



江蘇寧滬高速公路股份有限公司

Jiangsu Expressway Company Limited

(Stock Code: 177.HK)

江苏宁沪高速公路股份有限公司

Jiangsu Expressway Company Limited

2015 Annual Results Presentation

March 2016

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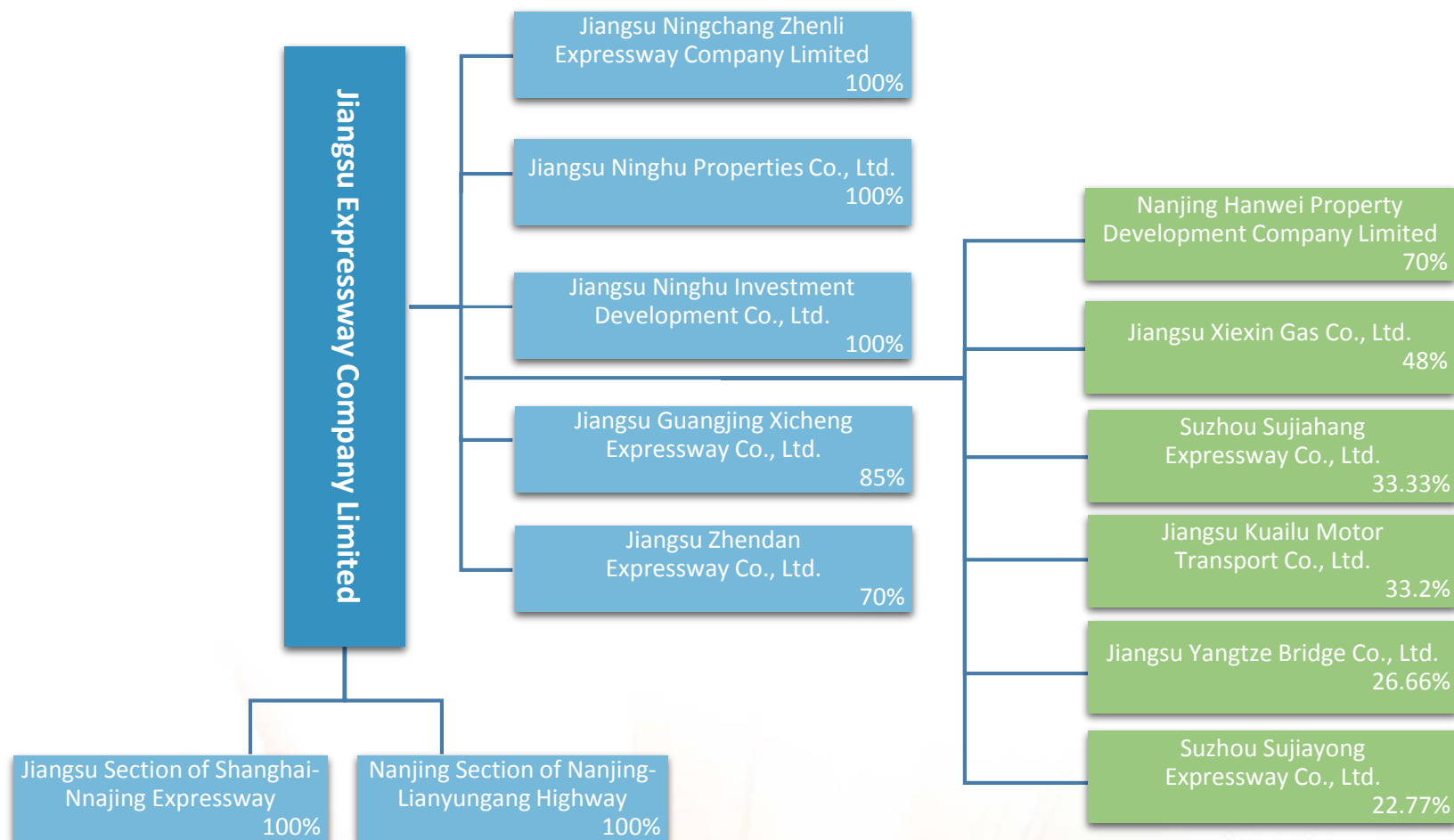
1. Business Structure

