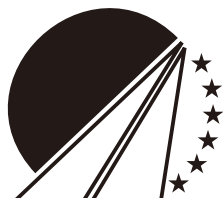


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

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

2016 ANNUAL RESULTS PRELIMINARY ANNOUNCEMENT

The content in this announcement is made pursuant to the requirements set out in Rule 13.49(6) and paragraph 45 in Appendix 16 of the Hong Kong Listing Rules.

I. IMPORTANT NOTICE

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

The contents of this announcement are extracted from the full text of the annual report, which will be posted on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com). Investors should read the full text of the annual report carefully for details.

1.2 Wu Xinhua and Hu Yu, the Directors, were unable to attend the Board meeting due to other business arrangement. They both appointed Shang Hong, a Director, as their proxies to attend and vote on their behalf.

1.3 Deloitte Touche Tohmatsu Certified Public Accountants LLP issued standard unqualified auditor's report for the Company. The annual financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprises and complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.

1.4 Company profile

Stock Abbreviation	寧滬高速(A Shares)	Jiangsu Express (H shares)	JEXYY(ADR)
Stock Code	600377	0177	477373104
Listing Stock Exchange	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	United States
Name	Secretary to the Board Yao Yong Jia	Representatives of Securities Affairs Jiang Tao and Lou Qing	
Telephone Number	8625-8446 9332	8625-84362700-301835, 301836	
Fax Number		8625-8446 6643	
E-mail Address		nhgs@jsexpressway.com	

1.5 The Reporting Period represents the year from 1 January 2016 to 31 December 2016.

1.6 Unless otherwise specified, the financial figures involved in this announcement are expressed in RMB.

1.7 For the abbreviations of the items and companies in this announcement, please refer to Part XI in this announcement.

II. PROFIT DISTRIBUTION PLAN

During the Reporting Period, the Company realized a net profit attributable to the shareholders of the Company of approximately RMB3.346 billion. The Board proposed to declare final dividends of RMB0.42 per share (tax inclusive) in favour of the shareholders based on the total share capital of the Company of 5,037,747,500 shares, representing approximately 63.23% of the net profit attributable to the shareholders of the Company for the year. The Company did not implement conversion of surplus reserve into share capital for the Reporting Period.

III. PRINCIPAL BUSINESSES OR PRODUCTS OVERVIEWS DURING THE REPORTING PERIOD

The Company is principally engaged in the investment, construction, operation and management of Shanghai-Nanjing Expressway and other toll highways within the Jiangsu Province owned or invested by the Group. It also develops passenger transportation and other ancillary services along these highways (including refueling, catering, retailing, advertising and accommodation, and so forth). In addition, the Group is actively exploring and venturing into new business fields, such as property investment and development, release of advertising media along expressways as well as other finance, quasi-finance and industrial investment, aiming to further increase profits and achieve sustainable development of the Group.

As at 31 December 2016, the highways owned or invested by the Group exceeded mileage of 820 kilometers. Meanwhile, the Group had three direct wholly-owned subsidiaries, two direct non-wholly-owned subsidiaries and ten direct associated companies, with total assets and net assets amounting to approximately RMB36,283 million and approximately RMB22,210 million, respectively.

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

IV. SUMMARY OF MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB

	At the end of 2016	At the end of 2015	Increase/ decrease at the end of this Reporting Period as compared with the same period of the previous year (%)	At the end of 2014
Total assets	36,282,573,529	36,476,039,663	-0.53	37,481,216,616
Operating revenue	9,201,297,066	8,761,321,186	5.02	8,830,860,795
Net profit attributable to shareholders of the Company	3,346,063,867	2,506,629,408	33.49	2,227,907,831
Net profit attributable to shareholders of the Company after non-recurring profit/loss	3,316,405,373	2,692,979,266	23.15	2,228,136,341
Net assets attributable to shareholders of the Company	22,209,756,185	20,476,159,276	8.47	21,015,980,062
Net cash flow from operating activities	5,463,748,504	4,475,893,125	22.07	3,741,645,416
Total share capital at the end of the Reporting Period	5,037,747,500	5,037,747,500	–	5,037,747,500
Basic earnings per share (<i>RMB/share</i>)	0.6642	0.4976	33.49	0.4422
Diluted earnings per share (<i>RMB/share</i>)	Not applicable	Not applicable	Not applicable	Not applicable
Weighted average return on net assets (%)	16.06	12.45	An increase of 3.61 percentage points	10.96

The definitions and calculation methods of the aforesaid indexes are consistent with those information disclosed in the financial report for the same period last year, and no adjustment was made to the figures in the financial statements.

V. MAJOR FINANCIAL DATA FOR 2016 BY QUARTERS

Unit: Yuan Currency: RMB

	First quarter (January– March)	Second quarter (April–June)	Third quarter (July– September)	Fourth quarter (October– December)
Operating revenue	2,046,758,024	2,018,629,831	2,200,901,311	2,935,007,900
Net profit attributable to shareholders of the Company	773,690,286	786,129,032	879,837,020	906,407,529
Net profit attributable to shareholders of the Company after non-recurring profit/loss	772,335,590	777,147,263	877,304,570	889,617,950
Net cash flow from operating activities	1,442,033,240	1,473,189,006	1,334,288,219	1,214,238,039

VI. SHARE CAPITAL AND SHAREHOLDERS

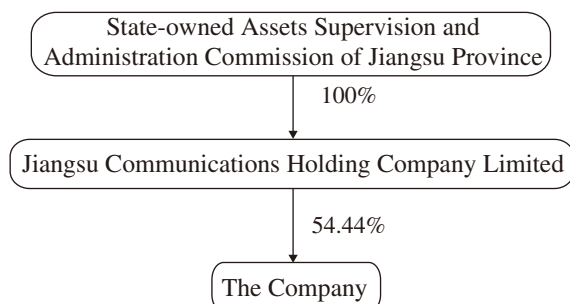
6.1 Shareholders of ordinary shares and shareholding of the top ten shareholders

Total number of shareholders at the end of the Reporting Period (Number of H shareholders: 439 (inclusive))	24,756	Total number of shareholders of ordinary shares as at the end of the previous month before the date of this announcement (Number of H shareholders: 440 (inclusive))	23,804
---	--------	--	--------

Shareholding of the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage %	Number of shares held	Number of shares held subject to selling restrictions	Number of shares pledged or frozen
Jiangsu Communications Holding Company Limited (“ Communications Holding ”)	State-owned legal person	54.44	2,742,578,825	0	Nil
China Merchants Expressway Network & Technology Holdings Co., Ltd.	State-owned legal person	11.69	589,059,077	0	Nil
BlackRock, Inc.	Foreign legal person	2.47	124,380,565	0	Unknown
Mondrian Investment Partners Limited	Foreign legal person	2.18	109,792,000	0	Unknown
JPMorgan Chase & Co.	Foreign legal person	1.65	82,901,847	0	Unknown
Commonwealth Bank of Australia	Foreign legal person	1.49	74,896,187	0	Unknown
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	Foreign legal person	0.57	28,692,900	0	Unknown
Jiantou Zhongxin Asset Management Co., Ltd.	Other	0.42	21,410,000	0	Unknown
Hong Kong Monetary Authority – Own Funds	Foreign legal person	0.24	12,187,111	0	Unknown
Guoyuan Securities (Hong Kong) Co., Ltd. – Customer fund (exchange)	Foreign legal person	0.19	9,339,702	0	Unknown
Related party/connected relationship among the abovementioned shareholders or any party acting in concert	The Company is not aware of whether or not there is any related party/connected relationship between the top ten holders of A Shares in circulation and the top ten shareholders.				

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



VII. MANAGEMENT DISCUSSION AND ANALYSIS

7.1 Business Review

In 2016, the outset year of the “13th Five-year Plan”, the Group carried out its work in line with the “One core and two supplements (一主兩翼)” strategy of the “13th Five-year Plan”. While investing in new construction projects of quality roads and bridges to expand its principal business scale in a healthy way, the Group optimized the development of the ancillary businesses through equity investment and trial investments in the areas such as finance, quasi-finance and emerging industries. Meanwhile, by exploring new means and methods in transformation of operation mode and enhancement of operating efficiency, the Company made substantive breakthroughs in the service area reform and achieved consistent and stable operation and development.

Centering on the “13th Five-year” development plan of the Company, the Company **further scaled up its principal business** in 2016. It capitalized on the development opportunity to continue with the integration of quality road and bridge projects in the expressway network in southern Jiangsu. Meanwhile, it devoted energetic efforts to become the provincial-level capital contributor to the construction of the Wufengshan Toll Bridge and North-South Approach Expressways projects, thus further consolidating its leading position in the expressway network in southern Jiangsu. Given the prominent geographical advantages of Wufengshan project, investment in this project was of considerable strategic significance and economic value for the development of the Group’s principal business. **More efforts were put into the development of ancillary businesses.** The Company increased the registered capital of Ninghu Investment by RMB900,000,000 and tentatively set footprints in the areas such as finance, quasi-finance and emerging industries through equity investment. In the year, Ninghu Investment participated in the subscription for CDB Kai Yuan Phase II Fund, which broadened its investment horizon, improved its investment capability and expanded its project categories for the future business transformation and development of the Company through exchanging ideas and cooperating with the well-known domestic investment institutions. Luode took the opportunity to scale up and completed the establishment of real estate investment parent fund. It has issued a total of 4 real estate funds, with management scale of RMB800 million, of which external capital accounted for 81%. It made stable progress in the development of real estate business, which contributed to the increase of revenue and profit of the Group. **Breakthroughs were made in the transformation of operation mode.** In 2016, the Company formulated the reform plan for the operation of service areas to spur the comprehensive improvement of the operating benefits and service quality in the six service areas through self-operation and “outsourcing +

supervision” modes. **Investment effects were fully revealed.** Projects for the acquisition of Ningchang Zhenli Company and Xiyi Company through absorption and merger in 2015 were in sound operation and gradually became important profit generator of the Group given their obvious growth momentum by capitalizing on the economies of scale of regional road network and the Company’s low-financing-cost model. Bank of Jiangsu, in which the Company invested RMB1 billion in 2013, was listed in 2016. The Company recorded a significant increase in the consolidated income of equity investment in view of the bank’s current share prices in the secondary market.

During the Reporting Period, the Group achieved total operating revenue of approximately RMB9,201,297,000, representing an increase of approximately 5.02% year-on-year, of which toll revenue amounted to approximately RMB6,652,456,000, representing an increase of approximately 3.33% year-on-year; revenue from ancillary services amounted to approximately RMB1,687,467,000, representing a decrease of approximately 10.50% year-on-year; revenue from property sales amounted to approximately RMB810,835,000, representing an increase of approximately 108.45% year-on-year; and revenue from advertising and other operations amounted to approximately RMB50,539,000, increased by approximately 2.87% year-on-year. According to the PRC Accounting Standards, the Group realized an operating profit of approximately RMB4,403,081,000 during the Reporting Period, representing an increase of approximately 25.38% as compared to the same period in 2015. Net profit attributable to the equity holders of the Company was approximately RMB3,346,064,000 and earnings per share was approximately RMB0.6642, representing an increase of approximately 33.49% as compared to the same period in 2015. The operating results of the Group broke another historic record.

Progress of various businesses is set out below:

1. Toll road and bridge operations

(1) Business performance and analysis on project operation

During the Reporting Period, the Group recorded toll revenue of approximately RMB6,652,456,000 representing a year-on-year increase of approximately 3.33% and accounting for 72.30% of total revenue from operation of the Group.

