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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)

2018 ANNUAL RESULTS PRELIMINARY ANNOUNCEMENT

The contents of this announcement are disclosed pursuant to Rule 13.49(1) and paragraph 45 of Appendix 16 of the Hong Kong Listing Rules.

I. IMPORTANT NOTICE

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

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

1.2 Absence of Directors

Position held by absent director	Name of absent director	Reasons for absence of directors	Name of proxy
Director	Wu Xin Hua	Due to business engagement	Yao Yongjia
Director	Hu Yu	Due to business engagement	Yao Yongjia
Independent director	Zhang Zhu Ting	Due to business engagement	Chen Liang

- 1.3 The audit committee of the Company has reviewed and confirmed the full text and summary of the annual report for the year ended 31 December 2018. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard unqualified auditor's report for the Company. The annual financial statements of the Company has been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and is in compliance with the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.

1.4 Company profile

Stock Abbreviation	寧滬高速 (A Shares)	Jiangsu Expressway (H shares)	JEXYY
Stock Code	600377	0177	477373104
Listing Stock Exchange	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	United States

	Secretary to the Board	Representatives of Securities Affairs
Name	Yao Yongjia	Tu Jun and Lou Qing
Telephone Number	8625-8446 9332	8625-84362700-301835, 301315
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- 1.5 Unless otherwise specified, the financial figures involved in this announcement are expressed in RMB.

- 1.6 For the items and company abbreviation involved in this announcement, please refer to Section XI of this announcement.

II. PROFIT DISTRIBUTION PLAN

During the Reporting Period, the Group realized a net profit attributable to the shareholders of the Company of RMB4,376,603,925 and earnings per share was approximately RMB0.8688. The Board of the Company proposed to distribute cash dividends of RMB0.46 per share (tax inclusive) in favour of all shareholders based on the total share capital of the Company of 5,037,747,500 shares. The proposed dividend is expected to be paid on 15 July 2019.

III. PRINCIPAL BUSINESSES OR OVERVIEW OF PRODUCTS DURING THE REPORTING PERIOD

The Company is principally engaged in the investment, construction, operation and management of toll roads and bridges in the Jiangsu Province and the development and operation of ancillary service areas along such expressways. Apart from the Jiangsu section of Shanghai-Nanjing Expressway, the Company also owns the entire or partial interests of other toll roads and bridges located in the Jiangsu Province, including Ningchang Expressway, Zhenli Expressway, Guangjing Expressway, Xicheng Expressway, Xiyi Expressway, Zhendan Expressway, Jiangyin Bridge and Sujiahang Expressway, etc. As at 31 December 2018, 16 road and bridge projects were directly operated and invested by the Company, and over 840 kilometers of the roads and bridges open to traffic were owned or invested by the Company.

The Group's operating areas are located in the Yangtze River Delta, which is the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Company involve the roads and bridges serving as the major transport corridors linking roads stretching east-to-west and south-to-north across the Jiangsu Province. The vibrant economy in the region leads to hectic traffic. The Jiangsu Section of Shanghai-Nanjing Expressway, being the Group's core assets, links six large and medium cities, namely Shanghai, Suzhou, Wuxi, Changzhou, Zhenjiang and Nanjing, and is one of the busiest expressways in the PRC.

In addition, the Group is also actively exploring and venturing into other new business fields, and is engaged in real estate development, as well as financial, quasi-financial and industrial investments, aiming to further enhance profitability and achieve sustainable development of the Group. As at 31 December 2018, the Company owned four wholly-owned subsidiaries, three non-wholly-owned subsidiaries and participated in eleven joint ventures by shares, with total assets of approximately RMB48,163 million and net assets of approximately RMB29,354 million.

IV. SUMMARY OF MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB

Principal accounting data	2018	2017	Increase/ decrease for the Reporting Period as compared with the corresponding period of the previous year (%)	2016	2015	2014
Operating revenue	9,969,011,165	9,455,680,365	5.43	9,201,297,066	8,761,321,186	8,830,860,795
Net profit attributable to the shareholders of the Company	4,376,603,925	3,587,861,857	21.98	3,346,063,867	2,506,629,408	2,227,907,831
Net profit attributable to the shareholders of the Company net of non-recurring profit or loss	3,853,866,529	3,565,591,487	8.08	3,316,405,373	2,692,979,266	2,228,136,341
Net cash flow from operating activities	5,715,489,507	5,232,104,978	9.24	5,463,748,504	4,475,893,125	3,741,645,416

	As at the end of 2018	As at the end of 2017	Increase/ decrease as at the end of the Reporting Period as compared with the end of the corresponding period of the previous year (%)	As at the end of 2016	As at the end of 2015	As at the end of 2014
Net assets						
attributable to the						
shareholders of						
the Company	26,137,197,732	23,520,283,963	11.13	22,209,756,185	20,476,159,276	21,015,980,062
Total liabilities	18,808,871,891	16,637,560,626	13.05	13,340,716,540	15,289,867,555	15,781,633,851
Total assets	48,162,728,833	42,532,491,238	13.24	36,282,573,529	36,476,039,663	37,481,216,616

V. MAJOR FINANCIAL DATA FOR 2018 BY QUARTERS

Unit: Yuan Currency: RMB

	Q1 (January– March)	Q2 (April– June)	Q3 (July– September)	Q4 (October– December)
Operating revenue	2,822,575,100	2,319,204,734	2,499,923,053	2,327,308,278
Net profit attributable to the shareholders of the Company	1,017,133,454	1,471,008,611	1,163,954,555	724,507,305
Net profit attributable to the shareholders of the Company net of non-recurring profit or loss	1,017,764,735	1,046,413,730	1,132,545,963	657,142,101
Net cash flow from operating activities	1,204,204,675	1,458,584,432	1,583,239,987	1,469,460,413

VI. SHARE CAPITAL AND SHAREHOLDERS

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

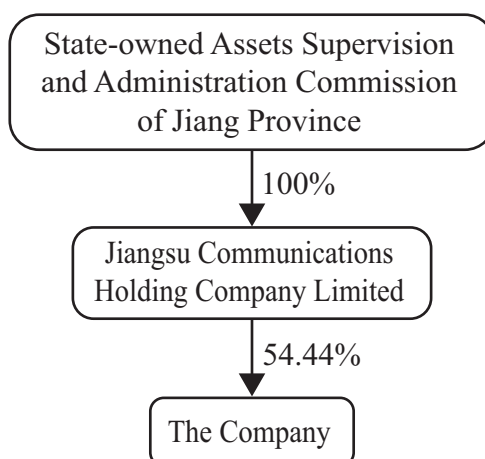
Total number of shareholders at the end of the Reporting Period (the number of H shareholders: 424 (inclusive))	20,955	Total number of ordinary shareholders as at the end of last month before the date of disclosure of the annual report (the number of H shareholders: 424 (inclusive))	23,966
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Shareholding of the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of shares held subject to selling restrictions	Number of shares pledged or frozen
Jiangsu Communications Holding Company Limited	State-owned legal person	54.44	2,742,578,825	0	Nil
China Merchants Expressway Network & Technology Holdings Co., Ltd.	State-owned legal person	11.69	589,059,077	0	Nil
BlackRock, Inc.	Foreign legal person	2.67	134,579,817	0	Unknown
Commonwealth Bank of Australia	Foreign legal person	2.66	134,102,971	0	Unknown
JPMorgan Chase & Co.	Foreign legal person	2.57	129,309,278	0	Unknown
Guotai Junan Securities Company Limited	Others	1.50	75,521,539	0	Unknown
Citygroup Inc.	Foreign legal person	1.22	61,432,721	0	Unknown
Jiantou Zhongxin Asset Management Co., Ltd.	Others	0.42	21,410,000	0	Unknown

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of shares held subject to selling restrictions	Number of shares pledged or frozen
Agricultural Bank of China Co., Ltd. – Invesco Great Wall Energy and Infrastructure Balanced Securities Investment Fund	Others	0.28	13,902,181	0	Unknown
China Pacific Life Insurance Co., Ltd. – CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽保險股份有限公司-中國太平洋人壽股票紅利型產品(壽自營)委託投資(長江養老))	Others	0.25	12,616,416	0	Unknown
Explanation on related party/connected relationships between the above shareholders or shareholders acting in concert	The Company is not aware of whether or not there is any related/connected party relationship between the top ten holders of A Shares in circulation and the top ten shareholders.				

6.2 Flowchart of the shareholding and the controlling relationship between the Company and the de facto controller



VII. MANAGEMENT DISCUSSION AND ANALYSIS

7.1 Business Review

In 2018, the Group vigorously strengthened its principal businesses, focused on realizing the benefits of road-based resources, and strove to amplify the functions of capital, by which the Group's operating efficiency reached a higher level.

The principal businesses were strengthened to build a firm foundation. During the Reporting Period, the Company's principal businesses developed steadily, and the traffic flow and toll revenue of its road network maintained steady growth. The Company actively promoted the construction of four major new projects, in which Zhendan Expressway, the first green recycling low-carbon model road in Jiangsu, was successfully completed and to traffic in September 2018. The investments in the construction of Wufengshan Toll Bridge, Changyi Expressway and Yichang Expressway progressed steadily. The mileage of expressway operated and managed by the Group has further increased, further stabilizing its position in the expressway network in southern Jiangsu, and therefore the effectiveness of scale of the road network further emerged.

Road-based resources were fully used to improve efficiency through innovation. During the Reporting Period, the Company continued to effectively and efficiently promote the transformation and upgrading of the business model of the service area. In particular, Meicun service area, Xianrenshan service area, Huanglishu service area and Fangmaoshan service area were completed and officially commenced operation. The upgrading and reconstruction of Yangcheng Lake service area and Douzhuang service area is being carried out in an orderly manner and is close to completion. In terms of the operation of the petroleum products business, the Company introduced a competitive mechanism, resulting in an year-on-year increase in the gross profit margin of petroleum products by 5.95 percentage points in 2018. Under the innovative road-based economic development model, the Company achieved an overall improvement in operational and social benefits and accumulated replicable management experience, laying a foundation for the Company to deeply explore the potential economic benefits of its new projects.

Prudent investment in ancillary businesses to achieve long-term steady development. During the Reporting Period, in response to the systematic downturn of the capital market, the Company strengthened its investment and financing research, and acted in a counter-cyclical manner by purchasing financial equity through subscribing for the Asset Management Scheme of Fuanda Fund, establishing a commercial factoring company by seizing market opportunities, and acquiring 30% equity of Hanwei Company. Amidst a market environment where money was tight, the Company leveraged credit advantage to adjust its financing strategy in a timely manner, as such effectively satisfied the large capital requirements of investment projects with lower capital costs. As for the real estate business, the Company put more effort into reducing inventory resulting in greater economic benefits. By means of multi-channel investment, the Company optimized the efficiency of capital, assets and capital allocation, realizing synergetic development between principal and ancillary businesses.

(I) Toll road and bridge operations

1. Analysis of business and operational environment

(1) Impact of the macroeconomic environment

During the Reporting Period, China's economy continued to undergo profound structural reform on the supply side. Economic restructuring was optimized. New development momentum was further strengthened, by which the economic operations remained within a reasonable range. Macroeconomic regulation and control objectives were better achieved. The economy maintained growth in a medium-to-high speed, and the total economy reached a higher level. In 2018, the gross domestic product (GDP) grew by 6.6% over the previous year, achieving the expected growth target of around 6.5%. This growth rate ranked the first among the world's top five economies. China's economic growth contributed nearly 30% of the world economic growth, and still was the largest contributor to the world economic growth. During the Reporting Period, the gross regional product in the Jiangsu Province recorded a year-on-year increase of 6.7%, reflecting the province's overall steady economic growth. Further, more effort was placed in implementing reform and opening up in a more efficient manner, and the transformation from the old momentum to the new was still ongoing, making a good start on the high-quality development (**Data source: governmental statistics information website**).

The macroeconomic environment is an essential factor affecting the demands for transportation. Most of the toll road projects of the Group maintained a relatively stable and natural growth with the comprehensive effect of the multiple factors in the macroeconomic and regional economic environment during the Reporting Period.

(2) Development of demands for transportation

During the Reporting Period, the full-year turnover of passengers in Jiangsu Province increased by 2.0% and turnover of goods decreased by 0.4%. The port cargo throughput was 2,330 million tons, representing an increase of 0.6% compared to that last year, of which 490 million tons were foreign trade cargo throughput, representing an increase of 0.5%. The container throughput were 17.98 million standard containers, representing an increase of 4.4%.

At the end of the Reporting Period, a total of 17,832,000 vehicles for civilian use were owned in the Jiangsu Province, representing a net increase of 1,638,000 vehicles, and representing an increase of 10.1% as compared to that at the end of the previous year; of which 10,668,000 private sedans were owned, representing a net increase of 792,000 vehicles, and representing an increase of 8.0% as compared to that at the end of the previous year (**Data source: governmental statistics information website**).

The stable growth of car ownership would be the most direct drive to the growth of road traffic flow, and meanwhile a higher car ownership in the region would give more free play to the competitive advantage of highways in the short and medium distance transportation and thus improve the ability to resist diversion impact of other modes of transportation.