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Major Asset Structure of the Group





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2. Financial Highlight

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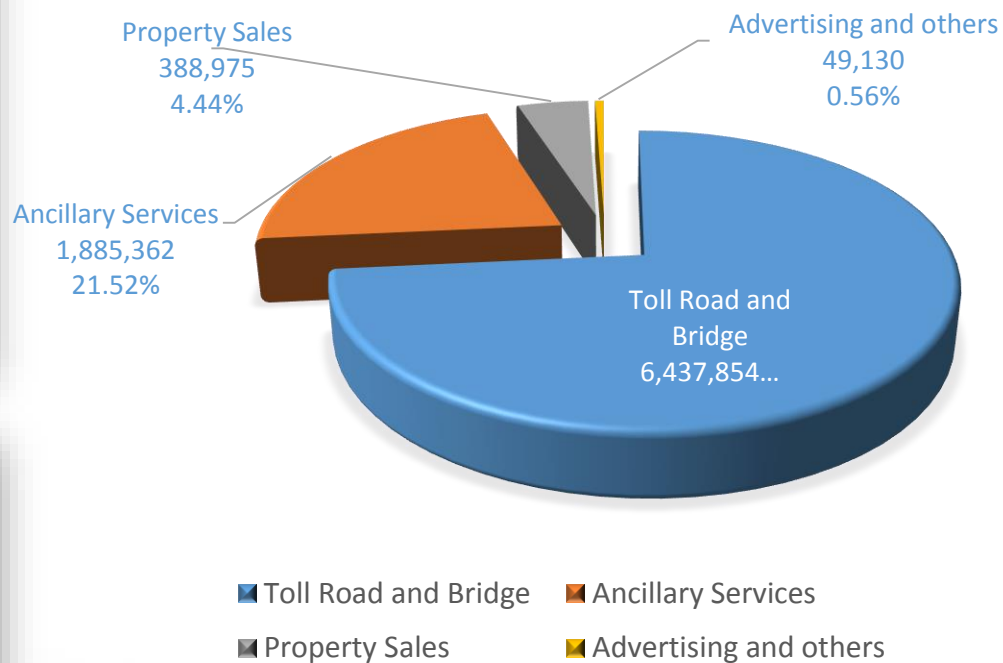
Financial Highlight

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

Revenue Breakdown



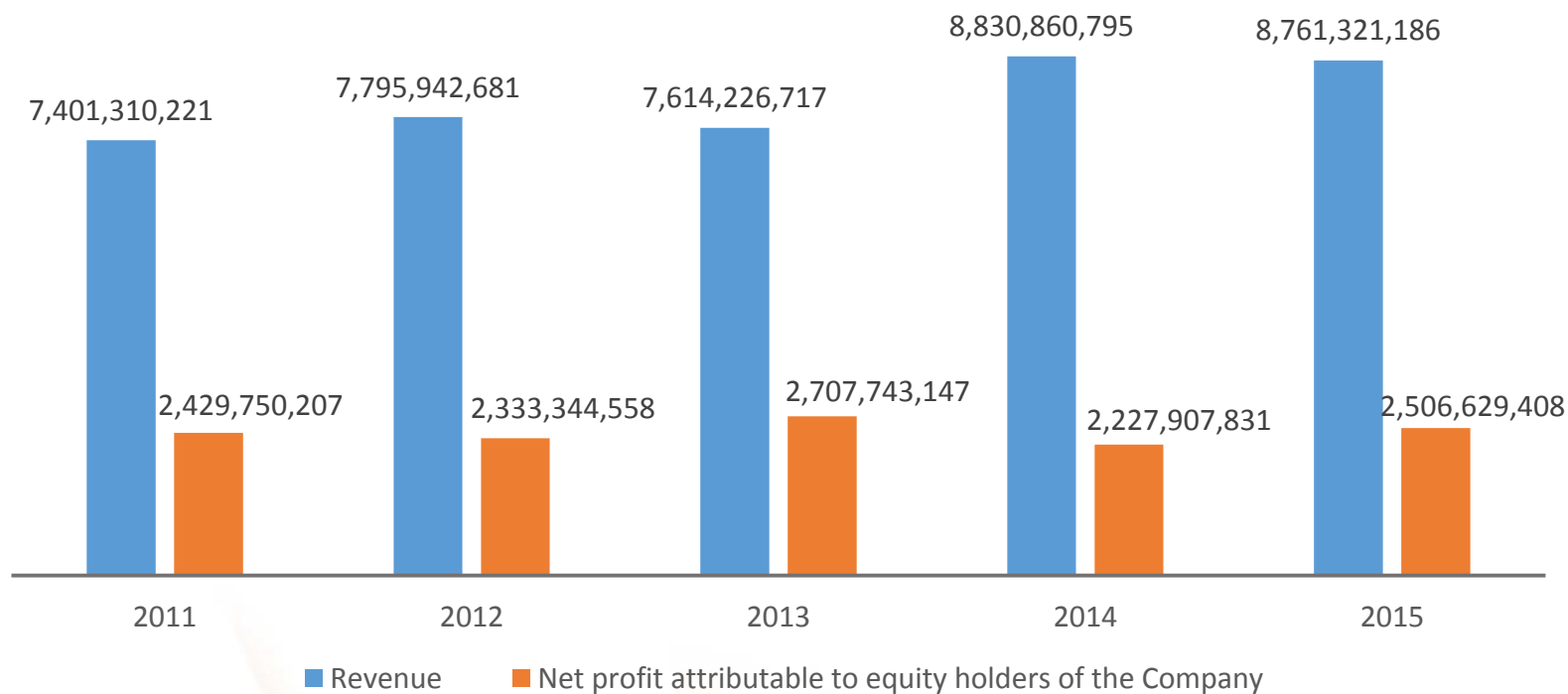
REVENUE (RMB'000)