During the Reporting Period, Shanghai-Nanjing Expressway recorded an average daily traffic volume of 83,631, representing a year-on-year increase of 6.40%, and an average daily toll revenue of approximately RMB12,493,670, representing a year-on-year increase of 1.55%. Considering the movements of the traffic volume of passenger vehicles and trucks throughout the year, traffic volume of passenger vehicles maintained an overall stable growth at an average rate of approximately 8.08% for the year, accounting for approximately 78.04% of the total traffic volume, increased by 1.21 percentage points as compared to 2015. Whereas, traffic volume of trucks declined in the first half of the year, with the average daily volume decreased by approximately 4.57%, due to downturn of the macro economy in the first half of the year. With the gradually stable growth of macro economy in the second half of the year, especially since the special regulatory action against unlawfully refitted and overloaded trucks jointly carried out by Ministry of Transport, Ministry of Industry and Information Technology, Ministry of Public Security, State Administration for Industry and Commerce and General Administration of Quality Supervision, Inspection and Quarantine since September, traffic volume of trucks achieved notable and restorative growth. In particular, increments in average daily traffic volume of trucks in October, November and December were approximately 5.54%, 17.19% and 11.38%, respectively. Average growth rate in the second half of the year was approximately 5.99%. The traffic volume of trucks for the year increased by approximately 0.80%, and the proportion of traffic volume of trucks in the total traffic volume was approximately 21.96%.

The traffic volume of Ningchang Expressway, which was newly acquired in 2015, continued to be outstanding in the Reporting Period, with average daily traffic volume increased by approximately 19.69% year-on-year. Among which, the average daily traffic volume of passenger vehicles increased by approximately 22.09% year-on-year, while the average daily traffic volume of trucks increased by approximately 13.08% year-on-year. The average daily toll revenue increased by approximately 17.84% year-on-year, achieving the highest degree of increase of both traffic volume and toll revenue when comparing with those of other expressways within the network. Since the second half of 2016, the diversion impact of Ningchang Expressway on the western section of Shanghai-Nanjing Expressway has weakened and stabilized. In terms of the total traffic volume of Shanghai-Nanjing West Corridor comprising the western section of Shanghai-Nanjing Expressway and Ningchang Expressway, the

average daily traffic volume increased by approximately 11.08% year-on-year. Among which, the average daily traffic volume of passenger vehicles increased by approximately 12.94%, while the average daily traffic volume of trucks increased by approximately 4.49%. Total traffic volume of both passenger vehicles and trucks on the two major passages between Shanghai and Nanjing showed a positive growth momentum. Performance of traffic volume of Zhenli Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, which were acquired at the same time in 2015, was all better than expectation, indicating that the expressway asset integration within the region progressively brought along scale benefits to the principal business of the Company. The traffic volume of all the other road and bridge projects including the Guangjing Expressway, Xicheng Expressway, Jiangyin Bridge, Sujiahang Expressway and Yanjiang Expressway continued to maintain a relatively good growth momentum. In 2016, their overall movements in traffic volume of passenger vehicles and trucks were basically consistent with that of Shanghai-Nanjing Expressway.

(2) *Progress of businesses*

Actively investing in new construction projects

In order to further secure prime expressway channel resources, consolidate the Company's leading position in the expressway network in southern Jiangsu Province and effectively offset traffic diversion by other expressways, promote steady growth of the principal business operations, achieve expansion of principal business and maintain sustainable development, the investment of not more than RMB3,300 million by the Company in Wufengshan Toll Bridge and North-South Approach Expressways was considered and approved at the tenth meeting of the eighth session of the Board held on 5 September 2016. Wufengshan Toll Bridge and North-South Approach Expressways are scheduled to start construction in 2017 and will be open to traffic in 2020. Upon completion of the construction, the projects will become new sources for the Company's business growth.

Accelerating the construction of new construction projects

ChangJia Expressway, which is owned as to 22.77% by the Company, commenced construction in September 2013. Changjia Expressway was officially open to traffic at 10 a.m. on 31 December 2016 after three years of construction, and its subsequent operation and management are solely undertaken by Sujiayong Company.

The Zhendan Expressway project, which is owned as to 70% by the Company, commenced construction in October 2015. An aggregate of RMB1,062 million has been invested in the project, and construction has been underway and is expected to be completed in 2018.

In respect of the Changyi Expressway Phase I Project, the approval of the Jiangsu Provincial Development and Reform Commission on the project feasibility study was obtained in October 2016. The project is owned as to 60% by Guangjing Xicheng Company, a subsidiary of the Company. In January 2017, the Jiangsu Provincial Development and Reform Commission approved the preliminary project design of the Changyi Expressway Phase I Project. Currently, the relevant land requisition, demolition and relocation for the project are about to begin and the construction is expected to commence in 2017.

Progress of the compensation arrangements for G312 Shanghai-Nanjing Section

As required by the government of Jiangsu Province, the toll road concession rights of G312 Shanghai-Nanjing Section were early terminated on 16 September 2015. As approved and confirmed by the State-owned Assets Supervision and Administration Commission of Jiangsu Province, an economic compensation in the amount of RMB1,316,049,634 would be paid by Communications Holding from its retained earnings to the Company. On 24 and 25 December 2015, the Company received from Communications Holding RMB326,419,854 and RMB200,000,000, respectively, being the first installment of the compensation. On 6 September 2016, the Company received

from Communications Holding the second installment of the compensation in the amount of RMB394,814,890. As at the end of the Reporting Period, the Company had received compensation payment of RMB921,234,744 in total. The Company will actively follow up the subsequent progress regarding the remaining compensation of RMB394,814,890.

2. *Operation of ancillary services*

During the Reporting Period, the Company recorded revenue of approximately RMB1,687,467,000 from ancillary services, representing a year-on-year decrease of approximately 10.50%. In particular, the sales of oil products amounted to approximately RMB1,421,123,000, accounting for approximately 84.22% of the total revenue from ancillary services, and representing a year-on-year decrease of approximately 12.87%. The sales volume of oil products decreased by approximately 10.43% year-on-year. In particular, the sales volume of gasoline rose approximately 9.6% year-on-year, while the sales volume of diesel fell approximately 34.02% year-on-year. Due to the combined effects of various factors such as the macro economy, decline in domestic refined oil price and the upgrade of diesel grades at gas stations along the Shanghai-Nanjing Expressway, the overall sales of diesel at the service areas continued to decline. However, the Company managed to secure profit margins through negotiations with oil suppliers, bringing a year-on-year increase of approximately 0.91 percentage point in the gross profit margin of oil products business. Revenue from other businesses including food and beverage, retail of goods and hindrance clearance services amounted to approximately RMB266,344,000, representing a year-on-year increase of approximately 4.69%.

3. *Property development and sales business*

In 2016, as China's property market experienced ups and downs, the policies on the property market were adjusted in line with the market dynamics. In face of such complicated market environment and policy adjustments, with "de-stocking and ensuring delivery" as its annual marketing focus, the Company swiftly seized market opportunities, closely followed changes in the market and timely adjusted its marketing strategy to promote the development and sales of its property business, thereby securing smooth progress in the development, sales and delivery of each property project during the Reporting Period.

For the Reporting Period, the revenue from the pre-sale amounted to approximately RMB1,206,599,000, representing a year-on-year increase of approximately 113.23%. The carryover sales revenue was approximately RMB810,835,000, representing a year-on-year increase of approximately 108.45%. During the Reporting Periods, the net profit after tax of Ninghu Properties amounted to approximately RMB73,055,000, representing a year-on-year increase of approximately 22.32%.

4. *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. For the Reporting Period, the revenue from advertising and other businesses of the Group amounted to approximately RMB50,539,000, representing a year-on-year increase of approximately 2.87%. In particular, the revenue from advertising operations of the Group amounted to approximately RMB41,578,000, representing a year-on-year decrease of approximately 2.29%. The revenue from other property service and lease of commercial properties for the Reporting Period was approximately RMB8,961,000, representing a year-on-year increase of approximately 36.22%.

7.2 Financial analysis

1. Analysis of principal businesses

Changes in relevant items in income statement and cash flow statement:

Unit: RMB

Item	Reporting Period	Corresponding period of last year	Changes (%)
Operating revenue	9,201,297,066	8,761,321,186	5.02
Operating costs	4,363,720,292	4,414,950,181	-1.16
Selling expenses	26,762,163	15,804,477	69.33
Administrative expenses	182,065,269	185,570,228	-1.89
Financial expenses	502,388,296	778,935,597	-35.50
Income tax expenses	980,138,120	305,144,944	221.20
Non-operating income	44,838,537	42,430,974	5.67
Non-operating expenses	30,643,808	659,221,149	-95.35
Investment income	472,966,663	444,068,189	6.51
Net cash flow from operating activities	5,463,748,504	4,475,893,125	22.07
Net cash flow from investment activities	(225,759,481)	(1,499,120,436)	-84.94
Net cash flow from financing activities	(5,264,831,123)	(3,464,279,257)	51.97

(1) Principal businesses classified by industries and regions

The Group realized an aggregate operating revenue of approximately RMB9,201,297,000 in 2016, representing an increase of approximately 5.02 % as compared to the same period in 2015. Total operating costs were approximately RMB4,363,720,000, representing a year-on-year decrease of approximately 1.16 %. The consolidated gross profit margin of the Group increased by 2.97 percentage points over the corresponding period of last year.

Unit: 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	6,652,456,422	2,127,454,925	68.02	3.33	-6.57	Increased by 3.39 percentage points
Shanghai-Nanjing Expressway	4,572,683,126	1,221,713,458	73.28	1.83	5.22	Decreased by 0.86 percentage point
Nanjing-Lianyungang Highway-Nanjing Section	24,961,001	16,569,477	33.62	-5.92	4.13	Decreased by 6.40 percentage points
Guangjing Expressway and Xicheng Expressway	838,727,408	248,097,364	70.42	3.91	5.67	Decreased by 0.49 percentage point
Ningchang Expressway and Zhenli Expressway	909,765,569	468,889,810	48.46	15.48	5.03	Increased by 5.13 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	306,319,318	172,184,816	43.79	4.42	3.52	Increased by 0.49 percentage point
Ancillary services	1,687,466,779	1,674,183,118	0.79	-10.50	-11.49	Increased by 1.12 percentage point
Property sales	810,834,534	539,800,281	33.43	108.45	137.22	Decreased by 8.07 percentage points
Advertising and others	50,539,331	22,281,968	55.91	2.87	18.72	Decreased by 5.89 percentage points
Total	9,201,297,066	4,363,720,292	52.57	5.02	-1.16	Increased by 2.97 percentage points

By regions	Principal operating activities classified by regions					
	Operating revenue	Operating cost	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 (%)
Jiangsu Province	9,201,297,066	4,363,720,292	52.57	5.02	-1.16	Increased by 2.97 percentage points

During the Reporting Period, the major property units delivered were those of Tongcheng Shijia, Qingyuan and Tongcheng Guangming Xingzuo. Due to the relatively high land acquisition cost of the projects of Tongcheng Shijia and Qingyuan, the gross profit margin for sale of properties in the Reporting Period was lower than that of the corresponding period of last year.

(2) *Analysis of revenue and cost*

Components of revenue:

Item of revenue	For the Reporting period		For the same period in 2015		Increase/decrease as compared with the same period last year
		Percentage		Percentage	
Toll road	6,652,456,422	72.30	6,437,853,809	73.48	-1.18
Ancillary services	1,687,466,779	18.34	1,885,362,444	21.52	-3.18
Property sales	810,834,534	8.81	388,975,137	4.44	4.37
Advertising and others	50,539,331	0.55	49,129,796	0.56	-0.01
Total	<u>9,201,297,066</u>	<u>100</u>	<u>8,761,321,186</u>	<u>100</u>	

As the major customers of the Group's toll business, operation business in service area and property sales business are social individual consumers, the revenue from the top five customers represented less than 30% of the total revenue of the Company, and there was no bulk procurement related to day-to-day operations, there is limited value to disclose their information. Therefore, there is no information regarding the major customers and suppliers need to be further disclosed by the Group.

