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

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

(Stock Code: 00177)

2017 INTERIM RESULTS PRELIMINARY ANNOUNCEMENT

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

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

1. IMPORTANT NOTICE

- 1.1** The Board of the Directors, the supervisory committee and directors, supervisors and senior management of Jiangsu Expressway Company Limited (the “**Company**”) 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.

This summary of the interim report is extracted from the full interim report, which will be published on www.sse.com.cn, www.hkexnews.hk and www.jssexpressway.com. For details, investors should read the full interim report carefully.

The audit committee of the Company had reviewed and confirmed the full text and summary of the interim report for the six months ended 30 June 2017 (the “**Reporting Period**”). The relevant financial information is prepared in accordance with the PRC Accounting Standards for Business Enterprises and is unaudited.

For definitions of roads and companies mentioned in this announcement, please refer to part 7 Definitions of this announcement.

1.2 Company Profile

Stock Abbreviation	寧滬高速 (A Shares)	Jiangsu Express (H Shares)	JEXYY(ADR)
Stock Code	600377	0177	477373104
Stock Exchanges	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	The United States of America
Name	Secretary to the Board Yao Yong Jia	Representatives of Securities Affairs Jiang Tao and Lou Qing	
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2. MAJOR ACCOUNTING DATA AND CHANGES IN SHAREHOLDERS

2.1 Major accounting data and financial indicators

	<i>Unit: Yuan Currency: RMB</i>		
	The Reporting Period (from January to June)	The corresponding period of the previous year	Increase/decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Operating income	4,669,035,065	4,065,387,855	14.85
Net profit attributable to shareholders of the Company	1,899,660,185	1,559,819,318	21.79
Net profit attributable to shareholders of the Company after non-recurring profit or loss	1,892,141,366	1,549,482,853	22.11
Net cash flow from operating activities	2,573,346,735	2,915,222,246	-11.73
	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease in the end of the Reporting Period as compared to the end of the previous year (%)
Net assets attributable to shareholders of the Company	21,983,891,505	22,209,756,185	-1.02
Total assets	38,469,884,081	36,282,573,529	6.03
Basic earnings per share (<i>yuan</i>)	0.3771	0.3096	21.79
Diluted earnings per share (<i>yuan</i>)	N/A	N/A	N/A
Basic earnings per share after non-recurring profit/loss (<i>yuan</i>)	0.3756	0.3076	22.11

2.2 Shareholdings of top ten shareholders

Total number of shareholders as at the end of the Reporting Period (number of H shareholders: 435 (inclusive)) 23,349

Total number of preference shareholders with voting rights restored as at the end of the Reporting Period 0

Name of shareholder (full name)	Shareholdings of top ten shareholders						
	Change during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions	Shares pledged or frozen	Status of shares	Type of shareholder
Jiangsu Communications Holding Company Ltd.	0	2,742,578,825	54.44	0	Nil	0	State-owned legal person
China Merchants Expressway Network & Technology Holdings Co., Ltd.	0	589,059,077	11.69	0	Nil	0	State-owned legal person
BlackRock, Inc.	-3,304,463	121,076,102	2.40	0	Unknown	0	Foreign legal person
Commonwealth Bank of Australia	23,691,043	98,587,230	1.96	0	Unknown	0	Foreign legal person
JPMorgan Chase & Co.	0	82,901,847	1.65	0	Unknown	0	Foreign legal person
Mondrian Investment Partners Limited	-37,466,000	72,326,000	1.44	0	Unknown	0	Foreign legal person
China Securities Finance Corporation Limited	0	22,887,731	0.45	0	Unknown	0	Others
Jiantou Zhongxin Asset Management Co., Ltd.	0	21,410,000	0.42	0	Unknown	0	Others
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	-14,229,052	14,463,848	0.29	0	Unknown	0	Others
Guoyuan Securities (Hong Kong) Limited – Customer fund (exchange)	714,900	10,054,602	0.20	0	Unknown	0	Others

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Discussion and Analysis of the Operations during the Reporting Period

1. Business Overview

During the Reporting Period, the Group realized total operating revenues of approximately RMB4,669,035,000, representing an increase by approximately 14.85% year-on-year, of which toll revenue amounted to approximately RMB3,402,418,000, representing an increase of approximately 5.75% year-on-year; revenue from ancillary services amounted to approximately RMB848,181,000, representing an increase of approximately 4.43% year-on-year; revenue from property sales amounted to approximately RMB386,788,000, representing an increase of approximately 2,633.85% year-on-year; and revenue from advertising and other non-principal operations amounted to approximately RMB31,648,000, with an increase of approximately 46.84% year-on-year.

Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB2,545,910,000 during the Reporting Period, representing an increase of approximately 21.42% year-on-year. The net profit attributable to shareholders of the Company amounted to approximately RMB1,899,660,000, and earnings per share was approximately RMB0.3771, representing an increase of approximately 21.79% year-on-year.

2. Toll Road and Bridge Business

According to the data published by the National Bureau of Statistics of the PRC, the gross domestic product (GDP) of the PRC for the first half of 2017 increased by approximately 6.9% year-on-year, representing an increase of 0.2 percentage point as compared to the same period of last year, indicating that Jiangsu Province's economy has also maintained a sustainable and healthy development momentum, with its GDP increased by approximately 7.2% year-on-year. The economy in the first half of the year remained stable in such a favorable condition. The supply-side structural reform was further deepened to speed up the transformation and upgrading of the economy. The performance of the traffic volume of expressways was enhanced accordingly, as the traffic volume of passenger vehicles recorded in most of the bridge and road projects of the Group in the first half of the year continued to increase steadily, and the traffic volume of trucks also showed a growing trend.

During the Reporting Period, the average daily traffic volume of Shanghai-Nanjing Expressway was 91,052, representing an increase of approximately 8.11% year-on-year, among which the increase in the traffic volume of passenger vehicles was approximately 7.67% year-on-year, and the growth of truck traffic volume was approximately 9.83% year-on-year. The truck traffic volume kept the upward trend from last four quarters, which was attributable to the nationwide regulation of overloaded vehicles from the second half of 2016 in addition to another major factor which was the favorable macro-economy. In the first half of 2017, the proportion of passenger vehicle flow and truck flow were approximately 79.31% and 20.69% respectively, which were relatively stable. The average daily toll revenue from Shanghai-Nanjing Expressway amounted to approximately RMB12,753,400 during the Reporting Period, representing an increase of approximately 4.34% year-on-year. As affected by the changes to the taxation policy of replacing business tax with value added tax (VAT) in the first half of the year, the recognition methods for toll revenue were different.

During the Reporting Period, the traffic volumes of Ningchang Expressway and Zhenli Expressway continued to remain large, achieving the highest degree of increase in both average daily traffic volume and toll revenue as compared to those of other expressways within the network. Nanjing-Lianyungang Highway experienced significant changes in traffic volume and revenue due to traffic restrictions on both trucks and passenger vehicles on the adjacent roads for overhaul reasons; revenue from Sujiahang Expressway decreased due to the traffic ban on trucks in the city proper of Suzhou since December 2016. Other road and bridge projects operated by the Group continued to maintain a stable growth in traffic volume with the truck traffic volumes showing a great performance. As a result, the performance of total toll revenue in the Reporting Period was beyond expectation as compared to that at the beginning of the year.