12 months ended on 31st December, 2015

Financial Highlight

Revenue and Net Profit from 2011 to 2015 (RMB)



The figures from 2011 are under CASBE.

12 months ended on 31st December, 2015

Financial Highlight (cont'd)

<i>12 months ended on 31st December 2015</i>	At the end of 2015 (RMB)	At the end of 2014 (RMB)	Change over the previous year (%)
Operation revenue	8,761,321,186	8,830,860,795	-0.79
Costs	4,416,207,589	4,674,829,859	-5.53
Operating profit	3,511,845,051	3,115,719,290	12.71
Net profit attributable to equity holders of the Company	2,506,629,408	2,227,907,831	12.53
Net profit attributable to equity holders of the Company after non- recurring profit/loss	2,692,979,266	2,228,136,341	20.86
Basic earnings per share (RMB/share)	0.498	0.442	12.53
Final cash dividends (tax inclusive)	0.40	0.38	Increased by RMB0.02 per share
Ratio of dividends to net profit	80.39%	74.35%	Increased by 6.04 percentage points

**Under CASBE*



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3. Operation Overview

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Analysis of Operating Environment

Macro Economic Factor

In 2015, the macro economy maintained generally stable, GDP amounted to 7.3%.

For the year, the gross regional product in Jiangsu Province was recorded a YoY increase of 8.5% and the society kept a moderate economic growth and progressed steadily with improvement.

Transportation Demand Trend

As at the end of the year, vehicle ownership for civilian use totaled 12,479,000, representing an increase of 13.0%.

As at the end of the year, vehicle ownership for private cars totaled 10,769,000, representing an increase of 15.1%.

Changing Competition Landscape

In 2015, there were not lots of newly-added roads and railway projects, which did not have further diversion impact on expressways of the Group, resulting in a general stability of the competition pattern between roads and railways.

Policy Factor for Toll Roads

In July 2015, the reform content in the consultation draft of “Regulation on the Administration of Toll Roads” was positive to the long-term healthy development of the industry.

However, the issue of final terms still carries uncertainties.

Business Development - Equity Acquisition

Ningchang Zhenli Co., Ltd.

- **Investment amount:** RMB502,000,000
- **Shareholding:** 100%
- Purchased 100% equity interest, undertook all its interest-bearing liabilities and thus formed the creditor's right so as to conduct debt-to-equity conversion
- **In June 2015, the Company obtained the control of Ningchang Zhenli**

Jiangsu Xiyi Expressway Co., Ltd.

