)8	818,878,614	812,198,353	Other payables	(VI)27	79,097,217	80,687,691
Inventories	(VI)9	3,449,749,202	3,256,454,567	Non-current liabilities due within one year	(VI)28	81,642,953	151,608,861
Other current assets	(VI)10	355,953,866	502,774,234	Other current liabilities	(VI)29	5,020,932,500	6,685,220,505
Total Current Assets		5,223,379,305	5,026,087,145	Total Current Liabilities		9,531,817,600	10,413,202,807
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets	(VI)11	1,293,818,457	1,293,818,457	Long-term borrowings	(VI)30	1,486,893,959	1,382,806,332
Long-term equity investment	(VI)12	4,536,811,018	4,456,793,805	Bonds payable	(VI)31	4,452,139,495	3,456,427,928
Investment properties	(VI)13	32,715,902	33,009,175	Deferred income	(VI)32	34,100,376	34,886,135
Fixed assets	(VI)14	1,693,474,888	1,692,923,594	Deferred tax liabilities	(VI)18	3,520,444	2,544,353
Construction in progress	(VI)15	920,108,593	1,030,127,104				
Intangible assets	(VI)16	21,843,208,009	22,238,627,984	Total Non-current Liabilities		5,976,654,274	4,876,664,748
Long-term prepaid expenses	(VI)17	4,900,599	5,713,616				
Deferred tax assets	(VI)18	365,113,182	398,938,783	TOTAL LIABILITIES		15,508,471,874	15,289,867,555
Other non-current assets	(VI)19	300,000,000	300,000,000				
Total Non-current Assets		30,990,150,648	31,449,952,518	Shareholders' Equity:			
				Share capital	(VI)33	5,037,747,500	5,037,747,500
				Capital reserve	(VI)34	10,446,662,341	10,446,662,341
				Other comprehensive income	(VI)35	117,056,011	121,482,904
				Surplus reserve	(VI)36	3,040,287,779	3,040,287,779
				Retained profits	(VI)37	1,374,699,070	1,829,978,752
				Total shareholders' equity attributable to equity holders of the Company		20,016,452,701	20,476,159,276
				Minority interests		688,605,378	710,012,832
				TOTAL SHAREHOLDERS' EQUITY		20,705,058,079	21,186,172,108
TOTAL ASSETS		36,213,529,953	36,476,039,663	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,213,529,953	36,476,039,663

The accompanying notes form part of the financial statements

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

BALANCE SHEET OF THE COMPANY

30 June 2016

Unit: RMB

Item	Notes	Closing balance	Opening balance	Item	Notes	Closing balance	Opening balance
Current Assets:				Current Liabilities:			
Cash and bank balances		89,620,664	121,485,890	Short-term borrowings		2,135,000,000	1,616,000,000
Accounts receivable	(XIV)1	70,028,705	81,944,374	Accounts payable		254,667,586	350,849,157
Prepayments		24,733,422	7,136,623	Receipts in advance		11,592,895	12,694,400
Interest receivable		33,449,583	21,856,416	Employee benefits payable		985,152	636,163
Dividends receivable		80,835,243	4,989,960	Taxes payable		80,581,332	18,703,014
Other receivables	(XIV)2	1,105,239,453	1,143,393,025	Interest payable		105,288,904	48,996,795
Inventories		19,700,768	19,444,676	Dividends payable		119,885,292	69,467,760
Non-current assets due within one year		1,390,000,000	1,540,000,000	Other payables		17,282,815	17,479,904
Other current assets		-	274,645,099	Non-current liabilities due within one year		51,642,953	101,608,861
				Other current liabilities		5,020,932,500	6,685,220,505
Total Current Assets		2,813,607,838	3,214,896,063	Total Current Liabilities		7,797,859,429	8,921,656,559
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets		1,005,230,000	1,005,230,000	Long-term borrowings		168,893,959	169,306,332
Long-term equity investment	(XIV)3	13,471,584,023	13,402,103,616	Bonds payable		4,452,139,495	3,456,427,928
Fixed assets		991,676,154	945,144,897				
Construction in progress		118,838,595	276,750,775				
Intangible assets		11,859,883,900	12,013,889,240	Total Non-current Liabilities		4,621,033,454	3,625,734,260
Deferred tax assets		3,990,046	3,990,046				
Other non-current assets		1,062,591,325	1,050,794,885	TOTAL LIABILITIES		12,418,892,883	12,547,390,819
Total Non-current Assets		28,513,794,043	28,697,903,459	Shareholders' Equity:			
				Share capital		5,037,747,500	5,037,747,500
				Capital reserve		7,339,039,535	7,339,039,535
				Other comprehensive income		98,630,779	103,057,672
				Surplus reserve		2,518,873,750	2,518,873,750
				Retained profits		3,914,217,434	4,366,690,246
				TOTAL SHAREHOLDERS' EQUITY		18,908,508,998	19,365,408,703
TOTAL ASSETS		31,327,401,881	31,912,799,522	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		31,327,401,881	31,912,799,522

The accompanying notes form part of the financial statements

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2016

Unit: RMB

Item	Notes	Amount for the current year	Amount for the prior year
I. Total operating income	(VI)38	4,065,387,855	4,310,667,008
Including: Operating income		4,065,387,855	4,310,667,008
Less: Total operating costs		2,173,196,275	2,688,176,595
Including: Operating costs	(VI)38	1,717,903,623	2,054,507,543
Business taxes and levies	(VI)39	94,912,054	129,791,810
Selling expenses	(VI)40	10,394,668	3,570,290
Administrative expenses	(VI)41	88,359,190	93,752,731
Financial expenses	(VI)42	261,626,740	406,453,703
Impairment losses of assets	(VI)43	—	100,518
Add: Gains from changes in fair values	(VI)44	(1,242,313)	11,300,937
Investment income	(VI)45	205,887,185	276,781,668
Including: Income from investments in associates and joint ventures		181,137,925	197,407,194
II. Operating profit		2,096,836,452	1,910,573,018
Add: Non-operating income	(VI)46	11,277,544	4,287,774
Including: Gains from disposal of non-current assets		21,133	48,000
Less: Non-operating expenses	(VI)47	11,793,523	12,794,618
Including: Losses from disposal of non-current assets		504,218	679,889
III. Total profit		2,096,320,473	1,902,066,174
Less: Income tax expenses	(VI)48	490,137,637	130,231,182
IV. Net profit		1,606,182,836	1,771,834,992
Net profit attributable to owners of the Company		1,559,819,318	1,726,699,765
Profit or loss attributable to minority interests		46,363,518	45,135,227

The accompanying notes form part of the financial statements

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2016

Item	Notes	Amount for the current year	Amount for the prior year
V. Other comprehensive income (net of tax)	(VI)49	(4,426,893)	(24,385,902)
Other comprehensive income (net of tax) attributable to owners of the parent company		(4,426,893)	(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		(4,426,893)	(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		(4,426,893)	(24,385,902)
Other comprehensive income (net of tax) attributable to minority interests		–	–
VI. Total comprehensive income		1,601,755,943	1,747,449,090
Total comprehensive income attributable to owners of the Company		1,555,392,425	1,702,313,863
Total comprehensive income attributable to minority shareholders		46,363,518	45,135,227
VII. Earnings per share:			
(I) Basic earnings per share		0.3096	0.3428
(II) Diluted earnings per share		N/A	N/A

The accompanying notes form part of the financial statements

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

INCOME STATEMENT OF THE COMPANY

For the period ended 30 June 2016

Unit: RMB

Item	Notes	Amount for the current year	Amount for the prior year
I. Total operating income	(XIV)4	3,018,124,282	3,137,177,865
Less: Operating costs	(XIV)4	1,301,980,840	1,518,079,053
Business taxes and levies		57,448,081	80,391,764
Administrative expenses		64,560,404	65,135,059
Financial expenses		212,615,663	136,487,903
Impairment loss of assets		—	—
Add: Investment income	(XIV)5	550,875,473	735,528,962
Including: Income from investments in associates and joint ventures		105,927,264	122,602,865
II. Operating profit		1,932,394,767	2,072,613,048
Add: Non-operating income		9,662,416	3,110,088
Including: Gains from disposal of non-current assets		19,614	27,200
Less: Non-operating expenses		8,344,049	9,058,827
Including: Losses from disposal of non-current assets		89,825	643,503
III. Total profit		1,933,713,134	2,066,664,309
Less: Income tax expenses		371,086,946	356,294,436
IV. Net profit		1,562,626,188	1,710,369,873
V. Other comprehensive income (net of tax)		(4,426,893)	(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		(4,426,893)	(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		(4,426,893)	(24,385,902)
VI. Total comprehensive income		1,558,199,295	1,685,983,971

The accompanying notes form part of the financial statements

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2016

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		5,480,579,350	4,741,367,410
Other cash receipts relating to operating activities	(VI)51(1)	36,766,379	27,588,114
Sub-total of cash inflows from operating activities		5,517,345,729	4,768,955,524
Cash payments for goods purchased and services received		1,591,725,611	1,740,940,262
Cash payments to and on behalf of employees		365,460,754	325,540,318
Payments of various types of taxes		595,655,810	589,581,873
Other cash payments relating to operating activities	(VI)51(2)	49,281,308	40,237,607
Sub-total of cash outflows from operating activities		2,602,123,483	2,696,300,060
Net Cash Flow from Operating Activities		2,915,222,246	2,072,655,464
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		1,662,000,000	551,374,236
Cash receipts from investment income		43,267,416	157,907,177
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		32,760	74,055,040
Other cash receipts relating to investing activities	(VI)51(3)	–	–
Sub-total of cash inflows from investing activities		1,705,300,176	783,336,453
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		248,729,085	363,626,784
Cash payments to acquire investments		1,560,407,102	1,752,553,900
Net cash payments for acquisitions of subsidiaries and other business units		–	–
Other cash payments relating to investing activities	(VI)51(4)	–	50,000,000
Sub-total of cash outflows from investing activities		1,809,136,187	2,166,180,684
Net Cash Flow used in Investing Activities		(103,836,011)	(1,382,844,231)

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2016

Item	Notes	Amount for the current year	Amount for the prior year
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		–	81,120,000
Including: Cash receipts from capital contributions from minority owners of subsidiaries		–	81,120,000
Cash receipts from borrowings		1,755,000,000	4,696,000,000
Cash receipts from issue of bonds		5,988,937,937	1,397,532,000
Other cash receipts relating to financing activities	(VI)51(5)	–	–
Sub-total of cash inflows from financing activities		7,743,937,937	6,174,652,000
Cash repayments of borrowings		8,322,317,252	6,450,451,746
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,252,131,370	474,106,883
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries		–	–
Other cash payments relating to financing activities	(VI)51(6)	351,351	893,581
Sub-total of cash outflows from financing activities		10,574,799,973	6,925,452,210
Net Cash Flow used in Financing Activities		(2,830,862,036)	(750,800,210)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		–	–
V. Net Increase (decrease) in Cash and Cash Equivalents			
	(VI)52	(19,475,801)	(60,988,977)
Add: Opening balance of Cash and Cash Equivalents	(VI)52	221,115,078	708,621,647
VI. Closing Balance of Cash and Cash Equivalents			
	(VI)52	201,639,277	647,632,670