Components of costs:

Industries	Item of operating costs	Amount	Percentage	Amount for	Percentage	Change over the previous year (%)	Changes explanation
		during the Reporting Period	in total costs during the Reporting Period (%)	the same period of last year	in total costs during the same period last year (%)		
		2,127,454,925	48.75	2,277,037,609	51.58	-6.57	
Toll road operations	Depreciation and amortization	1,187,205,847	27.21	1,250,630,295	28.33	-5.07	The year-on-year decrease mainly represented the amortization of the toll concession rights prior to early termination of toll road concession rights of the G312 Shanghai-Nanjing Section in September 2015.
	Costs on toll collection operation	136,199,881	3.12	140,793,575	3.19	-3.26	
	Costs on maintenance	175,981,205	4.03	287,009,397	6.50	-38.68	The maintenance cost for the Reporting Period had a relatively significant decrease as compared to the corresponding period of last year, which was mainly 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 2015.
	Costs on system maintenance	44,915,576	1.03	44,224,164	1.00	1.56	

Industries	Item of operating costs	Percentage in total		Percentage in total		Change over the previous year (%)	Changes explanation
		Amount during the Reporting Period	costs during the Reporting Period (%)	Amount for the same period of last year	costs during the same period last year (%)		
	Labour costs	583,152,416	13.36	554,380,178	12.56	5.19	Mainly due to the rigid increase in labour costs.
Costs on ancillary service businesses		1,674,183,118	38.37	1,891,594,931	42.84	-11.49	
	Raw materials	1,419,872,764	32.54	1,635,506,878	37.04	-13.18	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	24,663,217	0.57	27,126,609	0.61	-9.08	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 2015.
	Labor costs	180,082,158	4.13	182,434,705	4.13	-1.29	Labour costs recorded a year-on-year decrease mainly due to the transformation of operation mode of certain service areas of subsidiaries from self-operation to leasing out in the Reporting Period.

Industries	Item of operating costs	Percentage in total		Percentage in total		Change over the previous year (%)	Changes explanation
		Amount during the Reporting Period	costs during the Reporting Period (%)	Amount for the same period of last year	costs during the same period last year (%)		
	Other costs	49,564,979	1.13	46,526,739	1.06	6.53	
	Costs on property sales business	539,800,281	12.37	227,549,069	5.15	137.22	Due to the year-on-year increase in deliveries of property projects by Ninghu Properties, a subsidiary of the Company, carryover costs carried from property sales business recorded a year-on-year increase.
	Costs on advertising and other business	22,281,968	0.51	18,768,572	0.43	18.72	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		4,363,720,292	100	4,414,950,181	100	-1.16	

(3) Expenses

Administrative expenses

During the Reporting Period, administrative expenses of the Group amounted to RMB182,065,000 in aggregate, which decreased by approximately 1.89% from the corresponding period in previous year. After the Group completed the merger of certain roads and bridges projects by absorption, the administrative expenses were effectively controlled through delayering management.

Financial expenses

As at 31 December 2016, the Group's total interest-bearing liabilities amounted to approximately RMB10,803,625,000, decreased by approximately RMB2,598,218,000 as compared with that in the beginning of the Reporting Period. The total financial expenses of the Group amounted to approximately RMB502,388,000, representing a year-on-year decrease of approximately 35.50%, due to the year-on-year decrease of 1.17 percentage points in the consolidated borrowing interest rate of the interest-bearing liabilities, being approximately 4.06%. After the completion the merger of Ningchang Zhenli Company and Xiyi Company in 2015, the Company actively adjusted its debt structure and replaced the mid-term and long-term bank borrowing with higher capital costs with direct financing with a lower capital cost, which effectively reduced the financing costs. In 2016, the People's Bank of China lowered interest rates for 5 times which also contributed to the year-on-year decrease of financial expenses of the Company in the Reporting Period.

Selling expenses

During the Reporting Period, the Group's aggregate selling expenses amounted to approximately RMB26,762,000, representing a year-on-year increase of approximately 69.33%, mainly due to the fact that Ninghu Properties, a subsidiary of the Company, seized the opportunities in the market to accelerate sale progress and increase sales of its existing property projects during the Reporting Period, resulting in a significant increase in the commission fee for agents for the pre-sold projects as compared to the corresponding period of last year.

Income tax expense

The statutory tax rate of all companies of the Group was 25%. During the Reporting Period, the income tax expense of the Group amounted to RMB980,138,000 in aggregate, representing a year-on-year increase of approximately 221.20%, mainly attributable to following two facts: firstly, Ningchang Zhenli Company, a subsidiary of the Company, changed from loss-making to become profitable following its transfer of debts, thus qualifying for deferred income tax and recorded an one-off income tax reduction amounting to RMB326,834,000 pursuant to tax policies; and secondly, assets losses of approximately RMB623,957,000 resulting from the early termination of toll road concession rights of the G312 Shanghai-Nanjing Section in 2015 were deducted before tax, which led to lower income tax in the same period of 2015.

(4) *Cash flow*

The revenue from the principal business of toll roads of the Group is received in cash, contributing to a stable operating cash inflow. During the Reporting Period, the net cash flow from the Group's operating activities amounted to approximately RMB5,463,749,000, representing a year-on-year increase of approximately 22.07%, mainly due to the net increase in operating cash inflow on a year-on-year basis resulting from the growth in toll revenue and property presale income and the decrease in cash payment for purchase of goods and receipt of services in the Reporting Period; net cash outflow from investment activities amounted to approximately RMB225,759,000, representing a year-on-year decrease of approximately 84.94%, mainly due to a year-on-year decrease in net cash outflow for investment activities resulting from the payment of investment consideration for the merger and acquisition of Ningchang Zhenli Company and Xiyi Company in the same period in 2015, and the year-on-year decrease in the net cash outflow for purchasing wealth management products in the Reporting Period and the payment for expressway construction projects during the Reporting Period; the net cash outflow for financing activities amounted to approximately RMB5,264,831,000, representing a year-on-year increase of approximately 51.97%, mainly due to a year-on-year increase in the net cash outflow for the repayment of interest-bearing liabilities during the Reporting Period.

(5) *Non-operating income and expenses*

During the Reporting Period, the Group achieved a non-operating income of approximately RMB44,839,000, representing a year-on-year increase of approximately 5.67%, which was mainly due to the subsidy of approximately RMB12,930,000 for energy conservation and emission reduction and subsidy of approximately RMB1,171,000 for stabilization of employment received during the Reporting Period.

During the Reporting Period, the Group incurred a non-operating expense of approximately RMB30,644,000, representing a year-on-year decrease of approximately 95.35%, which was mainly due to significant losses recognized for disposal of assets from early termination of the Company's toll road concession rights of G312 Shanghai- Nanjing Section in 2015.

(6) *Investment income*

During the Reporting Period, the Group's investment income amounted to approximately RMB472,967,000, representing a year-on-year increase of approximately 6.51%. Benefitted from the increase in profits of associates such as Yangtze Bridge Company, Sujiahang Company and Yanjiang Company, investment income contributed by associates and joint ventures in which the Group held direct equity interest during the Reporting Period amounted to approximately RMB438,033,000, representing an increase of approximately 28.71% as compared to the same period last year.

2. *Assets and Liabilities*

As of 31 December 2016, items of assets and liabilities of the Group are as follows:

Item of Assets and Liabilities	As at		Corresponding period of 2015	Change at		Explanation
	the end of the Reporting Period	Percentage in the total assets (%)		the end of Reporting Period over the previous year (%)	Percentage in the total assets (%)	
Cash and bank balances	265,422,162	0.73	255,475,447	0.70	3.89	
Bills receivable	6,116,460	0.02	1,722,313	0.00	255.13	Mainly due to an increase in the bank acceptance notes held by Ninghu Investment, a subsidiary of the Company, as compared with the beginning of the year.
Accounts receivable	148,153,297	0.41	123,353,524	0.34	20.10	
Interest receivable	45,694,000	0.13	18,733,333	0.05	143.92	Mainly due to an increase in interest on borrowings due from joint ventures during the Reporting Period.

Item of Assets and Liabilities	As at		Corresponding period of 2015	Change at		Explanation
	the end of the Reporting Period	Percentage in the total assets (%)		Percentage in the total assets (%)	the end of Reporting Period over the previous year (%)	
Other receivables	422,083,818	1.16	812,198,353	2.23	-48.03	Mainly due to the receipt of part of the compensation for early termination of the Company's toll road concession rights of G312 Shanghai-Nanjing Section during the Reporting Period.
Other current assets	326,161,615	0.90	502,774,234	1.38	-35.13	Mainly due to a decrease in the financial products held by the Group at the end of the Reporting Period as compared to the beginning of the Reporting Period.
Inventories	3,142,326,304	8.66	3,256,454,567	8.93	-3.50	
Available-for-sale financial assets	2,086,127,987	5.75	1,293,818,457	3.55	61.24	Mainly due to the increase in the book value of available-for-sale financial assets recognized at fair value after the listing of 200 million shares of Bank of Jiangsu held by the Company in A Share market in the Reporting Period as well as the equity investments in the Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II and the Nanjing Luode Dening Real Estate Investment Partnership (南京洛德德寧房地產投資合夥企業) by Ninghu Investment, a subsidiary of the Company, in the Reporting Period.

Item of Assets and Liabilities	As at		Corresponding period of 2015	Change at		Explanation
	the end of the Reporting Period	Percentage in the total assets (%)		Percentage in the total assets (%)	the end of Reporting Period over the previous year (%)	
Long-term equity investment	4,771,195,958	13.15	4,456,793,805	12.22	7.05	
Fixed assets	1,734,084,711	4.78	1,692,923,594	4.64	2.43	
Construction in progress	1,197,809,229	3.30	1,030,127,104	2.82	16.28	
Other non-current assets	376,477,785	1.04	300,000,000	0.82	25.49	Mainly due to the increase in borrowings provided by the Company for Hanwei Company (a joint venture of the Company) in the Reporting Period.
Short-term borrowings	810,000,000	2.23	1,811,000,000	4.96	-55.27	Mainly due to the repayment of certain short-term borrowings by the Company during the Reporting Period.
Receipts in advance	940,873,359	2.59	555,913,419	1.52	69.25	Mainly due to the increase in the pre-sale payments received by Ninghu Properties for property projects

Item of Assets and Liabilities	As at the end of the Reporting Period	Percentage in the total assets (%)	Corresponding period of 2015	Percentage in the total assets (%)	Change at	Explanation
					the end of Reporting Period over the previous year (%)	
Taxes payable	231,702,787	0.64	61,498,426	0.17	276.76	Mainly due to the lower income tax payable by the Company as at the end of last year given the relevant loss arising from the disposal of the assets of G312 Shanghai-Nanjing Section is deductible before tax, while the income tax payable by the Company increased as at the end of the Reporting Period.
Interest payable	92,220,187	0.25	69,925,072	0.19	31.88	Mainly due to the increase in interest payable resulting from the medium term notes amounting to RMB1 billion newly issued during the Reporting Period.
Other payables	39,984,545	0.11	80,687,691	0.22	-50.45	Mainly due to the payment of coordination and development fee for the expressways generated before the merger and acquisition of Ningchang Zhenli Company and Xiyi Company in the Reporting Period.
Other current liabilities	3,936,452,668	10.85	6,685,220,505	18.33	-41.12	Mainly due to the repayment of ultra-short-term notes upon maturity during the Reporting Period.