- **Investment amount:** RMB662,000,000
- **Shareholding:** 100%
- Acquired 100% equity interests and conducted acquisition and merger of Xiyi Company
- **In April 2015, Guangjing Xicheng Company obtained the control of Xiyi Company**

After the merger of the two assets, the new toll highway mileage controlled by the Group increased by approximately 252 kilometers, which further promoted the leading position in southern Jiangsu road network and enhanced the continuous profitability of the Group.



Business Development – G312



- In September 2015, Jiangsu Provincial Government approved to remove the remaining four toll stations of G312,
- Early terminated the Company's toll road concession rights of Shanghai-Nanjing Section of G312 and compensated the Company



- Reduced the burden of operation
- Relieved the financial risk and the operation risks resulted from the more and more acute contradiction on the toll, further optimized the asset structure, which was of strategic importance for the sustainable and healthy development.

Stations Removal of G312 and Economic Compensation Progress

6th Sep
2015

Jiangsu Provincial Government approved to early terminate the Company's toll road concession rights of G312

21st Dec
2015

the State-owned Assets Supervision and Administration Commission of Jiangsu Province approved the economic compensation in the amount of RMB1,316,049,634

24th & 25th
Dec 2015

the Company received the first instalment compensation from Communications Holding of RMB526,419,854

Business Development – Newly-added Projects

Changyi Expressway

- On 29 December 2015, the fourth meeting of the eight session of the Board of the Company approved the investment in the first phrase of Changyi Expressway by its subsidiary Guangjing Xicheng Company with a consideration of no more than RMB800 million. Guangjing Xicheng Company holds 60% of its equity interest.
- **Total track length:** 18.094 km; **8-lane expressway:** 7.05km; **6-lane expressway:** 11.044km. **Estimated total investment:** RMB2.918 billion.

Changjia Expressway

- The construction of Changjia Expressway in which the Company held 22.77% of its equity interest commenced in September 2013. As at the end of the Reporting Period, the stonework for subgrade and the bridge construction was basically completed.
- The total completed work represented approximately 70% of the rough approved projects and it is expected to open to traffic in 2016.

Zhendan Expressway

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



The road network of the Group will further develop in the future.

Toll Road and Bridge Business

Item	Average daily traffic volume (vehicle / day)			Average daily toll revenue (RMB'000 / day)		
	2015	2014	Change (%)	2015	2014	Change (%)
Shanghai-Nanjing Expressway	78,603	74,129	6.04	12,303.19	12,303.87	-0.01
Shanghai-Nanjing Section of G312	7,470	8,648	-13.62	125.29	145.21	-13.72
Nanjing Section of Nanjing- Lianyungang Highway	4,665	4,318	8.04	72.69	82.03	-11.39
Xicheng Expressway	64,488	59,986	7.51	1,422.55	1,415.04	0.53
Guangjing Expressway	60,713	55,620	9.16	788.95	772.26	2.16
Ningchang Expressway	26,267	19,513	34.61	1,615.43	1,235.09	30.79
Zhengli Expressway	9,114	8,588	6.12	542.88	537.93	0.92
Xiyi Expressway	18,263	17,294	5.60	730.08	668.20	9.26
Huantaihu Expressway	6,823	6,607	3.27	73.63	69.13	6.50
Jiangyin Bridge	72,404	66,572	8.76	2,773.36	2,657.51	4.36
Sujiahang Expressway	55,420	52,178	6.21	3,269.94	3,131.69	4.41
Yanjiang Expressway	42,021	37,529	11.97	3,349.76	3,120.28	7.35

Shanghai-Nanjing Expressway



In 2015, the average daily traffic volume of Shanghai-Nanjing Expressway increased by approximately 6.04% year-on-year, among which the increase of passenger vehicles was approximately 10.14%, while the decrease of trucks was approximately 5.64%.

Due to the rapid growth in passenger vehicle flow and the continuous decrease in truck flow, the proportion of passenger vehicle flow to truck flow were 76.83% to 23.17%, representing a decrease of 2.83 percentage points year-on-year.