The accompanying notes form part of the financial statements

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

CASH FLOW STATEMENT OF THE COMPANY

For the period ended 30 June 2016

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		3,545,127,573	3,622,916,979
Other cash receipts relating to operating activities		11,936,554	10,156,682
Sub-total of cash inflows from operating activities		3,557,064,127	3,633,073,661
Cash payments for goods purchased and services received		1,368,930,709	1,491,460,118
Cash payments to and on behalf of employees		238,579,636	218,673,939
Payments of various types of taxes		363,640,795	457,468,231
Other cash payments relating to operating activities		22,525,602	17,606,661
Sub-total of cash outflows from operating activities		1,993,676,742	2,185,208,949
Net Cash Flow from Operating Activities		1,563,387,385	1,447,864,712
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		934,000,000	—
Cash receipts from investment income		464,085,371	630,685,506
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		17,860	74,033,640
Other cash receipts relating to investing activities		625,000,000	—
Sub-total of cash inflows from investing activities		2,023,103,231	704,719,146
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		85,687,065	62,361,690
Cash payments to acquire investments		776,317,102	574,953,900
Net cash payments for acquisitions of subsidiaries and other business units		—	—
Other cash payments relating to investing activities		130,000,000	210,000,000
Sub-total of cash outflows from investing activities		992,004,167	847,315,590
Net Cash Flow used in Investing Activities		1,031,099,064	(142,596,444)

CASH FLOW STATEMENT OF THE COMPANY

For the period ended 30 June 2016

Item	<i>Notes</i>	Amount for the current year	Amount for the prior year
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		1,610,000,000	2,160,000,000
Cash receipts from issue of bonds		5,688,937,937	1,397,532,000
Sub-total of cash inflows from financing activities		7,298,937,937	3,557,532,000
Cash repayments of borrowings		7,741,817,252	4,800,270,586
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,183,121,009	129,393,614
Other cash payments relating to financing activities		351,351	893,581
Sub-total of cash outflows from financing activities		9,925,289,612	4,930,557,781
Net Cash Flow from Financing Activities		(2,626,351,675)	(1,373,025,781)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		-	-
V. Net Increase (decrease) in Cash and Cash Equivalents			
Add: Opening balance of Cash and Cash Equivalents		(31,865,226)	(67,757,513)
		121,485,890	238,658,010
VI. Closing Balance of Cash and Cash Equivalents			
		89,620,664	170,900,497

The accompanying notes form part of the financial statements

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2016

Unit: RMB

Item	Amount for the current period										Total shareholders' equity		
	Share capital	Preferred shares	Perpetual debts	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision		Retained profits	Minority interest
I. Closing balance as at 31 December 2015	5,037,747,500	-	-	-	10,446,682,341	-	121,482,934	-	3,040,287,779	-	1,829,978,782	710,012,882	211,861,172,108
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of last period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2016	5,037,747,500	-	-	-	10,446,682,341	-	121,482,934	-	3,040,287,779	-	1,829,978,782	710,012,882	211,861,172,108
III. Changes for the period													
(I) Total comprehensive income	-	-	-	-	-	-	(4,426,893)	-	-	-	(455,279,682)	(21,407,454)	(481,114,029)
(II) Owners' contributions and reduction in capital							(4,426,893)				1,558,813,318	46,363,518	1,601,755,943
1. Capital contribution from owners													
2. Capital contribution from other equity instrument holders													
3. Share-based payment recognized in owners' equity													
4. Effect of business combinations involving enterprises under common control													
5. Others													
(III) Profit distribution											(2,015,099,000)	(67,770,972)	(2,082,869,972)
1. Transfer to surplus reserve													
2. General Risk Provision													
3. Distributions to shareholders													
4. Others													
(IV) Transfers within owners' equity													
1. Capitalization of capital reserve													
2. Capitalization of surplus reserve													
3. Loss offset by surplus reserve													
4. Others													
(V) Special reserve													
1. Provision of special reserve in the period													
2. Amount utilised in the period													
(VI) Others													
IV. Closing balance as at 30 June 2016	5,037,747,500	-	-	-	10,446,682,341	-	117,056,011	-	3,040,287,779	-	1,374,699,070	688,653,378	207,051,658,079

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:

Chang Qing

Person in Charge of the Accounting Body:

Gu De Jun

Chief Accountant:

Yu Lan Ying

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2016

Unit: RMB

Item	Amount for the last period										Total shareholders' equity		
	Share capital	Preferred shares	Perpetual debits	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision		Retained profits	Minority interest
I. Closing balance as at 31 December 2014	5,037,747,500	-	-	-	7,481,967,841	-	188,889,048	-	2,927,049,693	-	4,712,690,449	589,309,342	20,996,647,973
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of business combinations involving enterprises under common control	-	-	-	-	4,029,394,500	-	-	-	-	-	(3,361,752,989)	95,293,361	762,934,882
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2015	5,037,747,500	-	-	-	11,511,362,341	-	188,889,048	-	2,927,049,693	-	1,350,937,460	683,602,703	21,699,582,765
III. Changes for the period													
(I) Total comprehensive income	-	-	-	-	(1,064,700,001)	-	(24,385,902)	-	-	-	(187,644,285)	(52,295,168)	(1,329,025,356)
(II) Owners' contributions and reduction in capital	-	-	-	-	(1,064,700,001)	-	(24,385,902)	-	-	-	1,726,699,765	45,135,227	1,747,449,080
1. Capital contribution from owners	-	-	-	-	(1,064,700,001)	-	-	-	-	-	-	(18,180,000)	(1,082,880,001)
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	81,120,000	81,120,000
3. Share-based payment recognized in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	(1,064,700,001)	-	-	-	-	-	(191,434,050)	(79,250,385)	(1,993,594,445)
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Provision of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance as at 30 June 2015	5,037,747,500	-	-	-	10,446,662,340	-	164,503,146	-	2,927,049,693	-	1,163,293,195	631,307,335	20,370,557,409

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the period ended 30 June 2016

Unit: RMB

Item	Amount for the current period							Total shareholders' equity				
	Share capital	Preferred shares	Perpetual debts	Others	Capital reserve	Less: Treasury shares	Other comprehensive income		Special reserve	Surplus reserve	General Risk Provision	Retained profits
I. Closing balance as at 31 December 2015	5,037,747,500	-	-	-	7,339,039,535	-	103,057,672	-	2,518,873,750	-	4,366,630,246	19,365,408,703
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 2016	5,037,747,500	-	-	-	7,339,039,535	-	103,057,672	-	2,518,873,750	-	4,366,630,246	19,365,408,703
III. Changes for the period	-	-	-	-	-	-	(4,466,893)	-	-	-	(452,772,812)	(456,899,705)
(I) Total comprehensive income	-	-	-	-	-	-	(4,466,893)	-	-	-	-	-
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	(4,466,893)	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognized in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	(2,015,039,000)	(2,015,039,000)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	(2,015,039,000)	(2,015,039,000)
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Provision of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance as at 30 June 2016	5,037,747,500	-	-	-	7,339,039,535	-	96,630,779	-	2,518,873,750	-	3,914,277,434	18,906,568,998

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the period ended 30 June 2016

Unit: RMB

Item	Amount for the last period							Total shareholders' equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	
			Perpetual debts	Others	Surplus reserve	General Risk Provision	Retained profits	
I. Closing balance as at 31 December 2014	5,037,747,500	-	-	7,482,952,651	-	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	-	2,518,873,750	4,116,824,256	19,326,861,973
III. Changes for the period								
(I) Total comprehensive income	-	-	-	-	(24,385,932)	-	(203,974,177)	(682,209,888)
(II) Owners' contributions and reduction in capital	-	-	-	(453,848,619)	(453,848,619)	-	1,710,389,873	1,685,983,971
1. Capital contribution from owners	-	-	-	-	-	-	-	(453,848,619)
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-
3. Share-based payment recognized in owners' equity	-	-	-	-	-	-	-	-
4. Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-
5. Others	-	-	-	(453,848,619)	-	-	-	(453,848,619)
(III) Profit distribution	-	-	-	-	-	-	(1,914,344,050)	(1,914,344,050)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
IV. Closing balance as at 30 June 2015	5,037,747,500	-	-	7,029,103,032	-	2,518,873,750	3,912,850,079	18,644,632,275

The financial statements on pages 51 to 175 were signed by the following:

Legal Representative:
Chang Qing

Person in Charge of the Accounting Body:
Gu De Jun

Chief Accountant:
Yu Lan Ying

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 26 August 2016.

Subsidiaries consolidated in the financial statements are listed in Note VII “Equity in other entities”.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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

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.

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

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

Going concern

As at 30 June 2016, the Group had total current liabilities in excess of total current assets of RMB4,308,438,295. As at 30 June 2016, the Group has available unutilized bank loan facilities with a time limit over one year of approximately RMB5,026,860,000. 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 is principally engaged in toll road operation. The Group determines the specific accounting policies according to the toll road industry characteristics, shown mainly on the bad debt provision for receivables, depreciation for fixed assets, amortization for toll road operation rights and recognition timing of revenue. Refer to Note (III) 10, 14, 17 and 21 for detail specific accounting policies. For description of significant accounting judgments, estimation and assumption made by management, see Note (IV).

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2016, and the Company's and consolidated results of operations and cash flows for the period then ended.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

2. Accounting period

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

3. Business cycle

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

4. Functional currency

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(continued)*

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 is still allocated against minority interests.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

6. Preparation of consolidated financial statements *(continued)*

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.

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. Operations 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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

8. Operations in foreign currencies *(continued)*

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

9. Financial instruments

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

9.1. Effective interest method

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

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

9.2. Classification, recognition and measurement of financial assets

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

The Group has no held-to-maturity investments.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

9. Financial instruments *(continued)*

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

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

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

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

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or (ii) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (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 amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 recognized as other comprehensive income, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized 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 recognized 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;

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

9. Financial instruments *(continued)*

9.3. Impairment of financial assets *(continued)*

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

If financial assets carried at amortized 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 recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized 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 recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial instruments (continued)

9.3. Impairment of financial assets (continued)

(9) Other objective evidence indicating there is an impairment of a financial asset (continued)

– Impairment of financial assets measured at amortized cost (continued)

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 recognized 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 recognized 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 amortization) and the current fair value, less any impairment loss on that financial asset previously recognized 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 recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

9. Financial instruments *(continued)*

9.3. Impairment of financial assets *(continued)*

(9) Other objective evidence indicating there is an impairment of a financial asset *(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 derecognizes 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 recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes 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 recognized in other comprehensive income, is recognized 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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

9. Financial instruments *(continued)*

9.5. Classification, recognition and measurement of financial liabilities

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

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

9.5.1. Other financial liabilities

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

9.5.2. Financial guarantee contracts

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial instruments (continued)

9.7. Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize 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 recognized. Transaction costs related to equity transactions are deducted from equity.

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

10. Receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

10. Receivables *(continued)*

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

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

Portfolio 1 Receivables from government, petty cash advanced to employees, security deposit, toll road receivables and receivables from related parties of the Company and its subsidiaries. Bad debt provision is recognized individually.

Portfolio 2 Bad debt provision for receivables other than Portfolio 1 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 period ended 30 June 2016

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 inventory count system.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 recognized 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 period ended 30 June 2016

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 recognized 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 recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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

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

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

Under the equity method, the Group recognizes 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 recognizes 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 recognize 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, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized 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 recognizing 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 recognized 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 recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 amortization 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 recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Fixed assets

14.1. Recognition criteria for fixed assets

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

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

14.2. Depreciation of each category of fixed assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

14. Fixed assets *(continued)*

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 capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

16. Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

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 recognized in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

18. Long-term assets impairment *(continued)*

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 amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

20. Employee benefits

20.1. Accounting method for short-term employee benefits

Actual 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 actual occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

20. Employee benefits *(continued)*

20.2. Accounting method for post-employment benefits

Post-employment benefits are all defined contribution.