Item of Assets and Liabilities	As at		Corresponding period of 2015	Change at		Explanation
	the end of the Reporting Period	Percentage in the total assets (%)		Percentage in the total assets (%)	the end of Reporting Period over the previous year (%)	
Long-term borrowings	1,471,905,901	4.06	1,382,806,332	3.79	6.44	
Bonds payable	4,457,801,187	12.29	3,456,427,928	9.48	28.97	Mainly due to the issuance of medium term notes amounting to RMB1 billion during the Reporting Period.
Deferred income tax liabilities	138,362,514	0.38	2,544,353	0.01	5338.02	Mainly due to the corresponding adjustment to other comprehensive income according to the fair value of shares of Bank of Jiangsu held by the Company in A Share market after the listing and the recognition of the deferred tax liabilities by the Company during the Reporting Period.
Other comprehensive income	542,389,052	1.49	121,482,904	0.33	346.47	Mainly due to the corresponding adjustment to other comprehensive income according to the fair value of shares of Bank of Jiangsu held by the Company in A Share market after the listing during the Reporting Period.

Item of Assets and Liabilities	As at the end of the Reporting Period	Percentage in the total assets (%)	Corresponding period of 2015	Percentage in the total assets (%)	Change at	Explanation
					the end of Reporting Period over the previous year (%)	
Shareholders' equity attributable to equity holders of the Company	22,209,756,185	61.21	20,476,159,276	56.14	8.47	
Minority interests	732,100,804	2.02	710,012,832	1.95	3.11	
Total Assets	36,282,573,529	100.00	36,476,039,663	100.00	-0.53	
Total gearing ratio	36.77%	-	41.92%	-	Decreased by 5.15 percentage points	
Net gearing ratio	58.15%	-	72.17%	-	Decreased by 14.02 percentage points	

* The calculation basis for total gearing ratio: liabilities divided by total assets;
The calculation basis for net gearing ratio: liabilities divided by shareholder's
equity.

(1) *Capital expenditures*

During the Reporting Period, the Group's planned and incurred capital expenditures amounted to approximately RMB886,562,000, representing a decrease of approximately 57.68% or RMB1,208,497,000 from 2015. The decrease was mainly due to the higher capital expenditures in merger and absorption of equity interests of Ningchang Zhenli Company and Xiyi Company in 2015. During the Reporting Period, details on the Group's capital expenditure projects and their amounts are as follows:

Unit: RMB

Capital expenditures projects	RMB
Equity investment in Sujiayong Company	72,317,102
Equity investment in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership)	155,309,530
Equity investment in Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership)	75,000,000
Investment in construction of Zhendan Expressway	323,782,305
Informationisation construction projects	29,111,330
Noise barriers construction projects	15,735,101
Renovation project of toll collection points and service areas	69,349,869
Construction of the three major systems	43,681,951
Connection and renovation of Jingjiang station of Guangjing Expressway	6,975,840
Setting up advertising signages	3,515,621
Renovation project for overpass of Luqu Interchange-Mashan Expressway	3,000,000
Suzhou inter-communication expansion project	5,750,000
Other construction and facilities in progress	83,033,207
Total	<u><u>886,561,856</u></u>

(2) *Capital structure and solvency*

The Company attached great importance to maintaining 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 total liabilities of the Group amounted to approximately RMB13,340,717,000. The total gearing ratio of the Group was approximately 36.77% (Note: calculation basis of the total gearing ratio: Liabilities/Total assets), which decreased by 5.15 percentage points as compared with that at the end of last year. 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.

(3) *Financial strategy and financing arrangement*

During the Reporting Period, the Company actively expanded its financing channels. It adjusted its interest-bearing liabilities structure inherited from acquisition by direct financing means including the issue of ultra-short-term and medium-term notes. The Company reduced its financing cost by means such as repaying bank loans and replacing indirect financing with direct financing. For the Reporting Period, the direct financing of the Company amounted to RMB9.4 billion and the repaid bank loans totaled approximately RMB5.677 billion. Through implementing active structural adjustment of interest-bearing liabilities, as at 31 December 2016, the balance of interest-bearing liabilities of the Company amounted to around RMB10.804 billion, decreasing by approximately RMB2.598 billion compared with the balance at the beginning of the Reporting Period, in which approximately RMB9,231 million are liabilities with fixed interest rates while approximately RMB1,573 million are liabilities with floating interest rates. At the end of the Reporting Period, the proportion of direct financing in the Group's interest-bearing liabilities was approximately 77.75%, representing an increase of approximately 2.39 percentage points compared with that at the beginning of the Reporting Period. During the Reporting Period, the Company met the funding demands for operational management and project investment and effectively controlled the financing costs by means of active financing strategies.

There was no seasonality of the Group's demands for loans. During the Reporting Period, the Company's consolidated borrowing cost rate of interest-bearing liabilities was approximately 4.06%, which was approximately 1.17 percentage point lower than that in the previous year and approximately 0.92 percentage point lower than the prevailing bank loan rate of the same period.

(4) *Credit policy*

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

(5) *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, the above borrowing has been repaid in full.

A subsidiary of the Company, Guangjing Xicheng Company, has merged with 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, secured by the pledge of the toll road concession rights of Xiyi Expressway 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, RMB162,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB38,000,000.

(6) *Contingencies*

Ninghu Properties, a subsidiary of the Company provides joint liability guarantees to banks based on common practice in real estate operation for bank mortgage borrowings granted to buyers of properties including Kunshan Huaqiao Urban Core B4 Guangmingjiezuo Project, Huaqiao Urban Core B19 Guangmingxinzuo Project, Baohua Hongyan Community B1 and B2 Tongchengshijia Project, Suzhou Nanmen Road G25 Shijiahuating Project and Suzhou “Qingyuan” located at Xinshi Road. The obligation begins from the date on which the guarantee contract comes into effect and will end when the registration of mortgage in respect of the purchased properties is completed and the third party rights certificate in respect of the properties is provided to bank. As at 31 December 2016, the outstanding guarantees amounted to approximately RMB779,906,911 (31 December 2015: RMB286,633,851).

(7) *Foreign exchange risks*

The Group operates its businesses principally in the PRC. No material foreign exchange risks are involved as the Group’s revenue from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H Shares, and the Group has no foreign currency investment. The Group has obtained a loan of USD9,800,000 from the Spanish Government in 1998 at the interest rate of 2% per annum and it will be due on 18 July 2027. As at 31 December 2016, the balance of the loan was approximately RMB20,625,000 after currency conversion, against which no foreign exchange hedge arrangements were made by the Company. Fluctuations in exchange rates will not have any material impact on the Group’s results.

(8) Reserves

Unit: RMB

	Share capital	Capital reserve	Other comprehensive income	Statutory surplus reserve	Retained profit	Total shareholders' equity attributable to equity holders of the Company
As at 1 January 2015	5,037,747,500	11,511,362,341	188,889,048	2,927,043,693	1,350,937,480	21,015,980,062
Profit for the year					2,506,629,408	2,506,629,408
Reduction of owners' capital		(1,064,700,000)				(1,064,700,000)
Total comprehensive income			(67,406,144)			(67,406,144)
Profit distributed				113,244,086	(113,244,086)	0
Dividends distributed					(1,914,344,050)	(1,914,344,050)
As at 31 December 2015	5,037,747,500	10,446,662,341	121,482,904	3,040,287,779	1,829,978,752	20,476,159,276
As at 1 January 2016	5,037,747,500	10,446,662,341	121,482,904	3,040,287,779	1,829,978,752	20,476,159,276
Profit for the year					3,346,063,867	3,346,063,867
Reduction of owners' capital		(18,274,106)				(18,274,106)
Total comprehensive income			420,906,148			420,906,148
Profit distributed				112,885,381	(112,885,381)	0
Dividends distributed					(2,015,099,000)	(2,015,099,000)
As at 31 December 2016	5,037,747,500	10,428,388,235	542,389,052	3,153,173,160	3,048,058,238	22,209,756,185

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

The above statutory reserves may not be used for purposes other than their intended purposes nor for distribution as cash dividends. As at 31 December 2016, reserves distributable to shareholders of the Company amounted to RMB3,048,058,238 (As at 31 December 2015, reserves distributable to shareholders of the Company amounted to RMB1,829,978,752).

3. *Investment Analysis*

1. *Overall analysis on external investment*

During the Reporting Period, the external equity investment of the Group amounted to RMB302,627,000, representing a decrease of approximately 76.88% as compared with 2015. The specific items include: investment of RMB72,317,000 in Sujiayong Company (principally engaged in operation and management of Changjia Expressway), representing 22.77% of its registered capital; equity investment of RMB155,310,000 in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership) and equity investment of RMB75,000,000 in Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership).

(1) Material equity investments

Investment in the construction of new toll roads and bridges

The tenth meeting of the eighth session of the Board of the Company was held on 5 September 2016 to consider and approve the Company's investment of up to RMB3,300 million in the construction of new projects of Wufengshan Toll Bridge and North-South Approach Expressways. The Company holds approximately 64.5% equity interest in the projects. The construction of the new projects are scheduled to commence in the second half of 2017 and be open to traffic in 2020.

The Company's investment in the Wufengshan cross-river channel project will further secure prime expressway channel resources, consolidate the Company's leading position in the expressway network in southern Jiangsu Province and effectively offset diversion by new expressway, and promote steady growth of the core business. It is of material strategic significance for the Company to expand core business and achieve sustainable development.

In February 2017, the Jiangsu Provincial Development and Reform Commission approved the project feasibility study report for the Wufengshan projects. The estimated investment for North-South Approach Expressways was RMB8,909 million. The total investment for Wufengshan Toll Bridge is RMB2,708 million (static investment).

For details about the project investment, please refer to relevant announcement of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on 6 September 2016, respectively.

(2) Material non-equity investment

Capital increase in Ninghu Investment

In order to enhance the external investment ability of the Ninghu Investment, a wholly-owned subsidiary of the Company, and to turn it into a management platform of equity investments focusing on expressway derivative industrial investments with other emerging industry investments as complementary, an increase of RMB900 million in the registered capital of Ninghu Investment by the Company through its internal resources was considered and approved at the ninth meeting of the eighth session of the Board held on 26 August 2016. The registered capital of Ninghu Investment was increased from RMB100 million to RMB1,000 million. This increased capital will be injected by installment according to the capital contribution status of the investment projects as approved by the Board. As at the date of this announcement, RMB231 million was paid up, in which RMB155.31 million was used for subscription for CDB Kai Yuan Phase II Fund and RMB75 million was used for establishment of real estate parent fund.

This capital increase was considered a reasonable plan having regards to the business development status and future development needs of Ninghu Investment. The completion of this capital increase will greatly improve its financial strength and its capability of taking up business operations, further facilitate the steady and sound development of the investment business and enhance the overall operating performance of the Company, which will lay the foundation for the Company to achieve sustainable development. Such capital increase will not change the equity structure of Ninghu Investment. Ninghu Investment will remain as a wholly-owned subsidiary of the Company after such capital increase. There will be no changes in the scope of the combined financial statements of the Company and the profit or loss of the Company during the period of occurrence of capital increase will not be materially affected.

For details (including the business scope of Ninghu Investment), please refer to the announcement of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange at www.sse.com.cn and the website of Hong Kong Stock Exchange at www.hkexnews.hk on 27 August 2016.

Subscription for private fund

The Company convened the ninth meeting of the eighth session of the Board on 26 August 2016 for the purpose of considering and approving the resolution on the subscription of CDB Kai Yuan Phase II Fund by the Company's wholly-owned subsidiary, Ninghu Investment, with contribution of up to RMB500 million. On 18 November 2016, Ninghu Investment entered into the partnership agreement with CDB Kai Yuan and other partners and paid the existing partners an interest compensation totaling RMB4,809,500 for the contribution to the fund. The subscription amount is payable by installments according to the subsequent status of investments in projects.

As the equity investment platform of the Company, Ninghu Investment's participation in the CDB Kai Yuan Phase II Fund allows Ninghu Investment to have the opportunity to exchange or even cooperate with well-known domestic investment institutions, and will benefit from obtaining rare investment opportunities, expand the depth and width of equity investment, broaden the investment horizon and investment level, which is in line with the Company's strategic development requirements, and will lay the foundation of the Company's sustainable development.