(3) Changes in competition pattern

At the end of the Reporting Period, the total operating expressway mileage in the Jiangsu Province was 4,710 kilometers, with additional mileage of 18 kilometers. The railway operation mileage was 3,014 kilometers, with additional mileage of 243.1 kilometers and main lines of railways extended 5,258.6 kilometers, with additional mileage of 522.7 kilometers (**Data source: governmental statistics information website**). During the Reporting Period, newly constructed and completed projects of expressways and railways did not have obvious diversion impact on toll road and bridge projects of the Group.

(4) Policy's impact on toll roads

During the Reporting Period, the Central Government and local governments have not promulgated policies which would have greater effect on the toll roads industry. The policies on toll-free travel for small passenger vehicles in major festivals and holidays and toll-free “green passage” for vehicles carrying fresh and live agricultural products were continuously implemented, so the policy environment for the industry was relatively stable. In December 2018, the “Regulations on the Administration of Toll Roads (Revised Draft for Consultation)” was promulgated, which imposed more flexible regulations on the profit-making expressway concession period, and established a tolling system for profit-making expressway maintenance and management. The regulations, if finally implemented, will have a certain positive impact on maintaining the reasonable return to investors and the sustainable operation of the Company.

2. *Operation and management measures*

In 2018, the Company stably improved the expressway operation and management level and the road operation capability, and strengthened road maintenance management, hindrance clearance, maintaining smooth traffic flow and smart control, thereby provide safer, faster and higher-quality traffic services for drivers and passengers. Specific measures are as follows:

There was steady improvement on the road quality of Shanghai-Nanjing Expressway by focusing on new mode of maintenance management. The Company deepened the concept of maintenance throughout the life span, adhered to the principle of preventive maintenance, adopted scientific conservation measures to improve the performance and life span of the road, and proactively promoted the transformation of maintenance work from passive adaptation to active prevention. Through refining the maintenance quality control, the quality of the roads remained stable and improved despite of heavy traffic volume and continuous natural deterioration of road condition. In particular, MQI and PQI, the two major indexes of maintenance quality, were 95.83 and 94.04, respectively, which were slightly higher as compared to those last year. Bridges of Category I and Category II remained to be 100% and the rate of excellent roads and expressways remained to be 100%. The establishment of a standardized maintenance management system

was advanced continuously through optimizing the construction of the maintenance system and promoting the collaboration with specialized units, intensive construction and refined supervision in road maintenance, thereby improved the Company's management.

Remarkable achievements were made in response to heavy traffic volume by adhering to the new concept on hindrance clearance and smooth traffic maintenance. The Company implemented smooth traffic maintenance plan for the super-large traffic section and constructed “model smooth traffic road”. Meanwhile, the research titled “Key Technology Research and Engineering Demonstration on the Smooth Traffic Maintenance of Super Large Traffic Section of Shanghai-Nanjing Expressway” was selected as the 2018 key scientific research plan by the Ministry of Transport. The Company conducted road management on an integrated basis. Mainly, the Company put more effort into establishing “rescue station” and the ground-to-air stereoscopic rescue system to make the hindrance clearance and rescue tasks done in a faster and more efficient way. Partially, the Company adopted physical expansion to eliminate the traffic bottleneck of the relevant road sections, by which the time of passing large traffic sections was effectively shortened and the traffic capacity was significantly improved. During the Reporting Period, the Company performed a total of 22,316 hindrance clearance tasks on all fronts with an average of about 61 tasks per day. The overall rate of arrival within 20 minutes was about 97.6% and the rate of easing traffic congestion within one hour was about 98.8%, maintaining its domestic leading position in the efficient accessibility level to roads under huge traffic flow condition and the capability in response to exceptional situations.

New initiatives of smart control were vigorously implemented to ensure smooth traffic by leveraging the most cutting-edge technology. The Company actively implemented the “Internet + Accessible Transportation” by carrying out three types of cloud-based business deployment namely surveillance video, intelligence board and voice, in which the Company completed cloud-based connection of 463 channels of monitors, 75 channels of variable information boards, 106 channels of IP intercom equipment and 26 channels of weather monitoring equipment. In addition, the Company conducted the Internet-of-Things transformation on the traditional traffic safety facilities through introducing smart traffic cones and other automated safety protection equipment, which enabled it to achieve the “precision to the closest meter and accuracy to the nearest second” when collecting and releasing the

information on road conditions, travel experience of drivers and passengers was further improved as a result. The Company took a new step in lane control by experimentally deploying the “N+1” dynamic traffic control system in the super-large traffic sections and the congested points, which significantly improved the traffic efficiency, reflecting another highlight in terms of “smart expansion”. The operating charges reached new high, and the upgrading of HD plate recognition system and the connection of the mobile payment system have been completed, following which the accuracy rate of plate recognition reached over 95%, and the proportion of mobile payment to the manual tolling amount has exceeded 30%, driving the traffic capacity up to a higher level.

3. *Business performance and analysis of project operation*

During the Reporting Period, the Group recorded toll revenue of approximately RMB7,460,486,000, representing a year-on-year increase of approximately 5.01% and representing approximately 74.84% of the total operating revenue of the Group. Of which, Shanghai-Nanjing Expressway recorded an average daily traffic volume of 95,019 vehicles, representing a year-on-year increase of approximately 4.87%, and an average daily toll revenue of approximately RMB13,711,260, representing a year-on-year increase of approximately 4.17%. Considering the movement trend of the traffic volume of passenger vehicles and trucks throughout the year, traffic volume of passenger vehicles maintained at a stable growth at an average growth rate of approximately 5.83% throughout the year, representing approximately 78.91% of the total traffic volume. Whereas traffic volume of trucks increased by approximately 1.44% throughout the year, representing approximately 21.09% of the total traffic volume.

The traffic volume of other road and bridge projects including Xicheng Expressway, Jiangyin Bridge and Yanjiang Expressway continued to maintain a relatively good growth momentum. During the Reporting Period, their overall movements in traffic volumes of passenger vehicles and trucks were basically consistent with that of Shanghai-Nanjing Expressway.

4. *Business Development*

(1) Completion and open for traffic of Zhendan Expressway Project

Zhendan Expressway Project was officially completed and open for traffic on 30 September 2018. Northerly starting from the south Dagang Intersection of Taizhou Bridge and southerly connecting the Danyang New District Intersection of Shanghai-Jiangsu Expressway, it has a full length of 21.63 kilometres and is the first green, recycling and low-carbon model road in Jiangsu Province. The completion of the project is of great significance in promoting the development of the riverside areas in Jiangsu and improving the regional expressway network. Meanwhile, it is expected to become a new source of profit growth of the Company.

(2) Acceleration of the construction of new projects

During the Reporting Period, the Company continuously accelerated the construction of its new road and bridge projects in an active and orderly manner. As at the end of the Reporting Period, Wufengshan Bridge Project had incurred an aggregate investment of approximately RMB6,477 million, representing approximately 53.68% of the total investment of the project; Changyi Expressway Phase I Project had incurred an aggregate investment of approximately RMB2,057 million, representing approximately 54.14% of the total investment of the project; and Yichang Expressway Project had incurred an aggregate investment of approximately RMB1,420 million, representing approximately 35.70% of the total investment of the project.

(3) Resolution of the matter concerning the compensation for the removal of Panjiahuayuan Toll Station of Nanjing-Lianyungang Highway

With the accelerated urbanization in the areas along Nanjing-Lianyungang Highway in recent years, Panjiahuayuan Toll Station has already been located at the sub-central business district of the city. For the purpose of facilitating the development of Jiangbei New District, the Nanjing Municipal Government formally made an application to the Jiangsu Provincial Government in relation to the removal of the Panjiahuayuan Toll Station in May 2017. In November

2017, the Jiangsu Provincial Government issued to the Nanjing Municipal Government the Approval for Consent of Removal of Panjiahuayuan Toll Station of Nanjing-Lianyungang Highway (Su Zheng Fu [2017] No. 99) (關於同意撤銷寧連公路潘家花園收費站的批覆(蘇政覆[2017]99號)), granting its approval for the removal of Panjiahuayuan Toll Station. On 24 May 2018, the Company, Highway Center, Expressway Management Center and Liuhe District Government formally entered into an agreement for termination of the operating right of Nanjing Section of Nanjing-Lianyungang Highway, which provided that the compensation for removal of the toll station shall be borne by the Liuhe District Government. During the Reporting Period, the Company received the compensation of RMB49.93 million as recognized in a valuation report issued by a third-party valuer. For details of the project, please refer to the announcements published by the Company on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Stock Exchange (www.hkex.com.hk) on 26 March 2018 and 24 May 2018.

(II) Operation of ancillary services

Ancillary services of the Company mainly include sale of petroleum products, food and beverages, retail of goods and other related operations provided at the six service areas along the Shanghai-Nanjing Expressway. During the Reporting Period, the Company realized revenue of approximately RMB1,441,956,000 from ancillary services, representing a year-on-year decrease of approximately 19%. In particular, rental income from service areas amounted to approximately RMB182,579,000, representing a year-on-year increase of approximately 34.57%; sales revenue of petroleum products was approximately RMB1,194,371,000, representing approximately 82.83% of the total revenue from ancillary services, representing a year-on-year decrease of approximately 21.50%; and other income was approximately RMB65,006,000.

According to the plan for upgrading the business models of the service areas of the Company, the Company adopted the “outsourcing + supervision” and “platform expansion” models to outsource and upgrade all service areas in their entirety along Shanghai-Nanjing Expressway, further developing the geographic advantages and potential economic benefits of the road. In particular, Meicun service area was outsourced for a term of 6 years with a rent totaling RMB280 million. Huanglishu service area was outsourced for a term of 6 years

with a rent totaling RMB130 million. Xianrenshan service area was outsourced for a term of 6 years with a rent totaling RMB140 million. Fangmaoshan service area was outsourced for a term of 8 years with a rent totaling RMB185 million. Yangcheng Lake service area was outsourced for a term of 9 years with a rent totaling RMB185 million. Douzhuang service area was outsourced for a term of 8 years with a rent totaling RMB160 million. As at the date of issuing this report, the upgrading and transformation of Meicun service area, Huanglishu service area, Xianrenshan service area and Fangmaoshan service area were completed and put into formal operation, thereby creating brand new tourist complexes featuring diversified operations, seamless layout, complete facilities and comprehensive functions. The contracts in relation to Yangcheng Lake service area and Douzhuang service area have been signed, of which the upgrading and transformation will be carried out in an orderly manner.

In respect of improving the operating efficiency, the Company proactively coped with new changes in the supply and demand in the refined oil market by continuously implementing the competitive mechanism and deepening the process of market-oriented procurement with an aim to actively pursue a greater profit margin. Thus, the Company recorded a remarkable increase in the overall profits derived from the sales of petroleum products in 2018, reflecting a year-on-year increase of 5.95 percentage points in the gross profit margin of petroleum products during the Reporting Period.

During the Reporting Period, affected by the shutdown for reconstruction of double-layer oil tank in gas stations, the Company's sales volume of petroleum products decreased by approximately 31.74% year-on-year. In particular, the sales volume of gasoline decreased by approximately 19% year-on-year, and the sales volume of diesel decreased by approximately 63% year-on-year, mainly due to the decline in diesel demand. However, the Company managed to secure profit margins through actively carrying out business negotiations with petroleum suppliers, bringing a year-on-year increase of approximately 5.95 percentage points in the gross profit margin of petroleum products business and an annual increase of over RMB46 million in operating profit in 2018. Revenue from other businesses including food and beverages, retail of goods, lease and hindrance clearance services was approximately RMB247,585,000, representing a year-on-year decrease of approximately 4.29%.

(III) Business of property development and sales

In 2018, under the backdrop of continuous in-depth regulation and control policies over the domestic real estate market, the sales area of commodity housing was 1,716.54 million square meters, representing an increase of 1.3% from the previous year. In response to the changes in the market environment, the Company adjusted its marketing strategy on the real estate business during the Reporting Period in a timely manner to focus on reducing real estate inventory and accelerating the movement of the existing inventory in carrying out the annual marketing activities, under which the Company made smooth progress in the development, sales and delivery of each property project. As a result, the Company's real estate business realized better profits, which in turn continuously contributed to the growth of the Group's performance.

During the Reporting Period, the net profit after tax realized by Ninghu Properties was approximately RMB152,699,000, representing a year-on-year increase of approximately 40.37%. During this year, pre-sale revenue of RMB438,010,000 was realized, a total of 268 units were delivered, with sales revenue carried forward amounting to approximately RMB1,004,454,000.

The construction and sale of the Hanrui Center Project developed by Hanwei Company were carried out as scheduled. Construction up to structure level 24 of the Grade A Office Building (Building No. 1) was completed; and for the LOFT Office Building (Building No. 2) and the Hotel Apartment (Building No. 3), the main structure and interior painting were completed, and floor construction and main keel installation of exterior curtain wall were also completed.

(IV) Advertising and other businesses

Other businesses of the Company mainly comprised the advertising businesses provided by Ninghu Investment, a subsidiary of the Company, and property services provided by Ninghu Properties, a subsidiary of the Company. During the Reporting Period, the investment companies completed the integration and transfer of advertising business in an orderly manner, actively studied the transformation and development, adjusted and optimized the overall business structure. The Group realized revenue from advertising and other businesses of approximately RMB62,116,000, representing a year-on-year increase of approximately 1.14%.