After three years of construction, Changjia Expressway, in which the Company held 22.77% of the share capital, was officially put in operation on 31 December 2016. In the first half year of 2017, the average daily traffic volume of Changjia Expressway amounted to approximately 11,793 vehicles with average daily revenue of approximately RMB271,570.

3. *Ancillary Services Business*

In 2016, the Company determined the plan on reform of the business model of service areas and promoted the overall improvement of economic benefits and services in 6 services areas. In December 2016, the tendering for outsourcing the operation rights of Meicun service area was completed. It was for a term of 6 years with a rental totalling RMB280 million. In May 2017, the tendering for outsourcing the operation rights of Huanglishu service area and Xianrenshan service area were completed. Of which, the operation right of Huanglishu service area was outsourced for a term of 6 years with a rental totalling RMB130 million, and the operation right of Xianrenshan service area was outsourced for a term of 6 years with rental totalling RMB140 million.

During the Reporting Period, the Company's revenue from ancillary services amounted to approximately RMB848,181,000, representing a year-on-year increase of approximately 4.43%. Among which, the sales of oil products amounted to approximately RMB735,696,000, representing approximately 86.74% of the total revenue from ancillary services and a year-on-year increase of approximately 7.53%. During the Reporting Period, the retail prices of refined oil products slightly increased which led to the increase in the revenue from oil products; on the other hand, after numerous negotiations between the Company and oil product suppliers for rebates, the gross profit margin of oil products increased by approximately 2.33 percentage points year-on-year to approximately 5.54% in the first half year, and thus the profit margin of the sales operations of oil products was further secured. Revenue from other businesses including food and beverage, commodity retailing and hindrance clearance services amounted to approximately RMB112,485,000, representing a year-on-year decrease of approximately 12.10%, mainly due to a decrease in retail income from food and beverage as well as commodity retailing after outsourcing those services. The rental income, however, recorded a significant increase, and the overall operating efficiency of the service areas was emerging gradually.

4. *Property Development and Sales Business*

During the Reporting Period, the Company achieved sales income of approximately RMB386,788,000 from property sales, representing a year-on-year increase of approximately 2,633.85%, and the income was mainly attributed to Ninghu Properties, a subsidiary of the Company.

During the Reporting Period, Huaqiao B19 Tongcheng Guangmingxinzu Project developed by Ninghu Properties was on the final stage of sales; Suzhou Nanmen Shijia Huating Project, Jurong Tongcheng Shijia Project, and Suzhou Qingyuan Project were being sold. Among all the property projects, a total of 124 residential units and 4 commercial units were pre-sold with the contracted sales area of approximately 16,454.78 square meters, and revenue derived from the pre-sold units amounted to approximately RMB254,223,000, representing a year-on-year decrease of approximately 71.82%. The projects delivered during the Reporting Period mainly included Jurong Tongcheng Shijia Phase I and Phase II Projects, Suzhou Qingyuan Project and Huaqiao B19 Tongcheng Guangmingxinzu Project, and there were a few remaining units of Huaqiao C4 Tongcheng Hongqiao Mansion Project as well as Huaqiao B4 Tongcheng Guangmingjiezuo Project. The sales of properties carried forward during the Reporting Period was approximately RMB368,198,000. As the scale of property projects delivered and carried forward in the Reporting Period was larger than that of the corresponding period of last year, the sales of properties increased by approximately 2,502.45% year-on-year. During the Reporting Period, Ninghu Properties reported a net profit after tax of approximately RMB68,280,000, representing a year-on-year increase of approximately 2,512.96%.

5. Advertising and Other Businesses

During the Reporting Period, the revenue from advertising and other businesses of the Group amounted to approximately RMB31,648,000, representing a year-on-year increase of approximately 46.84%. Among which, operating revenue from advertising was approximately RMB23,919,000, representing a year-on-year increase of approximately 40.45%, which was primarily attributed to the fact that the number of billboards increased by releasing billboards in vacant area and releasing newly-built billboards since the second half of the year; revenue from property service fees and lease of commercial properties was approximately RMB7,729,000, representing a year-on-year increase of approximately 70.90%, which was mainly contributed by the rental income from the lease of commercial properties, and the property management income from the management and operation of properties by the subsidiaries.

3.2 Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Reporting Period	Corresponding period of the previous year	Change in percentage (%)
Operating income	4,669,035,065	4,065,387,855	14.85
Operating costs	2,071,770,067	1,717,511,026	20.63
Selling expenses	8,647,259	10,303,026	-16.07
Administrative expenses	79,798,689	77,125,318	3.47
Financial expenses	211,683,150	261,626,740	-19.09
Net cash flow from operating activities	2,573,346,735	2,915,222,246	-11.73
Net cash flow from investment activities	-2,753,025,007	-103,836,011	-2,551.32
Net cash flow from financing activities	251,138,196	-2,830,862,036	-
R&D expenditure	-	-	-

Explanations on the reasons for the changes of operating costs: during the Reporting Period, the income of the property business of the Company carried forward increased, which led to an increase of approximately RMB247 million in the costs of properties year-on-year. Meanwhile, the increase in traffic volume led to the increase in amortization of road concession rights, which led to the significant increase in the Company's total operating costs.

Explanations on the reasons for the changes of selling expenses: during the Reporting Period, as the PRC issued a new policy to regulate the property industry, the property business of the Company was affected and the number of pre-sold units decreased. Accordingly, related commission fees and advertising fees from pre-sales activities decreased year-on-year.

Explanations on the reasons for the changes of financial expenses: the Company successively repaid part of its interest-bearing liabilities. As at the end of the Reporting Period, the Group's total interest-bearing liabilities amounted to approximately RMB10.277 billion, decreased by approximately RMB2.581 billion as compared to the end of the corresponding period of last year. The rate of the consolidated borrowing costs on interest-bearing liabilities were approximately 4.13%, basically in line with that of the corresponding period of last year, indicating an effective control of the overall financial costs.

Explanations on the reasons for the changes in net cash flow from operation activities: during the Reporting Period, the net cash flow from operation activities decreased due to the sharper decrease in income from pre-sold properties year-on-year.

Explanations on the reasons for the changes in net cash flow from investment activities: the significant year-on-year increase in net cash outflow from the purchase of wealth management products and the payment for expressway construction projects such as Wufengshan Bridge, Changyi Expressway and Yichang Expressway during the Reporting Period resulted in a significant decrease in the net cash flow generated from investment activities during the Reporting Period.

Explanations on the reasons for the changes in net cash flow from financing activities: this is mainly due to the difference in the dates of dividend distribution, investment provided by minority shareholders and the decrease in the Group's cash outflow from payments of dividends distributed as compared to the corresponding period of last year, resulting in a significant decrease in net cash flow from investment activities during the Reporting Period.