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

20.3. Accounting method for termination benefits

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

21. Revenue

21.1. Toll revenue

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

21.2. Revenue from rendering of services

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

21.3. Revenue from sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

21. Revenue *(continued)*

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 Group's 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 Group's 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 period ended 30 June 2016

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 recognized 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 recognized 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 realized or the liability is settled.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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

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

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

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

23.3. Offsetting of income taxes

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize 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 realize 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. Lease

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 period ended 30 June 2016

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 recognized in the period of the change, if the change affects that period only; or recognized 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 realized. 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 (VI) 18.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

V. TAXES

Major categories of taxes and tax rates

Category of tax	Basis of tax computation		Tax rate
Value Added Tax ("VAT")	General tax calculation method	Taxable sales and taxable value added (The	17%
		amount of tax payable is calculated according	11%
		to the taxable sales amount multiplied by the	6%
		applicable tax rate less deductible input VAT)	5%
	3%		
	Simple tax calculation method	Toll income	3%
		Real Estate rental income and Real Estate sales income	5%
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%–60%
Enterprise income tax	Taxable income		25%

Other instructions:

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". Since 1 May 2016, the toll operation services, some ancillary services and real estate business of the Group should be included in the scope of the pilot program with regard to payment of VAT instead of business tax. In accordance with this Notice, the VAT of the Group's toll revenues and real estate leasing and sales calculated using the simplified VAT payable method. The tax payable under the simple tax calculation method refers to the VAT amount calculated based on the sales amount and at the VAT levy rate without any deduction of input tax.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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			645,998			433,300
Bank balances:						
RMB			196,930,884			215,685,478
USD	–		–	1,372	6.4936	8,909
HKD	838,732	0.8547	716,839	775,363	0.8378	649,584
Other currency funds:						
RMB			36,543,372			38,698,176
Total			234,837,093			255,475,447

Other explanations:

Other currency funds stated above includes security deposits for certain mortgage loans to customers RMB7,744,117, supervised prepayment from customers RMB25,453,699 (opening balance: security deposits for certain mortgage loans to customers RMB4,054,665, supervised advance from customers RMB30,305,704). 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 period ended 30 June 2016

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	17,673,940	22,458,653
Gold investment	16,970,798	13,428,398
Total	<u>34,644,738</u>	<u>35,887,051</u>

Other explanations:

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 RMB17,673,940 and RMB16,970,798. 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	<u>692,000</u>	<u>1,722,313</u>

(2) The Group has no pledged notes receivable at the period end.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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	113,227,031	95	-	-	113,227,031	118,641,889	95	-	-	118,641,889
Accounts receivable for which bad debt provision has been assessed by portfolios – Portfolio 2	4,807,791	4	96,156	5	4,711,635	4,807,791	4	96,156	5	4,711,635
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	1,699,980	95	-
Total	119,734,802	100	1,796,136	100	117,938,666	125,149,660	100	1,796,136	100	123,353,524

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

4. Accounts receivable (continued)

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

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

Unit: RMB

Name of portfolio	Closing balance		Proportion (%)
	Accounts receivable	Bad debt provision	
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.

- (2) 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: 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	118,034,822	99	96,156	117,938,666	123,449,680	99	96,156	123,353,524
More than 1 year but not exceeding 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

- (3) There is no bad debt provision, reversal or written off recorded in current period.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

4. Accounts receivable (continued)

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

Unit: RMB

Name of entity	Amount	Bad debt provision	Proportion of the amount to the total accounts receivable (%)
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company")	55,991,288	–	47
Sinopec Sales Co., Ltd. Jiangsu Branch	9,868,550	–	8
Suzhou Sujiahang Expressway Co., Ltd. ("Sujiahang Company")	5,787,914	–	5
Jiangsu Expressway Petroleum Development Co., Ltd. ("Jiangsu Petroleum Company")	5,372,380	–	4
Jiangsu Ninghang Expressway Co., Ltd. ("Ninghang Company")	3,198,815	–	3
Total	<u>80,218,947</u>	<u>–</u>	<u>67</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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	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	<u>34,309,362</u>	<u>100</u>	<u>14,498,363</u>	<u>100</u>

(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	15,000,000	44
Jiangsu Province Guoxin Asset Management (江蘇省國信資產管理集團有限公司)	4,920,300	14
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	8
Jiangsu International Talent Consulting Service Co., Ltd. (江蘇省國際人才諮詢服務有限公司)	2,557,485	7
Suzhou Ling Electric Machinery Co., Ltd. (蘇州菱電機電有限公司)	1,347,600	4
Total	<u>26,692,314</u>	<u>77</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

6. Interest Receivable

Unit: RMB

Item	Closing balance	Opening balance
Shareholder loan	30,866,666	18,733,333
Total	30,866,666	18,733,333

Other explanations:

Please refer to Note (VI) 19.

7. Dividends Receivable

Unit: RMB

Name of entity	Closing balance	Opening balance
Jiangsu Kuailu Motor Transport Co., Ltd. ("Kuailu Co., Ltd.")	4,989,960	4,989,960
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge Company")	28,491,783	–
Suzhou Sujiahang Expressway Co., Ltd. ("Sujiahang Company")	47,353,500	–
Jiangsu Yanjiang Expressway Co., Ltd. ("Yanjiang Company")	64,673,855	–
Total	145,509,098	4,989,960

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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		Bad debt provision		Net book value	Carrying amount		Bad debt provision		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	2	15,812,140	99	-	15,812,140	2	15,812,140	99	-
Other receivables for which bad debt provision has been assessed by portfolios – Portfolio1	814,283,118	97	-	-	814,283,118	807,602,857	97	-	-	807,602,857
Other receivables for which bad debt provision has been assessed by portfolios – Portfolio2	4,689,282	1	93,786	1	4,595,496	4,689,282	1	93,786	1	4,595,496
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	834,784,540	100	15,905,926	100	818,878,614	828,104,279	100	15,905,926	100	812,198,353

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			
	Other receivables	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 period ended 30 June 2016

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

8. Other receivables (continued)

- (1) Disclosure of other receivables by categories (continued)

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

Unit: RMB

Name of portfolio	Other receivables	Closing balance Bad debt provision	Proportion (%)
Portfolio 2	4,689,282	93,786	2

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

- (2) There is no bad debt provision, reversal or written off recorded in current period.
- (3) Disclosure of other receivables by nature

Unit: RMB

Nature of other receivables	Closing balance	Opening balance
Amounts of the disposal of the removal network point of 312 National Highway	789,629,780	789,629,780
Amounts of investment clearance	15,812,140	15,812,140
Petty cash	6,877,592	5,517,965
Landlord maintenance funds	3,554,593	3,580,800
Pre-borrowings for engineering	–	3,000,000
Compensation for road assets	3,428,405	2,407,462
Deposits for engineering	800,000	1,600,000
Other insignificant amounts	14,682,030	6,556,132
Total	834,784,540	828,104,279

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

8. Other receivables (continued)

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

Unit: RMB

Name of entity	Nature of other receivables	Closing balance	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	–
Yicao Highway (宜漕公路)	Amount of investment clearance	597,757,944	Over 3 years	72	–
Suzhou City Housing property Company limited by guarantee (蘇州市住房置業擔保有限公司)	Provident fund deposit	15,812,140	Over 3 years	2	15,812,140
Jiangsu Ninghu Expressway Road Administration Division (江蘇省寧滬高速公路路政支隊)	Compensation for road assets	2,745,000	Within 1 year	0	–
Network Operation Company	Lease payments	2,574,293	Within 1 year	0	–
Total		<u>1,455,687</u>		<u>0</u>	<u>–</u>
		<u>812,216,900</u>		<u>97</u>	<u>15,812,140</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

9. Inventories

Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net book value	Gross carrying amount	Provision for decline in value of inventories	Net book value
Properties under development	2,263,975,534	–	2,263,975,534	2,063,388,643	–	2,063,388,643
Properties for sale	1,164,353,433	–	1,164,353,433	1,171,574,292	–	1,171,574,292
Spare parts for repair and maintenance	13,466,033	–	13,466,033	15,297,258	–	15,297,258
Petrol	7,954,202	–	7,954,202	6,194,374	–	6,194,374
Total	<u>3,449,749,202</u>	<u>–</u>	<u>3,449,749,202</u>	<u>3,256,454,567</u>	<u>–</u>	<u>3,256,454,567</u>

Details of properties under development are as follows:

Unit: RMB

Project name	Commencement date	Estimated completion date	Estimated total investment amount	Opening balance	Closing balance
Huaqiao Urban Core Project	November 2012	May 2020	2,764,000,000	429,202,955	528,654,081
Suzhou Nanmen Road G25 Project	July 2015	November 2017	1,146,300,000	619,636,153	684,958,377
Baohua Hongyan Community AB Project	April 2014	May 2021	<u>3,592,000,000</u>	<u>1,014,549,535</u>	<u>1,050,363,076</u>
Total			<u>7,502,300,000</u>	<u>2,063,388,643</u>	<u>2,263,975,534</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

9. Inventories (continued)

Details of properties for sale are as follows:

Unit: RMB

Project name	Completion date	Opening balance	Addition	Decrease	Closing balance
Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion	August 2012	12,076,252	–	–	12,076,252
Suzhou Qingyuan	December 2013	631,587,664	–	–	631,587,664
Huaqiao Urban Core C7 Pujiang Building Project	June 2014	344,336,920	–	–	344,336,920
Baohua Hongyan Community B1 Tongchengshijia Project	April 2014	132,016,862	9,602,059	6,739,849	134,879,072
Huaqiao Urban Core B4 Tongcheng Guangmingjiezuo	June 2015	51,556,594	–	10,083,069	41,473,525
Total		1,171,574,292	9,602,059	16,822,918	1,164,353,433

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Available for sale financial assets – Financial management products	243,090,000	417,000,000
Enterprise income tax paid in advance	10,542,720	55,187,818
Business taxes and levies related to real estate sales paid in advance	102,312,456	30,577,726
Others	8,690	8,690
Total	355,953,866	502,774,234

Other explanations:

Financial management products represent “Guangyinganxin capital preservation (type A)” issued by Bank of Jiangsu and “91 days fixed rate monetary financial products” issued by Industrial and Commercial Bank of China. These products are capital preservation with floating income. The other financial management products represent the third phase of “Golden Key – Confidence Express” Daily compound interest financing products (open RMB) issued by Agricultural Bank of China and BOC over time – day plan of financial products issued by Bank of China. These products are non-capital preservation with floating income.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 book value	Gross carrying amount	Impairment provision	Net book value
Available-for-sale equity instruments						
Measured at cost	1,293,818,457	-	1,293,818,457	1,293,818,457	-	1,293,818,457

(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	-
Jiangsu Leasing Co., Ltd. ("Jiangsu Leasing Company")	270,898,457	-	-	270,898,457	-	-	-	-	9.97	9,970,000
Shenzhen Rujin Co., Ltd.	2,000,000	-	-	2,000,000	-	-	-	-	17.24	-
Total	1,293,818,457	-	-	1,293,818,457	-	-	-	-	-	9,970,000

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

12. Long-term equity investments

(1) Details of long-term equity investments are as follows

Unit: RMB

Investee	Opening balance	Increase	Decrease	Changes in the current period					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")	47,838,290	-	-	(8,517,316)	-	-	-	-	-	39,320,974	-
Associates											
Kuailu Co., Ltd.	60,402,759	-	-	(1,268,586)	-	-	-	-	-	59,134,173	-
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge Company")	1,102,198,646	-	-	62,712,968	(4,426,893)	-	(56,983,566)	-	-	1,103,501,155	-
Sujahang Company	939,024,477	-	-	53,834,444	-	-	(47,353,500)	-	-	945,505,421	-
Suzhou Sujijayong Expressway Co., Ltd. ("Sujijayong Company")	359,127,168	72,317,102	-	(2,302)	-	-	-	-	-	431,441,968	-
Jiangsu Xiexin Gas Co., Ltd. ("Xiexin Company")	11,631,258	-	-	28,365	-	-	-	-	-	11,659,623	-
Suzhou Nanlin Hotel Co., Ltd. ("Nanlin Hotel")	169,549,952	-	-	55,994	-	-	-	-	-	169,605,946	-
Jiangsu Yanjiang Expressway Co., Ltd. ("Yanjiang Company")	1,733,407,548	-	-	77,624,972	-	-	(64,673,855)	-	-	1,746,358,665	-
Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Luode Equity Company")	9,851,676	-	-	(667,389)	-	-	-	-	-	9,184,287	-
Sundian Company	23,762,031	-	-	(2,663,225)	-	-	-	-	-	21,098,806	-
Total	4,456,793,805	72,317,102	-	181,137,925	(4,426,893)	-	(169,010,921)	-	-	4,536,811,018	-