In light of CDB Kai Yuan's apparent advantages of resources as fund manager, its experienced team, strong brand influence and the good track record and development of the CDB Kai Yuan Phase I Fund, the Board is of the view that the overall risk of participating in the CDB Kai Yuan Phase II Fund is controllable and the expected return is preferable. Investment in the fund will not affect the normal operation of the Company's principal business nor affecting the interests of the shareholders of the Company.

For details about the subscription of private fund (including the investment scope of the fund) and its progress, please refer to the announcements of the Company published on the website of Shanghai Stock Exchange: www.sse.com.cn and the Hong Kong Stock Exchange: www.hkex.com.hk on 27 August 2016, 31 August 2016 and 19 November 2016. As at the end of the Reporting Period, Ninghu Investment has contributed RMB155.31 million for the subscription of fund.

Establishment of Real Estate Investment Parent Fund

The Company convened the ninth meeting of the eighth session of the board of directors on 26 August 2016 for the purpose of considering and approving the resolution on the participation of the Company's wholly-owned subsidiary, Ninghu Investment in the Real Estate Investment Parent Fund phase I initiated by Luode Fund Company. On 5 December 2016, the Real Estate Investment Parent Fund phase I was

established, with a total contribution of RMB455 million due to oversubscription, in which: Ninghu Investment contributed RMB150 million, Luode Fund Company, as a general partner and the fund manager, contributed RMB5 million and other limited partners contributed RMB300 million. The subscription amount is payable by installments according to the subsequent status of investments in projects.

As the equity investment platform of the Company, Ninghu Investment's participation in the establishment of the Real Estate Investment Parent Fund phase I is beneficial to the expansion of the scale of fund management, enhancement of the ability to engage in in-depth cooperation with brand developers and increase in opportunities to access quality projects by Luode Fund Company within a short period of time, so as to promote the market position of Luode Fund Company and realize its significant development. It is also beneficial to the promotion of the efficient use of its internal resources and the increase of cash return.

For details (including the investment scope of the fund), please refer to the announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on 27 August 2016 and 6 December 2016, respectively. As at the end of the Reporting Period, Ninghu Investment had contributed RMB75 million.

(3) Financial assets measured at fair value

Unit: RMB

Item	Initiative investment cost	Source of funds	Purchase/selling	Investment Income	Fair value changes
Fund investment	9,999,400	Internal resources	-	0	-5,108,694
Wealth management product	262,504,747	Internal resources	-	7,852,138	0
Gold investment	15,710,238	Internal resources	-	-110,098	2,434,360

During the Reporting Period, Ninghu Investment, a subsidiary of the Company, continued to hold Fuanda Advantageous Growth Foundation it purchased in 2011, with approximately 10,000,000 investment units at the beginning of the year and net value of RMB22,459,000, in which investment cost amounted to RMB9,999,000. The fair value during the Reporting Period decreased by RMB5,109,000 and the accumulated fair value increased by RMB7,350,000. Ninghu Investment continued to hold precious metals – gold investment purchased in 2014, with net value of RMB13,428,000 and RMB15,863,000 at the beginning and the end of the year respectively, in which investment cost amounted to RMB15,710,000. The fair value during the Reporting Period increased by RMB2,434,000 and the accumulated fair value increased by RMB153,000.

4. *Material Assets and Equity Interest Disposal*

1. *Capital reduction in Ningchang Zhenli Company*

In June 2015, the Company completed the acquisition of the entire equity interest in Ningchang Zhenli Company. After the completion of acquisition, Ningchang Zhenli Company changed from loss-making to become profitable. However, given the accumulated undistributed profit of Ningchang Zhenli Company remains negative due to its losses in prior years, the Company is unable to receive profit distribution from Ningchang Zhenli Company. Therefore, on the basis of assurance of all liquidity requirements in Ningchang Zhenli Company's ordinary course of operation and investment, it is proposed to transfer the idle cash of Ningchang Zhenli Company to the Company through gradual reduction of capital in the following years, so as to centralise coordination of capital operation, avoid idleness of capital and to increase the utilization efficiency of capital.

The Company convened the ninth meeting of the eighth session of the Board on 26 August 2016 for the purpose of considering and approving the resolution on capital reduction in Ningchang Zhenli Company. The amount of capital reduction for this year is RMB988,850,000, and following which the registered capital was reduced to RMB9,700,000,000 from RMB10,688,850,000. Such capital reduction will not change the equity structure of Ningchang Zhenli Company. Ningchang Zhenli Company will remain as a wholly-owned subsidiary of the Company after such capital reduction. There will be no changes in the scope of the combined financial statements of the Company and the profit or loss of the Company during the period of occurrence of capital reduction will not be materially affected.

For details, please refer to the announcement of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange at www.sse.com.cn and the Hong Kong Stock Exchange at www.hkexnews.hk on 27 August 2016.

2. *Transfer of equity interests in Jiangsu Sundian*

Jiangsu Sundian is principally engaged in maintenance and major repairs of road and bridge projects; highway greenery projects and highway lighting projects; construction work on traffic safety facilities. Its shareholders include Communications Holding (as to 25% of the equity interests) and its nine subordinate road and bridge companies (among which Guangjing Xicheng Company is interested as to 15% and each of the others is interested as to 7.5% in the equity interests). In 2015, upon completion of Guangjing Xicheng Company's merger with Jiangsu Xiyi Expressway Co., Ltd., Guangjing Xicheng Company's equity interests in Jiangsu Sundian increased from 7.5% to 15%. Taizhou Bridge Company started its operation since November 2012 and is the only road and bridge enterprise within the system of Communications Holding that does not hold equity interests in road and bridge maintenance company. In order to maintain an equal proportion of equity interests in Jiangsu Sundian held by Communications Holding's subordinate road and bridge companies, optimize the equity holding structure of Jiangsu Sundian, after amiable negotiation between Guangjing Xicheng Company and Taizhou Bridge Company and as considered and approved at the eleventh meeting of the eighth session of the Board on 27 October 2016, Guangjing Xicheng Company transferred 7.5% equity interests in Jiangsu Sundian to Taizhou Bridge Company for a consideration of RMB3,899,000 determined by valuation. For details about the equity transfer, please refer to the announcement of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange at www.sse.com.cn and the Hong Kong Stock Exchange at www.hkexnews.hk on 28 October 2016.

After all industrial and commercial registration procedures for the equity transfer were completed in January 2017, Guangjing Xicheng Company's equity interest in Jiangsu Sundian reduced to 7.5%.

7.3 Development strategies of the Company

In 2016, the Group has, on the basis of the comprehensive review of the implementation of specific strategic indicators during the “12th Five-Year Plan” period, accurately grasped the medium to long-term trend of the socioeconomic transformation and development of the industry, performed in-depth analysis of changes in internal and external business environment caused by the new stage of development, further amended and improved the key strategic indicators and targets for development, and actively planned its “13th Five-Year” development strategy, thereby fully prepared itself in terms of capacity and resources to adapt to the new market and industry environment and realize sustainable development. Upon full deliberation and demonstration, the “13th Five-Year” development plan of the Company was considered and approved at the ninth meeting of the eighth session of the Board of Directors on 26 August 2016.

During the “13th Five-Year Plan” period, the Group will devote its efforts on “one focus and two cores”, namely, to focus on investment and operation of transport infrastructure while actively exploring opportunities for development of the two core segments – expressways and other infrastructure. With equity investment and functional real estate investment as two propellers, the Group will venture into road-derivative business fields to promote continuous optimization of its industrial layout. Furthermore, the Group will strive to achieve “three replacements”(i.e. replacement of human labour with intelligent technology, replacement of transmission with Internet and replacement of local storage with cloud-based storage) so as to continually strengthen information technology construction and elevate operation and management efficiency in an all-round way; build “Jiangsu Expressway with four features”, i.e. the Jiangsu Expressway with smooth traffic, advanced technology, sufficient capital and people-oriented concepts; implement “five strategies”, i.e. operational improvement strategy, business optimization strategy, capital operation strategy, management reform strategy and talents upgrading strategy, so as to ensure accomplishment of all strategic objectives; and enhance the prevention and control of “six major risks”, i.e. strategic risk, investment risk, financial risk, operational risk, compliance risk and corruption risk, so as to promote sustained and stable development of the Group. Through these efforts, the Group aims to develop itself into a modern investment operation and management company with “mature capital operation, leading management efficiency and harmonious multi-relations”.

7.4 Operational Plan

1. *Operating objectives for 2017*

Based on the anticipated operating and macroeconomic environment in 2017, the Board believes that the Group's total revenue will exceed RMB9,300 million in 2017, and the budgeted operating costs and relevant expenses shall be controlled under the amount of RMB5,200 million. Given the uncertainties faced by the Group in its operations in 2017, the operating plan does not constitute an undertaking of operating results to investors. Investors shall have sufficient risk awareness and understand the difference between operating plans and undertaking of results.

2. *Operating plan for 2017*

In order to ensure the achievement of profit target for 2017 and be well prepared for the future strategic development, the Group has formulated the following major measures for 2017 based on the overall business environment in 2017:

- (1) **Promote resources integration and achieve new breakthroughs in project investment.** In 2017, the Group will continue to focus on investment and operation of transport infrastructure, capitalize on opportunities to promote integration of assets in relation to toll roads and bridges in southern Jiangsu, and conduct in-depth study on the feasibility of investment in transport infrastructure projects that may generate synergistic effects with Shanghai-Nanjing Expressway so as to expand the proportion of the Company in the road network in southern Jiangsu and further consolidate its dominant position through equity investment, management output and other ways. In addition, the Group will actively explore effective ways for capital investment and equity management by leveraging on its access to domestic and overseas capital markets, and steadily promote investment in real estate projects and real estate funds and financial and quasi-financial equity investment, thereby optimizing its investment portfolio and effectively improving the efficiency and returns of capital operation.

- (2) **Accelerate reform and innovation and promote transformation of business models at service areas.** After the “Outsourcing + Supervision” business model was first implemented at Meicun service area, the operating reform program will be implemented at six service areas along Shanghai-Nanjing Expressway to promote transformation and upgrading of business models. Economic efficiency and service standard will be enhanced in an all-round manner through self-operation, “Outsourcing + Supervision”, brand collaboration, innovative business models and other means. The Group will take advantage of the change in the market conditions of refined oil to increase its efforts in competitive negotiations with oil suppliers to secure greater profit margins and achieve apparent improvement in the overall profits from sales of oil products.
- (3) **Exploit existing platforms to tap the potentials of multi-channel financing.** For the purposes of market-oriented financing, the Group will speed up the adjustment and optimization of its existing financing structure, debt maturity structure and financing varieties while taking into full account the funding requirements and financial risks of the Company. The Company will seek to raise its credit rating from international rating agencies so as to exploit overseas financing channels and reduce exchange rate risks. The Company will explore a variety of innovative financing tools to exploit its financing platform as a listed public company. In particular, it will further exploit its comprehensive financing capacity in domestic and overseas capital markets through corporate bonds, asset securitization, additional issue and placement, overseas bonds and other direct financing means, expanding financial channels and reducing financing costs, thereby providing low-cost financial resources for the Company’s strategic development and scale expansion.
- (4) **Leverage on the information-based means to comprehensively promote the construction of “smart expressways”.** By means of innovative information-based development model, public information service mode, expressway operation and management and enterprise management, information-based facility operation and management, application of information technology and information security protection, the Company will promote the construction of “smart expressways” in an all-round manner and further enhance its capacities in data analysis and business support, so as to achieve data sharing and resource integration and

identify new value of data resources. In this way, the Company will be able to elevate its operation and management efficiency through replacing human labour with intelligent technology, replacing transmission with Internet and replacing local storage with cloud-based storage step by step.