3.3 Principal operating activities classified by industries and products

Unit: Yuan Currency: RMB

By industries	Principal operating activities classified by industries			Change in	Change in	Change in gross profit margin over the corresponding period of last year
	Operating revenue	Operating costs	Gross profit margin (%)	operating revenue over the corresponding period of last year (%)	operating costs over the corresponding period of last year (%)	
Toll roads business	3,402,418,180	1,016,303,817	70.13	5.75	9.13	Decreased by 0.93 percentage point
Shanghai-Nanjing Expressway	2,308,365,296	565,809,336	75.49	3.76	4.51	Decreased by 0.17 percentage point
Nanjing-Lianyungang Highway	16,452,359	10,163,554	38.22	34.43	22.15	Increased by 6.21 percentage points
Guangjing Expressway and Xicheng Expressway	415,146,323	105,249,234	74.65	3.42	16.47	Decreased by 2.84 percentage points
Ningchang Expressway and Zhenli Expressway	505,684,856	260,487,447	48.49	16.58	20.05	Decreased by 1.49 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	156,769,346	74,594,246	52.42	7.77	0.45	Increased by 3.47 percentage points

Principal operating activities classified by industries

By industries	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue over the corresponding period of last year (%)	Change in operating costs over the corresponding period of last year (%)	Change in gross profit margin over the corresponding period of last year
Ancillary services business	848,180,759	817,830,971	3.58	4.43	2.59	Increased by 1.74 percentage points
Property sales business	386,787,528	226,972,213	41.32	2,633.85	-	Decreased by 197.30 percentage points
Advertising and other businesses	31,648,598	10,663,066	66.31	46.84	23.57	Increased by 6.35 percentage points
Total	4,669,035,065	2,071,770,067	55.63	14.85	20.63	Decreased by 2.13 percentage points

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

During the corresponding period of last year, only the remaining units of Guangming Jiezuo project of Ninghu Properties, a subsidiary of the Company, were delivered. The costs of properties were relatively low. In addition, the final settlement of such project was completed, and the settlement wrote down part of the costs of properties development, which had a significant impact on the costs and gross profit margin of the property sales business in the corresponding period of last year. During the Reporting Period, as the scale of property projects delivered and carried forward increased year-on-year, the costs and gross profit margin of property sales business increased significantly year-on-year and decreased year-on-year, respectively.

Composition of costs:

Unit: Yuan Currency: RMB

Items of operating costs	Reporting Period	Percentage %	Corresponding period of the previous year	Percentage %	Increase/decrease as compared to the corresponding period of last year	Explanation on changes
Operating costs of the toll roads	1,016,303,817	49.06	931,303,989	54.21	9.13	
Depreciation and amortization	656,594,285	31.69	589,281,298	34.30	11.42	Mainly due to the year-on-year increase in amortisation of toll road concession rights driven by the increase in traffic volumes of the toll roads controlled during the Reporting Period.
Costs on toll collection operation	51,574,945	2.49	57,672,514	3.36	-10.57	Due to the year-on-year decrease in the costs on toll collection operation arising from the settlement cycle during the Reporting Period.
Costs on maintenance	36,612,385	1.77	24,522,614	1.43	49.30	Due to the year-on-year increase in maintenance costs arising from the natural deterioration of roads and settlement cycle during the Reporting Period.
Costs on system maintenance	8,035,227	0.39	14,729,618	0.86	-45.45	Due to the year-on-year decrease in system maintenance costs arising from the settlement cycle during the Reporting Period.
Labour costs	263,486,975	12.72	245,097,945	14.26	7.50	Due to the year-on-year increase in labour costs of the toll business driven by the rigid increase in labour costs and turnover arising from the transformation of the business model of service areas during the Reporting Period.
Costs on ancillary business	817,830,971	39.47	797,190,587	46.42	2.59	
Raw materials	708,256,384	34.18	689,365,861	40.14	2.74	Mainly due to the year-on-year increase in purchase costs of raw materials driven by the increase in oil purchase prices during the Reporting Period.

Items of operating costs	Reporting Period	Percentage %	Corresponding period of the previous year		Increase/decrease as compared to the corresponding period of last year	Explanation on changes
			Year	Percentage %		
Depreciation and amortization	12,815,103	0.62	12,396,627	0.72	3.38	
Labour costs	78,119,091	3.77	77,780,172	4.53	0.44	
Other costs	18,640,393	0.90	17,647,927	1.03	5.62	
Costs on property sales business	226,972,213	10.96	-19,612,498	-1.14	-	Mainly due to the delivery of certain remaining units of Guangming Jiezuo project of Ninghu Properties during the corresponding period of last year and the completion of final settlement of such project writing down part of sale costs of properties. Thus, such costs of last year were negative. As the scale of property projects delivered and carried forward during the Reporting Period increased year-on-year, the costs of property sales business increased significantly year-on-year.
Costs on advertising and other business	10,663,066	0.51	8,628,948	0.51	23.57	During the Reporting Period, the costs of property management of delivered property projects increased as compared to the corresponding period of last year.
Total	<u>2,071,770,067</u>	<u>100</u>	<u>1,717,511,026</u>	<u>100</u>	<u>20.63</u>	

3.4 Analysis on investment

3.4.1 Analysis of major subsidiaries and investees

1. Operations of major subsidiaries

Name of company	Principal business	Investment cost <i>RMB'000</i>	Equity interest attributable to the Company %	Total assets <i>RMB'000</i>	Net assets <i>RMB'000</i>	Net profit <i>RMB'000</i>	Percentage over the Company's net profit %	Increase/decrease in net profit as compared to the corresponding period of last year %
Guangjing Xicheng Company	Construction, management, maintenance and toll collection of expressways	2,125,000	85	6,902,111	4,065,865	342,957	17.56	10.97
Ningchang Zhenli Company	Construction, management, maintenance and toll collection of expressways	6,729,237	100	7,435,628	7,374,935	171,805	8.80	17.28
Ninghu Investment	Investments in various infrastructure, industries and assets	571,100	100	810,977	789,723	16,192	0.83	130.63
Ninghu Properties	Development, operation and consultancy services for real estate	500,000	100	3,399,477	738,881	68,280	3.50	2,512.96
Zhendan Company	Construction, management, maintenance and toll collection of expressways	423,910	70	1,164,052	606,487	-5	-	-
Wufengshan Toll Bridge Company	Construction, management, maintenance and toll collection of expressways	839,195	64.5	1,301,629	1,300,978	-126	-	-

- * During the Reporting Period, the accumulated operating income of Guangjing Xicheng Company amounted to approximately RMB588,480,000, representing an increase of approximately 3.99% year-on-year; the accumulated operating costs amounted to approximately RMB197,659,000, representing an increase of approximately 8% year-on-year. Due to the year-on-year increase in dividends distributed from Financial Leasing Company and increase in profit of Yanjiang Company, both of which were invested by Guangjing Xicheng Company during the Reporting Period, investment income of Guangjing Xicheng Company increased year-on-year. During the Reporting Period, it recorded a net profit of approximately RMB342,957,000, representing an increase of approximately 10.97% year-on-year.
- * During the Reporting Period, toll revenue of Ningchang Zhenli Company continued to rise. Net profit amounted to approximately RMB171,805,000, representing a year-on-year increase of approximately 17.28%.
- * Due to the combined effects of the income of approximately RMB18,590,000 derived from transferring investment properties, increase in gross profit due to the growth in income from advertising, and increase in the fair value of held-for-trading financial assets of Ninghu Investment during the Reporting Period, the net book profit of Ninghu Investment increased by approximately 130.63% year-on-year.
- * Please refer to the section headed “Property Development and Sales Business” in this report for the operational performance and changes in the results of Ninghu Properties.