(2) Other explanations

The foregoing companies are all unlisted company registered in PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 period	491,298
3. Decrease in the current period	–
4. Closing carrying amount	39,863,561
II. Total accumulated depreciation and amortization	
1. Opening carrying amount	6,363,088
2. Increase in the current period	784,571
(1) Amount accrued or amortized	784,571
3. Decrease in the current period	–
4. Closing carrying amount	7,147,659
III. Total provision for impairment losses	
1. Opening carrying amount	–
2. Increase in the current period	–
3. Decrease in the current period	–
4. Closing carrying amount	–
IV. Total net book value of investment properties	
1. Closing net book value	32,715,902
2. Opening net book value	33,009,175

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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	1,658,076,802	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
2. Increase in the current period	57,429,749	12,278,460	9,251,600	25,588,172	886,819	2,323,766	330,066	295,610	108,384,242
(1) Purchase	559,293	-	4,148,750	4,088,222	886,819	989,325	330,066	295,610	11,298,085
(2) Transferred from									
construction in progress	56,870,456	12,278,460	5,102,850	21,499,950	-	1,334,441	-	-	97,086,157
(3) Reclassification	-	-	-	-	-	-	-	-	-
3. Decrease in the current period	982,698	-	216,615	854,219	2,910,484	497,669	4,661,842	17,666	10,141,193
(1) Disposal or retirement	982,698	-	216,615	385,219	2,910,484	497,669	4,661,842	17,666	9,672,193
(2) Transferred to intangible assets	-	-	-	469,000	-	-	-	-	469,000
(3) Reclassification	-	-	-	-	-	-	-	-	-
4. Closing carrying amount	1,714,523,853	849,610,388	465,184,692	378,023,794	526,322,191	63,049,106	78,353,866	37,342,924	4,112,410,814
II. Total accumulated depreciation									
1. Opening 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
2. Increase in the current period	34,859,442	22,102,972	13,741,682	14,065,494	13,904,522	3,230,104	3,502,295	1,130,955	106,537,466
(1) Amount accrued	34,859,442	22,102,972	13,741,682	14,065,494	13,904,522	3,230,104	3,502,295	1,130,955	106,537,466
(2) Reclassification	-	-	-	-	-	-	-	-	-
3. Decrease in the current period	521,504	-	210,636	463,065	2,635,042	704,197	4,294,131	17,136	8,845,711
(1) Disposal or retirement	521,504	-	210,636	358,810	2,635,042	704,197	4,294,131	17,136	8,741,456
(2) Transferred to intangible assets	-	-	-	104,255	-	-	-	-	104,255
(3) Reclassification	-	-	-	-	-	-	-	-	-
4. Closing carrying amount	687,832,139	702,211,554	296,023,236	230,528,866	382,302,396	42,998,117	48,256,344	28,783,274	2,418,935,926
III. Total provision for impairment losses									
1. Opening carrying amount	-	-	-	-	-	-	-	-	-
2. Increase in the current period	-	-	-	-	-	-	-	-	-
3. Decrease in the current period	-	-	-	-	-	-	-	-	-
4. Closing carrying amount	-	-	-	-	-	-	-	-	-
IV. Total net book value of fixed assets									
1. Closing net book value	1,026,691,714	147,398,834	169,161,456	147,494,928	144,019,795	20,050,989	30,097,522	8,559,650	1,693,474,888
2. Opening 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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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	75,900,022	72,049,874

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

Unit: RMB

Item	Net book value	Reasons for not obtained certificates
Shanghai-Nanjing Expressway Lujia toll station	4,456,680	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Xuejia toll station	10,200,935	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Wuxi airport toll station	4,891,350	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Kunshan toll station	4,891,806	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Suzhou management offices	9,585,242	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Changzhou Luoshuwan buildings	3,734,359	Have not obtained certification yet.
Shanghai-Nanjing Expressway Changzhou ETC customer service branch buildings	1,003,407	Have not obtained certification yet.
Shanghai-Nanjing Expressway Jingta Service zone office buildings	2,375,680	Have not obtained certification yet.
Shanghai-Nanjing Expressway Heyang toll station	3,023,733	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Zhenjiang toll station	10,232,925	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Danyang toll station	1,393,005	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway South Network Centre and project management center houses	19,560,289	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Buildings in Danyang toll station of Shanghai-Nanjing Expressway	13,517,169	Have not obtained certification yet.
Shanghai-Nanjing Expressway Buildings in management areas and Xidong toll station	25,978,731	Transferred into fixed assets at estimate amount and not finally settlement yet.
Shanghai-Nanjing Expressway Living buildings of management areas	9,336,273	Transferred into fixed assets at estimate amount and not finally settlement yet.
Shanghai-Nanjing Expressway Nanjing toll station	14,535,693	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Tangshan toll station	14,344,005	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Guangjing Xicheng Expressway service zone	51,772,816	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Xiyi Expressway service zone	33,416,462	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Ningchang Expressway and Zhenli Expressway service zone	154,355,400	Incorporated into communication facilities and cannot obtain certification at present.
Total	392,605,960	

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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	724,837,543	–	724,837,543	686,697,477	–	686,697,477
Housing projects of Toll stations and service zones	99,829,710	–	99,829,710	119,419,338	–	119,419,338
Suzhou inter-communication expansion project	–	–	–	103,400,000	–	103,400,000
Jingjiang inter-communication expansion project	61,511,840	–	61,511,840	54,550,500	–	54,550,500
Information project	4,045,382	–	4,045,382	32,033,569	–	32,033,569
Advertisement board	5,754,469	–	5,754,469	5,515,988	–	5,515,988
Renovation of toll station houses	5,229,880	–	5,229,880	5,000,000	–	5,000,000
Three big system construction project	585,945	–	585,945	4,713,085	–	4,713,085
Lighting system construction project	1,961,030	–	1,961,030	1,961,030	–	1,961,030
Others	16,352,794	–	16,352,794	16,836,117	–	16,836,117
Total	<u>920,108,593</u>	<u>–</u>	<u>920,108,593</u>	<u>1,030,127,104</u>	<u>–</u>	<u>1,030,127,104</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 period	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 period	Interest capitalization rate for the period (%)	Source of funds
Suzhou inter-communication												
Expansion project	109,150,000	103,400,000	5,750,000	-	109,150,000	-	100	Completed	-	-	-	Own funds
Housing projects of toll stations and service zones	321,169,297	119,419,338	11,532,702	31,122,330	-	99,829,710	60	In progress	-	-	-	Own funds
Jingjiang inter-communication												
expansion project	100,000,000	54,550,500	6,961,340	-	-	61,511,840	62	In progress	-	-	-	Own funds
Information project	70,378,676	32,033,569	13,710,518	10,788,005	30,910,700	4,045,382	85	In progress	-	-	-	Own funds
Three big system construction project	89,201,405	4,713,085	34,074,186	38,201,326	-	585,945	90	In progress	-	-	-	Own funds
Noise barrier construction project	12,278,460	-	12,278,460	12,278,460	-	-	100	Completed	-	-	-	Own funds
Lighting system construction project	25,500,000	1,961,030	-	-	-	1,961,030	8	In progress	-	-	-	Own funds
Advertisement board	12,450,991	5,515,988	341,582	103,101	-	5,754,469	93	In progress	-	-	-	Own funds
Construction Project of Zhendan												Own funds and
Expressway	1,730,260,500	686,697,477	38,140,066	-	-	724,837,543	42	In progress	2,192,750	2,192,750	100	Project loan
Renovation of toll station houses	7,500,000	5,000,000	229,880	-	-	5,229,880	70	In progress	-	-	-	Own funds
Others	N.A.	16,836,117	4,109,612	4,592,935	-	16,352,794		In progress	-	-	-	Own funds
Total		1,030,127,104	127,128,346	97,086,157	140,060,700	920,108,593			-	-	-	

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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 balance	29,894,896,991	1,720,207,956	17,404,384	31,632,509,331
2. Increase in the current period	109,150,000	–	31,928,036	141,078,036
(1) Purchase	–	–	548,336	548,336
(2) Transferred from construction in progress	109,150,000	–	30,910,700	140,060,700
(3) Transferred from fix assets	–	–	469,000	469,000
3. Decrease in the current period	–	–	–	–
(1) Disposal	–	–	–	–
(2) Others	–	–	–	–
4. Closing balance	30,004,046,991	1,720,207,956	49,332,420	31,773,587,367
II. Total accumulated amortization				
1. Opening balance	8,365,474,311	1,024,896,072	3,510,964	9,393,881,347
2. Increase in the current period	500,866,812	31,592,073	4,039,126	536,498,011
(1) Amortization accrued	500,866,812	31,592,073	3,934,871	536,393,756
(2) Transferred from fix assets	–	–	104,255	104,255
3. Decrease in the current period	–	–	–	–
(1) Disposal	–	–	–	–
4. Closing balance	8,866,341,123	1,056,488,145	7,550,090	9,930,379,358
III. Provision for impairment losses				
1. Opening balance	–	–	–	–
2. Increase in the current period	–	–	–	–
3. Decrease in the current period	–	–	–	–
4. Closing balance	–	–	–	–
IV. Total net book value of intangible assets				
Closing net book value	21,137,705,868	663,719,811	41,782,330	21,843,208,009
Opening net book value	21,529,422,680	695,311,884	13,893,420	22,238,627,984

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

17. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase in the period	Amortization for the period	Other Decrease	Closing balance
Decorations for buildings	5,713,616	861,051	1,674,068	–	4,900,599

18. 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	17,702,061	4,425,515	17,702,061	4,425,515
Unrealized profits through internal transactions	306,865,755	76,716,439	256,711,817	64,177,954
Deductible losses	1,120,351,492	280,087,873	1,320,750,066	330,187,517
Prepayment of business tax and land appreciation tax for real estate pre-sale and so on	18,641,841	4,660,461	7,554,527	1,888,632
Total	1,463,561,149	365,890,288	1,602,718,471	400,679,618

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 recognized.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

Item	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	8,935,100	2,233,775	10,177,413	2,544,353
Real estate pre-sale	8,255,100	2,063,775	6,963,339	1,740,835
Total	<u>17,190,200</u>	<u>4,297,550</u>	<u>17,140,752</u>	<u>4,285,188</u>

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

Unit: RMB

Item	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	777,106	365,113,182	1,740,835	398,938,783
Deferred tax liabilities	<u>777,106</u>	<u>3,520,444</u>	<u>1,740,835</u>	<u>2,544,353</u>

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	—	—
Deductible losses	<u>286,784,980</u>	<u>286,784,980</u>
Total	<u>286,784,980</u>	<u>286,784,980</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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

- (4) Details of unrecognized deferred tax assets (continued)

Other explanations:

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

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

Unit: RMB

Item	Closing balance	Opening balance
2016	51,255,073	51,255,073
2017	151,290,930	151,290,930
2018	84,238,977	84,238,977
Total	286,784,980	286,784,980