- (5) **Optimize the system for ensuring smooth traffic and improve standardized management of road operation services.** In respect of on-site road management, safe and smooth traffic is the focus. The Company will strive to maintain the excellent quality of roads through scientific maintenance system, improve emergency response and handling by boosting comprehensive command and dispatch capacity as well as hindrance clearance management, and improve users' travel experience by optimizing counter service image. Furthermore, the Company will strengthen research on operation and management strategy, road network control strategy, accident prevention and control strategy adopted when the traffic volume is saturated, and gradually develop a road operation and management mechanism that is relatively scientific, efficient and duplicable, so as to prepare for management output.

3. *Capital requirement and financing plan for 2017*

The Group will capitalize on its cash flow advantages and financing platform advantages and achieve financial synergistic effect through early repayment of debts or debt replacement in 2017. Capital requirement for planned capital expenditure in 2017 amounted to approximately RMB6,235 million. Meanwhile, considering other roll-over debts of the Group, it is expected the total capital requirement of the Group in 2017 would be approximately RMB14.5 billion.

The Company has contracted but unutilized credit facilities contracts for 2017 with banks. The Company is entitled to credit facilities of RMB4,563 million with a term of over one year. The Company has also registered at National Association of Financial Market Institutional Investors the ultra-short-term financing products of RMB2.2 billion, which have not been issued yet. Besides, the Group plans to increase of ultra-short-term financing products in the amount of not more than RMB5 billion. The financing amount will be sufficient for the capital expenditure, debt roll-over and business development of the Group. In case of other capital expenditure demands on special occasions, the Group will adjust its financing plan based on the expenditure scale and actual cash flow condition.

VIII. MATTERS CONCERNING THE FINANCIAL STATEMENTS

- 8.1 Compared with the financial statements for the previous year, the Company made no changes on the Accounting Policies, Accounting Estimates and Audit Method during the Reporting Period.
- 8.2 There were no corrections of material accounting errors during the Reporting Period.
- 8.3 There were no changes in the scope of consolidated financial statements during the Reporting Period.
- 8.4 Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued an auditors' report with standard unqualified opinion for the financial report of the Company for the Reporting Period.

IX. OTHERS

1. Purchase, Sale and Redemption of the Company's Shares

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

2. Preemptive Rights

In compliance with the laws of the People's Republic of China and the articles of association of the Company, the Company did not grant any pre-emption rights pursuant to which the Company was required to offer new shares to existing shareholders in proportion to their shareholdings.

3. Public Float

According to public information and as far as the Directors are aware, the Board is of the view that the public float of the shares of the Company as at the latest practicable date prior to the publication of this announcement complies with the requirements of the Hong Kong Listing Rules.

4. Model Code for Securities Transactions by Directors

Having made enquiries to all the Directors and supervisors of the Company, the Directors and supervisors of the Company complied with the provisions on securities transactions under the “Model Code for Securities Transactions by Directors of Listed Issuers” under Appendix 10 of the Hong Kong Listing Rules during the Reporting Period. The Company also formulated the “Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees” to ensure the relevant personnel’s compliance with this code in carrying out securities transactions.

5. Corporate Governance Code

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

Code provision	Compliance	Corporate governance procedures
A2.7 The chairman should hold a meeting annually with non-executive directors, in the absence of the executive directors	No	<ul style="list-style-type: none">The Board has 11 members, of whom two are executive Directors and the rest is non-executive Directors. Nine Directors were appointed externally. This ensures adequate independence of the Board and ensure that the Board’s decisions are not prejudiced by the opinions of executive Directors.

6. Audit Committee

The Audit Committee of the Company has reviewed and confirmed, that the annual report for the year ended 31 December 2016 and its summary, and the relevant financial information was prepared under the China Accounting Standards for Business Enterprises, in respect of which Deloitte Touche Tohmatsu Certified Public Accountants LLP issued an auditors' report with standard unqualified opinion.

7. Remuneration Policy

The Group has 5,641 employees. Focusing on the construction and operation of roads and bridges, the Company adopted a position-based remuneration system with performance being a motivating factor and set up fair and sound promotion system and wage standard for the employees. Adhering to the principle of “wage by position, award by performance”, the Company continuously optimized the employees' remuneration and performance appraisal system to enhance the competitiveness of the staff. In 2016, the Company focused on its principal businesses and optimized personnel allocation; and by further deepening the reform of remuneration system and allocating the staff to participate in management and motivating them to work actively, the Company launched the wage band system at Suzhou management office on a trial basis. During the Reporting Period, the total remuneration for the employees amounted to RMB840,201,018. Focusing on the strategic target and business target of the year, the Company stringently carried out appraisal in accordance with the management measures on appraisal of performance and its implementation rules. By means of multi-dimensional assessments such as qualitative and quantitative assessment and self-assessment and mutual assessment, the Company regularly conducted objective appraisals on the staff performance.

As for remuneration for the Directors, the Remuneration and Appraisal Committee of the Company prepares a remuneration package proposal for non-executive Directors and independent Directors on behalf of the Board, based on the relevant rules of the domestic and overseas securities regulators, taking into account the average salary levels in different markets and the actual circumstances of the Company. The committee proposes the remuneration package to the Board to be considered and approved at the general meeting of the Company. The Company enters into an agreement with the Directors who receive remuneration from the Company annually.

8. Training Programme

Staff and talents are the foundation of corporate development. By strengthening staff education and trainings, the Company cultivates a corporate culture of team cooperation and continuous learning, through which employees are encouraged to promote their own work capabilities and competitiveness in realization of the added value on human resources. Total expenses incurred for the training programs throughout the year amounted to approximately RMB2,888,000 (2015: RMB2,717,000). The programs were participated by 2,080 staff of various levels, from junior front-line staff to senior management members.

In 2016, the Company purchased for the first time 10 packages of the key comprehensive management courses for the next three years through open tender after competitive negotiation. Insisting on the principle of conducting training programs in different levels, the second level units organized and carried out activities such as enhancement of comprehensive ability for mid-level management, continual education for newly promoted cadre, continual safety education for the management and team leaders, pre-job trainings for reallocated employees, based on their respective locations, levels and professions. Especially, the Ninghu Lecture (《寧滬講堂》) enabled more employees to participate in the learning process by leveraging on the qualification of external experts and the work experience shared by the staff of the Company.

In 2016, the Company further strengthened management of human resources and pushed forward the strategy of developing the enterprise by talents. Through selecting and recruiting comprehensive talents in line with the development needs of the Company, the Company further enriched the talents pool of the Company.

9. Labour Outsourcing

Total working hours outsourced	One year
Total remuneration paid for labour outsourcing	RMB12,326,100

X. FINANCIAL STATEMENT (PREPARED UNDER THE PRC ACCOUNTING STANDARDS)

Consolidated Balance Sheet

As at 31 December 2016

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	265,422,162	255,475,447
Financial assets at fair value through profit or loss	33,212,717	35,887,051
Notes receivable	6,116,460	1,722,313
Accounts receivable (<i>Note 7</i>)	148,153,297	123,353,524
Prepayments (<i>Note 9</i>)	16,851,683	14,498,363
Interest receivable	45,694,000	18,733,333
Dividends receivable	4,989,960	4,989,960
Other receivables (<i>Note 8</i>)	422,083,818	812,198,353
Inventories	3,142,326,304	3,256,454,567
Other current assets	326,161,615	502,774,234
Total Current Assets	4,411,012,016	5,026,087,145
Non-current Assets:		
Available-for-sale financial assets	2,086,127,987	1,293,818,457
Long-term equity investment	4,771,195,958	4,456,793,805
Investment properties	32,113,394	33,009,175
Fixed assets	1,734,084,711	1,692,923,594
Construction in progress	1,197,809,229	1,030,127,104
Intangible assets	21,324,779,176	22,238,627,984
Long-term prepaid expenses	3,628,179	5,713,616
Deferred tax assets	345,345,094	398,938,783
Other non-current assets	376,477,785	300,000,000
Total Non-current Assets	31,871,561,513	31,449,952,518
TOTAL ASSETS	36,282,573,529	36,476,039,663

Item	Closing balance	Opening balance
Current Liabilities:		
Short-term borrowings	810,000,000	1,811,000,000
Accounts payable (Note 10)	987,946,428	924,505,565
Receipts in advance (Note 11)	940,873,359	555,913,419
Employee benefits payable	4,816,324	3,375,508
Taxes payable	231,702,787	61,498,426
Interest payable	92,220,187	69,925,072
Dividends payable	73,614,218	69,467,760
Other payables (Note 12)	39,984,545	80,687,691
Non-current liabilities due within one year	121,718,718	151,608,861
Other current liabilities	3,936,452,668	6,685,220,505
Total Current Liabilities	7,239,329,234	10,413,202,807
Non-current Liabilities:		
Long-term borrowings	1,471,905,901	1,382,806,332
Bonds payable	4,457,801,187	3,456,427,928
Deferred income	33,317,704	34,886,135
Deferred tax liabilities	138,362,514	2,544,353
Total Non-current Liabilities	6,101,387,306	4,876,664,748
TOTAL LIABILITIES	13,340,716,540	15,289,867,555
Shareholders' Equity:		
Share capital	5,037,747,500	5,037,747,500
Capital reserve	10,428,388,235	10,446,662,341
Other comprehensive income	542,389,052	121,482,904
Surplus reserve	3,153,173,160	3,040,287,779
Retained profits (Note 14)	3,048,058,238	1,829,978,752
Total shareholders' equity attributable to equity holders of the Company	22,209,756,185	20,476,159,276
Minority interests	732,100,804	710,012,832
TOTAL SHAREHOLDERS' EQUITY	22,941,856,989	21,186,172,108
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	36,282,573,529	36,476,039,663

Consolidated Income Statement
For the year ended 31 December 2016

Unit: RMB

Item	Amount for the current year	Amount for the prior year
I. Total operating income	9,201,297,066	8,761,321,186
Including: Operating income (Note 1)	9,201,297,066	8,761,321,186
Less: Total operating costs	5,268,508,210	5,700,480,153
Including: Operating costs (Note 1)	4,363,720,292	4,414,950,181
Taxes and levies	193,471,915	304,540,194
Selling expenses	26,762,163	15,804,477
Administrative expenses	182,065,269	185,570,228
Financial expenses	502,388,296	778,935,597
Impairment losses of assets	100,275	679,476
Add: Gains from changes in fair values	(2,674,334)	6,935,829
Investment income	472,966,663	444,068,189
Including: Income from investments in associates and joint ventures	438,033,337	340,332,126
II. Operating profit	4,403,081,185	3,511,845,051
Add: Non-operating income	44,838,537	42,430,974
Including: Gains from disposal of non-current assets	211,608	1,516,024
Less: Non-operating expenses	30,643,808	659,221,149
Including: Losses from disposal of non-current assets	3,782,604	629,723,205
III. Total profit	4,417,275,914	2,895,054,876
Less: Income tax expenses (Note 2)	980,138,120	305,144,944
IV. Net profit	3,437,137,794	2,589,909,932
Net profit attributable to owners of the Company	3,346,063,867	2,506,629,408
Profit or loss attributable to minority interests	91,073,927	83,280,524
V. Other comprehensive income (net of tax)	420,906,148	(67,406,144)
Other comprehensive income (net of tax) attributable to owners of the parent company	420,906,148	(67,406,144)
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss	–	–

Item	Amount for the current year	Amount for the prior year
(II) Other comprehensive income that will be reclassified subsequently to profit or loss	420,906,148	(67,406,144)
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	420,906,148	(67,406,144)
Other comprehensive income (net of tax) attributable to minority interests	–	–
VI. Total comprehensive income	3,858,043,942	2,522,503,788
Total comprehensive income attributable to owners of the Company	3,766,970,015	2,439,223,264
Total comprehensive income attributable to minority shareholders	91,073,927	83,280,524
VII. Earnings per share (Note 5)	–	–
(I) Basic earnings per share	0.6642	0.4976
(II) Diluted earnings per share	–	–