The Company, Communications Holding, Xinhua Media, Jinghu Company, Orient Operation Company and Orient Road & Bridge Company jointly invested RMB268 million to establish Media Company. The establishment of Media Company is beneficial to the centralized management of transportation media resources in Jiangsu Province, and to further explore and enhance the value of the advertising resources on expressways so as to improve the Company's image in society.

7.2 Financial analysis

1. Analysis of principal businesses

Table of analysis of changes in relevant items in income statement and cash flow statement:

Unit: RMB

Item	Amount in the Reporting Period	Amount in the corresponding period last year	Changes (%)
Operating revenue	9,969,011,165	9,455,680,365	5.43
Operating costs	4,574,394,775	4,334,469,882	5.54
Selling expenses	37,740,441	11,891,705	217.37
Administrative expenses	211,774,236	187,898,191	12.71
Financial expenses	524,560,684	480,441,961	9.18
Net cash flow from operating activities	5,715,489,507	5,232,104,978	9.24
Net cash flow from investing activities	-4,773,577,639	-7,582,966,202	-37.05
Net cash flow from financing activities	-689,543,647	2,419,346,946	-
Business taxes and surtaxes	168,977,540	87,587,512	92.92
Impairment losses of assets	-	217,724,263	-100
Credit impairment losses	33,670	-	-
Gain on changes in fair value	158,299,349	5,659,094	2,697.26
Investment income	1,056,795,788	586,872,528	80.07
Non-operating income	21,943,624	14,176,399	54.79

(1) *Principal businesses classified by industries and regions*

The Group had an aggregate operating revenue of approximately RMB9,969,011,000 during the Reporting Period, representing an increase of approximately 5.43% as compared to the same period in 2017. Total operating costs were approximately RMB4,574,395,000, representing a year-on-year increase of approximately 5.54% as compared to the same period in 2017. The consolidated gross profit margin of the Group remained roughly same year-on-year.

Unit: Yuan Currency: RMB

By industries	Principal operating activities classified by industries		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 (%)
	Operating revenue	Operating costs				
Toll road business	7,460,485,818	2,614,094,988	64.96	5.01	13.56	Decreased by 2.64 percentage points
Shanghai- Nanjing Expressway	5,004,610,182	1,511,763,092	69.79	4.17	16.73	Decreased by 3.25 percentage points
Nanjing- Lianyungang Highway	11,994,024	2,100,153	82.49	-63.88	-92.51	Increased by 66.98 percentage points
Guangjing Expressway and Xicheng Expressway	920,821,006	286,408,735	68.90	6.14	11.71	Decreased by 1.55 percentage points
Ningchang Expressway and Zhenli Expressway	1,153,861,875	586,641,984	49.16	8.42	9.18	Decreased by 0.35 percentage point
Xiyi Expressway and Wuxi Huantaihu Expressway	355,490,993	207,827,573	41.54	6.13	12.33	Decreased by 3.23 percentage points
Zhendan Expressway	13,707,738	19,353,451	-41.19	-	-	
Ancillary services business	1,441,955,573	1,361,765,776	5.56	-19	-21.24	Increased by 2.68 percentage points

Principal operating activities classified by industries

By industries	Operating revenu	Operating costs	Gross profit margin (%)	Change in	Change in	Change in gross
				operating revenue over the corresponding period of last year (%)	operating costs over the corresponding period of last year (%)	profit margin over the corresponding period of last year (%)
Property sales business	1,004,453,761	573,087,120	42.95	97.05	104.67	Decreased by 2.12 percentage points
Advertising and other businesses	62,116,013	25,446,891	59.03	1.14	7.65	Decreased by 2.48 percentage points
Total	9,969,011,165	4,574,394,775	54.11	5.43	5.54	Decreased by 0.05 percentage point

Principal operating activities classified by regions

By industries	Operating revenu	Operating costs	Gross profit margin (%)	Change in	Change in	Change in gross
				operating revenue over the corresponding period of last year (%)	operating costs over the corresponding period of last year (%)	profit margin over the corresponding period of last year (%)
Jiangsu Province	9,969,011,165	4,574,394,775	54.11	5.43	5.54	Decreased by 0.05 percent point

(2) Analysis of revenue and cost

Components of costs:

Unit: Yuan Currency: RMB

By industries	Components of costs	By Industries				Changes in percentage of the amount for the Reporting Period compared with the same period last year (%)	Explanation of the situation
		Amount for the Reporting Period	Percentage in total costs for the Reporting Period (%)	Amount for the same period last year	Percentage in total costs for the same period last year (%)		
Toll road operations	-	2,614,094,988	57.14	2,301,862,413	53.10	13.56	-
-	Depreciation and amortization	1,327,322,713	29.02	1,281,795,107	29.57	3.55	
-	Costs on maintenance	362,811,697	7.93	205,626,217	4.74	76.44	Mainly due to a year-on-year increase in the costs of road maintenance as a result of a comprehensive renovation of the facilities and greening along the expressways during the Reporting Period.
-	Costs on system maintenance	78,688,580	1.72	42,607,191	0.98	84.68	Mainly due to the outsourcing of service areas, the relocation and renovation of original power supply and distribution and lighting facilities; the cancellation of procurement of some operating equipment at provincial toll stations during the Reporting Period.
-	Costs on toll collection	162,159,922	3.54	134,580,213	3.11	20.49	Mainly due to the opening of the Zhendan Expressway, as well as the renovation of housing construction facilities and greening landscapes at the toll station areas along the road, the cost of collection increased year-on-year during the Reporting Period.
-	Labour costs	683,112,076	14.93	637,253,685	14.70	7.20	Due to the rigid growth of labour costs and the movement of personnel resulting from the transformation of service areas, the labour costs of toll road business increased year-on-year during the Reporting Period.

By Industries

By industries	Components of costs	Amount for the Reporting Period	Percentage in	Amount for the same period last year	Percentage in	Changes in	Explanation of the situation
			total costs for the Reporting Period (%)		total costs for the same period last year (%)	percentage of the amount for the Reporting Period compared with the same period last year (%)	
Ancillary service businesses	-	1,361,765,776	29.77	1,728,961,843	39.89	-21.24	-
-	Raw materials	1,027,318,343	22.46	1,433,125,919	33.06	-28.32	Mainly due to the decrease in sales of oil products and the rental of some service areas, the procurement cost of raw materials decreased year-on-year during the Reporting Period.
-	Depreciation and amortization	49,992,320	1.09	48,239,865	1.11	3.63	
-	Labour costs	208,866,531	4.57	185,924,504	4.29	12.34	Due to the rigid growth of labour costs and the outsourcing of maintenance business, reassignment of personnel to the hindrance clearance business, resulting in an increase in labour costs for ancillary service businesses during the Reporting Period.
-	Other costs	75,588,582	1.65	61,671,555	1.43	22.57	Mainly due to supporting the upgrading and renovation of service areas during the Reporting Period, the costs of maintenance and property management increased year-on-year.
Property sales businesses	-	573,087,120	12.53	280,007,835	6.46	104.67	During the Reporting Period, the scale of real estate projects that were delivered and carried forward increased year-on-year, resulting in a year-on-year increase in the cost of real estate sales.
Advertising and other business	-	25,446,891	0.56	23,637,791	0.55	7.65	A year-on-year increase in the properties expenses, resulting from the increased property management scale of delivered property projects of the subsidiaries during the Reporting Period.

By Products	Components of costs	By Products				Changes in	Explanation of the situation
		Amount for the Reporting Period	Percentage in total costs for the Reporting Period (%)	Amount for the same period last year	Percentage in total costs for the same period last year (%)	percentage of the amount for the Reporting Period compared with the same period last year (%)	
-	-	-	-	-	-	-	-

(3) Expenses

Administrative expenses

During the Reporting Period, administrative expenses incurred by the Group were approximately RMB211,774,000 in aggregate, representing an increase by approximately 12.71% over the same period last year. The budgetary control of administrative expenses of the Company was in good condition in 2018 through the strengthening of budget management and strict expenses control. The year-on-year increase in administrative expenses during the Reporting Period was mainly due to the continuous increase in labour costs and the higher fees charged by agencies such as the audit and consultancy firms.

Financial expenses

During the Reporting Period, as loan interest was expensed after Zhendan Expressway was open for traffic and successive capital investment was made in the ongoing road and bridge construction of project companies, there was a year-on-year increase in the average amount of interest-bearing debts of the Company. Meanwhile, with higher capital cost in the market due to tightening regulation of the financial market and other reasons, the consolidated loan interest rate of the Company's interest-bearing debts increased year-on-year. The financial expenses of the Group were approximately RMB524,561,000, representing a year-on-year increase of approximately 9.18%.

Selling expenses

During the Reporting Period, the Group's aggregate selling expenses were approximately RMB37,740,000, representing a year-on-year increase of approximately 217.37%. It was mainly due to inclusion of Hanwei Company in the scope of consolidation and the increase in advertisement and promotion fee and commission fee for the agent of real estate sales of South Nanjing New City project during the Reporting Period.

Taxes and surcharges

During the Reporting Period, Ninghu Properties, a subsidiary of the Company, delivered property projects and the income from delivery was mainly generated before replacement of business tax with value-added tax and tax provision was made for advance settlement of land appreciation tax. As a result, the taxes and surcharges increased by approximately 92.92% year-on-year to RMB168,978,000.

Income tax

The statutory income tax rate for all companies of the Group was approximately 25%. During the Reporting Period, the income tax expense of the Group was approximately RMB1,176,930,000 in aggregate, representing a year-on-year increase of approximately 14.38%.

(4) Cash flow

The revenue from the principal business of toll roads of the Group is received in cash, contributing to a stable operating cash inflow. During the Reporting Period, the Group's net cash flow generated from operating activities was approximately RMB5,715,490,000, representing a year-on-year increase of approximately 9.24%, mainly due to the increase in toll revenue and the net cash inflow attributable to the inclusion of Hanwei Company in the scope of consolidation. The net cash outflow generated from investment activities was approximately RMB4,773,578,000, representing a year-on-year decrease of approximately 37.05%, mainly due to the fact that the net cash outflow from the purchase of wealth management products and the year-on-year decrease in payment for ongoing road and bridge construction projects. The net cash outflow incurred from financing activities was approximately RMB689,544,000, as compared with the net cash inflow of approximately RMB2,419,347,000 in the same period last year, mainly due to the year-on-year decrease in the net cash inflow from the capital contributions and borrowings made by minority shareholders to project companies during the Reporting Period.

(5) Impairment losses of assets/Credit impairment losses

Since the Company made provision for impairment of intangible assets for the concession right of Nanjing-Lianyungang Highway and impairment losses of assets of approximately RMB217,738,000 were incurred last year. Also, according to the new financial instruments Standards, the provision for bad debts of approximately RMB34,000 was included in credit impairment losses during the Reporting Period. As a result, the Group's impairment losses of assets during the Reporting Period decreased year-on-year.

(6) *Non-operating income and expenses*

During the Reporting Period, the Group achieved a non-operating income of approximately RMB21,944,000, representing a year-on-year increase of approximately 54.79%, which was mainly due to the negative goodwill arising from the inclusion of Hanwei Company in the scope of consolidation and a year-on-year increase in the compensation income from damaged road property during the Reporting Period.

During the Reporting Period, the Group incurred a non-operating expense of approximately RMB30,242,000, representing a year-on-year increase of approximately 22.33%, which was mainly due to a year-on-year increase in the repair expenses of road assets.

(7) *Gain on changes in fair value*

During the Reporting Period, the Group recorded a gain on changes in fair value of approximately RMB158,299,000, representing a year-on-year increase of approximately 2,697.26%. It was mainly due to an increase in the estimated value of the Group's equity fund investment reclassified as other non-current financial assets and measured at fair value according to the Accounting Standard for Business Enterprises No. 22.

(8) *Investment income*

During the Reporting Period, the Group's investment income was approximately RMB1,056,796,000, representing a year-on-year increase of approximately 80.07%. It was mainly because the Company recognized revaluation gain of approximately RMB430,500,000 upon acquisition of Hanwei Company in accordance with the standards on business combination involving enterprises not under common control during the Reporting Period. In addition, with the increase in profits of Yangtze Bridge Company, Sujiahang Expressway Company and Yanjiang Company, investment income contributed by associated companies in which the Group held direct equity interest during the Reporting Period amounted to approximately RMB575,193,000, representing a year-on-year increase of approximately 16.34%.

2. *Assets and Liabilities*

As of 31 December 2018, items of assets and liabilities of the Group are as follows:

Unit: Yuan Currency: RMB

Item	Amount as at the end of the Reporting Period	Percentage of the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage of the total assets as the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanation of the situation
Monetary fund	649,761,591	1.35	269,357,751	0.63	141.23	Mainly due to an increase in cash at bank and on hand from the beginning of the period caused by the receipt of funds by, Changyi Company and Yichang Company and the recent inclusion of Hanwei Company in the scope of consolidation during the Reporting Period.
Prepayments	29,060,041	0.06	10,200,712	0.02	184.88	Mainly due to the increase in prepayments for projects and procurement during the Reporting Period as compared to the beginning of the period.
Other receivables	37,833,951	0.08	106,256,683	0.25	-64.39	Mainly due to the repayment of interest on the shareholders' loan by Hanwei Company during the Reporting Period.
Non-current assets due within one year	0	0.00	300,000,000	0.71	-100	Mainly due to the repayment of the shareholders' loan by Hanwei Company during the Reporting Period.
Other current assets	130,656,171	0.27	557,742,656	1.31	-76.57	Mainly due to the Group's reclassification of wealth management products as held-for-trading financial assets from other current assets according to Accounting Standard for Business Enterprises No. 22.