19. Other non-current assets

Unit: RMB

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

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 period ended 30 June 2016

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	1,395,000,000	1,286,000,000
Including: Unsecured loans	1,210,000,000	1,101,000,000
Entrusted loans (Note 1)	185,000,000	185,000,000
Non-bank financial institutions loans	395,000,000	325,000,000
Including: Unsecured loans	395,000,000	200,000,000
Entrusted loans	–	125,000,000
Loans from a related party	–	200,000,000
Including: Short-term bonds	–	200,000,000
Total	<u>1,790,000,000</u>	<u>1,811,000,000</u>

Explanations of short-term borrowings categories:

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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	192,423,785	396,725,660
Construction payable for real estate project	404,636,268	394,223,615
Purchase of petroleum payable	—	5,193,921
Toll road fee payable	20,800,800	39,267,672
Deposit payable	14,380,686	7,903,900
Others	75,645,505	81,190,797
Total	707,887,044	924,505,565

- (2) The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year	648,837,228	706,236,559
More than 1 year but not exceeding 2 years	16,257,459	186,847,880
More than 2 years but not exceeding 3 years	22,443,252	8,687,716
More than 3 years	20,349,105	22,733,410
Total	707,887,044	924,505,565

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

21. Accounts payable (continued)

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

Unit: RMB

Item	Closing balance	Reasons for outstanding
Construction payable	19,011,626	Long settlement procedure of the project
Construction payable for real estate project	11,124,221	Long settlement procedure of the real estate project

22. Receipts in advance

- (1) Receipts in advance are shown as follows

Unit: RMB

Item	Closing balance	Opening balance
Rental deposit received in advance	11,422,374	13,391,953
Advertising service fee received in advance	8,307,085	8,670,093
Income from properties for sales received in advance	1,421,098,585	532,697,812
Others	2,192,511	1,153,561
Total	1,443,020,555	555,913,419

The aging analysis of receipts in advance is as follows:

Unit: RMB

Aging	Closing balance		Opening balance	
	(RMB)	(%)	(RMB)	(%)
Within 1 year	1,442,246,101	100	537,832,364	97
More than 1 year but not exceeding 2 years	694,454	—	18,001,055	3
More than 2 years but not exceeding 3 years	—	—	—	—
More than 3 years	80,000	—	80,000	—
Total	1,443,020,555	100	555,913,419	100

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

23. Employee benefits payable

(1) Employee benefits payable are shown as follows

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Short-term compensation	3,375,508	292,408,771	292,527,487	3,256,792
2. Post-employment benefits – Defined contribution plan	–	62,859,478	62,859,478	–
3. Termination benefits	–	1,618,673	1,618,673	–
4. Other welfare due within one year	–	–	–	–
Total	<u>3,375,508</u>	<u>356,886,922</u>	<u>357,005,638</u>	<u>3,256,792</u>

(2) Short-term compensation

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	–	201,810,476	201,810,476	–
II. Staff welfare	–	2,686,433	2,686,433	–
III. Social security contributions	–	38,263,399	38,263,399	–
Including: Medical insurance	–	35,360,038	35,360,038	–
Work injury insurance	–	1,875,219	1,875,219	–
Maternity insurance	–	1,028,142	1,028,142	–
IV. Housing funds	–	22,789,603	22,789,603	–
V. Union running costs and employee education costs	3,375,508	4,696,219	4,814,935	3,256,792
VI. Non-monetary welfare	–	12,717,469	12,717,469	–
VII. Others	–	9,445,172	9,445,172	–
Total	<u>3,375,508</u>	<u>292,408,771</u>	<u>292,527,487</u>	<u>3,256,792</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

23. Employee benefits payable (continued)

(3) Defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	–	41,534,551	41,534,551	–
2. Unemployment insurance	–	2,621,049	2,621,049	–
3. Enterprise annuity payment	–	18,703,878	18,703,878	–
Total	–	62,859,478	62,859,478	–

Note:

(1) Defined contribution plan

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

During the year, the Group contributes RMB41,534,551, RMB18,703,878 and RMB2,621,049 to basic pension insurance, annuity scheme and unemployment insurance plan respectively. All the contribution had paid over to the schemes as at 30 June 2016.

(2) Non-monetary welfare

Non-monetary benefits are RMB12,717,469, which represent purchased non-monetary holiday gifts that distributed to employee etc., calculated on a certified basis of purchase costs.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

24 Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	81,211,490	16,612,229
Business tax	—	19,644,988
Land appreciation tax	—	12,215,568
VAT	16,402,985	1,912,663
Property tax	1,049,924	1,905,922
Individual income tax	404,711	3,861,150
City construction and maintenance tax	1,151,468	1,541,352
Others	2,259,309	3,804,554
Total	102,479,887	61,498,426

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	23,916,665	18,390,740
Interest payable of enterprise bonds	89,547,226	46,459,726
Interest payable of short-term borrowings	2,380,498	5,074,606
Total	115,844,389	69,925,072

There are no interest payable overdue but not yet repaid.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

26. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends	119,885,291	69,467,760
Subsidiaries shall pay dividends to minority shareholders	67,770,972	–
Total	187,656,263	69,467,760

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

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	42,436,814
Payable of daily procurement in service area	9,686,386	9,383,567
Amount of ETC prepaid cards collected on behalf of the internet work settlement center	4,128,365	5,741,174
Construction quality warrantee fee payable	2,444,035	1,783,118
Earnest money of acquisition of properties	2,353,004	1,183,004
Others	18,048,613	20,160,014
Total	79,097,217	80,687,691

(2) Significant other payables aged more than one year

Unit: RMB

Item	Closing balance	Reasons for outstanding
Rural road construction funds	42,436,814	Notice of payment has not been received

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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	81,642,953	151,608,861
Total	81,642,953	151,608,861

29. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Super short-term bonds payable	5,020,932,500	6,685,220,505
Total	5,020,932,500	6,685,220,505

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

29. Other current liabilities (continued)

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
Short-term bonds payable										
15Ninghu Gao SCP005	1,200,000,000	8 July 2015	267	1,200,000,000	1,218,880,000	-	9,133,115	-	1,228,013,115	-
15Ninghu Gao SCP006	1,200,000,000	9 July 2015	266	1,200,000,000	1,218,773,333	-	9,134,864	-	1,227,908,197	-
15Ninghu Gao SCP007	800,000,000	15 July 2015	268	800,000,000	812,844,445	-	7,072,495	-	819,916,940	-
15Ninghu Gao SCP008	700,000,000	12 August 2015	261	700,000,000	709,111,672	-	7,361,279	-	716,472,951	-
15Ninghu Gao SCP009	1,000,000,000	21 August 2015	270	1,000,000,000	1,012,154,722	-	12,115,770	-	1,024,270,492	-
15Ninghu Gao SCP010	1,000,000,000	9 September 2015	261	1,000,000,000	1,010,418,333	-	13,043,142	-	1,023,461,475	-
15Ninghu Gao SCP011	700,000,000	6 November 2015	84	700,000,000	703,038,000	-	1,444,295	-	704,482,295	-
16Ninghu Gao SCP001	1,800,000,000	25 March 2016	168	1,800,000,000	-	1,800,000,000	13,083,000	-	-	1,813,083,000
16Ninghu Gao SCP002	1,100,000,000	13 May 2016	91	1,100,000,000	-	1,100,000,000	4,192,223	-	-	1,104,192,223
16Ninghu Gao SCP003	700,000,000	25 May 2016	86	700,000,000	-	700,000,000	2,014,444	-	-	702,014,444
16Ninghu Gao SCP004	500,000,000	16 June 2016	267	500,000,000	-	500,000,000	620,833	-	-	500,620,833
16Ninghu Gao SCP005	900,000,000	17 June 2016	147	900,000,000	-	900,000,000	1,022,000	-	-	901,022,000
Total				11,600,000,000	6,685,220,505	5,000,000,000	80,237,460	-	6,744,525,465	5,020,932,500

Other explanations:

On 30 June 2016, the details of the Group's short-term bonds include: (1) The Company issued "16 Ninghu Gao SCP001" with the par value of RMB1,800,000,000 on 25 March 2016, bond duration is 168 days, annual interest rate is 2.67%; (2) The Company issued "16 Ninghu Gao SCP002" with the par value of RMB1,100,000,000 on 13 May 2016, bond duration is 91 days, annual interest rate is 2.80%; (3) The Company issued "16 Ninghu Gao SCP003" with the par value of RMB700,000,000 on 25 May 2016, bond duration is 86 days, annual interest rate is 2.80%; (4) The Company issued "16 Ninghu Gao SCP004" with the par value of RMB500,000,000 on 16 June 2016, bond duration is 267 days, annual interest rate is 2.98%; (5) The Company issued "16 Ninghu Gao SCP005" with the par value of RMB900,000,000 on 17 June 2016, bond duration is 147 days, annual interest rate is 2.92%.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

30. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Bank Loans	668,536,912	634,415,193
Including: Unsecured loans	420,000,000	315,500,000
Secured loans (Note 1)	50,000,000	100,000,000
Guaranteed loan (Note 2)	155,536,912	175,915,193
Secured and guaranteed loans (Note 3)	43,000,000	43,000,000
Non-bank financial institutions loans	150,000,000	150,000,000
Including: Entrusted loans (Note 4)	150,000,000	150,000,000
Loans from a related party	750,000,000	750,000,000
Including: Medium Term Notes (Note 5)	750,000,000	750,000,000
Subtotal	1,568,536,912	1,534,415,193
Less: Long-term borrowings due within one year	81,642,953	151,608,861
Long-term borrowings due after one year	1,486,893,959	1,382,806,332

(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 USD3,097,013. (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 RMB60,000,000 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%.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

30. Long-term borrowings (continued)

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

Note 4: Non-bank financial institutions entrusted loans indicate the loan of RMB900,000,000 with loan duration 6 years provided by Communications Holding's 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%.

(3) 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	4,452,139,495	3,456,427,928
Subtotal	4,452,139,495	3,456,427,928
Less: Bonds payable due within one year	—	—
Total	4,452,139,495	3,456,427,928

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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	Premium	Repayment	Closing balance
							accrued according to par value	and discount amortization	in the current year	
Medium Term Notes	500,000,000	19 June 2013	5 years	500,000,000	496,063,787	-	12,347,671	744,017	12,347,671	496,807,804
Medium Term Notes	2,000,000,000	25 August 2015	5 years	2,000,000,000	1,973,870,017	-	42,646,575	2,594,200	42,646,575	1,976,464,217
Medium Term Notes	1,000,000,000	4 December 2015	5 years	1,000,000,000	986,494,124	-	18,298,356	1,254,351	18,298,356	987,748,475
Medium Term Notes	1,000,000,000	15 April 2016	5 years	1,000,000,000	-	990,758,380	7,805,479	360,619	7,805,479	991,118,999
Total				4,500,000,000	3,456,427,928	990,758,380	81,098,081	4,953,187	81,098,081	4,452,139,495

(3) Other explanations

On 30 June 2016, 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; (4) The Company issued "16 Ninghu Gao MTN1" with the par value of RMB1,000,000,000 on 15 April 2016, bond duration is 5 years, annual interest rate is 3.70%, the interest is paid by year and principal paid on maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

32. Deferred Income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Remarks
Government grants	34,886,135	–	785,759	34,100,376	Ningchang Expressway Construction Compensation

Government grants

Unit: RMB

Item	Opening balance	Increase in the current period	Transfer to non-operating income for the period	Other	Closing balance	Related to asset/ Related to income
Ningchang Expressway Construction Compensation	34,886,135	–	785,759	–	34,100,376	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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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
1 January 2016 to 30 June 2016:							
Total shares	5,037,747,500	-	-	-	-	-	5,037,747,500

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

34. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1 January 2016 to 30 June 2016:				
Capital premium	7,765,271,453	–	–	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)	2,964,694,500	–	–	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	<u>10,446,662,341</u>	<u>–</u>	<u>–</u>	<u>10,446,662,341</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

35. Other comprehensive income

Unit: RMB

Item	Opening balance	Before-tax amount for the current year	Change for the year Less: 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	Post-tax		Closing balance
					net amount attribute to parent company owners	Post-tax net amount attribute to minority shareholders	
1 January 2016 to 30 June 2016:							
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	121,482,904	(4,426,893)	-	-	(4,426,893)	-	117,056,011
Including:							
Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	121,482,904	(4,426,893)	-	-	(4,426,893)	-	117,056,011
Total other comprehensive income	<u>121,482,904</u>	<u>(4,426,893)</u>	<u>-</u>	<u>-</u>	<u>(4,426,893)</u>	<u>-</u>	<u>117,056,011</u>

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 period ended 30 June 2016

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

36. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1 January 2016 to 30 June 2016:				
Statutory surplus reserve	2,974,837,417	–	–	2,974,837,417
Discretionary surplus reserve	65,450,362	–	–	65,450,362
Total	3,040,287,779	–	–	3,040,287,779

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.