Legal representative:
Chang Qing

Chief Accountant:
Gu Dejun

*Person in Charge of
Accounting Body:*
Yu Lan Ying

Notes to Items in the Consolidated Financial Statements

1. Operating income and operating costs

Unit: RMB

Item	Amount recognized in the current year		Amount recognized in the prior year	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	8,339,923,201	3,801,638,043	8,323,216,253	4,168,632,540
Including: Shanghai-Nanjing Expressway	4,572,683,126	1,221,713,458	4,490,662,560	1,161,120,216
312 National Highway	–	–	32,325,290	252,453,864
Nanjing-Lianyungang Highway	24,961,001	16,569,477	26,531,422	15,913,020
Guangjing Expressway and Xicheng Expressway	838,727,408	248,097,364	807,198,623	234,778,837
Ningchang Expressway and Zhenli Expressway	909,765,569	468,889,810	787,782,499	446,445,343
Xiyi Expressway	306,319,318	172,184,816	293,353,415	166,326,329
Ancillary services	1,687,466,779	1,674,183,118	1,885,362,444	1,891,594,931
Real estate development	810,834,534	539,800,281	388,975,137	227,549,069
Advertising and others	50,539,331	22,281,968	49,129,796	18,768,572
Total	<u>9,201,297,066</u>	<u>4,363,720,292</u>	<u>8,761,321,186</u>	<u>4,414,950,181</u>

2. *Income tax expenses*

(1) *Income tax expenses*

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Current tax expenses	918,527,266	653,005,145
Deferred tax expenses	48,911,850	(347,863,006)
Provision of prior years' tax	12,699,004	2,805
Total	<u>980,138,120</u>	<u>305,144,944</u>

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

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

Unit: RMB

	Amount incurred in the current year	Amount incurred in the prior year
Accounting profit	4,417,275,914	2,895,054,876
Income tax expenses calculated at 25% (prior year: 25%)	1,104,318,979	723,763,719
Effect of cost, expenses and loss that are not deductible for tax purposes	16,998,549	28,183,656
Effect of tax-free income	(111,261,978)	(97,547,465)
Effect of using previously deductible losses that have not recognized deferred tax assets	(42,616,434)	(349,257,771)
Adjustment to provision of prior years' tax	12,699,004	2,805
Total	<u>980,138,120</u>	<u>305,144,944</u>

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

Unit: RMB

Item	Closing balance	Opening balance
Staff costs (Include: directors' emoluments)	713,956,405	702,331,675
Basic endowment insurance and annuity payment	116,292,644	104,957,326
Total staff costs	830,249,049	807,289,001
Audit fee	3,200,000	4,125,000
Depreciation and amortization (Included in operating costs and administrative expenses)	1,235,485,004	1,295,889,191
Losses on disposal of non-current assets	3,570,996	628,207,181
Amortization of land use rights (Included in operating costs and administrative expenses)	64,289,683	63,184,146
Cost of inventories recognised as an expense	1,940,454,870	1,893,540,995

4. *Breakdown of non-recurring profit or loss*

Unit: RMB

Item	Amount
Losses (gains) on disposal of non-current assets	3,570,996
Government grants recognized in profit or loss for the current period	(16,017,251)
Gains from changes in fair values of held-for-trading financial investments, Profit on disposal of held-for-trading and available-for-sale financial investments	(5,067,706)
Interest income from entrusted loans	(20,176,710)
Other non-operating income or expenses other than the above	(1,748,474)
Tax effects	9,859,786
Effects attributable to minority interests	(79,135)
Total	<u><u>(29,658,494)</u></u>

5. *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	16.06%	0.6642	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	15.92%	0.6583	N/A

6. *Calculation process of basic earnings per share and diluted earnings per share*

For the purpose of calculating basic earnings per share, net profit for the current year attributable to ordinary shareholders is as follows:

Unit: RMB

	Amount incurred in the current year	Amount incurred in the prior year
Net profit for the current year attributable to ordinary shareholders	3,346,063,867	2,506,629,408
Including: Net profit from continuing operations	3,346,063,867	2,506,629,408
Net profit from discontinued operations	—	—

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

	<i>Unit: RMB</i>	
	Amount incurred in the current year	Amount incurred in the prior year
Number of ordinary shares outstanding at the beginning of year	5,037,747,500	5,037,747,500
Add: Weighted average number of ordinary shares issued during the year	–	–
Less: Weighted average number of ordinary shares repurchased during the year	–	–
Number of ordinary shares outstanding at the end of year	<u>5,037,747,500</u>	<u>5,037,747,500</u>

Earnings per share

	<i>Unit: RMB</i>	
	Amount incurred in the current year	Amount incurred in the prior year
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.6642	0.4976
Diluted earnings per share (<i>Note</i>)	N/A	N/A
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.6642	0.4976
Diluted earnings per share (<i>Note</i>)	N/A	N/A
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	N/A	N/A
Diluted earnings per share (<i>Note</i>)	<u>N/A</u>	<u>N/A</u>

Note: At 31 December 2016, there was no dilutive potential ordinary shares issued by the Group.

7. 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	139,364,565	93	-	-	139,364,565	118,641,889	95	-	-	118,641,889
Accounts receivable for which bad debt provision has been assessed by portfolios										
– Portfolio 2	8,968,094	6	179,362	10	8,788,732	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	90	-	1,699,980	1	1,699,980	95	-
Total	150,032,639	100	1,879,342	100	148,153,297	125,149,660	100	1,796,136	100	123,353,524

(2) *The aging analysis of accounts receivable according to invoice date (close to revenue recognition date):*

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	148,332,659	99	179,362	148,153,297	123,449,680	99	96,156	123,353,524
More than 1 year but not exceed 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	1,699,980	1	1,699,980	-	1,699,980	1	1,699,980	-
Total	150,032,639	100	1,879,342	148,153,297	125,149,660	100	1,796,136	123,353,524

(3) *Bad debt provision recorded, reversal and written off in the current year*

Bad debt provision recorded in the current year is RMB83,206.

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

Unit: RMB

Name of entity	Amount	Bad debt provision	Proportion of total accounts receivable (%)
Network Operation Company	51,349,094	–	34
Sinopec Sales Co., Ltd. Jiangsu Branch	23,911,038	–	16
Ninghang Company	10,353,827	–	7
Sujiahang Company	8,903,208	–	6
Jiangsu Petroleum Company	7,683,155	–	5
Total	<u>102,200,322</u>	<u>–</u>	<u>68</u>

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	4	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	416,651,952	95	-	-	416,651,952	807,602,857	97	-	-	807,602,857
Other receivables for which bad debt provision has been assessed by portfolios-										
Portfolio2	5,542,721	1	110,855	1	5,431,866	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	438,006,813	100	15,922,995	100	422,083,818	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)	Other receivables	Closing balance		Reason
		Bad debt provision	Proportion (%)	
Jinasu Yixing Highway Administration Department	15,812,140	15,812,140	100	Age over 3 years, is not expected to be recovered

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

Unit: RMB

Name of portfolio	Closing balance		Proportion (%)
	Other receivables	Bad debt provision	
Portfolio 2	5,542,721	110,855	2

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

Bad debt provision recorded in the current year is RMB24,681.

Bad debt provision reversal in the current year is 7,612.

(3) *Disclosure of other receivables by nature*

Unit: RMB

Nature	Closing balance	Opening balance
Amounts of the disposal of the removal network point in Shanghai-Nanjing Section of 312 National Highway	394,814,890	789,629,780
Amounts of investment clearance	15,812,140	15,812,140
Petty cash	5,227,781	5,517,965
Landlord maintenance funds	5,772,380	3,580,800
Mortgage deposits for housing fund loan	3,941,000	–
Amount from transfer of 7.5% equity interest in Jiangsu Sundian Engineering Co., Ltd. (“Sundian Company”)	3,899,000	–
Pre-borrowings for engineering	–	3,000,000
Compensation for road assets	–	2,407,462
Deposits for engineering	–	1,600,000
Other insignificant amounts	8,539,622	6,556,132
Total	<u>438,006,813</u>	<u>828,104,279</u>

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

Unit: RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	Closing balance of bad debt provision
Jiangsu Provincial Government	Amounts of the disposal of the removal network point in Shanghai-Nanjing Section of 312 National Highway	394,814,890	Over 3 years	90	–
Jinasu Yixing Highway Administration Department	Amount of investment clearance	15,812,140	Over 3 years	4	15,812,140
Suzhou Housing Guarantee Co., Ltd.	Mortgage deposits for housing fund loan	3,941,000	Within 1 year	1	–
Jiangsu Taizhou Bridge Co., Ltd.	Amount from transfer of 7.5% equity interest in Sundian Company	3,899,000	Within 1 year	1	–
Jiangsu Assets and Equity Exchange	Deposits for real estate sales	1,880,000	Within 1 year	–	–
Total		<u>420,347,030</u>		<u>96</u>	<u>15,812,140</u>

9. Prepayments

(1) The aging analysis of prepayments is as follows

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	15,482,950	92	11,270,634	78
More than 1 year but not exceeding 2 years	560,000	3	3,225,729	22
More than 2 years but not exceeding 3 years	806,733	5	–	–
More than 3 years	2,000	–	2,000	–
Total	<u>16,851,683</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 (%)
China Petrochemical Corporation Jiangsu Branch	6,582,999	39
Suzhou Gas Group Co., Ltd.	1,346,135	8
Sartorius Intec Weighing Appliance (Beijing) Co., Ltd.	1,296,400	8
Kunshan Litong Gas Co., Ltd.	1,155,000	7
Liyang Sutong Engineering Co., Ltd.	916,000	5
Total	<u>11,296,534</u>	<u>67</u>

10. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Construction payable	394,052,655	396,725,660
Construction payable for real estate project	454,260,681	394,223,615
Purchase of petroleum payable	15,607,084	5,193,921
Toll road fee payable	42,190,132	39,267,672
Deposit payable for rent	21,032,400	7,903,900
Others	60,803,476	81,190,797
Total	<u>987,946,428</u>	<u>924,505,565</u>

(2) The aging analysis of accounts payable according to invoice date (close to posting date):

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	788,023,690	706,236,559
More than 1 year but not exceed 2 years	156,504,595	186,847,880
More than 2 years but not exceeding 3 years	24,287,145	8,687,716
More than 3 years	19,130,998	22,733,410
Total	<u>987,946,428</u>	<u>924,505,565</u>

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

Unit: RMB

Item	Closing balance	Reasons for outstanding or not carrying forward
Construction payable	21,063,959	Long settlement procedure of the project
Construction payable for real estate project	143,110,404	Long settlement procedure of the real estate project

11. Receipts in advance

(1) *Receipts in advance are shown as follows:*

Unit: RMB

Item	Closing balance	Opening balance
Rental deposit received in advance	10,059,561	13,391,953
Advertising service fee received in advance	16,297,861	8,670,093
Income from properties for sales received in advance	913,251,497	532,697,812
Others	1,264,440	1,153,561
Total	<u>940,873,359</u>	<u>555,913,419</u>

The aging analysis of receipts in advance is as follows:

Unit: RMB

Aging	Closing balance		Opening balance	
	<i>Unit: RMB</i>	%	<i>Unit: RMB</i>	%
Within 1 year	778,187,688	83	537,832,364	97
More than 1 year but not exceed 2 years	161,911,217	17	18,001,055	3
More than 2 years but not exceeding 3 years	694,454	–	–	–
More than 3 years	80,000	–	80,000	–
Total	<u>940,873,359</u>	<u>100</u>	<u>555,913,419</u>	<u>100</u>

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

Unit: RMB

Item	Opening balance	Closing balance	Completion date	Proportion of advance sale (%)
Baohua Hongyan Community B1 Tongchengshijia Project	1,750,464	1,460,000	April 2014	64
Baohua Hongyan Community B2 Tongchengshijia Project	116,587,920	104,452,695	November 2016	13
Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion	694,454	694,454	August 2012	97
Huaqiao Urban Core B4 Guangmingjiezuo Project	7,356,388	5,123,089	June 2015	82
Huaqiao Urban Core B19 Guangmingxinzuo Project	247,640,458	105,857,688	December 2016	66
Suzhou Qingyuan	–	5,300,000	December 2013	8
Suzhou Nanmen Road Nanmenshijia Phase 1 Project	158,668,128	690,363,571	August 2017	66
Total	<u>532,697,812</u>	<u>913,251,497</u>		

12. Other payables

(1) Details of other payables are as follows

Unit: RMB

Item	Closing balance	Opening balance
Rural road construction funds	–	42,436,814
Payable of daily procurement in service area	10,475,533	9,383,567
Amount of ETC prepaid cards collected on behalf of the internetwork settlement center	8,627,397	5,741,174
Construction quality warrantee fee payable	1,930,309	1,783,118
Earnest money of acquisition of properties	3,402,883	1,183,004
Others	15,548,423	20,160,014
Total	<u>39,984,545</u>	<u>80,687,691</u>

(2) Significant other payables with aging more than one year

Unit: RMB

Item	Closing balance	Reasons for outstanding
N/A		

13. Segment reporting

(1) Determining basis and accounting policy of reporting segment

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 10 operating segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. On the basis of the operating segment, the Group determines 9 reporting segments (2015: 10) based on the standard with which the Group's management determines resources allocation and performance assessment, including Shanghai-Nanjing Expressway, 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.