Item	Amount as at the end of the Reporting Period	Percentage of the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage of the total assets as the end of the previous period (%)	Reporting Period compared to that at the end of the previous year (%)	Explanation of the situation
Inventory	4,045,555,776	8.40	3,010,805,685	7.08	34.37	Mainly due to an increase in inventories as compared to the beginning of the period caused by recognition of the inventories of Hanwei Company at fair value upon its acquisition by the Company during the Reporting Period.
Available-for-sale financial assets	0	0.00	2,329,877,191	5.48	-100	Mainly due to the Group's reclassification of available-for-sale financial assets as other equity instruments investment and other non-current financial assets according to Accounting Standard for Business Enterprises No. 22.
Other equity instruments investment	3,035,293,680	6.30	-	-	-	Mainly due to the Group's reclassification of its restricted outstanding shares in Jiangsu Leasing and in Bank of Jiangsu as other equity instruments investment according to Accounting Standard for Business Enterprises No. 22; the increase in the book value of the other equity instruments investment recognized at fair value as a result of Jiangsu Leasing, partially owned by Guangjing Xicheng Company (a subsidiary of the Company) going public on the A-share market; and the Company's subscription for the Fuanda Fund Management Plan during the Reporting Period.

Item	Amount as at the end of the Reporting Period	Percentage of the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage of the total assets as the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanation of the situation
Other non-current financial assets	1,111,415,422	2.31	-	-	-	Mainly due to the increase in the book value of other non-current financial assets recognized by the Company at fair value caused by the Group's reclassification of its equity investment in limited partnerships as other non-current financial assets according to Accounting Standard for Business Enterprises No. 22.
Construction in progress	10,087,826,331	20.95	8,294,639,339	19.50	21.62	Mainly attributed to investments in road and bridge projects under construction during the Reporting Period.
Deferred income tax assets	197,447,059	0.41	258,020,384	0.61	-23.48	Mainly due to the reversal of deferred income tax assets arising from making up losses in previous years by Ningchang Zhenli Company, a subsidiary of the Company, during the Reporting Period.
Other non-current assets	14,207,792	0.03	200,216,678	0.47	-92.90	Mainly due to the offsetting of entrusted loans from the Company to Hanwei Company as the Group's internal transaction due to the inclusion of Hanwei Company in the scope of consolidation during the Reporting Period.
Short-term borrowings	1,580,000,000	3.28	3,599,000,000	8.46	-56.10	Mainly due to the repayment of certain short-term borrowings by the Company during the Reporting Period.
Receipts in advance	73,454,895	0.15	840,007,370	1.97	-91.26	Mainly due to the Group's reclassification of certain items under receipts in advance as contract liabilities according to Accounting Standard for Business Enterprises No. 14.
Contract liabilities	962,200,983	2	0	0.00	-	Mainly due to the Group's reclassification of certain items under receipts in advance as contract liabilities according to Accounting Standard for Business Enterprises No. 14.

Item	Amount as at the end of the Reporting Period	Percentage of the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage of the total assets as the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanation of the situation
Other payables	270,459,371	0.56	217,363,761	0.51	24.43	Mainly due to the increase in the temporary receipts from housing purchase under the property purchase policy and regulations in the presale of the project of Ninghu Properties at the end of the Reporting Period.
Non-current liabilities due within one year	381,700,433	0.79	623,841,375	1.47	-38.81	Mainly due to the redemption of medium-term notes in an amount of RMB500 million during the Reporting Period.
Long-term borrowings	7,688,853,902	15.96	3,874,089,201	9.11	98.47	Mainly due to the increase in loans for the construction of toll road and bridge projects during the Reporting Period.
Provisions	461,700	0.00	8,010,000	0.02	-94.24	Nanjing-Lianyungang Highway maintenance project incurred the relevant expenses during the Reporting Period.
Deferred income tax liabilities	250,660,721	0.52	28,056,831	0.07	793.40	Mainly due to the adjustments to other comprehensive income and the corresponding adjustments to deferred income tax liabilities based on the fair value of the equity interest held by Guangjing Xicheng Company, a subsidiary of the Company, in Jiangsu Leasing during the Reporting Period.
Deferred income	43,109,916	0.09	33,638,147	0.08	28.16	Mainly due to the Company's recognition of unrealized profits of Hanwei Company prior to the acquisition during the Reporting Period.
Other comprehensive income	837,827,667	1.74	380,908,923	0.90	119.95	Mainly due to the recognition of other comprehensive income based on the fair value of the Company's equity interest in Jiangsu Leasing which went public on the A-share market during the Reporting Period.

Item	Amount as at the end of the Reporting Period	Percentage of	Amount as at the end of the previous period	Percentage	Percentage	Explanation of the situation
		the total assets as at the end of the Reporting Period (%)		of the total assets as the end of the previous period (%)	change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	
Minority interests	3,216,659,210	6.68	2,374,646,649	5.58	35.46	Mainly due to capital contributions received by subsidiaries during the Reporting Period, and the recognition of other comprehensive income to which the minority shareholders are entitled based on the fair value of the equity interest in Jiangsu Leasing during the Reporting Period.
Total assets	48,162,728,833	100	42,532,491,238	100	13.24	
Total gearing ratio	39.05%	-	39.12%	-	Decreased by 0.07 percentage point	
Net gearing ratio	64.08%	-	64.25%	-	Decreased by 0.17 percentage point	

* The calculation basis for total gearing ratio: liabilities divided by total assets;

The calculation basis for net gearing ratio: liabilities divided by the shareholder's equity interests.

(1) *Capital expenditure*

During the Reporting Period, the Group incurred the planned capital expenditure in a sum of approximately RMB4,960,688,000, representing a decrease of approximately RMB2,878,729,000 or approximately 36.72% as compared to 2017. The decrease was mainly due to the investment of road and bridge under construction decreased year-on-year. The breakdown of the capital expenditures incurred by the Group during the Reporting Period are as follows:

Capital expenditures classified by projects	RMB
Investment in the construction of Zhendan Expressway	453,781,992
Investment in the construction of Wufengshan Toll Bridge	2,068,927,365
Investment in the construction of Changyi Expressway	572,417,707
Investment in the construction of Yichang Expressway	337,897,944
Equity investment in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership)	288,273,581
Equity investment in Jiangsu Communications & Culture Media Company Limited	24,000,000
Subscription for Asset Management Scheme of Fuanda Fund	860,000,000
Acquisition of 30% minority interest of Hanwei company	184,499,800
Alteration and addition of service areas and toll collection points	85,670,300
Construction project of Three Major Systems	23,634,498
Noise barriers construction project	11,118,134
Setting up of billboards	3,058,234
Other construction in progress and equipment	47,408,412
Total	<u><u>4,960,687,967</u></u>

(2) *Capital structure and solvency*

The Company attached great importance to maintaining a reasonable capital structure and continuously improved its profitability in order to maintain the Company's good credit rating and stable financial position. At the end of the Reporting Period, the total liabilities of the Group amounted to approximately RMB18,808,872,000. The overall gearing ratio of the Group was approximately 39.05% (**Note: the calculation basis of the total gearing ratio: liabilities/total assets**), a decrease of approximately 0.07 percentage point from the previous Reporting Period. In view of the Group's stable and abundant operating cash flow and sound capacity of financing and capital management, the management believes that the gearing ratio remained at a safe level at the end of the Reporting Period.

(3) *Financial strategy and financing arrangement*

During the Reporting Period, the Company actively expanded its financing channels, adjusted its debt structure and controlled financing costs. Through adopting a proactive financing strategy, the Company was able to meet the funding needs of its operation and management and project investment and controlled the financing costs effectively. The Group's borrowing requirements are not subject to seasonality. During the Reporting Period, an additional fund of RMB5.2 billion was obtained through direct financing. As at the end of the Reporting Period, the balance of interest-bearing liabilities amounted to approximately RMB15.851 billion, representing an increase of approximately RMB1.553 billion from the beginning of the year. The higher financing costs on the market was driven by the increase in the loans for road and bridge projects under construction, including Wufengshan Toll Bridge, and the increasingly tight liquidity on the capital market from the second half of last year. During the Reporting Period, the rate of consolidated borrowing costs for interest-bearing liabilities of the Group was approximately 4.59%, representing an increase of approximately 0.18 percentage point year-on-year, about 0.18 percentage point lower than the bank lending rate for the same period.

(4) Credit policy

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

(5) Contingencies

As a common practice in the real estate industry, Ninghu Properties and Hanwei Company, subsidiaries of the Company, provide several guarantees in connection with mortgage loans granted to buyers of commodity housing properties. The guarantee obligation shall begin from the effective date of a guarantee contract and cease when the registration of mortgage in respect of a purchased properties is completed and the Building Right Encumbrances Certificate is submitted to banks for enforcement. As at 31 December 2018, the outstanding guarantees amounted to approximately RMB1,035,648,168 (31 December 2017: RMB893,281,511).

(6) Foreign exchange risks

The Group operates its businesses principally in the PRC. There is no material foreign exchange risks as the Group's operating revenue and capital expenditure are all settled in Renminbi, except for dividend payments for H Shares and the Group has no investment in foreign currency. The Group obtained a loan of USD9,800,000 from the Spanish Government in 1998 at the interest rate of 2% per annum and it will become due on 18 July 2027. As at 31 December 2018, the balance of the loan was equivalent to approximately RMB17,004,000, against which no foreign exchange hedging arrangements were made by the Group. Fluctuation in exchange rates will have no material impact on the Group's results.

(7) Reserves

Unit: Yuan Currency: RMB

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Total equity interests attributable to shareholders of the Company
As at 1 January 2017	5,037,747,500	10,428,388,235	542,389,052	3,153,173,160	3,048,058,238	22,209,756,185
Profit for the year	-	-	-	-	3,587,861,857	3,587,861,857
Reduction of owners' capital	-	-	-	-	-	-
Total amount of comprehensive income	-	-	(161,480,129)	-	-	(161,480,129)
Profit distributed	-	-	-	120,319,139	(120,319,139)	0
Dividends distributed	-	-	-	-	(2,115,853,950)	(2,115,853,950)
As at 31 December 2017	5,037,747,500	10,428,388,235	380,908,923	3,273,492,299	4,399,747,006	23,520,283,963
As at 1 January 2018	5,037,747,500	10,428,388,235	380,908,923	3,273,492,299	4,399,747,006	23,520,283,963
Profit for the year	-	-	-	-	4,376,603,925	4,376,603,925
Reduction of owners' capital	-	-	-	-	-	-
Total comprehensive income	-	-	456,918,744	-	-	456,918,744
Profit distributed	-	-	-	137,701,986	(137,701,986)	0
Dividends distributed	-	-	-	-	(2,216,608,900)	(2,216,608,900)
As at 31 December 2018	5,037,747,500	10,428,388,235	837,827,667	3,411,194,285	6,422,040,045	26,137,197,732

Note: The ownership of capital items above belongs to the companies of the Group.

The above statutory reserves may not be used for purposes other than their intended purposes and may not be used for distribution as cash dividends. As at 31 December 2018, reserves distributable to the shareholders were RMB6,422,040,045 (as at 31 December 2017, reserves distributable to the shareholders were RMB4,399,747,006).

3. *Analysis of investment*

During the Reporting Period, the total amount of external equity investment of the Group was approximately RMB496,774,000, representing an increase of approximately 12.58% as compared to 2017. The specific items mainly included equity investment of about RMB288,274,000 in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership), acquisition of 30% minority interest of Hanwei company of approximately RMB184,500,000, contribution of capital of RMB24,000,000 for the establishment of Culture Media Company and investment in the establishment of a commercial factoring company.

(1) Material equity investments

Acquisition of equity of joint venture

At the 22nd meeting of the eighth session of the board of directors on 19 March 2018, the Company resolved to acquire 30% equity of Hanwei Company, a joint venture, for approximately RMB184,500,000. After the acquisition, Hanwei Company became the Company's wholly-owned subsidiary. For details of the acquisition, please refer to the relevant announcement published by the Company on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Stock Exchange (www.hkex.com.hk) on 20 March 2018. On 12 April 2018, Hanwei Company completed relevant procedures for changing business registration and other relevant formalities. The Company's acquisition date of Hanwei Company was 12 April 2018. A professional agency was engaged by the Company to assess its shareholding in Hanwei Company as stated in the combined financial statements prior to the acquisition date based on the net assets of Hanwei Company using asset-based approach, as required under the Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment (Revised in 2014), Accounting Standards for Business Enterprises No. 33 – Combined Financial Statements (Revised in 2014) and other relevant requirements that provide for the right to exercise control over an investee not under common control. According to the assessment results, the Company re-measured the equity held by the Company in Hanwei Company before the acquisition date at its fair value on the acquisition date, and value appreciation gain of approximately RMB430,500,000 from assessment was recognized based on the difference between the fair value and its book value.