The western section of Shanghai-Nanjing Expressway was still subject to the diversion effect of Ningchang Expressway with a decrease of approximately 9.55% in truck flow, representing a slowdown in decrease in the second half of 2015 as compared to the first half.

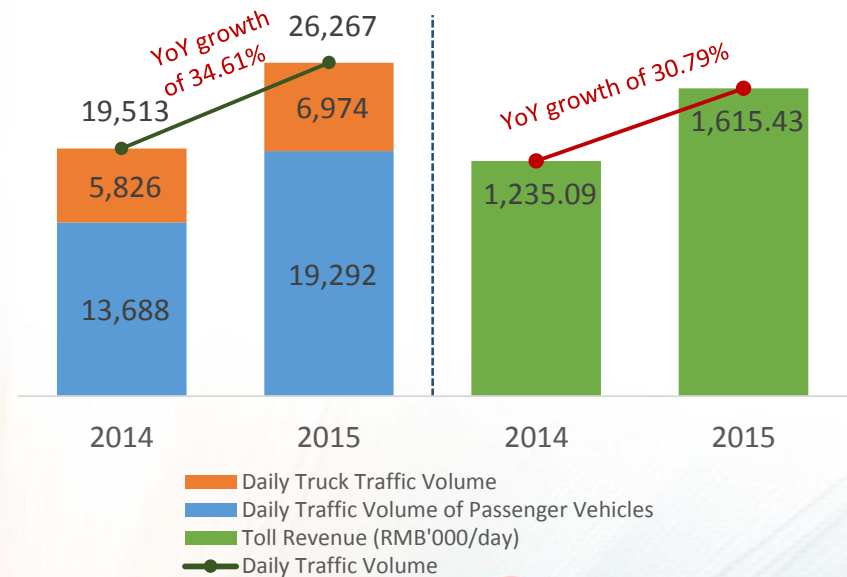
During the Reporting Period, the average daily toll revenue of Shanghai-Nanjing Expressway was approximately RMB12,303,190, ending up flat in a year-on-year manner.