37. Retained profits

Unit: RMB

Item	Current period	Prior year
Opening retained profits	1,829,978,752	1,350,937,480
Add: Net profit attributable to owners of the Company for the year	1,559,819,318	1,726,699,765
Less: Appropriation to statutory surplus reserve	–	–
Appropriation to discretionary surplus reserve	–	–
Declaration of dividends on ordinary shares	2,015,099,000	1,914,344,050
Closing retained profits	1,374,699,070	1,163,293,195

Note 1: Cash dividends approved in shareholders’ meeting during the year

In 2016, on the basis of 5,037,747,500 issued shares (with the par value of RMB1 per share), dividends in cash of RMB0.40 per share were distributed to all the shareholders.

Note 2: The Board of the Company on 26 August 2016 has not recommended the payment for the six months ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

Note: During the Reporting Period, the project of "Guangmingjiezuo" was completed by the subsidiary, Ninghu Properties. According to the final settlement of completion report, there is a reversal of real estate development costs with RMB27,670,531.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

39. Business taxes and levies

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	69,678,349	111,675,809
City construction and maintenance tax	7,753,195	7,611,461
Education surcharge	5,587,461	5,920,146
Land appreciation tax	11,500,202	4,584,394
Others	392,847	–
Total	<u>94,912,054</u>	<u>129,791,810</u>

40. Selling expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Depreciation	156,511	142,320
Commission fee for agent of real estate sales	5,497,947	253,747
Advertisement and promotion fee	3,880,666	2,508,950
Production and planning fee	636,911	523,521
Others	222,633	141,752
Total	<u>10,394,668</u>	<u>3,570,290</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

41. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Salaries	30,269,594	30,942,097
Depreciation and amortization	38,055,783	36,292,039
Audit fee	289,434	1,556,900
Consulting and intermediary service fee	1,949,165	3,660,828
Properties tax and other taxes	11,233,872	14,697,360
Entertainment fee	792,217	651,061
Maintenance and repair costs	1,017,436	503,898
Office expenses	217,869	292,427
Travelling expenses	284,091	306,533
Vehicle related expenses	1,079,204	690,673
Others	3,170,525	4,158,915
Total	88,359,190	93,752,731

42. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	249,391,878	404,171,189
Less: Interest income	1,898,200	3,719,738
Exchange differences	2,239,902	-5,140
Bond issue fee and other loan charges	10,968,063	5,234,278
Others	925,097	773,114
Total	261,626,740	406,453,703

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

43. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt provision record	—	100,518

44. Gains from changes in fair values

Unit: RMB

Sources of gains from changes in fair values	Amount incurred in the current period	Amount incurred in the prior period
FVTPL	(1,242,313)	11,300,937

45. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under equity method	181,137,925	197,407,194
Income (losses) on disposal of FVTPL	7,749	19,509,768
Investment income from available-for-sale financial assets in the holding period	9,970,000	39,887,735
Investment income from disposal of available-for-sale financial assets	4,738,362	4,392,653
Interest income from loans	10,033,149	15,584,318
Total	205,887,185	276,781,668

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

46. Non-operating income

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

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Total gains on disposal of non-current assets	21,133	48,000
Including: Gains on disposal of fixed assets	21,133	48,000
Compensation income from damaged road	3,280,651	2,696,575
Government grants	785,759	1,127,343
Others	7,190,001	415,856
Total	<u>11,277,544</u>	<u>4,287,774</u>

(2) Details of government grants:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Remarks
Ningchang Expressway Construction Compensation	785,759	627,343	Related to asset
Special funds for production safety	—	500,000	Related to income
Total	<u>785,759</u>	<u>1,127,343</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

47. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Total losses on disposal of non-current assets	504,218	679,889
Including: Losses on disposal of fixed assets	504,218	679,889
Repair expenditure of damaged road	9,875,198	10,480,316
Donation	1,000,000	1,000,000
Funds	61,736	288,052
Others	352,371	346,361
Total	<u>11,793,523</u>	<u>12,794,618</u>

48. Income tax expenses

(1) Income tax expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	451,079,262	437,663,936
Deferred tax expenses	34,801,692	-307,432,754
Provision of prior years' tax	4,256,683	–
Total	<u>490,137,637</u>	<u>130,231,182</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 period ended 30 June 2016

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

51. Items in the cash flow statement

- (1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Receipts from compensation of damaged road and non-operating income items, etc.	34,868,179	23,868,376
Receipts from interest income of bank deposit	1,898,200	3,719,738
Total	36,766,379	27,588,114

- (2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Payment of non-salary and other expenditure	16,083,492	11,397,351
Changes of restricted monetary funds	33,197,816	28,840,256
Total	49,281,308	40,237,607

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

51. Items in the cash flow statement (continued)

- (4) Other cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
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 the current period	Amount incurred in the prior period
Bond issue fee and other charges of loans	351,351	893,581

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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	Amount incurred in the current period	Amount incurred in the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,606,182,836	1,771,834,992
Add: Provision for impairment losses of assets	–	100,518
Depreciation of fixed assets	106,537,466	123,561,090
Amortization of intangible assets	536,393,756	580,269,542
Amortization of long-term prepaid expenses	1,674,068	1,434,869
Amortization of Deferred income	785,759	627,343
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	483,085	631,889
Losses on changes in fair values (gains are indicated by "-")	1,242,313	(11,300,937)
Financial expenses (income is indicated by "-")	260,359,941	244,887,826
Losses arising from investments (gains are indicated by "-")	(205,887,185)	(276,781,668)
Decrease in deferred tax assets (increase is indicated by "-")	33,825,601	(318,830,749)
Increase in deferred tax liabilities (decrease is indicated by "-")	976,091	11,397,996
Decrease in inventories (increase is indicated by "-")	(193,294,635)	(116,873,683)
Decrease in receivables from operating activities (increase is indicated by "-")	127,867,780	230,840,164
Increase in payables from operating activities (decrease is indicated by "-")	670,488,615	(140,984,584)
Others – depreciation of investment properties	784,571	681,112
Others – decrease in restricted monetary funds (increase is indicated by "-")	(33,197,816)	(28,840,256)
Net cash flow from operating activities	2,915,222,246	2,072,655,464
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	201,639,277	647,632,670
Less: Opening balance of cash	221,115,078	708,621,647
Net increase (decrease) in cash and cash equivalents	(19,475,801)	(60,988,977)

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

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

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
I. Cash	201,639,277	647,632,670
Including: Cash on hand	645,998	615,466
Bank deposits	197,647,723	642,622,700
Other monetary funds	3,345,556	4,394,504
II. Cash equivalents	–	–
Including: Investment in debt securities due within three months	–	–
III. Closing balance of cash and cash equivalents	201,639,277	647,632,670

53. Assets or use rights with restricted ownership

Unit: RMB

Item	Closing carrying amount	Reasons for restriction
Bank deposits	25,453,699	Regulations of pre-sale properties
Bank deposits	7,744,117	Customer mortgage deposit
Intangible assets	6,244,148,903	Pledge of toll road right
Total	6,277,346,719	

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: HKD	838,732	0.8547	716,839
Long-term borrowings			
Including: USD	3,097,013	6.6312	20,536,912
Total			21,253,751

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE

1. Equity in subsidiaries

(1) Group composition

Unit: RMB

Name of subsidiary	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 and Zhenjiang	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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE (continued)

1. Equity in subsidiaries

(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	46,359,700	67,770,972	506,653,569
Zhendan Expressway	30	3,818	–	181,951,809

(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	164,654,249	5,974,960,891	6,139,615,140	952,846,210	1,790,653,242	2,743,499,452	65,877,202	6,065,416,081	6,131,293,283	787,039,308	1,805,396,474	2,592,435,782
Zhendan Expressway	1,826,064	724,837,543	726,663,607	167,576	120,000,000	120,167,576	32,392,258	686,697,477	719,089,735	112,606,430	–	112,606,430

Unit: RMB

Name of subsidiaries	Amount incurred in the current period				Amount incurred in the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net income	Comprehensive income	Cash flow from operating activities
Guangjing Xicheng	565,886,194	309,064,666	309,064,666	396,080,809	543,077,570	301,103,623	301,103,623	357,741,895
Zhendan Expressway	–	12,727	12,727	(596,294)	–	(101,056)	(101,056)	59,727

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE (continued)

2. Equity in associates

(1) Significant associates

Name of joint ventures or associates	Business premise	Registered place	Business nature	Proportion of shareholding (%)		Accounting method
				Direct	Indirect	
Yangtze Bridge Company	Nanjing	Nanjing	Construction and operation of expressway	26.66	-	Equity method
Sujiahang Company (Note 1)	Suzhou	Suzhou	Construction and operation of expressway	31.55	-	Equity method
Sujiayong Company	Suzhou	Suzhou	Construction and operation of expressway	22.77	-	Equity method
Yanjiang Company (Note 2)	Suzhou	Suzhou	Construction and operation of expressway	-	28.96	Equity method

Note 1: During the Reporting Period, Sujiahang company merge with Suzhou Changkun Expressway Co., Ltd. ("Changkun Company"). The merger agreement deal that all gains and losses of Changkun Company would be undertaken by the absorption of Sujiahang company from the absorption merger benchmark date to the merger completed date. According to the capital increase agreement, which signed by the three parties of SuJiahang Company's shareholders, Sujiahang Company increases its registered capital of RMB89,160,000 and the Suzhou City Construction Investment Development Ltd. and Suzhou Traffic Investment Ltd. use all of its capital contribution subscribed in Changkun Company to increase investment in the Sujiahang Company, the Group has given up the new registered capital subscribed rights. After this merger, the three parties of Changkun Company and Sujiahang Company shared rights and obligations with the same shares and the same rights. In March 2016, Changkun Company and Sujiahang Company completed this merger and after this achievement, the proportion by the Group's holding of Sujiahang Company decrease from 33.33% to 31.55%.