Participating in establishment of Media Company

On 4 June 2018, as approved at the 25th meeting of the eighth session of the board of directors of the Company, the Company, Communications Holding, Jinghu Company, Orient Operation Company and Orient Road & Bridge Company jointly invested RMB200 million to establish Jiangsu Communications & Culture Media Company Limited. The Company proposed to contribute RMB60 million, representing 30% of the total share capital. On 24 August 2018, the board of directors approved Media Company's introduction of Xinhua Media as a strategic shareholder. Xinhua Media made a capital contribution of RMB68 million in cash to increase the capital of Media Company. All of the original shareholders of Media Company have agreed to waive the pre-emption right over such capital contribution. After the capital contribution, the registered capital of Media Company increased from RMB200 million to RMB268 million, and the shareholding of the Company decreased to 22.39%. The establishment of Media Company is beneficial to the centralized management of transportation media resources in Jiangsu Province, and will help to further explore and enhance the value of advertising resources on expressways, so as to improve the Company's social image. As of the date of the Report, the Company has invested RMB24,000,000. For details of the investment project, please refer to the announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 20 March 2018 and on the website of the Stock Exchange (www.hkex.com.hk) on 27 August 2018, respectively.

Establishment of a commercial factoring company

On 12 December 2018, the fifth meeting of the Ninth Session of the board of directors of the Company considered and approved the establishment of a commercial factoring company by Ninghu Investment, a subsidiary of the Company, by way of investing RMB90,000,000. The factoring company has been officially established on 25 December 2018 and the business license has been obtained. For the details of such investment project, please refer to the announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 13 December 2018 and on the website of the Stock Exchange (www.hkex.com.hk) on 23 December 2018, respectively.

Subscription for units of private equity fund

Upon approval by the Board of the Company, Ninghu Investment has subscribed for a total of RMB1.2 billion units in CDB Kai Yuan Phase II Fund. As at the end of the Reporting Period, Ninghu Investment has made an aggregate capital contribution of RMB796,333,000. Ninghu Investment subscribed for Luode Fund Company for a total of RMB150 million. As of the end of the Reporting Period, all capital contribution relating to the project has been completed.

(2) *Material non-equity investments*

Entering into the asset management scheme of Fuanda Fund

In order to fully leverage the efficiency and benefits of the Company's funds, the Company, upon approval at the fourth meeting of the board of directors of the ninth session of the Company on 26 October 2018, entered into the Contract for Asset Management in relation to Fuanda – Fuxiang No. 15 Equity-Based Asset Management Scheme with Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司) and Shanghai Branch of Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司上海分行), whereby the Company, as the settlor, shall make a contribution of no more than RMB1 billion, whereas the term of such asset management scheme shall be no more than 4 years. As of the date of this Report, the Company has filed with the China Securities Investment Fund Association (中國證券投資基金業協會) and allocated entrusted assets of RMB1 billion. For details of such investment project, please refer to the relevant announcements published by the Company on 27 October 2018 and 2 November 2018 on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Stock Exchange (www.hkexnews.hk), respectively.

Accelerating the progress of new road and bridge projects

During the Reporting Period, the Company's total material non-equity investment of RMB3,433,025,000 mainly focused on the active facilitation of new road and bridge construction projects. Of the funds applied, RMB2,068,927,000, RMB572,418,000, RMB337,898,000 and RMB453,782,000 were invested in the construction of the Wufengshan Toll Bridge project, Changyi Expressway, Yichang Expressway and Zhendan Expressway, respectively.

(3) *Financial assets measured at fair value*

Item	Initial investment cost	Source of funds	Purchased/Sold	Investment income	Changes in fair value
Fund investments	9,999,400	Internal funds	-	-	-7,373,558
Wealth management products	651,238,808	Internal funds	-	7,100,410	-
Gold investments	15,710,238	Internal funds	-	-418,057	589,800
Other non-current financial assets (CDB Kai Yuan Phase II)	796,332,315	Internal funds	-	-	136,996,155
Other non-current financial assets (Luode Dening)	150,000,000	Internal funds	-	-	28,086,952
Other equity instruments (Bank of Jiangsu)	1,000,000,000	Internal funds	-	36,000,000	-244,000,000
Other equity instruments (Jiangsu Leasing)	270,898,457	Internal funds	-	28,080,000	831,241,543
Fuanda Asset Management Scheme	860,000,000	Internal funds	-	-	-60,846,320

During the Reporting Period, Ninghu Investment, a subsidiary of the Company, continued to hold Fuanda Advantageous Growth Fund purchased in 2011, in which approximately 10,000,000 units were available in total with a net value of approximately RMB22,455,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. Its fair value decreased by approximately RMB7,374,000 and its cumulative fair value increased by approximately RMB5,081,000 during the Reporting Period. During the Reporting Period, Ninghu Investment continued to engage in gold bullion investment commencing in 2014 at an investment cost of approximately RMB15,710,000 with a net value being approximately RMB16,417,000 at the beginning of the Reporting Period. At the end of the Reporting Period, its net value was approximately RMB17,007,000. Its fair value increased by approximately RMB590,000 while its cumulative fair value increased by approximately RMB1,297,000 during the Reporting Period. During the Reporting Period, Ninghu Investment continued to hold Luode Parent Fund subscribed for in 2016 at an investment cost of RMB150,000,000 with a net value of approximately RMB150,000,000 at the beginning of the Reporting Period. At the end of the Reporting Period, its net value amounted to approximately RMB178,087,000. Its fair value increased by

approximately RMB28,087,000 and its cumulative fair value increased by approximately RMB28,087,000 during the Reporting Period. During the Reporting Period, Ninghu Investment continued to hold CDB Kai Yuan Phase II Fund subscribed for in 2016 at an investment cost of approximately RMB796,332,000 with its net value of approximately RMB508,059,000 at the beginning of the Reporting Period. At the end of the Reporting Period, its net value was approximately RMB933,328,000. Its fair value increased by approximately RMB136,996,000 while its cumulative fair value increased by approximately RMB136,996,000 during the Reporting Period.

(4) *Other investments*

Listing of Jiangsu Leasing

In January 2018, Jiangsu Leasing, invested by Guangjing Xicheng Company which was a subsidiary of the Company with 85% ownership, obtained approval for its application for initial public offering in January 2018 and went public on the A-share market on 1 March 2018. Guangjing Xicheng Company, being the fourth largest shareholder of Jiangsu Leasing, holds 234 million shares in Jiangsu Leasing, accounting for approximately 7.83% of the total issued share capital of Jiangsu Leasing. Such shares are non-transferrable within 36 months from the date of listing of the shares of Jiangsu Leasing. The fair value of such shares was recognized upon valuation conducted by a third party valuer at the end of each natural year. The Company currently recognizes other comprehensive income through their fair value, and in this regard net assets of the Group has been increased accordingly. For details of such investment project, please refer to the relevant announcements published by the Company on 20 January 2018 on the websites of the SSE (www.sse.com.cn) and the Stock Exchange (www.hkex.com.hk), respectively.

7.3 Development strategies of the Company

In 2018, the Group adhered to the principle of compliant operation by focusing on economic benefits and smooth traffic flow, as well as took the lead in the areas of smooth traffic operation, maintenance management, operating results, transformation development and customer service, which enabled the Group's development to turn a new page. In 2019, the Company will continue to conduct its business in a pragmatic, enterprising and steady manner, and strive to maintain its leading position with every effort to show shareholders excellent performance and reward the community with quality service. The overall work direction in 2019 is that we need to make four breakthroughs: first, to make a breakthrough in the development of the principal businesses by endeavouring to expand the principal businesses and enhance the overall efficiency; second, to achieve a breakthrough in key technologies of smooth traffic operation in order to solve core problems and improve traffic efficiency; third, to get a breakthrough in financial investment through striving for developing new businesses and creating new impetus; fourth, to enable the breakthrough in business management with a view to enhancing professionalism in investment promotion and supervision at service areas and developing the capability of management output. In 2019, the Group aims to further reduce cost through technology innovation, to improve efficiency by management innovation, to enlarge space for development via model innovation, and to realize sustainable development with talent support.

7.4 Operational Plan

1. In order to ensure the achievement of profit targets throughout the year and to be well-planned and well-prepared for strategic development in future, the Group has formulated the following key measures for 2019 based on the overall business trend in the same year:

(1) To further explore our principal businesses by adhering to the principle of capturing opportunities.

First, having put high-standard traffic development ahead and speeded up the creation of a modern integrated transport system, the Company continues to focus on the investment in transport infrastructure, and strive to identify high-return projects with a broader vision and a more positive attitude so as to further enhance the edges of the principal businesses. Second, the Company will actively promote the construction of the three major newly commenced projects by enhancing liaison and coordination with contractors to make early preparations for such projects and

in various aspects such as management structure, techniques and staffing with a view to planning ahead for the smooth opening of such projects and achieving stable operation in future. Third, the Company will exert its full efforts to achieve the ultimate victory by reforming the business models of service areas to ensure the successful completion and operation of Yangcheng Lake service area, China's first "garden style" themed service area, and Douzhuang service area. In addition, to ensure the long-term stable operation of the service areas in a standard manner and ongoing economies of scale, the Company will establish an investment promotion system, optimize the supervision system and strengthen the performance assessment on the tenants. Further, the Company will keep monitoring the changes in the market price of refined oil and strive to expand sales and improve efficiency in the premise of securing high gross margin derived from oil products at present.

- (2) *To strive for well-performed ancillary businesses by adhering to the principle of seeking progress while maintaining stable performance.*

First, the Company will take the financial industry as the entry point to accelerate promotion of the business of the commercial factoring company, integrate the construction and management resources of superior transportation infrastructure, expand the service area and offerings of commercial factoring. Second, the Company will monitor the securities market situation and make careful analysis and demonstration in order to seek to invest in high-quality financial equities which have satisfactory returns, are under reliable supervision and are exposed to controllable risks, and gradually complete the allocation of portfolio financial assets to facilitate the Group's improvement and upgrading of the industrial structure. Third, the Company will participate in the establishment of real estate parent fund of Luode Fund Company, a real estate fund company under the Company in due course and improve the similar financial business of Ninghu Investment, a subsidiary of the Company, by taking the form of real estate finance. Fourth, the Company will continue to speed up the reduction of real estate inventory during conversion period in response to the continuously tight real estate policy in force for ensuring the relatively stable sales profits of real estate projects.

(3) *To prevent risks by taking compliant operation as the principle.*

First, the Company will strictly follow the regulatory requirements, optimize its “three-meeting” operational procedures, strengthen the argumentation, control and evaluation mechanism for major decision-making matters, and strictly control investment risks. Further, the Company will further enhance its risk management system by establishing a risk early-warning mechanism and strengthening major risks control with a view to reducing the occurrence of risks, so as to enhance the Company’s ability to hedge against risks. Second, the Company will continue to conduct audit work comprehensively. In particular, the Company will further strengthen the project audit and supervision, standardize project management through “prior check, in-process control, and post-review”, and conduct targeted special audit on internal management to improve internal management. Third, the Company will further identify and eliminate the integrity risks of each position, and evaluate and classify the identified integrity risks, thus enabling an effective system to be established for preventing and controlling integrity risks, in which prevention and control of integrity risks are required to be taken place in the whole process of project production and management and integrated into all aspects of power operation.

(4) *To lower costs and increase efficiency through scientific management.*

First, the Company will strengthen control over road management costs. To solve the problem of long-term aging and large traffic flow of roads, the Company will conduct research on maintenance strategy and planning with a view to improving road quality while reducing maintenance costs. The Company will vigorously develop scientific and technological innovation to continuously improve the technologies in monitoring, communication and tolling systems, and continue to reduce road operation and maintenance costs by using technological means such as tolling automation, cloud-based distribution and network-based communication. Second, to strengthen control on finance costs. The Company will improve the construction of its financing system, pay great attention to the changes in capital and funds market to broaden diversified financing channels, take a holistic approach to direct financing and indirect financing, and improve the efficiency of capital utilization, so as to effectively control capital cost. Third, the Company will rationally allocate human resources to improve the productivity of all staff. In this regard, the Company

will strengthen management training, professional and technical training and skills training to improve the quality of all staff and enhance work efficiency. Further, the Company will take the opportunity of transformation and development and replacement of manual labour with machines to further strengthen the staff job-transfer training for the opening of new projects requiring to reserve competent talents.

- (5) *To increase brand recognition by adhering to the principle of enjoying fast flow and a slow life.*

Focusing on the goal of “striving for a national leading position in smooth traffic flow”, the Company will continue to innovate a hindrance clearance model and improve traffic capability of roads. In particular, the Company will enhance traffic efficiency through technological innovation, further deploy ETC lanes, promote mobile payment and explore “frictionless payment”, and improve “cloud-based” command and dispatch system so as to strengthen traffic control and enable drivers and passengers to enjoy fast flow along Shanghai-Nanjing Road. In addition, the Company will reinforce management of service areas, and endeavour to provide citizens with more options, more beautiful environment and better service to enable them to enjoy a slow life when staying at service areas. For this purpose, the Company will be committed to enhancing the management brand of Shanghai-Nanjing Expressway by upholding the philosophy of “enjoying fast flow but a slow life”, thus winning a good social reputation and market reputation and laying a more solid foundation for the Company’s long-term development.