Ningchang Expressway

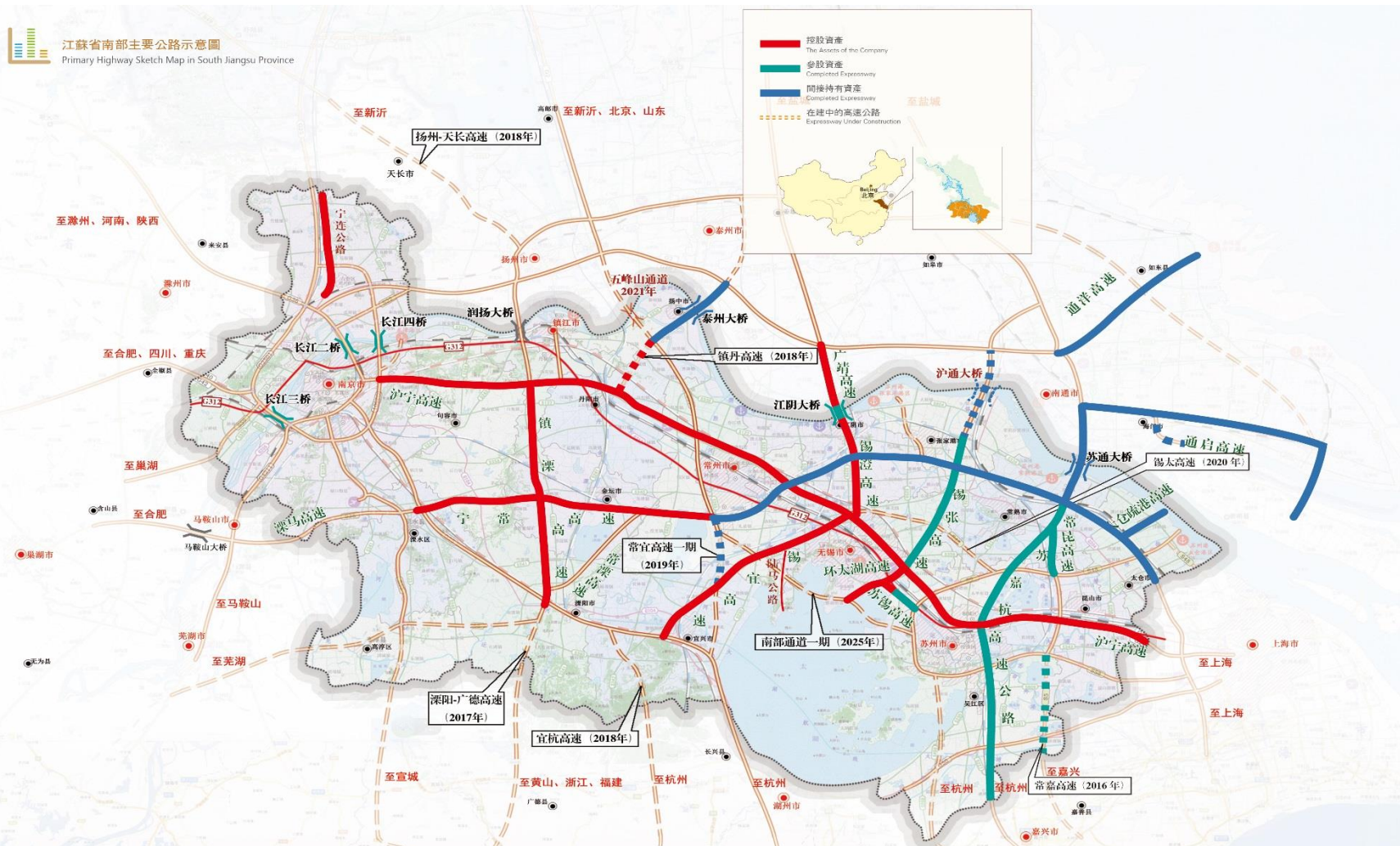


- In 2015, Ningchang Expressway maintained its strong increasing momentum as in 2014, with a year-on-year increase of approximately 34.16% in the average daily traffic volumes. The traffic volume performed better than expected.
- The average daily toll revenue increased by 30.79% year-on-year.
- After the completion of acquisition of Ningchang Expressway, the diversion effect on the western section of Shanghai-Nanjing Expressway has been offset effectively.

The Traffic Volumes and Daily Toll Revenue of Ningchang Expressway from 2014 to 2015



Expressway Projects Controlled or Invested By the Group



Guangjing Xicheng Expressway, Jiangyin Yangtze Bridge and Sujiahang Expressway

Guangjing Expressway

The north connection of Jiangyin Yangtze Bridge, Guangling-Jingjiang Section

Jiangyin Bridge

Jiangyin Yangtze River Bridge

Xicheng Expressway

The south connection of Jiangyin Yangtze Bridge, Jiangyin-Wuxi Section

Sujiahang Expressway

Jiangsu Section of Suzhou-Jiaxing-Hangzhou Expressway



Ancillary Services



During the Reporting Period, the Company's revenue from ancillary services amounted to approximately RMB1,885,362,000, representing a year-on-year decrease of approximately 15.84%. In particular, the sales of petroleum products amounted to approximately RMB1,630,950,000, accounting for approximately 86.52% of the total revenue from ancillary services.



The sales volume of oil products remained basically the same with the corresponding period of last year and the average profit margin level of oil products represented a slight year-on-year increase. However, due to the decrease in price of international crude oil, the year-on-year revenue of oil products decreased by approximately 18.24%.



Revenue from other businesses including food and beverage, retail service and hindrance clearing services amounted to approximately RMB254,421,000, representing a year-on-year increase of approximately 3.69%.

Property Development and Sales Business



In 2015, series of positive policies stabilized property market and propelled its development, resulting in accelerated recovery of the property market. The Company applied a prudent and steady development strategy. A healthy development momentum has gradually come into being with orderly advanced development pace and adjustment of sales strategy according to the market trend.



The revenue from the pre-sale of property units amounted to approximately RMB565,862,000, representing a year-on-year growth of approximately 166.05%; the carry-over revenue from sales of delivered units amounted to approximately RMB388,975,000, representing a year-on-year increase of approximately 53.41%.



During the Reporting Period, the net profit after tax of Ninghu Properties amounted to RMB59,723,000, representing a year-on-year increase of 2652.82%.