(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 year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
	Operating income	4,572,683,126	4,490,662,560	-	32,325,290	24,961,001	26,531,422	838,727,408	807,198,623	306,319,318	293,353,415	909,765,569
Operating costs	1,221,713,458	1,161,120,216	-	252,453,864	16,569,477	15,913,020	248,097,364	234,778,837	172,184,816	166,326,329	468,889,810	446,445,343
Including: Amortization of toll roads												
operation rights	511,130,346	474,241,961	-	122,107,736	12,240,598	11,402,678	99,907,589	91,271,419	85,712,974	80,740,458	303,792,754	261,434,344
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit (loss)	3,350,969,668	3,329,542,344	-	(220,128,574)	8,391,524	10,618,402	590,630,044	572,419,786	134,134,502	127,027,086	440,875,759	341,337,156
Reconciling items:												
Business taxes and levies	61,504,864	150,886,262	-	1,810,216	335,700	891,456	11,069,183	27,121,874	4,009,016	9,856,675	11,993,882	26,469,492
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	70,184,988	62,985,133	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	3,219,279,816	3,115,670,949	-	(221,938,790)	8,055,824	9,726,946	579,560,861	545,297,912	130,125,486	117,170,411	428,881,877	314,867,664
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	623,957,480	-	-	-	-	-	-	-	-
Total profit	3,219,279,816	3,115,670,949	-	(845,896,270)	8,055,824	9,726,946	579,560,861	545,297,912	130,125,486	117,170,411	428,881,877	314,867,664
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	3,219,279,816	3,115,670,949	-	(845,896,270)	8,055,824	9,726,946	579,560,861	545,297,912	130,125,486	117,170,411	428,881,877	314,867,664
Total segment assets	12,043,899,261	12,448,904,440	-	-	281,969,669	294,210,267	1,266,085,567	1,376,755,189	2,136,426,304	2,222,568,798	6,442,854,998	6,804,863,789
Total segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary information:												
Depreciation and amortization	667,345,889	648,309,759	-	125,117,418	12,240,598	11,402,678	122,953,495	114,518,217	95,323,060	93,832,910	353,297,853	319,202,078
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets other than long-term equity investments	12,043,899,261	12,448,904,440	-	-	281,969,669	294,210,267	1,266,085,567	1,376,755,189	2,136,426,304	2,222,568,798	6,442,854,998	6,804,863,789
Capital expenditure	178,985,873	133,786,123	-	10,000,000	-	-	14,830,176	26,360,215	11,875,034	7,002,794	21,485,862	9,039,604
Including: Expenditure arising from construction in progress	173,205,553	125,833,674	-	-	-	-	12,329,859	23,440,678	3,000,000	6,319,604	11,122,243	-
Expenditure arising from purchase of fixed assets	5,780,320	7,952,449	-	-	-	-	2,500,317	2,919,537	8,875,034	683,190	10,363,619	9,039,604
Expenditure arising from purchase of intangible asset	-	-	-	10,000,000	-	-	-	-	-	-	-	-

Unit: RMB

	Zhendang Expressway		Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income	-	-	1,687,466,779	1,885,362,444	810,834,534	388,975,137	50,539,331	49,129,796	-	-	9,201,297,066	8,761,321,186
Operating costs	-	-	1,674,183,118	1,891,594,931	539,800,281	227,549,069	22,281,968	18,768,572	-	-	4,363,720,292	4,414,950,181
Including: Amortization of toll roads												
operation rights	-	-	-	-	-	-	-	-	-	-	1,012,784,261	1,041,198,596
Costs of petrol and other goods												
sold in service zones	-	-	1,365,340,413	1,575,757,449	-	-	-	-	-	-	1,365,340,413	1,575,757,449
Segment operating profit (loss)	-	-	13,283,661	(6,232,487)	271,034,253	161,426,068	28,257,363	30,361,224	-	-	4,837,576,774	4,346,371,005
Reconciling items:												
Business taxes and levies	-	-	7,453,734	14,589,905	72,021,966	41,374,672	2,958,011	3,815,769	22,125,559	27,723,873	193,471,915	304,540,194
Selling expenses	-	-	-	-	26,449,808	15,279,820	312,355	524,657	-	-	26,762,163	15,804,477
Administrative expenses	-	-	-	-	-	-	-	-	111,880,281	122,585,095	182,065,269	185,570,228
Financial expenses	-	-	-	-	-	-	-	-	502,388,296	778,935,597	502,388,296	778,935,597
Impairment loss of assets	-	-	-	-	-	-	-	-	100,275	679,476	100,275	679,476
Gains from changes in fair values	-	-	-	-	-	-	-	-	(2,674,334)	6,935,829	(2,674,334)	6,935,829
Investment income	-	-	-	-	-	-	-	-	472,966,663	444,068,189	472,966,663	444,068,189
Operating profit	-	-	5,829,927	(20,822,392)	172,562,479	104,771,576	24,986,997	26,020,798	(166,202,082)	(478,920,023)	4,403,081,185	3,511,845,051
Non-operating income	-	-	-	-	-	-	-	-	44,838,537	42,430,974	44,838,537	42,430,974
Non-operating expenses	-	-	-	-	-	-	-	-	30,643,808	35,263,669	30,643,808	659,221,149
Total profit	-	-	5,829,927	(20,822,392)	172,562,479	104,771,576	24,986,997	26,020,798	(152,007,353)	(471,752,718)	4,417,275,914	2,895,054,876
Income tax expenses	-	-	-	-	-	-	-	-	980,138,120	305,144,944	980,138,120	305,144,944
Net profit	-	-	5,829,927	(20,822,392)	172,562,479	104,771,576	24,986,997	26,020,798	(1,132,145,473)	(776,897,662)	3,437,137,794	2,589,909,932
Total segment assets	1,063,916,802	719,089,735	344,056,910	327,027,272	3,656,467,782	3,595,141,600	573,606,846	319,589,853	8,473,289,390	8,367,888,720	36,282,573,529	36,476,039,663
Total segment liabilities	-	-	-	-	-	-	-	-	13,340,716,540	15,289,867,555	13,340,716,540	15,289,867,555
Supplementary information:												
Depreciation and amortization	-	-	26,876,360	28,649,267	190,323	422,541	6,938,429	7,227,005	14,608,680	10,391,464	1,299,774,687	1,359,073,337
Interest income	-	-	-	-	-	-	-	-	3,983,653	6,546,617	3,983,653	6,546,617
Interest expense	-	-	-	-	-	-	-	-	478,668,707	743,920,403	478,668,707	743,920,403
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	438,033,337	340,332,126	438,033,337	340,332,126
Non-current assets other than long-term equity investments	1,063,916,802	719,089,735	344,056,910	327,027,272	27,415,535	9,706,788	292,018,802	64,961,310	3,201,721,707	2,725,071,125	27,100,365,555	26,993,158,713
Capital expenditure	323,782,305	574,677,477	26,532,149	13,071,612	1,646,729	540,146	4,027,563	10,907,336	769,533	750,100	583,935,224	786,135,407
Including: Expenditure arising from construction in progress	323,782,305	574,677,477	22,670,107	8,710,873	1,259,644	144,710	3,442,757	10,384,020	-	-	550,812,468	749,511,036
Expenditure arising from purchase of fixed assets	-	-	3,862,042	4,360,739	387,085	395,436	584,806	523,316	-	-	32,353,223	25,874,271
Expenditure arising from purchase of intangible asset	-	-	-	-	-	-	-	-	769,533	750,100	769,533	10,750,100

Segment profit represents the gross profit earned by each segment without allocation of finance costs, and investment income. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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

(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.

14. Dividends

According to a proposal of the board of directors on 24 March 2017, on the basis of 5,037,747,500 issued shares (with the par value of RMB1 per share) in 2017, cash dividends of RMB0.42 per share will be distributed to all the shareholders. In the event that the dividends will be distributed according to such proposal, the Company will need to pay dividends of approximately RMB2.116 billion in aggregate (previous period: approximately RMB2.015 billion), representing 63.23% (previous period: 80.39%) of the net profit attributable to the parent company during the Reporting Period. The Company did not implement conversion of surplus reserve into share capital in this year.

XI. DEFINITIONS

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

“Company”	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)
“Group”	the Company and its subsidiaries
“Controlling Shareholder” or “Communications Holding”	Jiangsu Communications Holding Company Limited (江蘇交通控股有限公司)

“China Merchants Expressway”	China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司), formerly known as China Merchants Huajian Highway Investments Company Limited (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)
“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)
“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 Company”	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)
“Ninghang Company”	Jiangsu Ninghang Expressway Co., Ltd. (江蘇寧杭高速公路有限公司)
“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 Bridge
“Sujiayang 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 Hub-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”	the period of one year from 1 January 2016 to 31 December 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 depositary receipts of the Company listed and traded in the over-the-counter market of the United States
“Listing Rules”	Listing Rules of the SSE and/or Hong Kong Listing Rules
“Listing Rules of SSE”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC Accounting Standards”	Accounting Standards for Business Enterprises of the People’s Republic of China 2006
“Deloitte”	Deloitte Touche Tohmatsu Certified Public Accountants LLP
“Fuanda Funds”	Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司)
“Husuzhe Company”	Jiangsu Husuzhe Expressway Company Limited (江蘇滬蘇浙高速公路有限公司)
“Taizhou Bridge Company”	Jiangsu Taizhou Bridge Company Limited (江蘇泰州大橋有限公司)
“Changkun Company”	Suzhou Changkun Expressway Company Limited (蘇州常昆高速公路有限公司)

“CDB Kai Yuan”	CDB Kai Yuan Private Equity Fund Management Co., Ltd. (國開開元股權投資基金管理有限公司)
“Corporate Governance Code”	the Corporate Governance Code under Appendix 14 to the Hong Kong Listing Rules

Chairman: Chang Qing
Jiangsu Expressway Company Limited

Nanjing, the PRC, 24 March 2017

As at the date of this announcement, directors of the Company are: Chang Qing, Gu Dejun, Du Wenyi, Wu Xinhua, Hu Yu, Shang Hong, Ma Chung Lai, Lawrence, Zhang Erzhen, Zhang Zhuting*, Chen Liang*, Lin Hui**

* *Independent Non-executive Directors*