2. Funding needs required by the Company for maintaining current businesses and completing the investment projects under construction

The Company expects that the total capital expenditure in 2019 will be approximately RMB5,642 million, representing an increase of RMB681 million compared with the actual expenditure of RMB4,961 million in 2018. Capital expenditure for the year of 2019 mainly includes:

Capital expenditure item	Amount <i>RMB'00 million</i>
Investment in the construction of Zhendan Expressway	0.19
Investment in the construction of Wufengshan Toll Bridge	15
Investment in the construction of Changyi Expressway Phase I	10.5
Investment in the construction of Yichang Expressway Equity investment in Suzhou Industrial Park CDB Kai Yuan	9
Investment Center Phase II (Limited Partnership)	2.28
Equity investment in other projects	12
Asset Management Scheme of Fuanda Fund	1.4
Investment by Ninghu Investment for the establishment of a commercial factoring company	0.90
Other capital expenditure of the Group	5.15

On the basis of fully leveraging its own capital, the Group timely adjusted its financing strategy based on the financing condition of the capital market so as to satisfy its own funding needs for operation and investment, while further optimizing its debt structure and reducing capital risks. At present, the Company is actively exploring various types of financing channels such as corporate bonds and overseas bonds. Selecting the right financing products for the Company will not only provide the Company with sufficient and efficient funds for its present stage of development, but also make prior arrangements for its future development strategies. For the year of 2018, the Group signed credit facilities contracts with banks but has not yet utilized the facilities. The value of the credit facilities with a term of over one year were approximately RMB23,083 million. The value of the ultra-short-term financing products which have been registered with the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) with a term of more than one year but have not been issued were approximately RMB1,800 million. The credit line will be sufficient for supporting capital expenditure, debt roll-over and business development of the Group. If other capital expenditure is required under special cases, the Group will adjust its financing plan based on the size of expenditure and the actual cash flow condition.

VIII. MATTERS CONCERNING THE FINANCIAL STATEMENTS

8.1 Analysis by the Company on the reasons and impact on the changes in accounting policies and accounting estimates

New Standards for Revenue

Since 1 January 2018, the Group has implemented the “Accounting Standards for Business Enterprises No. 14 – Revenue” revised by the Ministry of Finance (“MoF”) in 2017 (hereinafter referred to as the “New Standards for Revenue”, and the Standards for Revenue before the revision referred to as the “**Original Standards for Revenue**”). The New Standard for Revenue introduces a five-step approach to revenue recognition and measurement and provides more guidance to specific transactions (or events). The New Standards for Revenue requires the accumulative effects on the initial implementation of the standards to adjust the retained earnings and amount of other related items in the financial statements at the beginning of the year upon initial implementation (i.e. 1 January 2018), but the data during the comparable period will not be adjusted. The Group only adjusts the cumulative effect on contracts not yet concluded on the first date of implementation upon implementation of the New Standards for Revenue.

- (1) In addition to disclosure of a wider range of income transactions, the impact of the implementation of the New Standards for Revenue on the items set out in the balance sheet at the beginning of the period is as follows:

Item	31 December		1 January
	2017	Reclassification	2018
Receipts in advance	840,007,370	(821,596,656)	18,410,714
Contract liabilities	–	821,596,656	821,596,656

Unit: RMB

- (2) Compared with the Original Standards for Revenue, the impact of the implementation of the New Standards for Revenue on the balance sheet and the income statement for the current period is as follows:

Unit: RMB

Changes in accounting policy and reasons thereof	Items affected	Affected amount (increase + decrease -)
Due to the implementation of the New Standards for Revenue, the Group took into account the significant financing components in the contracts when determining the transaction price and adjusted the cumulative impact of the contracts that were not yet completed.	Financial expenses	26,836,440
	Contract liabilities	26,836,440
	Income tax expenses	(6,709,110)
	Deferred tax assets	6,709,110
Due to the implementation of the New Standards for Revenue, the Group reclassified the income from properties for sales received in advance and the advertising service fee received in advance to the contract liabilities.	Receipts in advance	(962,200,983)
	Contract liabilities	962,200,983

New Standards for Financial Instruments

Since 1 January 2018, the Group has implemented the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, and Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (the “**New Standards for Financial Instruments**”) revised by MoF in 2017.

For classification and measurement of financial assets, the New Standards for Financial Instruments require that an entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. The original classifications of financial assets, such as loans and receivables, held-to-maturity investments and available-for-sale financial assets are no longer adopted. For investments in equity instruments, the entity shall generally classify them as measured at fair value through profit or loss, and for investments in unquoted equity instruments, the entity is allowed to designate them as measured at fair value through other comprehensive income provided that such designation is irrevocable and the accumulated changes in fair value initially recorded in other comprehensive income cannot be charged forward to profit or loss at disposal.

For impairment, the New Standards for Financial Instruments on impairment are applicable to financial assets measured at amortized cost, financial assets at fair value through profit or loss, lease receivables and financial guarantee contract. The New Financial Instrument Standard require adoption of expected credit loss model to recognize credit loss allowance to replace the original credit-impaired model. The new impairment model requires adoption of three-phase model, credit loss allowance is made based on expected credit losses within 12 months or during the whole lifetime according to whether the credit risks of relevant items have been significantly increased since initial recognition. For all the accounts receivable generated from transactions regulated by the revenue standard, as well as lease receivables generated from transactions regulated by the Accounting Standards for Business Enterprises No. 21 – Leases, the Group measured provision for loss in an amount which was equivalent to the expected credit losses during the whole lifetime.

For the recognition and measurement of financial instruments not in accordance with the requirements as to the New Standards for Financial Instruments before 1 January 2018, the Group makes adjustments retrospectively in accordance with the New Standards for Financial Instruments. The Group has made no adjustments to the previous comparative data prepared not in accordance with the requirements of the New Standards for Financial Instruments. The difference between the original book value of the financial instruments and the new book value at the date of implementation of the New Standards for Financial Instruments

was recognized as the retained earnings or other comprehensive income as at 1 January 2018. The impact of the Group's implementation of the New Standards for Financial Instruments on 1 January 2018 is as follows:

Unit: RMB

Item	Book value	Effect of implementation of New		Book value
	stated under original standards	Standards for Financial Instruments		stated under new standards
		Transferred		
		from available-for-sale financial assets	Transferred from other current assets	
		as originally classified	as originally classified	
	31 December 2017	(Note 1)	(Note 2)	1 January 2018
Other current assets	557,742,656	–	(491,380,000)	66,362,656
Held-for-trading financial assets	38,871,811	–	491,380,000	530,251,811
Available-for-sale financial assets	2,329,877,191	(2,329,877,191)	–	–
Investments in other equity instruments	–	1,671,818,457	–	1,671,818,457
Other non-current financial assets	–	658,058,734	–	658,058,734

Note 1: Transfer from available-for-sale financial assets as originally classified

Transfer from available-for-sale financial assets to other equity investment items

As of 1 January 2018, available-for-sale financial assets of RMB1,671,818,457 were reclassified to other equity investment items and such investment belongs to non-trading equity instrument investment, and the Group does not expect to dispose of such investment in the foreseeable future.

Transfer from available-for-sale financial assets to other non-current financial assets items

As of 1 January 2018, available-for-sale financial assets of RMB658,058,734 were reclassified to other non-current financial assets items. Such available for sale financial assets are equity instrument investments whose quotes from active markets are unavailable and whose fair values cannot be reliably measured, and the measurement for prior periods are measured at cost under the Original Standards for Financial Instruments. As of 1 January 2018, there was no significant difference between such equity investment measured at fair value and at original cost.

Note 2: Transfer from other current assets as originally classified

As of 1 January 2018, wealth management products were reclassified to financial assets at fair value through profit and loss.

Note 3: Note: As at 1 January 2018, the Group considered that there were no significant changes in the difference between items classified as financial assets measured at amortized cost recognized in accordance with loss provisions under the Original Standards for Financial Instruments and recognized in accordance with credit loss provisions under the New Standards for Financial Instruments.

As at 1 January 2018, the effect of initial implementation of New Standards for Revenue and New Standards for Financial Instruments on the Group's assets, liabilities and owners' equity are summarized as follows:

Unit: RMB

Item	31 December 2017	Effects of the New Standards for Revenue	Effects of the New Standards for Financial Instruments	1 January 2018
Other current assets	557,742,656	–	(491,380,000)	66,362,656
Held-for-trading financial assets	38,871,811	–	491,380,000	530,251,811
Available-for-sale financial assets	2,329,877,191	–	(2,329,877,191)	–
Investments in other equity instruments	–	–	1,671,818,457	1,671,818,457
Other non-current financial assets	–	–	658,058,734	658,058,734
Receipts in advance	840,007,370	(821,596,656)	–	18,410,714
Contract liabilities	–	821,596,656	–	821,596,656

Format of financial statements for general business enterprises

The Company followed the “Circular on the Revision and Publication of the Format of the Financial Statements of General Enterprises for 2018 (Cai Kuai [2018] No. 15) (the “**Cai Kuai No. 15 Document**”) promulgated by the MoF on 15 June 2018 in the preparation of financial statements for 2018. Cai Kuai No.15 Document contained the amendments to the presented items in a balance sheet and an income statement by the addition of “Notes and Accounts Receivable”, “Notes and Accounts Payable” and “Research and Development Expenses”, as well as announced the revision of the presented contents of the items “Other Receivables”, “Fixed Assets”, “Construction in Progress”, “Other Payables”, “Long-term Payables” and “Administrative Expenses”, deletion of the items “Notes Receivable”, “Accounts Receivable”, “Dividends Receivable”, “Interest Receivable”, “Disposal

of Fixed Assets”, “Construction Materials”, “Notes Payable”, “Accounts Payable”, “Interest Payable”, “Dividends Payable” and “Special Payables”, addition of the sub-items”. Of which: Interest Expenses” and “Interest Income” under “Financial Expenses”, and adjustment of where certain items should be presented in the income statement. In respect of the above changes of presented items, the Company has adopted retrospective application to make accounting treatment and adjusted comparable data retrospectively with reference to last year.

As at 1 January 2018, the effect of initial implementation of New Standards for Revenue and New Standards of Financial Instruments on the Group’s financial statement using the format for general business enterprise:

Unit: RMB

Item	1 January 2018
ASSETS	42,532,491,238
Current Assets:	4,602,482,928
Cash and bank balances	269,357,751
Held-for-trading financial assets	530,251,811
Notes receivable and accounts receivable	309,247,630
Prepayments	10,200,712
Other receivables	106,256,683
Inventories	3,010,805,685
Non-current assets due within one year	300,000,000
Other current assets	66,362,656
Non-current Assets:	37,930,008,310
Investments in other equity instruments	1,671,818,457
Other non-current financial assets	658,058,734
Long-term equity investment	5,123,326,114
Investment properties	20,019,608
Fixed assets	1,740,197,103
Construction in progress	8,294,639,339
Intangible assets	19,962,642,227
Long-term prepaid expenses	1,069,666
Deferred tax assets	258,020,384
Other non-current assets	200,216,678

Item	1 January 2018
LIABILITIES	16,637,560,626
Current Liabilities:	8,723,608,612
Short-term borrowings	3,599,000,000
Notes payable and accounts payable	921,349,151
Receipts in advance	18,410,714
Contract liabilities	821,596,656
Employee benefits payable	3,636,736
Taxes payable	275,210,217
Other payables	217,363,761
Non-current liabilities due within one year	623,841,375
Other current liabilities	2,243,200,002
Non-current Liabilities:	7,913,952,014
Long-term borrowings	3,874,089,201
Bonds payable	3,970,157,835
Deferred income	33,638,147
Provisions	8,010,000
Deferred tax liabilities	28,056,831
Shareholders' Equity	25,894,930,612
Share capital	5,037,747,500
Capital reserve	10,428,388,235
Other comprehensive income	380,908,923
Surplus reserve	3,273,492,299
Retained profits	4,399,747,006
Minority interests	2,374,646,649

8.2 There were no corrections of material accounting errors during the Reporting Period.

8.3 Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued an auditors' report upon which a standard unqualified opinion has been issued in respect of the financial report of the Company for the Reporting Period.

IX. OTHERS

9.1 Purchase, sale and redemption of shares of the Company

During the Reporting Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries; there was no person who exercised any conversion right or subscription right over convertible securities, options, warrants or other similar rights issued or granted by the Company or any of its subsidiaries at any time.

9.2 Pre-emptive right

There are no provisions for pre-emptive rights under the laws of the People's Republic of China and Company's Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

9.3 Public float

According to public information and as far as the directors are aware, the board of directors is of the view that the public float of the Company as at 22 March 2019 (as the latest practicable date before the date of this report) complied with the requirements of the Hong Kong Listing Rules.

9.4 Shareholders' waiver or consent to dividend arrangements

During the Reporting Period, there were no arrangements on waiver of any dividend by any shareholder.