2. Operations of Key Associates

During the Reporting Period, investment income of the Group amounted to approximately RMB291,449,000, representing an increase of approximately 41.56% year-on-year and approximately 14.92% of the Group's net profit. The year-on-year increase in investment income was mainly due to the distributed dividends from Financial Leasing Company and Bank of Jiangsu of RMB18,720,000 and RMB35,600,000 respectively, both of which were higher than those during the corresponding period of last year; and the year-on-year increase in investment income contributed by associates. During the Reporting Period, investment income from associates was approximately RMB217,692,000, representing an increase of approximately 20.18% year-on-year. Operating results of certain key associates are set out below:

Name of Company	Principal business	Investment cost <i>RMB000</i>	Equity interest attributable to the Company <i>%</i>	Net profit	Contribution to	Percentage	Increase/
				attributable to the shareholders of the associates <i>RMB000</i>	Investment income <i>RMB000</i>	over the Company's net profit <i>%</i>	decrease as compared to the corresponding period of last year <i>%</i>
Sujiahang Company	Management and operation of Sujiahang Expressway	526,091	31.55	258,102	81,431	4.17	51.26
Yangtze Bridge Company	Mainly engaged in the management and operation of Jiangyin Bridge	631,159	26.66	272,898	72,755	3.73	16.01
Yanjiang Company	Mainly engaged in the management and operation of Yanjiang Expressway	1,466,200	25.15	310,337	85,653	4.39	10.34
Sujiayong Company	Mainly engaged in the management and operation of Changjia Expressway	431,609	22.77	-17,940	-4,085	-	-

- * As Sujiahang Company acquired and merged Changkun Company in the corresponding period of last year, the current profit of Sujiahang Company decreased which led to a lower base figure in the corresponding period of last year. Therefore, investment income contributed by Sujiahang Company during the Reporting Period increased by approximately 51.26% year-on-year.
- * Due to the year-on-year increase in toll revenue driven by the growth in the traffic volume and significant year-on-year increase in investment income from Sutong Bridge (蘇通大橋) and Taizhou Bridge (泰州橋), Yangtze Bridge Company recorded an admirable increase in net profit as compared to that of the corresponding period of last year and its contribution to investment income increased by approximately 16.01% year-on-year.
- * Yanjiang Company recorded a year-on-year increase in toll revenue as boosted by higher traffic volume. After acquiring Shanghai and Jiangsu Company at the end of last year, Yanjiang Company's net profit during the Reporting Period increased by approximately 28.97% as compared to the same period of last year. As the percentage of ownership in Yanjiang Company held by the Company was diluted after acquiring Shanghai and Jiangsu Company, the contribution to investment income increased by approximately 10.34% year-on-year.

3.5 Outlook and Plan

1. Analysis of Operating Situation

In the first half of 2017, the domestic macro-economy showed a positive trend while maintaining stability, which is expected to be reinforced in the next half of the year. As shown by the operation for the first half of the year, the traffic volume of both passenger vehicles and truck of each expressway demonstrated a better growth momentum. The Company is quite optimistic about the increase in toll revenue for the whole year. For the property business, it is expected that the delivery and settlement of the remaining properties in the second half of the year will bring profit contribution for the year. In respect of reforming the operating model, the Company steadily advanced the reform plan for the service areas and completed all tendering work for outsourcing three services areas. The operational efficiencies of the service areas as a whole will be gradually achieved.

2. Work Priorities in the Second Half of This Year

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

- (1) **Focus on the management of major business and improve the operational capability.** The Company will further focus on major business and enhance the span of management; besides, the Company will strengthen the use of modern information technology, constantly explore into scientific management to improve its overall operational capability. Meanwhile, the Company will keep its leading ability to ensure smooth traffic flows, and will further enhance the management of toll collection, service areas, hindrance clearing, command and dispatch centers as well as information services to effectively improve the efficiency and service level of road operation.
- (2) **Enhance the capital efficiency, and optimize the industrial layout.** Taking into account the future development situation and the requirement of sustainable development of the Company, the Company will enhance the capital efficiency, fully leverage on its role of investment and financing platform as a listed company, strive to exploit the resources of capital markets, expand financing channels, innovate the investment methods, constantly optimize the industrial layout, and adjust the industrial structure to realize the capital appreciation and sustainable development.
- (3) **Utilize the advantages in resources, and achieve breakthroughs in the business model.** The Company will implement a business model with effective combination of the self-operated service areas, outsourced platforms, and collectively leasing but with different focuses for each area. Starting with business planning, the Company will seek to make service areas unique and achieve the branding and differentiation of service areas. Besides, the Company will adjust the organizational framework of management of service areas to improve management efficiency and further expand the room for profit growth.

4. PROFIT DISTRIBUTION PLAN AND THE IMPLEMENTATION THEREOF

4.1 Execution or Adjustments of Profit Distribution Plan Implemented in the Reporting Period

As approved at the 2016 annual general meeting, the Company distributed a cash dividend of RMB0.42 (tax inclusive) per share to all shareholders on the basis of a total of 5,037,747,500 shares in the share capital at the end of 2016, representing a payout ratio of 63.23%. Such profit distribution plan was implemented on 13 July 2017.

4.2 Profit Distribution Plan or Plan to Convert Surplus Reserves into Share Capital Proposed for This Interim Period

Whether to make profit distribution or convert surplus reserves into share capital	No
Number of bonus share per share (<i>share</i>)	0
Amount of cash dividend per share (<i>Yuan</i>) (including tax)	0
Number of shares converted per share (<i>share</i>)	0

Relevant explanation on profit distribution plan or plan to convert surplus reserves into share capital

During the Reporting Period, the board of directors of the Company has recommended not to distribute interim dividends for the six months ended 30 June 2017 (for the corresponding period in 2016: nil), and there is no plan to convert surplus reserves into share capital.

5. OTHER SIGNIFICANT MATTERS

5.1 Repurchase, Sale and Redemption of Securities: For the six months ended 30 June 2017, there was no repurchase, sale or redemption of any of its securities by the Company or any of its subsidiaries.

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

5.3 Public Float: As at 30 June 2017 and the disclosure date of this announcement, the Company complied with the 25% public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

- 5.4 Compliance with the Corporate Governance Code: As at the publishing date of this announcement, the Board, having reviewed the day-to-day governance practices of the Company with reference to the Corporate Governance Code, was of the opinion that the Company fully adopted and complied with all code provisions in the Corporate Governance Code under the Hong Kong Listing Rules and strived to meet the requirements of the recommended best practices thereof in each aspect and that no deviation or breach was found.
- 5.5 Compliance with the Model Code for Securities Transactions by Directors: Having made specific enquiries to all the directors and supervisors of the Company, the directors and supervisors of the Company have fully complied with the provisions under the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Hong Kong Listing Rules during the Reporting Period. The Company has also formulated the “Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees”, which is on terms no less exacting than the required standard set out in Appendix 10 of the Hong Kong Listing Rules, to ensure the relevant personnel’s compliance with the code in carrying out securities transactions.
- 5.6 The Company has appointed a sufficient number of independent non-executive directors. Zhang Erzhen, Zhang Zhuting, Chen Liang and Lin Hui were appointed as independent non-executive directors of the Eighth session of the Board of the Company, accounting for more than one-third of the members of the Board. Four independent non-executive directors are currently serving at renowned universities in the PRC and are senior experts in the academic fields of economic management, real estate research, industry policies and regulations, as well as financial accounting and are well-versed with academic theories and management experience. Independent directors respectively serve as members of various committees of the Board. Independent non-executive directors represent a majority in the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and an independent non-executive director acts as the Chairman at each of these committees.
- 5.7 Save as disclosed in this announcement, there has been no material changes in respect of (a) the development of the business of the Group during the Reporting Period and of the financial position of the Group at the end of the Reporting Period; (b) important events affecting the Group; and (c) the likely future development in the business of the Group and its prospects for the current financial year since the publication of the 2016 annual report of the Company.