Note 2: During year 2013, because of the introduction of new shareholders Zhangjiagang Municipal Public Assets Management Co., Ltd., the equity ratio in Yanjiang Company of the Group decreased from 32.26% to 29.81%. According to the Yanjiang Company amendment of Article, Zhangjiagang Municipal Public Assets Management Co., Ltd. only enjoyed 40% of the income (profits, losses, gains and losses on disposal of assets) of the Zhangjiagang Port Expressway, and does not enjoy any other income resulting in Yanjiang Expressway projects other than the Zhangjiagang Port Expressway. During 2014, because of the introduction of new shareholders Suzhou Taicang Port Shugang Expressway Co., Ltd., the equity ratio in Yanjiang Company of the Group decreased from 29.81% to 28.96%. According to the Yanjiang Company amendment of Article, Suzhou Taicang Port Shugang Expressway Co., Ltd. only enjoyed 30% of the income (profits, losses, gains and losses on disposal of assets) of the Taicang Port Expressway, and does not enjoy any other income resulting in Yanjiang Expressway projects other than the Taicang Port Expressway.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE (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	316,074,409	728,209,617	680,424,648	1,124,219,346	1,135,774,517	1,061,043,236	634,549,173	804,141,921
Non-current asset	9,109,547,815	4,079,348,627	2,408,077,346	8,061,532,655	8,330,636,198	2,449,381,993	2,187,382,168	8,228,369,604
Total asset	<u>9,425,622,224</u>	<u>4,807,558,244</u>	<u>3,088,501,994</u>	<u>9,185,752,001</u>	<u>9,466,410,715</u>	<u>3,510,425,229</u>	<u>2,821,931,341</u>	<u>9,032,511,525</u>
Current liability	2,489,257,812	419,313,514	268,063,070	455,964,420	1,284,695,037	399,736,739	273,072,161	260,017,787
Non-current liability	2,626,816,184	1,476,401,107	1,022,000,000	2,795,250,000	3,877,874,169	374,014,507	972,000,000	2,864,400,000
Total liability	<u>5,116,073,996</u>	<u>1,895,714,621</u>	<u>1,290,063,070</u>	<u>3,251,214,420</u>	<u>5,162,569,206</u>	<u>773,751,246</u>	<u>1,245,072,161</u>	<u>3,124,417,787</u>
Minority Interests	369,000,000	5,668,008	-	561,984,624	369,000,000	5,283,194	-	575,686,834
Shareholders equity attributable to shareholders of the parent company	3,940,548,228	2,906,175,615	1,798,438,924	5,372,552,957	3,934,841,509	2,731,390,789	1,576,859,180	5,332,406,904
Net assets share calculated according to proportion of shareholding	1,050,326,721	916,898,407	431,441,968	1,733,185,584	1,049,024,212	910,417,463	359,127,168	1,720,234,467
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	<u>1,103,501,155</u>	<u>945,505,421</u>	<u>431,441,968</u>	<u>1,746,358,665</u>	<u>1,102,198,646</u>	<u>939,024,477</u>	<u>359,127,168</u>	<u>1,733,407,548</u>
Operating income	593,837,139	746,254,141	-	685,942,917	568,574,101	603,038,091	-	722,827,145
Net income (Net loss) attributable to the parent company	235,232,440	223,004,356	(10,109)	240,622,976	196,956,801	217,730,861	-23,501	233,608,975
Other comprehensive income attributable to the parent company	(16,605,000)	-	-	-	(91,470,000)	-	-	-
Total comprehensive income attributable to the parent company	<u>218,627,440</u>	<u>223,004,356</u>	<u>(10,109)</u>	<u>240,622,976</u>	<u>105,486,801</u>	<u>217,730,861</u>	<u>-23,501</u>	<u>233,608,975</u>
Dividends received from associates in the current year	<u>56,983,566</u>	<u>47,353,500</u>	<u>-</u>	<u>64,673,855</u>	<u>56,983,566</u>	<u>42,092,000</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE (continued)

2. Equity in associates (continued)

(2) Financial information of significant associates (continued)

Other explanations:

The Reporting Period, the shareholders of Sujiayong Company has not yet paid the same proportion the amount of registered capital, the Group's net calculation should enjoy the actual proportion of investment asset share.

(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	39,320,974	47,838,290
Total amount of the following items calculated according to the proportion of shareholding		
Net profit (loss)	(8,517,316)	(97,862)
Other comprehensive income	—	—
Total comprehensive income (loss)	(8,517,316)	(97,862)
Associates:		
Total net book value of the investment	270,682,835	275,197,676
Total amount of the following items calculated according to the proportion of shareholding		
Net profit (loss)	(4,514,841)	(2,930,229)
Other comprehensive income	—	—
Total comprehensive income (loss)	(4,514,841)	(2,930,229)

(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 period ended 30 June 2016

VIII. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

IX. 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 period			Total
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
Fair value measured on a recurring basis	–	–	–	–
FVTPL	34,644,738	–	–	34,644,738
Other current assets – Financial management product	–	–	243,090,000	243,090,000

2. Level 1 fair value measurement on a recurring basis

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

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

Unit: RMB

Item	30 June 2016 Fair value	Valuation techniques	Significant unobservable inputs	Range
Other current assets – Financial management product	243,090,000	Discounted cash flow	Anticipate return rate	2.2%–3.3%

The Group expects 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 period ended 30 June 2016

X. 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 (VII).

3. Associates and joint ventures of the entity

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

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 period ended 30 June 2016

X. 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 period ended 30 June 2016

X. 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	17,636,808	14,039,995
Sundian Company*	Road maintenance fee	16,334,920	54,471,704
Nanlin Hotel*	Food and beverage	96,089	95,655
Information Company*	Communication system maintenance fee	947,000	–
Network Operation Company*	Interest expenses of entrusted loan	823,583	13,556,716
TongSha Port Company*	Interest expenses of entrusted loan	–	1,508,333
Taicang Container Company*	Interest expenses of entrusted loan	–	3,016,667
Yanjiang Company*	Interest expenses of entrusted loan	–	2,744,542
Far East Shipping Company*	Interest expenses of entrusted loan	4,536,097	15,278,333
Communications Holding*	Interest expenses of loans from a related party	21,025,261	100,396,859
Group Finance Company*	Interest expenses of working capital loan	8,262,308	13,608,605
Jinghu Company*	Interest expenses of entrusted loan	–	4,328,708
Runyang Bridge Company*	Interest expenses of entrusted loan	4,896,255	29,528,038
Suhuaiyan Company*	Interest expenses of entrusted loan	280,875	836,083
Railway Company*	Interest expenses of entrusted loan	–	286,167
Tongchang Real Estate Company*	Interest expenses of entrusted loan	–	281,556

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

X. 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	1,861,739	2,600,864
Kuailu Co., Ltd.	Toll road income	1,200,000	1,500,000
Network Operation Company*	ETC customer-service network management income	880,788	535,580
Hanwei Company	Interest income from shareholder loan	12,133,334	19,242,267
Group Finance Company *	Interest income from deposits	58,980	1,333,266

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

The Group as 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	1,806,200	2,340,780
Sundian Company*	Fixed assets	845,000	845,000
Jiangsu Petroleum Company*	Fixed assets	5,191,195	5,557,200

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

X. 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*	20,536,912	15 October 1998	18 July 2027	Not completed
Communications Holding*	110,000,000	16 March 2004	5 March 2019	Not completed
Communications Holding*	25,000,000	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 period:

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Borrowed from					
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%
Runyang Bridge Company*	150,000,000	26 February 2013	25 February 2019	150,000,000	Entrusted loan with annual interest rate of 6.46%
Group Finance Company*	100,000,000	8 June 2016	7 June 2017	100,000,000	Working capital loan with annual interest rate of 4.13%
Group Finance Company*	35,000,000	17 June 2016	16 June 2017	35,000,000	Working capital loan with annual interest rate of 4.13%

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Loans with related parties (continued)

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Group Finance Company*	30,000,000	8 March 2016	7 December 2016	30,000,000	Working capital loan with annual interest rate of 4.13%
Group Finance Company*	200,000,000	18 January 2016	17 January 2017	200,000,000	Working capital loan with annual interest rate of 4.13%
Group Finance Company*	(170,000,000)	17 June 2015	16 June 2016	–	Working capital loan with annual interest rate of 4.85%
Network Operation Company*	(20,000,000)	3 February 2015	2 February 2016	–	Entrusted loan with annual interest rate of 5.60%
Suhuaiyan Company*	(30,000,000)	5 March 2015	4 March 2016	–	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	(75,000,000)	12 March 2015	11 March 2016	–	Entrusted loan with annual interest rate of 5.35%
Group Finance Company*	30,000,000	11 August 2015	10 August 2016	30,000,000	Working capital loan with annual interest rate of 4.608%
Communications Holding*	(200,000,000)	21 July 2015	20 January 2016	–	Loan from a related party with annual interest rate 3.39%
Communications Holding*	250,000,000	5 December 2012	5 December 2022	250,000,000	Loan from a related party with annual interest rate 5.80%
Communications Holding*	250,000,000	17 May 2013	17 May 2023	250,000,000	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%

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Loans with related parties (continued)

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Closing balance	Remarks
Lend to					
Hanwei Company	300,000,000	26 March 2015	26 March 2018	300,000,000	Loan from a related party with annual interest rate 8.00%

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.

(5) 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	1,703,033	991,416

(6) Other explanations

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

X. 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	60,183,074	–	6,878	–
Accountants receivable <i>(Note)</i>	Sujiahang Company	5,787,914	–	9,110,734	–
	Jiangsu Petroleum Company	5,372,380	–	8,342,500	–
	Yangtze Bridge Company	34,528	–	1,095,870	–
	Yanjiang Company	–	–	1,230,475	–
	Kuailu Co., Ltd.	796,374	–	761,025	–
Subtotal		11,991,196	–	20,540,604	–
Other receivable	Network Operation Company	5,687,126	–	–	–
Other non-current assets	Hanwei Company	300,000,000	–	300,000,000	–
Interest receivable	Hanwei Company	30,866,667	–	18,733,333	–
Dividends receivable	Kuailu Co., Ltd.	4,989,960	–	4,989,960	–
	Yangtze Bridge Company	28,491,783	–	–	–
	Sujiahang Company	47,353,500	–	–	–
	Yanjiang Company	64,673,855	–	–	–
Subtotal		145,509,098	–	4,989,960	–

Note: At 30 June 2016, 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 RMB81,395,829 (31 December 2015: RMB70,227,212). The ultimate shareholder of those Toll Road Network Companies is Communications Holding, except for which the Company has no other control, joint control or significant influence relationship with them.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

X. 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 (Note)	Sujiahang Company	1,586,211	3,290,259
	Yanjiang Company	975,256	2,482,113
	Yangtze Bridge Company	1,038,088	5,203,315
	Sundian Company	12,707,960	34,941,624
	Network Operation Company	4,824,992	2,668,841
	Information Company	1,080,099	1,577,099
	Huatong Company	43,465	43,465
Subtotal		22,256,071	50,206,716
Receipts in advance	Sundian Company	298,678	80,000
	Network Operation Company	—	1,204,100
	Kuailu Co., Ltd.	—	568,863
	Subtotal	298,678	1,852,963
Other payables	Sundian Company	—	—
	Network Operation Company	4,128,365	5,741,174
	Communications Holding	3,369,863	4,105,801
Subtotal		7,498,228	9,846,975
Short-term borrowings	Far East Shipping Company	185,000,000	185,000,000
	Group Finance Company	395,000,000	200,000,000
	Communications Holding	—	200,000,000
	Network Operation Company	—	95,000,000
	Yanjiang Company	—	—
	Jinghu Company	—	—
	TongSha Port Company	—	—
	Taicang Container Company	—	—
	Suhuaiyan Company	—	30,000,000
	Tongchang Real Estate Company	—	—
Subtotal		580,000,000	710,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

(2) Amounts due to related parties (continued)

Item	Related party	Closing balance	Opening balance
Interest payable	Far East Shipping Company	249,236	274,160
	Group Finance Company	457,385	293,906
	Communications Holding	269,025	295,928
	Communications Holding	10,059,589	156,826
Subtotal		<u>11,035,235</u>	<u>1,020,820</u>
Long-term borrowings (including long-term borrowings due within 1 year)	Runyang Bridge Company	150,000,000	150,000,000
	Network Operation Company	–	–
	Communications Holding	<u>750,000,000</u>	<u>750,000,000</u>
Subtotal		<u>900,000,000</u>	<u>900,000,000</u>

Note: As at 30 June 2016, 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 RMB17,201,245 (31 December 2015: RMB25,792,193). 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.