9.5 Corporate Governance Code

As at the date of publication of this report, the board of directors has reviewed the daily governance with reference to the Corporate Governance Code, and is of the view that the Company fully adopted all code provisions (including the new provisions applicable to the Reporting Period) of the Corporate Governance Code and strived to fulfill the recommended best practices. Other than the code provision E.1.2 of the Corporate Governance Code stated below, the Company has complied with all the code provisions under the Corporate Governance Code and no material deviation or breach of the provisions of the Corporate Governance Code was found. Specific review and explanations on compliance are set out below.

2017 Annual General Meeting

According to code provision E.1.2 of the Corporate Governance Code, the chairman of the board of directors shall attend the annual general meeting. At that time, Chang Qing, the chairman of the board of directors of the Company, was unable to attend the Company's annual general meeting on 21 June 2018 due to business affairs. The general meeting was changed to be chaired by Mr. Gu De Jun, another director of the Company. Mr. Gu has been a director of the Company since 27 October 2016 and is familiar with the operation of the Company. Mr. Gu has also attended the annual general meeting of the Company and understood the process of such meeting. Therefore, the annual general meeting was not affected by the absence of Mr. Chang.

9.6 Audit Committee

The Audit Committee of the Company has reviewed and confirmed that the full text and summary of the annual report for the year ended 31 December 2018, and the relevant financial information was prepared under the China Accounting Standards for Business Enterprises, in respect of which Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) issued an auditors' report with standard unqualified opinion.

9.7 Remuneration Policy

Based on the characteristics of road-and-bridge enterprises, the Company determines the employees' salaries according to their specific positions and their performance. In 2018, by adhering to the goal of "being in line with other listed road and bridge companies and serving as a gateway to Jiangsu's highway market", we continued to innovate the cadre management mechanism, to improve the performance appraisal system, to promote steady adjustment of employee positions and to actively implement the caring employee policy. Through the attraction of the positions, matching of salaries, incentive-oriented assessment, improvement of welfare, the Company has created a harmonious and friendly team atmosphere and an aggressive work style, further stimulating the enthusiasm of our employees to work and encouraging them to contribute for the realization of the company's goals. During the Reporting Period, the total remuneration for the employees amounted to approximately RMB990,537,000.

In 2018, focusing on the strategic goals and work highlights for the year, the Company strictly carried out the administrative measures on performance appraisal and implementation rules. Based on natural conditions and different personnel characteristics, etc. and to further balance various indicators, the Company regularly conducted appraisals and assessments on the performance of employees and departments. The Company continued to carry out brand-building and encouraged staff to improve their performance based on their positions. The Company nurtured skillful business professionals, carried forward the spirit of craftsmanship and improved all staff members' performance by ways of the brand-building of "Jasmine Flower", selection of "Star Toll Collectors" among toll collectors, certification of the qualifications and grades of maintenance and hindrance clearance workers and appraisal on management staff according to their positions, etc. During the year, the Company selected a total of 125 outstanding staff members, toll collection staff members and service staff members and 58 outstanding teams. The company vigorously promoted past role models, gave material rewards in a timely manner, and encouraged a learning trend for advocating efficiency and excellence by "learning from such exemplars and honoring the role models".

9.8 Training Programmes

Staff and talents are crucial to corporate development. By strengthening staff education and training, the Company cultivates a corporate culture of team cooperation and continuous learning. Employees are encouraged to enhance their own capabilities and competitiveness to achieve enhancement of human resources. Total training fees incurred during the Reporting Period amounted to approximately RMB7,321,000. The number of attendances at the programs was 7,037. The participating staff ranged from junior front-line staff members to the senior management.

During the Reporting Period, the Company adhered to the principle of tiered implementation of training programs, conducted training in multiple dimensions, and strengthened the development of internal part-time lecturers in order to be prepared for continuous learning. First, the middle-level management personnel actively participated in various professional continuous learning courses held by the holding company group and competent departments. The training has obviously improved the comprehensive capability of the relevant staff. Secondly, we will continue to carry out communist education for cadres, integrity education, and occupation training for party members, etc. to prop up party rule. We are committed to building a solid team whose members are "politically correct, loyal and responsible". Thirdly, we carry out transfer training with the needs of transformation and development. For the staff stationed at sub-expressway toll stations in service areas, the onboard training for

transferred personnel of Yangcheng Lake, Fangmaoshan and Douzhuang Service Area has been carried out with 150 attendance records. Fourth, we always adhere to the humanistic concept of caring for the physical and mental health of employees, and regularly carried out the psychological counseling and treatment training for employees. In recent years, the establishment and management of the Mind Stations of various management offices have been taken place with great effect and the Mind Stations have become the soul harbor for employees. In addition to regular mental health lectures, the Company held the Behavioral Treatment Technology Improvement Class in 2018, aiming at further enhancing the counseling skills and practical capability of part-time counselors in the hope to give full play to the function of the Company's staff psychological counseling system. The number of attendances at the training for a total of 60 hours (5 days) was 50. Fifth, we seek to promote skill specialization for junior toll collectors in an era of intelligent charging business, in order to cope with the post adjustment brought about by the trend of "machinery replacing labour", improve the vocational skills of frontline employees, and increase the production efficiency and service quality of junior staff. The Human Resource Department of the Company, together with the IT Department, carried out a survey targeting junior staff and received views among staff. With the support from the teachers of Jiangsu Provincial Transportation Technician College (江蘇省交通技師學院), we held the first 7-day computer network and IT pilot training and prepared related materials. The participants mainly came from junior toll station and check-in personnel through voluntary enrollment and peer recommendation. The 50 employees attending the pilot training always kept great attention to and strong curiosity about new knowledge during the training. They actively raised questions and joined the training on machinery operation, creating a good learning atmosphere. They all finally passed the final examination. Up to 20 students receives 80 marks or above. The pilot training on computer network and IT has not only improved the integrated quality of staff, but also enabled each member to adapt to the rapid market and corporate change in this ever-changing era, enhanced their own competitiveness and nurtured backup forces for the Company. There is a pressing need for the operation and maintenance of highway electromechanical systems. The junior employees should not only be the users of the systems, but also need to be the "therapists" for such systems to carry out "all-round treatment". In 2019, the Company will carry out the subsequent trainings with an attendance of over 800 people.

During the Reporting Period, the Company further strengthened the management of human resources and put in place a talent-nurturing and corporate enhancement strategy. According to the needs of talent development, the Company proactively participated in the Mutual Selection Event for Fresh Graduates held by Communications Holding and the Organization Department of Provincial Party Committee. Through selecting and recruiting all-round talents in line with the development needs of the Company, the Company further enriched its talents pool.

9.9 Outsourcing of labour

Total working hours of outsourced labour	1 year
Total remuneration paid to outsourced labour	RMB36,702,400

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

10.1 Consolidated Balance Sheet

As at 31 December 2018

Unit: RMB

Item	31 December 2018	31 December 2017	Item	31 December 2018	31 December 2017
Current Assets:			Current Liabilities:		
Cash and bank balances	649,761,591	269,357,751	Short-term borrowings	1,580,000,000	3,599,000,000
Held-for-trading financial assets	683,326,861	38,871,811	Notes payable and accounts payable	1,090,607,320	921,349,151
Notes receivable and accounts receivable	322,839,992	309,247,630	Receipts in advance	73,454,895	840,007,370
Prepayments	29,060,041	10,200,712	Contract liabilities	962,200,983	-
Other receivables	37,833,951	106,256,683	Employee benefits payable	2,917,980	3,636,736
Inventories	4,045,555,776	3,010,805,685	Taxes payable	271,704,890	275,210,217
Non-current assets due within one year	-	300,000,000	Other payables	270,459,371	217,363,761
Other current assets	130,656,171	557,742,656	Non-current liabilities due within one year	381,700,433	623,841,375
			Other current liabilities	2,212,191,672	2,243,200,002
Total Current Assets	5,899,034,383	4,602,482,928	Total Current Liabilities	6,845,237,544	8,723,608,612

Item	31 December 2018	31 December 2017	Item	31 December 2018	31 December 2017
Non-current Assets:			Non-current Liabilities:		
Available-for-sale financial assets	–	2,329,877,191	Long-term borrowings	7,688,853,902	3,874,089,201
Investments in other equity instruments	3,035,293,680	–	– Bonds payable	3,980,548,108	3,970,157,835
Other non-current financial assets	1,111,415,422	–	– Deferred income	43,109,916	33,638,147
Long-term equity investments	5,702,454,036	5,123,326,114	Provisions	461,700	8,010,000
Investment properties	19,207,033	20,019,608	Deferred tax liabilities	250,660,721	28,056,831
Fixed assets	1,814,133,323	1,740,197,103	Total Non-current Liabilities	11,963,634,347	7,913,952,014
Construction in progress	10,087,826,331	8,294,639,339	TOTAL LIABILITIES	18,808,871,891	16,637,560,626
Intangible assets	20,280,055,629	19,962,642,227			
Long-term prepaid expenses	1,654,145	1,069,666	Shareholders' Equity:		
Deferred tax assets	197,447,059	258,020,384	Share capital	5,037,747,500	5,037,747,500
Other non-current assets	14,207,792	200,216,678	Capital reserve	10,428,388,235	10,428,388,235
			Other comprehensive income	837,827,667	380,908,923
			Surplus reserve	3,411,194,285	3,273,492,299
			Retained profits	6,422,040,045	4,399,747,006
Total Non-current Assets	42,263,694,450	37,930,008,310	Total shareholders' equity attributable to equity holders of the Company	26,137,197,732	23,520,283,963
			Minority interests	3,216,659,210	2,374,646,649
			TOTAL SHAREHOLDERS' EQUITY	29,353,856,942	25,894,930,612
TOTAL ASSETS	48,162,728,833	42,532,491,238	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	48,162,728,833	42,532,491,238

Legal Representative:
Gu Dejun

Person in Charge of the Accounting Body:
Sun Xibin

Chief Accountant:
Ren Zhuohua

10.2 Consolidated Income Statement

For the year ended 31 December 2018

RMB

Item	Amount for the current year	Amount for the prior year
I. Total operating income	9,969,011,165	9,455,680,365
Including: Operating income	9,969,011,165	9,455,680,365
Less: Total operating costs	5,517,481,346	5,320,013,514
Including: Operating costs	4,574,394,775	4,334,469,882
Taxes and levies	168,977,540	87,587,512
Selling expenses	37,740,441	11,891,705
Administrative expenses	211,774,236	187,898,191
Financial expenses	524,560,684	480,441,961
Including: Interest expenses	499,232,330	471,952,511
Interest income	8,735,205	5,038,043
Impairment losses of assets	–	217,724,263
Impairment losses of credit	33,670	–
Add: Gains (losses) from changes in fair values	158,299,349	5,659,094
Investment income	1,056,795,788	586,872,528
Including: Income from investments in associates and joint ventures	575,193,240	494,404,818
Losses from disposal of assets	(7,661,280)	(5,659,248)
Other income	1,974,866	1,828,188
II. Operating profit	5,660,938,542	4,724,367,413
Add: Non-operating income	21,943,624	14,176,399
Less: Non-operating expenses	30,241,723	24,721,090
III. Total profit	5,652,640,443	4,713,822,722
Less: Income tax expenses	1,176,929,505	1,029,003,204
IV. Net profit	4,475,710,938	3,684,819,518
(I) Categorized by the nature of continuing operation:		
1. Net profit from continuing operations	4,475,710,938	3,684,819,518
2. Net profit from discontinued operations	–	–
(II) Categorized by ownership:		
1. Net profit (loss) attributable to owners of the Company	4,376,603,925	3,587,861,857
2. Profit or loss attributable to minority interests	99,107,013	96,957,661

Item	Amount for the current year	Amount for the prior year
V. Other comprehensive income, net of tax	550,433,418	(161,480,129)
Other comprehensive income attributable to owners of the Company, net of tax	456,918,744	(161,480,129)
(I) Other comprehensive income that cannot be reclassified to profit or loss	456,918,744	–
1. Other comprehensive income that cannot be reclassified into profit or loss under the equity method	155,637,001	–
2. Changes in fair value of investments in other equity instruments	301,281,743	–
(II) Other comprehensive income that will be reclassified to profit or loss	–	(161,480,129)
1. Other comprehensive income that will be reclassified to profit or loss under the equity method	–	(161,480,129)
Other comprehensive income attributable to minority interests, net of tax	93,514,674	–
VI. Total comprehensive income	5,026,144,356	3,523,339,389
Total comprehensive income attributable to owners of the Company	4,833,522,669	3,426,381,728
Total comprehensive income attributable to minority interests	192,621,687	96,957,661
VII. Earnings per share		
(I) Basic earnings per share	0.8688	0.7122
(II) Diluted earnings per share	N/A	N/A

<i>Legal Representative:</i>	<i>Person in Charge of the Accounting Body:</i>	<i>Chief Accountant:</i>
Gu Dejun	Sun Xibin	Ren Zhuohua