6. FINANCIAL REPORT

The relevant financial information is prepared on basis of the PRC Accounting Standards for Business Enterprises and is unaudited. The Audit Committee of the Board has reviewed the interim financial report of the Company for the six months ended 30 June 2017 and had sufficient communication with the Company's management in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2017.

6.1 Financial statement

1. Consolidated Balance Sheet

30 June 2017

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period	Item	Balance at the end of the period	Balance at the beginning of the period
Current Assets:			Current Liabilities:		
Cash and bank balances	274,657,193	265,422,162	Short-term borrowings	1,435,000,000	810,000,000
Financial assets at fair value through profit or loss	35,756,598	33,212,717	Accounts payable	910,683,536	987,946,428
Notes receivable	1,150,000	6,116,460	Receipts in advance	855,284,480	940,873,359
Accounts receivable	220,185,247	148,153,297	Employee remuneration payable	5,734,908	4,816,324
Prepayments	29,604,960	16,851,683	Taxes payable	159,826,781	231,702,787
Interest receivable	62,230,167	45,694,000	Interest payable	115,655,454	92,220,187
Dividends receivable	39,180,100	4,989,960	Dividends payable	2,262,325,155	73,614,218
Other receivables	427,101,385	422,083,818	Other payables	45,561,895	39,984,545
Inventories	2,985,602,099	3,142,326,304	Non-current liabilities due within one year	570,064,232	121,718,718
Other current assets	635,176,554	326,161,615	Other current liabilities	2,821,787,778	3,936,452,668
Total Current Assets	5,010,644,303	4,411,012,016	Total Current Liabilities	9,181,924,219	7,239,329,234
Non-current Assets:			Non-current Liabilities:		
Available-for-sale financial assets	2,346,524,250	2,086,127,987	Long-term borrowings	1,470,623,539	1,471,905,901
Long-term equity investment	4,863,483,379	4,771,195,958	Bonds payable	3,965,029,403	4,457,801,187
Investment properties	20,424,044	32,113,394	Deferred income	32,395,220	33,317,704
Fixed assets	1,733,625,403	1,734,084,711	Deferred income tax liabilities	138,998,484	138,362,514

Item	Balance at the end of the period	Balance at the beginning of the period	Item	Balance at the end of the period	Balance at the beginning of the period
Construction in progress	3,260,251,949	1,197,809,229			
Intangible assets	20,766,229,126	21,324,779,176			
Long-term deferred expenses	2,201,961	3,628,179	Total Non-current Liabilities	5,607,046,646	6,101,387,306
Deferred income tax assets	266,282,988	345,345,094	TOTAL LIABILITIES	14,788,970,865	13,340,716,540
Other non-current assets	200,216,678	376,477,785			
			Shareholders' Equity:		
			Share capital	5,037,747,500	5,037,747,500
			Capital reserve	10,428,388,235	10,428,388,235
			Other comprehensive income	532,718,137	542,389,052
			Surplus reserve	3,153,173,160	3,153,173,160
			Retained profits	2,831,864,473	3,048,058,238
			Total shareholders' equity attributable to the parent company	21,983,891,505	22,209,756,185
			Minority interests	1,697,021,711	732,100,804
Total Non-current Assets	33,459,239,778	31,871,561,513	TOTAL SHAREHOLDERS' EQUITY	23,680,913,216	22,941,856,989
TOTAL ASSETS	38,469,884,081	36,282,573,529	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	38,469,884,081	36,282,573,529

Legal Representative: **Chang Qing**
 Chief Accountant: **Gu De Jun**
 Person in Charge of the Accounting Body: **Yu Lan Ying**

2. Consolidated Income Statement

For the period ended 30 June 2017

		<i>Unit: Yuan Currency: RMB</i>	
Item		Amount for the period	Amount for the corresponding period of last year
I. Total operating income		4,669,035,065	4,065,387,855
Including: Operating income		4,669,035,065	4,065,387,855
Less: Total operating costs		2,417,118,032	2,173,196,275
Including: Operating costs		2,071,770,067	1,717,511,026
Taxes and levies		45,218,867	106,630,165
Selling expenses		8,647,259	10,303,026
Administrative expenses		79,798,689	77,125,318
Financial expenses		211,683,150	261,626,740
Impairment losses of assets		–	–
Add: Gains from changes in fair values		2,543,880	(1,242,313)
Investment income		291,449,163	205,887,185
Including: Income from investments in associates and joint ventures		217,692,115	181,137,925
II. Operating profit		2,545,910,076	2,096,836,452
Add: Non-operating income		2,727,880	11,277,544
Including: Gains from disposal of non-current assets		79,199	21,133
Less: Non-operating expenses		14,655,686	11,793,523
Including: Losses from disposal of non-current assets		1,658,116	504,218
III. Total profit		2,533,982,270	2,096,320,473
Less: Income tax expenses		580,981,311	490,137,637
IV. Net profit		1,953,000,959	1,606,182,836
Including: Net profit attributable to owners of the Company		1,899,660,185	1,559,819,318
Profit or loss attributable to minority interests		53,340,774	46,363,518

Item	Amount for the period	Amount for the corresponding period of last year
V. Other comprehensive income (net of tax)	(9,670,915)	(4,426,893)
Other comprehensive income (net of tax) attributable to owners of the parent company	(9,670,915)	(4,426,893)
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss	(9,670,915)	(4,426,893)
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	(9,670,915)	(4,426,893)
Other comprehensive income (net of tax) attributable to minority interests	-	-
VI. Total comprehensive income	1,943,330,044	1,601,755,943
Total comprehensive income attributable to owners of the Company	1,889,989,270	1,555,392,425
Total comprehensive income attributable to minority shareholders	53,340,774	46,363,518
VII. Earnings per share:		
(I) Basic earnings per share	0.3771	0.3096
(II) Diluted earnings per share	N/A	N/A

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

3. Consolidated Cash Flow Statement

For the period ended 30 June 2017

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	4,776,634,399	5,480,579,350
Other cash receipts relating to operating activities	107,827,215	36,766,379
Sub-total of cash inflows from operating activities	4,884,461,614	5,517,345,729
Cash payments for goods purchased and services received	1,133,449,908	1,591,725,611
Cash payments to and on behalf of employees	381,011,869	365,460,754
Payments of various types of taxes	744,260,886	595,655,810
Other cash payments relating to operating activities	52,392,216	49,281,308
Sub-total of cash outflows from operating activities	2,311,114,879	2,602,123,483
Net Cash Flow from Operating Activities	2,573,346,735	2,915,222,246
II. Cash Flows from Investment Activities:		
Cash receipts from disposals of investments	2,471,903,747	1,662,000,000
Cash receipts from investment income	150,439,334	43,267,416
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	49,928	32,760
Other cash receipts relating to investment activities	-	-
Sub-total of cash inflows from investment activities	2,622,393,009	1,705,300,176
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	2,205,521,753	248,729,085
Cash payments to acquire investments	3,049,896,263	1,560,407,102
Net cash payments for acquisitions of subsidiaries and other business units	-	-
Other cash payments relating to investment activities	120,000,000	-
Sub-total of cash outflows from investment activities	5,375,418,016	1,809,136,187
Net Cash Flow used in Investment activities	(2,753,025,007)	(103,836,011)