XI. 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>1,289,486,626</u>	<u>1,379,969,805</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

XI. COMMITMENTS AND CONTINGENCIES (continued)

1. Significant commitments (continued)

(2) Operating lease commitments

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

Unit: RMB

	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	2,139,080	2,485,986
2nd year subsequent to the balance sheet date	2,072,895	2,228,803
3rd year subsequent to the balance sheet date	2,162,500	2,126,400
Subsequent periods	3,125,000	4,500,000
Total	9,499,475	11,341,189

(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

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 Urban Core B4 Guangmingjiezuo Project, Huaqiao Urban Core B19 Guangmingxinzuo Project, Baohua Hongyan Community B1 and B2 Tongchengshijia Project and Suzhou Nanmen Road C25 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 June 2016, the outstanding guarantees amounted to approximately RMB615,460,528 (31 December 2015: RMB286,633,851)

XII. EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred subsequent to 30 June 2016 and up to the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

XIII. OTHER SIGNIFICANT EVENTS

1. Annuity scheme

See Note (VI) 23.

2. Retirement benefits scheme

See Note (VI) 23.

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

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Staff costs (Include: directors' emoluments)	296,648,493	279,239,111
Retirement benefits scheme contributions	60,238,429	52,757,120
Total staff costs	356,886,922	331,996,231
Audit fee	289,434	1,556,900
Depreciation and amortization (Included in operating costs and administrative expenses)	613,797,788	673,281,681
Losses on disposal of non-current assets	483,085	631,889
Amortization of land use rights (Included in operating costs and administrative expenses)	31,592,073	31,592,073
Cost of inventories recognized as an expense	669,508,602	945,747,971

4. 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 period ended 30 June 2016

XIII. OTHER SIGNIFICANT EVENTS (continued)

4. 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		Xiyi Expressway and Wuxi Huantaihu Expressway		Ningchang Expressway and Zhenli Expressway	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
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
	<u>12,257,238,652</u>	<u>12,448,904,440</u>	<u>-</u>	<u>-</u>	<u>287,980,515</u>	<u>294,210,267</u>	<u>1,306,130,606</u>	<u>1,376,755,189</u>	<u>2,174,578,854</u>	<u>2,222,588,798</u>	<u>6,586,751,316</u>	<u>6,804,863,789</u>
Total segment assets												
	<u>12,257,238,652</u>	<u>12,448,904,440</u>	<u>-</u>	<u>-</u>	<u>287,980,515</u>	<u>294,210,267</u>	<u>1,306,130,606</u>	<u>1,376,755,189</u>	<u>2,174,578,854</u>	<u>2,222,588,798</u>	<u>6,586,751,316</u>	<u>6,804,863,789</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

XIII. OTHER SIGNIFICANT EVENTS (continued)

4. 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 period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Operating income	-	-	812,173,150	927,515,715	14,148,030	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	33,760,537	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	2,036,836,452	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	2,036,320,473	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
	<u>Closing balance</u>	<u>Opening balance</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Closing balance</u>	<u>Opening balance</u>
Total segment assets	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. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

XIII. OTHER SIGNIFICANT EVENTS (continued)

4. 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.

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

1. Accounts receivable

- (1) Disclosure of accounts receivable by categories:

Unit: RMB

Item	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	65,796,959	94	-	-	65,796,959	77,712,628	95	-	-	77,712,628
Accounts receivable for which bad debt provision has been assessed by portfolios - Portfolio 2	4,318,109	6	86,363	100	4,231,746	4,318,109	5	86,363	100	4,231,746
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	70,115,068	100	86,363	100	70,028,705	82,030,737	100	86,363	100	81,944,374

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

1. Accounts receivable (continued)

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

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

Name of portfolio	Accounts receivable	Closing balance Bad debt provision	Proportion (%)
Portfolio 2	4,318,109	86,363	2
Total	4,318,109	86,363	2

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

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Net book value	Amount	Proportion (%)	Bad debt provision	Net book value
Within 1 year	70,115,068	100	86,363	70,028,705	82,030,737	100	86,363	81,944,374
More than 1 year but not exceeding 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-	-	-
Total	70,115,068	100	86,363	70,028,705	82,030,737	100	86,363	81,944,374

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

1. Accounts receivable (continued)

- (3) There is no bad debt provision, reversal or written off recorded in current period.
- (4) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Amount	Bad debt provision	Proportion of the amount to the total accounts receivable (%)
Network Operation Company	41,208,178	—	59
Sinopec Sales Co., Ltd. Jiangsu Branch	9,868,550	—	14
Sujiahang Company	5,787,914	—	8
Suzhou Circular Company	2,070,347	—	3
Ninghang Company	2,009,029	—	2
Total	60,944,018	—	86

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

2. Other receivables

(1) Disclosure of other receivable by categories

Unit: RMB

Item	Carrying amount		Closing balance			Carrying amount		Opening balance		
	Amount	Proportion (%)	Amount	Proportion (%)	Net book value	Amount	Proportion (%)	Amount	Proportion (%)	Net book value
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	100	-
Other receivables for which bad debt provision has been assessed by portfolios - Portfolio1	1,102,216,986	98	-	-	1,102,216,986	1,140,370,558	98	-	-	1,140,370,558
Other receivables for which bad debt provision has been assessed by portfolios - Portfolio2	3,084,150	1	61,683	-	3,022,467	3,084,150	1	61,683	-	3,022,467
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	1,121,113,276	100	15,873,823	100	1,105,239,453	1,159,266,848	100	15,873,823	100	1,143,393,025

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 period ended 30 June 2016

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

2. 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) There is no bad debt provision, reversal or written off recorded in current period.
- (3) Disclosure of other receivables by nature

Unit: RMB

Nature	Closing balance	Opening balance
Amount of the disposal of the removal of network points of 312 National Highway	789,629,780	789,629,780
Loans to subsidiaries	300,372,500	345,000,000
Amount of investment clearance	15,812,140	15,812,140
Petty cash	4,609,592	3,988,565
Compensation for road assets	2,574,293	1,103,427
Deposits for engineering	–	292,930
Other insignificant amounts	8,114,971	3,440,006
Total	1,121,113,276	1,159,266,848

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

2. 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 (%)	Bad debt provision Closing balance
Jiangsu Provincial Government	Amount of the disposal of the removal of network points of 312 National Highway	191,871,836	Within 1 year	17	–
Guangjing Xicheng Company (廣靖錫澄)	Loans to subsidiaries	597,757,944	Over 3 years	53	–
Yicao Highway (宜漕公路)	Investment liquidation accounts	300,372,500	Within 1 year	27	–
Jiangsu Ninghu Expressway Road Administration Division (江蘇寧滬高速公路路政支隊)	Investment liquidation accounts	15,812,140	Over 3 years	1	15,812,140
Jiangsu Ninghu Expressway Road Administration Division (江蘇寧滬高速公路路政支隊)	Compensation income from damaged road	2,574,293	Within 1 year	0	–
Network Operation Company	Deposits for engineering	1,455,687	Within 1 year	0	–
Total		<u>1,109,844,400</u>		<u>98</u>	<u>15,812,140</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

3. Long-term equity investments

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
Investments on subsidiaries	10,877,096,885	–	10,877,096,885	10,877,096,885	–	10,877,096,885
Investments on associates	2,555,166,164	–	2,555,166,164	2,477,168,441	–	2,477,168,441
Investments on Joint ventures	39,320,974	–	39,320,974	47,838,290	–	47,838,290
Total	<u>13,471,584,023</u>	<u>–</u>	<u>13,471,584,023</u>	<u>13,402,103,616</u>	<u>–</u>	<u>13,402,103,616</u>

(1) Investments on subsidiaries

Unit: RMB

Investee	Opening balance	Changes in the period	Closing balance	Provision for impairment losses	Cash dividend for the period
Subsidiaries					
Guangjing Xicheng Company	2,125,000,000	–	2,125,000,000	–	384,035,506
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	–	–
Zhendan Company	423,910,000	–	423,910,000	–	–
Total	<u>10,877,096,885</u>	<u>–</u>	<u>10,877,096,885</u>	<u>–</u>	<u>384,035,506</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

3. Long-term equity investments (continued)

(2) Investments on joint ventures or associates

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											
Hanwei Company	47,838,290	-	-	(8,517,316)	-	-	-	-	-	39,320,974	-
Associates											
Kuailu Co., Ltd.	60,402,759	-	-	(1,268,586)	-	-	-	-	-	59,134,173	-
Yangtze Bridge Company	1,102,198,646	-	-	62,712,968	(4,426,893)	-	(56,983,566)	-	-	1,103,501,155	-
Sujiahang Company	939,024,477	-	-	53,834,444	-	-	(47,353,500)	-	-	945,505,421	-
Sujayong Company	359,127,168	72,317,102	-	(2,302)	-	-	-	-	-	431,441,968	-
Xiexin Company	11,631,258	-	-	28,365	-	-	-	-	-	11,659,623	-
Sundian Company	4,784,133	-	-	(860,309)	-	-	-	-	-	3,923,824	-
Total	2,525,006,731	72,317,102	-	105,927,264	(4,426,893)	-	(104,337,066)	-	-	2,594,487,138	-

4. Operating income and operating costs

Unit: RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	3,018,124,282	1,301,980,840	3,137,177,865	1,518,079,053
Including: Shanghai-Nanjing Expressway	2,224,628,709	541,371,891	2,201,209,034	521,545,486
312 National Highway	-	-	25,424,867	117,425,949
Nanjing-Lianyungang Highway	12,238,481	8,320,425	12,984,405	7,749,710
Ancillary services	781,257,092	752,288,524	897,559,559	871,357,908
Total	3,018,124,282	1,301,980,840	3,137,177,865	1,518,079,053

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

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

5. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Income from long-term equity investments under equity method	105,927,264	122,602,865
Income from long-term equity investments under cost method	384,035,506	529,085,571
Investment income from available-for-sale financial assets in the holding period	–	16,000,000
Investment income from disposal of available-for-sale financial assets	1,167,532	–
Investment income from loans	59,745,171	67,840,526
Total	<u>550,875,473</u>	<u>735,528,962</u>

SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

Unit: RMB

Item	Amount
Losses (gains) on disposal of non-current assets	(483,085)
Government grants recognized in profit or loss for the current period	785,759
Gains from changes in fair values of held-for-trading financial investments, and profit on disposal of held-for-trading and available-for-sale financial investments	3,503,798
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	–
Reversal of provision for accounts receivable which were tested for impairment losses individually	–
Interest income from loans	10,033,149
Other non-operating income or expenses other than the above	(32,894)
Tax effects	(3,451,682)
Effects attributable to minority interests	(18,580)
Total	<u>10,336,465</u>

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

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

Profit for the Reporting Period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	7.34%	0.3096	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	<u>7.29%</u>	<u>0.3076</u>	<u>N/A</u>

DOCUMENTS AVAILABLE FOR INSPECTION

Documents Available
for Inspection

Copies of the interim report signed by the Chairman

Financial statements signed and sealed by the legal representative,
the chief accounting officer and the person-in-charge of the accounting institution

Original copies of all company documents and announcements published
in the press designated by the China Securities Regulatory Commission
during the Reporting Period

Articles of Association of the Company

Copies of interim reports released in other stock exchanges

Chairman: **Chang Qing**

Date of submission to the Board for approval: 27 August 2016