Property Development and Sales Business (cont'd)

Nanjing Hanwei
Property
Development
Company Limited

- **Investment amount:** RMB70,000,000
- **Shareholding:** 70%
- On 3 March 2015, the Company and Deshi Fund jointly made capital contribution and establish Hanwei Company to jointly develop Lot 2, South Nanjing New Town.

- **Registered Capital:** RMB100 million
- The Company contributed RMB70 million (70%) and Deshi Fund contributed RMB30 million (30%).

- **Target:** To build up commercial real estate brand of the Group



Advertising and Other Business



During the Reporting Period, the revenue from advertising and other businesses of the Group amounted to approximately RMB 49,130,000, representing a year-on-year increase of approximately 1.15%.



Among which, revenue from advertising business was approximately RMB42,551,000, representing a year-on-year decrease of 1.83%.



Revenue from property service fees and lease of commercial properties was approximately RMB6,579,000, representing a year-on-year increase of approximately 25.87%.

Investment Income



During the Reporting Period, the Group's investment income amounted to approximately RMB444,068,000, representing a year-on-year increase of 26.05%.



Investment income contributed by associates and joint ventures in which the Group held equity interest during the Reporting Period amounted to approximately RMB340,332,000, representing an increase of 9.45% as compared to that in 2014, mainly benefitted from the increase in profits of associates such as Yanjiang Company and Sujiahang.

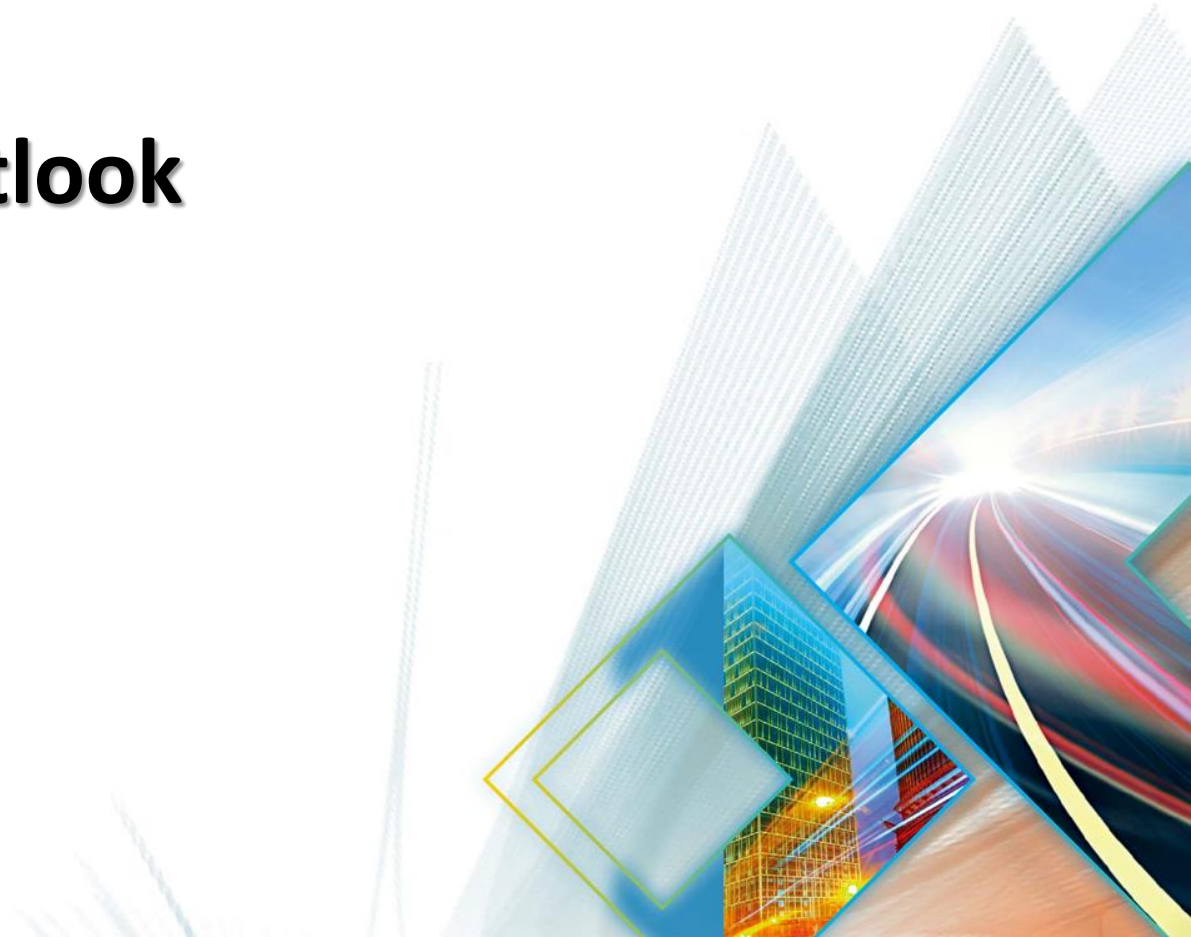
Company Name	Investment Cost (RMB'000)	Net profit Attributable to the Shareholders of the Associates (RMB'000)	Investment Income Contribution (RMB'000)	Percentage over the Company's Net Profit (%)	Year-on-year Change (%)
Suzhou Sujiahang Expressway Co., Ltd.	526,090,677	405,543,493	135,167,646	5.22	16.19
Jiangsu Yangtze Bridge Co., Ltd.	631,159,243	337,519,153	89,982,606	3.47	-11.51
Jiangsu Yanjiang Expressway Co., Ltd.	1,466,200,000	418,161,005	134,898,740	5.21	37.76