Item	Amount for the Reporting Period	Amount for the corresponding period of last year
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	984,437,120	–
Including: cash receipts from capital contributions from minority owners of subsidiaries	984,437,120	–
Cash receipts from borrowings	2,315,000,000	1,755,000,000
Cash receipts from issue of bonds	2,797,234,748	5,988,937,937
Other cash receipts relating to financing activities	–	–
Sub-total of cash inflows from financing activities	6,096,671,868	7,743,937,937
Cash repayments of borrowings	5,640,860,251	8,322,317,252
Cash payments for distribution of dividends or profits or settlement of interest expenses	204,094,128	2,252,131,370
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	–	–
Other cash payments relating to financing activities	579,293	351,351
Sub-total of cash outflows from financing activities	5,845,533,672	10,574,799,973
Net Cash Flow used in Financing Activities	251,138,196	(2,830,862,036)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		
	–	–
V. Net Increase (decrease) in Cash and Cash Equivalents		
	71,459,924	(19,475,801)
Add: Opening balance of Cash and Cash Equivalents	194,272,978	221,115,078
VI. Closing Balance of Cash and Cash Equivalents		
	265,732,902	201,639,277
<i>Person in Charge of the</i>		
<i>Legal Representative:</i> Chang Qing	<i>Chief Accountant:</i> Gu De Jun	<i>Accounting Body:</i> Yu Lan Ying

6.2 Notes to the financial statements

1. Operating income and operating costs

Unit: Yuan Currency: RMB

Item	Amount recognized in the current period		Amount recognized in the last period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	4,250,598,939	1,834,134,788	4,029,687,065	1,728,494,575
Including: Shanghai-Nanjing Expressway	2,308,365,296	565,809,336	2,224,628,709	541,371,891
Nanjing-Lianyungang Highway	16,452,359	10,163,554	12,238,481	8,320,425
Guangjing Expressway and Xicheng Expressway	415,146,323	105,249,234	401,402,294	90,366,591
Ningchang Expressway and Zhenli Expressway	505,684,856	260,487,447	433,783,569	216,983,859
Xiyi Expressway and Wuxi Huantaihu Expressway	156,769,346	74,594,246	145,460,862	74,261,223
Ancillary services	848,180,759	817,830,971	812,173,150	797,190,586
Real estate development	386,787,528	226,972,213	14,148,090	(19,612,497)
Advertising and others	31,648,598	10,663,066	21,552,700	8,628,948
Total	<u>4,669,035,065</u>	<u>2,071,770,067</u>	<u>4,065,387,855</u>	<u>1,717,511,026</u>

2. Financial expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the last period
Interest expenses	208,360,927	249,391,878
Less: Interest income	2,598,542	1,898,200
Exchange differences	(440,093)	2,239,902
Bond issue fee and other loan charges	3,396,644	10,968,063
Others	2,964,214	925,097
Total	<u>211,683,150</u>	<u>261,626,740</u>

3. *Investment income*

	<i>Unit: Yuan Currency: RMB</i>	
Item	Amount incurred in the current period	Amount incurred in the last period
Income from long-term equity investments under equity method	217,692,115	181,137,925
Income (losses) on disposal of FVTPL	(123,106)	7,749
Investment income from available- for-sale financial assets in the holding period	54,320,000	9,970,000
Investment income from disposal of available-for-sale financial assets	5,418,097	4,738,362
Interest income from loans	14,142,057	10,033,149
Total	<u>291,449,163</u>	<u>205,887,185</u>

4. *Income tax expenses*

	<i>Unit: Yuan Currency: RMB</i>	
Item	Amount incurred in the current period	Amount incurred in the last period
Current income tax expenses	501,283,235	451,079,262
Deferred income tax expenses	79,698,076	34,801,692
Provision of prior years' income tax	–	4,256,683
Total	<u>580,981,311</u>	<u>490,137,637</u>

No provision for Hong Kong profits tax has been made as there was no taxable income derived from Hong Kong for the Group during the Reporting Period.

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

The return on net assets and EPS have been prepared by Jiangsu Expressway Company Limited in accordance with the relevant rules of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) issued by China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	8.20%	0.3771	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	8.17%	0.3756	N/A
Profit for the corresponding period of last year	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	7.34%	0.3096	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	7.29%	0.3076	N/A

Dividends per share: In the Reporting Period, the Board of the Company has recommended not to distribute any interim dividend for the six months ended 30 June 2017 (for the corresponding period in 2016: nil), and there is no plan to convert surplus reserves into share capital.

6. Supplementary information of income statement

	<i>Unit: Yuan Currency: RMB</i>	
Item	Amount incurred in the current period	Amount incurred in the last period
Employee remuneration	379,637,146	356,886,922
Depreciation and amortization	720,279,419	645,389,861
Toll related expenses	51,574,945	57,672,514
Road maintenance expenses	36,612,385	24,522,614
System maintenance expenses	8,035,227	14,729,618
Real estate development land and construction cost	226,972,213	(19,612,497)
Petroleum cost in the service areas along expressways	678,118,626	645,679,692
Retail goods in the service areas along expressways	12,195,403	16,421,433
Catering cost in the service areas along expressways	17,500,801	27,019,974
Audit fee	–	289,434
Consulting and intermediary service fee	1,552,404	1,949,165
Commission for agent of real estate sales	4,934,105	5,504,247
Advertisement and promotion fee	3,559,406	4,130,872
Others	19,243,935	24,355,521
Total	<u>2,160,216,015</u>	<u>1,804,939,370</u>

7. Ageing analysis of accounts receivable and accounts payable

(1) Aging analysis of accounts receivable based on the invoice date which approximated the date of recognition for each revenue:

Unit: Yuan Currency: RMB

Aging	Closing balance			Carrying amount	Opening balance			Carrying amount
	Amount	Proportion (%)	Provision for bad debt		Amount	Proportion (%)	Provision for bad debt	
Within 1 year	220,364,609	99	179,362	220,185,247	148,332,659	99	179,362	148,153,297
1-2 years	-	-	-	-	-	-	-	-
2-3 years	-	-	-	-	-	-	-	-
Over 3 years	1,699,980	1	1,699,980	-	1,699,980	1	1,699,980	-
Total	<u>222,064,589</u>	<u>100</u>	<u>1,879,342</u>	<u>220,185,247</u>	<u>150,032,639</u>	<u>100</u>	<u>1,879,342</u>	<u>148,153,297</u>

(2) The aging analysis of prepayments is as follows

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	29,352,960	99	15,482,950	92
1-2 years	160,000	1	560,000	3
2-3 years	90,000	-	806,733	5
Over 3 years	2,000	-	2,000	-
Total	<u>29,604,960</u>	<u>100</u>	<u>16,851,683</u>	<u>100</u>

(3) *Disclosure of other receivables by nature*

	<i>Unit: Yuan Currency: RMB</i>	
Nature of other receivables	Closing balance of the carrying amount	Opening balance of the carrying amount
Amounts for disposal of the removed stations along G312 Shanghai-Nanjing Section	394,814,890	394,814,890
Amounts of investment clearance	15,812,140	15,812,140
Petty cash	4,832,245	5,227,781
Landlord maintenance funds	5,150,262	5,772,380
Mortgage deposits for housing provident fund loan	3,941,000	3,941,000
Amount from transfer of 7.5% equity interest in Jiangsu Sundian Engineering Co., Ltd. (“ Sundian Company ”)	–	3,899,000
Compensation for road assets	725,938	–
Other insignificant amounts	17,747,905	8,539,622
Total	443,024,380	438,006,813

(4) *Aging analysis of accounts payable based on the invoice date:*

	<i>Unit: Yuan Currency: RMB</i>	
Item	Closing balance	Opening balance
Within 1 year	831,074,232	788,023,690
1-2 years	40,142,293	156,504,595
2-3 years	17,924,773	24,287,145
Over 3 years	21,542,238	19,130,998
Total	910,683,536	987,946,428

Details of accounts payable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Progress billing payables	387,918,791	394,052,655
Construction cost payable for real estate project	379,074,295	454,260,681
Purchase of petroleum payable	–	15,607,084
Split toll road fee payable	40,276,756	42,190,132
Deposit payable	33,971,550	21,032,400
Others	69,442,144	60,803,476
Total	910,683,536	987,946,428

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

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	RMB	%	RMB	%
Within 1 year	219,759,296	26	778,187,688	83
1-2years	635,445,184	74	161,911,217	17
2-3years	–	–	694,454	–
Over 3 years	80,000	0	80,000	–
Total	855,284,480	100	940,873,359	100

(6) *Details of other payables are as follows :*

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Accounts payable for service areas	7,714,981	10,475,533
Amount of ETC prepaid cards collected on behalf of Network Operation Company	6,037,221	8,627,397
Retention money payable	2,063,780	1,930,309
Earnest money for acquisition of properties	9,413,004	3,402,883
Others	20,332,909	15,548,423
Total	45,561,895	39,984,545

8. Credit policy

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

9. Contingencies

Ninghu Properties, a subsidiary of the Company, provided several guarantees to banks for mortgage loans granted to buyers of properties of Kunshan Huaqiao Urban Core B4 Guangming Jiezuo Project, Huaqiao Urban Core B19 Guangmingxinzuo Project, Baohua Hongyan Community B1 and B2 Tongcheng Shijia Project, Suzhou Nanmen Road G25 Shijiahuating Project and Suzhou "Qingyuan" located at Xinshi Road in accordance with the market practice. The guarantee obligation begins from the date on which the guarantee contract comes into effect and will cease when the buyers complete registration formalities of mortgage of the residential property purchased by the buyer and submit the third party property rights certificates to banks. As at 30 June 2017, the outstanding guarantees amounted to approximately RMB911,750,000 (31 December 2016: RMB779,907,000).

10. Pledge of assets

A subsidiary of the Company, Guangjing Xicheng Company, has acquired and absorbed Xiyi Company and undertaken the original borrowings of Xiyi Company. Xiyi Company obtained bank loans amounting to RMB200,000,000 from Bank of China (Wuxi branch) for the construction of Wuxi Huantaihu Expressway. The bank loans were guaranteed by Communications Holding and further secured by toll road concession rights of Wuxi Huantaihu Expressway in June 2008. At the end of the Reporting Period, RMB162,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB38,000,000.

11. Segment reporting

(1) Determining basis and accounting policy of reporting segment

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 12 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 12 reporting segments (2016: 9) 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, Wufengshan Bridge Expressway, Changyi Expressway, Yichang Expressway, ancillary services (including petrol, food and retail in service zone along the expressways), property 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) Information of reporting segment

Unit: Yuan Currency: RMB

	Shanghai-Nanjing Expressway		Nanjing-Lianyungang Highway		Guangjing Expressway and Xicheng Expressway		Xiyi Expressway and Wuxi Huantaihu Expressway		Ningchang Expressway and Zhenli Expressway	
	Current period	Last period	Current period	Last period	Current period	Last period	Current period	Last period	Current period	Last period
Segment operating income	2,308,365,296	2,224,628,709	16,452,359	12,238,481	415,146,323	401,402,294	156,769,346	145,460,862	505,684,856	433,783,569
Operating costs	565,809,336	541,371,891	10,163,554	8,320,425	105,249,234	90,366,591	74,594,246	74,261,222	260,487,447	216,983,859
Including: Amortization of toll roads concession rights	277,615,498	254,501,565	7,291,124	6,229,752	53,412,846	48,979,471	45,161,282	41,415,562	175,855,005	136,721,906
Costs of petrol and retail goods sold in service areas		-								
Segment operating profit (loss)	1,742,555,960	1,683,256,818	6,288,805	3,918,056	309,897,089	311,035,703	82,175,100	71,199,640	245,197,409	216,799,710
Reconciling items:										
Taxes and levies	8,310,115	53,347,175	59,228	289,899	1,494,527	10,008,863	564,370	3,475,678	1,820,465	10,991,466
Selling expenses										
Administrative expenses	31,473,447	31,193,493								
Financial expenses		-								
Impairment loss of assets		-								
Profit or loss from changes in fair values		-								
Investment income		-								
Operating profit	1,702,772,398	1,598,716,150	6,229,577	3,628,157	308,402,562	301,026,840	81,610,730	67,723,962	243,376,944	205,808,244
Non-operating income		-								
Non-operating expenses		-								
Total profit	1,702,772,398	1,598,716,150	6,229,577	3,628,157	308,402,562	301,026,840	81,610,730	67,723,962	243,376,944	205,808,244
Income tax expenses										
Net profit	1,702,772,398	1,598,716,150	6,229,577	3,628,157	308,402,562	301,026,840	81,610,730	67,723,962	243,376,944	205,808,244
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Total segment assets	11,662,380,903	12,043,899,261	274,678,545	281,969,669	1,292,319,200	1,266,085,567	2,085,429,159	2,136,426,304	6,220,036,471	6,442,854,998

Unit: Yuan Currency: RMB

	Zhendan Expressway		Wufengshan Bridge				Yichang Expressway		Ancillary services		Real estate development	
	Current	Last	Current	Last	Current	Last	Current	Last	Current	Last	Current	Last
	Period	Period	Period	Period	Period	Period	Period	Period	Period	Period	Period	Period
Segment operating income	-	-	-	-	-	-	-	-	848,180,759	812,173,150	386,787,528	14,148,090
Operating costs	-	-	-	-	-	-	-	-	817,830,971	797,324,297	226,972,213	(19,612,497)
Including: Amortization of toll roads concession rights	-	-	-	-	-	-	-	-	-	-	-	-
Costs of petrol and retail goods sold in service areas	-	-	-	-	-	-	-	-	690,314,029	689,365,861	-	-
Segment operating profit (loss)	-	-	-	-	-	-	-	-	30,349,788	14,848,853	159,815,315	33,760,587
Reconciling items:												
Taxes and levies	5,000	-	654,364	-	613,794	-	331,562	-	7,537,772	3,811,007	16,112,655	12,430,327
Selling expenses	-	-	-	-	-	-	-	-	-	-	8,446,006	10,146,515
Administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Profit or loss from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	(5,000)	-	(654,364)	-	(613,794)	-	(331,562)	-	22,812,016	11,037,846	135,256,654	11,183,745
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total profit	(5,000)	-	(654,364)	-	(613,794)	-	(331,562)	-	22,812,016	11,037,846	135,256,654	11,183,745
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	(5,000)	-	(654,364)	-	(613,794)	-	(331,562)	-	22,812,016	11,037,846	135,256,654	11,183,745
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Total segment assets	1,164,051,726	1,063,916,802	1,301,629,003	-	704,308,618	-	609,907,418	-	307,917,489	344,056,910	3,399,476,898	3,656,467,782