4. Outlook

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Analysis of Operating Environment



Macroeconomic Environment

- During the “Thirteenth Five-year”, the domestic economy will maintain the stable and improved momentum as the transformation of economy.
- More business opportunities will follow the development of our operations under of “One Major Two Minors”.

Transportation Need

- Following the gradual improvement on the expressway network, the vehicle population in society continues to increase and the consumption of residents is being strengthened, the demand for passenger and cargo transportation by roads will gradually be released and the competitiveness of expressway transportation compared to that of other transportation means will also be enhanced.
- The Disneyland is likely to open in June 2016, which will benefit toll-roads.

Industry Policy

- During the “Thirteenth Five-year”, the reform of state-owned enterprises will bring opportunities for the Group development.
- The Ministry of Transportation actively accelerated public-private Partnership (PPP) model and granting franchise to encourage the involvement of nongovernmental capital, which will provide more commercial opportunities for the Group to develop principal business.

Development Strategy

To actively plan for the Group's "Thirteenth Five-year" Development Strategy

- The Company will focus on the major businesses, make investment in new projects regarding roads and bridges and carry out feasibility study regarding acquisition of interest equity in the purpose of proactive and serious investing in major business.
- Highlight of innovation regarding business model, enhancement of awareness regarding market competition as well as exploration of the road of transformation regarding operations in service areas and supplementary businesses such as real estate and contemporary finance sector can be made support each other with the major businesses.

To fully give play to the function of platform for investment and financing in finance and capital market

- Fully play the role of platform for investment and financing in finance and capital market. With the purpose of establishment of the Company's capital brand and enhancement of valuation technique, explore effective path for market value management.
- Demonstrate the function of platform for investment and financing and advantage, seek and explore opportunities in terms of investment and financing in the new reform of State-owned enterprises. Provide sufficient capital protection for the Group's strategic development.

To continuously enhance road operation and management as well as service level

- With the guide of Smooth (Unobstructed Traffic), Caring, Technological, continuously enhance road operation and management as well as the level of public service.
- Strengthen maintenance and management of road and management of hindrance clearance work, optimize service and building of service and management brand and continuously deepen road operation and informationization of internal management as well as development of intelligence skills.

To promote innovation of management mechanism and operating model

- Build a highly efficient and practical management system, uplift internal management efficiency, strengthen consolidated management in respect of financial resources, build new financial management model, enhance financial management efficiency.
- Pay more attention on capital operation and assets operation efficiency, cultivate a new profit growth by way of innovation of operating mode and expansion of operating status, give full play to function of assets by way of entire-process and life-cycle management of assets.



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Thank you!

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