	Advertising and others		Unallocated items		Total	
	Current Period	Last Period	Current Period	Last Period	Current Period	Last Period
Segment operating income	31,648,598	21,552,700	-	-	4,669,035,065	4,065,387,855
Operating costs	10,663,066	8,887,835	-	-	2,071,770,067	1,717,903,623
Including: Amortization of toll roads concession rights	-	-	-	-	559,335,755	487,848,256
Costs of petrol and retail goods sold in service areas	-	-	-	-	690,314,029	689,365,861
Segment operating profit (loss)	20,985,532	12,664,865	-	-	2,597,264,998	2,347,484,232
Reconciling items:						
Taxes and levies	1,161,627	557,639	6,553,388	-	45,218,867	94,912,054
Selling expenses	201,253	248,153	-	-	8,647,259	10,394,668
Administrative expenses	-	-	48,325,242	57,165,697	79,798,689	88,359,190
Financial expenses	-	-	211,683,150	261,626,740	211,683,150	261,626,740
Impairment loss of assets	-	-	-	-	-	-
Profit or loss from changes in fair values	-	-	2,543,880	(1,242,313)	2,543,880	(1,242,313)
Investment income	-	-	291,449,163	205,887,185	291,449,163	205,887,185
Operating profit	19,622,652	11,859,073	27,431,263	(114,147,565)	2,545,910,076	2,096,836,452
Non-operating income	-	-	2,727,880	11,277,544	2,727,880	11,277,544
Non-operating expenses	-	-	14,655,686	11,793,523	14,655,686	11,793,523
Total profit	19,622,652	11,859,073	15,503,457	(114,663,544)	2,533,982,270	2,096,320,473
Income tax expenses	-	-	580,981,311	490,137,637	580,981,311	490,137,637
Net profit	19,622,652	11,859,073	(565,477,854)	(604,801,181)	1,953,000,959	1,606,182,836
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Total segment assets	824,240,451	573,606,846	8,623,508,200	8,473,289,390	38,469,884,081	36,282,573,529

Segment profit represents the gross profit earned by each segment without allocation of finance costs and investment income. The Group's decision makers rely on such information to consider resource allocation and assessment of segment performance.

For the purposes of assessing 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.

12. Events after the balance sheet date

On 6 July 2012, the Company received the “Notice from the Office of Jiangsu Provincial Government in respect of the removal or relocation of certain toll stations and related issues” (Suzhengban Fa [2012] No. 126) issued by the Office of Jiangsu Provincial Government. According to the notice, the Company removed Nanjing Toll Station, Luoshe Toll Station (including Yanqiao Toll Station) and Xilin Toll Station along the G312 Shanghai-Nanjing Section. Jiangsu Provincial Government issued “Official Response of the Jiangsu Provincial Government in respect of the Compensation for the Removal of Toll Stations on the Shanghai-Nanjing section of G312 National Highway” (Suzheng Fu [2012] No.115) on 31 December 2012 and agreed to compensate for the loss sustained from the removal of the toll stations on G312 Shanghai-Nanjing Section based on the net asset value of the toll concession rights of the corresponding toll stations removed. As a result, the Company recognized compensation receivables from Jiangsu Provincial Government at RMB1,124,177,798. In 2015, an Agreement for early termination of the toll concession rights in G312 Shanghai-Nanjing Section was signed and concluded between the Company and Jiangsu Transportation Department Highway Bureau, pursuant to which the Company agreed to terminate toll concession rights of G312 Shanghai-Nanjing Section in advance and that Communications Holding shall compensate the Company an amount of RMB1,316,049,634 based on “Approval in relation to the Economic Compensation Arrangements for the Removal of Toll Stations and Early Termination of Toll Road Concession Rights of Shanghai-Nanjing Section of National Highway G312” (Suguoazifu [2015] No. 195) by the State-owned Asset Supervision and Administration Commission of Jiangsu Provincial Government. As at 31 December 2016, the Company has received accumulated compensation of RMB921,234,744, with the outstanding receivable balance of RMB394,814,890. On 25 July 2017, the Company received the outstanding compensations of Communications Holding. As such, all compensations have been settled.

6.3 Financial statement related matter

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

7. 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 Network	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)

Tongxingbao Company	Jiangsu Tongxingbao Smart Transport Technology Co., Ltd. (江蘇通行寶智慧交通科技有限公司)
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責任公司)
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)
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)
Wufengshan Toll Bridge Company	Jiangsu Wufengshan Toll Bridge Company Limited (江蘇五峰山大橋有限公司)
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)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)
Nanlin Hotel	Suzhou Nanlin Hotel Company Limited (蘇州南林飯店有限責任公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Far East Shipping Company	Jiangsu Far East Shipping Co., Ltd. (江蘇遠東海運有限公司)
Group Finance Co., Ltd.	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Information Company	Jiangsu Expressway Information Engineering Technology Co., Ltd. (江蘇高速公路信息工程有限公司)
Ninghang Company	Jiangsu Ninghang Expressway Co., Ltd. (江蘇寧杭高速公路有限公司)
Changkuen Company	Suzhou Changkuen Expressway Co., Ltd. (蘇州常昆高速公路有限公司)
Changyi Company	Jiangsu Changyi Expressway Company Limited (江蘇常宜高速公路有限公司)
Yichang Company	Jiangsu Yichang Expressway Company Limited (江蘇宜長高速公路有限公司)
Shanghai and Jiangsu Company	Shanghai and Jiangsu Expressway Co., Ltd. (江蘇滬蘇浙高速公路有限公司)
Huatong Company	Jiangsu Huatong Engineering Inspection Co., Ltd (江蘇華通工程檢測有限公司)

Fuanda Fund	Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司)
CDF Kai Yuan	CDB Kai Yuan Capital Management Co., Ltd (國開開元股權投資基金管理有限公司)
Financial Leasing Company	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)
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 River Bridge
Sujiahang Expressway	Jiangsu Section of Suzhou-Jiaxing-Hangzhou Expressway
Yanjiang Expressway	Changzhou-Taicang Expressway
Changjia Expressway	Kunshan-Wujiang Section of Changshu-Jiaxing Expressway
Zhendan Expressway	Zhenjiang-Danyang Expressway
Ningchang Expressway	Lishui Guizhuang Hub-South-Changzhou Interchange Expressway
Zhenli Expressway	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	Northern Wuxi-Yixing West Dock Hub Expressway

Wuxi Huantaihu Expressway	Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway
Sujiayong Expressway	Suzhou-Jiaxing-Ningbo Expressway
Wufengshan Bridge	Wufengshan Toll Bridge and North-South Approach Expressways projects
Changyi Expressway	Changzhou-Yixing Expressway
Yichang Expressway	Jiangsu section of Yixing-Changxing Expressway
Reporting Period	the period of six months from 1 January 2017 to 30 June 2017
Year-on-year	as compared with the same period of 2016
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
Corporate Governance Code	the Corporate Governance Code under Appendix 14 to the Hong Kong Listing Rules

Jiangsu Expressway Company Limited
Chairman of the Board: Chang Qing

Nanjing, the PRC, 25 August 2017

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

Chang Qing, Gu Dejun, Du Wenyi, Yao Yongjia, Wu Xinhua, Hu Yu, Ma Chung Lai, Lawrence, Zhang Erzhen, Zhang Zhuting*, Chen Liang*, Lin Hui**

* *Independent Non-executive Directors*