10.3 Consolidated Cash Flow Statement

Item	<i>RMB</i>	
	Amount for the current year	Amount for the prior year
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	10,133,907,008	9,705,074,616
Other cash receipts relating to operating activities	43,992,102	85,241,484
Sub-total of cash inflows from operating activities	10,177,899,110	9,790,316,100
Cash payments for goods purchased and services received	1,827,537,984	2,250,687,820
Cash payments to and on behalf of employees	991,255,808	912,508,761
Payments of various types of taxes	1,462,051,892	1,319,643,498
Other cash payments relating to operating activities	181,563,919	75,371,043
Sub-total of cash outflows from operating activities	4,462,409,603	4,558,211,122
Net Cash Flow from Operating Activities	5,715,489,507	5,232,104,978
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	4,789,670,000	3,609,953,747
Cash receipts from investment income	362,612,674	188,557,751
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	10,045,608	415,072,493
Other cash receipts relating to investing activities	369,000,000	–
Sub-total of cash inflows from investing activities	5,531,328,282	4,213,583,991
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	3,545,159,221	7,398,167,915
Cash payments to acquire investments	6,102,874,079	4,278,382,278
Net cash payments for acquisitions of subsidiaries and other business units	176,872,621	–
Other cash payments relating to investing activities	480,000,000	120,000,000
Sub-total of cash outflows from investing activities	10,304,905,921	11,796,550,193
Net Cash Flow from Investing Activities	(4,773,577,639)	(7,582,966,202)

10.4 Notes to Items in the Financial Statements :

1. Operating income and operating costs

Item	<i>RMB</i>			
	Amount recognized in the current year		Amount recognized in the prior year	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	8,902,441,391	3,975,860,764	8,884,509,291	4,030,824,256
Including: Shanghai-Nanjing Expressway	5,004,610,182	1,511,763,092	4,804,374,867	1,295,089,018
Nanjing-Lianyungang Expressway and Nanjing-Nantong Expressway	11,994,024	2,100,153	33,204,966	28,056,334
Guangjing Expressway and Xicheng Expressway	920,821,006	286,408,735	867,533,895	256,375,340
Ningchang Expressway and Zhenli Expressway	1,153,861,875	586,641,984	1,064,293,775	537,329,066
Xiyi Expressway	355,490,993	207,827,573	334,956,223	185,012,655
Zhendan Expressway	13,707,738	19,353,451	-	-
Ancillary services	1,441,955,573	1,361,765,776	1,780,145,565	1,728,961,843
Real estate development	1,004,453,761	573,087,120	509,752,364	280,007,835
Advertising and others	62,116,013	25,446,891	61,418,710	23,637,791
Total	9,969,011,165	4,574,394,775	9,455,680,365	4,334,469,882

2. *Income tax expenses*

(1) *Income tax expenses*

	<i>RMB</i>	
Item	Amount recognized in the current year	Amount recognized in the prior year
Current tax expenses	1,017,580,620	1,005,520,239
Deferred tax expenses	159,222,232	23,019,028
Differences in annual filing for the prior years	<u>126,653</u>	<u>463,937</u>
Total	<u>1,176,929,505</u>	<u>1,029,003,204</u>

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

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

Item	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Accounting profit	5,652,640,443	4,713,822,722
Income tax expenses calculated at 25% (prior year: 25%)	1,413,160,111	1,178,455,681
Effect of cost, expenses and loss that are not deductible for tax purposes	24,795,129	21,947,609
Effect of tax-free income	(270,188,596)	(136,644,047)
Effect of using deductible losses of previously unrecognized deferred tax assets	–	(35,219,976)
Effect of deductible temporary differences and deductible losses of unrecognized deferred tax assets for the current period	5,083,298	–
Adjustment to provision of prior years’ tax	126,654	463,937
Allocation of income tax for investments in joint ventures	3,952,909	–
Total	<u>1,176,929,505</u>	<u>1,029,003,204</u>

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

	<i>RMB</i>	
Item	2018	2017
Staff costs (Include: directors' emoluments)	830,337,360	767,642,960
Basic endowment insurance and annuity payment	151,354,519	134,402,895
Total staff costs	981,691,879	902,045,855
Audit fee	3,200,000	3,200,000
Depreciation and amortization (Included in operating costs and administrative expenses)	1,400,638,725	1,355,067,632
Losses on disposal of non-current assets	6,523,594	5,659,248
Amortization of land use rights (Included in operating costs and administrative expenses)	64,658,223	64,658,223
Cost of inventories recognized as an expense	1,683,328,034	1,681,452,589

4. Breakdown of non-recurring profit or loss

	<i>RMB</i>
Item	Amount
Losses (gains) on disposal of non-current assets	7,661,280
Government grants recognized in profit or loss for the current period	(3,623,552)
Gains from changes in fair values of held-for-trading financial investments,	
Profit on disposal of held-for-trading and available-for-sale financial investments	(164,981,703)
Net profit or loss of subsidiaries from business combination involving enterprises under common control for the period from the beginning of the period to the combination date.	–
Profit or loss from fair value of net identifiable assets of investees attributed to the company when investment costs for acquisition of subsidiaries, associates and joint ventures are less than that acquired investments	(7,907,770)
Reversal of provisions for impairment of accounts receivable that are tested for impairment individually	–
Interest income from entrusted loans	(2,598,900)
Other non-operating income or expenses other than the above	17,854,554
Other profit or loss that meets the definition of non-recurring profit or loss (<i>Note</i>)	(408,241,295)
Tax effects	38,818,623
Effects attributable to minority interests	<u>281,367</u>
Total	<u><u>(522,737,396)</u></u>

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

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

Profit for the Reporting Period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	17.71%	0.8688	N/A
Net profit after deduction of non-recurring profits or losses	16.14%	0.7650	N/A

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

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

	RMB	
	Amount recognized in the current year	Amount recognized in the prior year
Net profit for the current year attributable to ordinary shareholders	4,376,603,925	3,587,861,857
Including: Net profit from continuing operations	4,376,603,925	3,587,861,857
Net profit from discontinued operations	–	–

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

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

Earnings per share

		<i>RMB</i>
	Amount recognized in the current year	Amount recognized in the prior year
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.8688	0.7122
Diluted earnings per share (<i>Note</i>)	N/A	N/A
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	0.8688	0.7122
Diluted earnings per share (<i>Note</i>)	N/A	N/A
Calculated based on net profit from discontinued operations attributable to shareholders of the Company:		
Basic earnings per share	N/A	N/A
Diluted earnings per share (<i>Note</i>)	N/A	N/A

Note: At 31 December 2018, there were no dilutive potential ordinary shares issued by the Group.

7. *Notes receivable and accounts receivable*

		<i>RMB</i>
Item	2018.12.31	2017.12.31
Notes receivable	1,681,265	2,880,000
Accounts receivable	321,158,727	306,367,630
Total	<u>322,839,992</u>	<u>309,247,630</u>

7.1 Notes receivable

- (1) Disclosure of notes receivable by categories:

	<i>RMB</i>	
Category	2018.12.31	2017.12.31
Bank acceptance	<u>1,681,265</u>	<u>2,880,000</u>

- (2) The Group has no pledged notes receivable at the end of the year.
- (3) There is no endorsed or discounted notes receivable that is not yet due at the end of the year.
- (4) There is no notes receivable transferred to accounts receivable due to the default of the drawers.

The Group's notes receivable are accepted by Banks with high credit ratings, no significant credit risks and no provisions for loss.

7.2 Accounts receivable

- (1) Disclosure of accounts receivable by aging:

	<i>RMB</i>			
	2018.12.31			
Category	Amount	Proportion (%)	Bad debt provision	Net book value
Within 1 year	319,525,751	99	165,066	319,360,685
More than 1 year but not exceeding 2 years	79,678	-	-	79,678
More than 2 years but not exceeding 3 years	1,753,432	-	35,068	1,718,364
More than 3 years	<u>1,699,980</u>	<u>1</u>	<u>1,699,980</u>	<u>-</u>
Total	<u>323,058,841</u>	<u>100</u>	<u>1,900,114</u>	<u>321,158,727</u>

(2) Disclosed according to the classification of bad debt provision method:

<i>RMB</i>					
Category	Amount	Proportion (%)	2018.12.31	Proportion (%)	Book value
			Bad debt provision		
All accounts receivable formed by transactions regulated by New Standards for Revenue	<u>323,058,841</u>	<u>100</u>	<u>1,900,114</u>	<u>100</u>	<u>321,158,727</u>
Total	<u>323,058,841</u>	<u>100</u>	<u>1,900,114</u>	<u>100</u>	<u>321,158,727</u>
Category	Amount	Proportion (%)	2017.12.31	Proportion (%)	Book value
			Bad debt provision		
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-
Accounts receivable individually significant Receivables for which bad debt provision is collectively assessed on a portfolio basis and credit risk characteristics – group 1	298,431,238	96	-	-	298,431,238
Accounts receivable individually significant Receivables for which bad debt provision is collectively assessed on a portfolio basis and credit risk characteristics – group 2	8,098,359	3	161,967	9	7,936,392
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	<u>1,699,980</u>	<u>1</u>	<u>1,699,980</u>	<u>91</u>	<u>-</u>
Total	<u>308,229,577</u>	<u>100</u>	<u>1,861,947</u>	<u>100</u>	<u>306,367,630</u>

(3) Bad debt provision

	<i>RMB</i>		
Bad debt	Expected credit loss throughout the duration (No credit impairment occurred)	Expected credit loss throughout the duration (Credit impairment occurred)	Total
At 1 January 2018	161,967	1,699,980	1,861,947
Provisions	38,167	–	38,167
At 31 December 2018	<u>200,134</u>	<u>1,699,980</u>	<u>1,900,114</u>

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

	<i>RMB</i>		
Name of entity	Amount	Bad debt provision	Proportion of total accounts receivable (%)
Jiangsu Expressway Network Operation and Management Co., Ltd. (“Network Operation Company”)	231,726,868	–	72
Jiaxing City Kaitong Investment Co., Ltd.	23,565,387	–	7
Dinuo Fangmaoshan Business Management Co., Ltd.	9,335,074	–	3
Suzhou Sujiahang Expressway Co., Ltd. (“Sujiahang Company”)	7,018,508	–	2
Jiangsu Expressway Petroleum Development Co., Ltd. (“Jiangsu Petroleum Company”)	<u>6,595,610</u>	<u>–</u>	<u>2</u>
Total	<u>278,241,447</u>	<u>–</u>	<u>86</u>

(5) Other explanations

Majority of toll road and ancillary services income are settled by cash, others are settled by receipts in advance. The accounts receivable mainly represent the receivables due from other toll operation companies by toll network internal income reallocation.

8. Other receivables

		<i>RMB</i>	
Item	<i>Note</i>	2018.12.31	2017.12.31
Interest receivable	(1)	–	80,231,500
Dividends receivable	(2)	4,989,960	4,989,960
Others	(3)	<u>32,843,991</u>	<u>21,035,223</u>
Total		<u><u>37,833,951</u></u>	<u><u>106,256,683</u></u>

(1) Other receivables – interest receivable

		<i>RMB</i>	
Item		2018.12.31	2017.12.31
Interest receivable on loans to joint ventures		<u>–</u>	<u>80,231,500</u>

(2) Other receivables – dividends receivable

		<i>RMB</i>	
Item		2018.12.31	2017.12.31
Jiangsu Kuailu Motor Transport Co., Ltd. (“Kuailu Company”)		<u><u>4,989,960</u></u>	<u><u>4,989,960</u></u>

(3) Other receivables – others

① Disclosure of other receivables by aging

RMB

Category	2018.12.31		Bad debt provision	Book value
	Amount	Proportion (%)		
Within 1 year	22,618,960	46	105,056	22,513,904
More than 1 year but not exceeding 2 years	1,233,234	3	4,145	1,229,089
More than 2 years but not exceeding 3 years	9,010,664	18	–	9,010,664
More than 3 years	15,903,164	33	15,812,830	90,334
Total	48,766,022	100	15,922,031	32,843,991

② Disclosure of other receivables by nature

RMB

Nature	2018.12.31	2017.12.31
Amounts of investment clearance	15,812,140	15,812,140
Project funds borrowed in advance	12,461,079	–
Petty cash	5,047,960	5,157,559
Landlord maintenance funds	4,568,903	4,811,123
Mortgage deposits for housing fund loan	1,012,000	4,252,500
Other insignificant amounts	9,863,940	6,928,429
Total	48,766,022	36,961,751

③ Bad debts provision

RMB

Bad debts	The first stage Expected credit losses in the next 12 months	The second stage Expected credit loss throughout the duration (No credit impairment occurred)	The third stage Expected credit loss throughout the duration (Credit impairment occurred)	Total
At 1 January 2018	114,388	–	15,812,140	15,926,528
Reversal	(4,497)	–	–	(4,497)
At 31 December 2018	109,891	–	15,812,140	15,922,031

④ Top five entities with the largest balances of other receivables

RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	Closing balance of bad debt provision
Jiangsu Yixing Highway Administration Department	Amount of investment clearance	15,812,140	Over 3 years	32	15,812,140
China Construction Eighth Engineering Division Corp. Ltd.	Project funds borrowed in advance	9,010,664	2 to 3 years	18	–
Nanjing Jin Zhong Jian Curtain Decoration Co., Ltd.	Project funds borrowed in advance	2,585,034	Within 1 year	5	–
Suzhou Housing Property Guarantee Co., Ltd.	Deposit	1,012,000	Within 1 year	2	–
Jiangsu Tongxingbao Smart Transportation Science & Technology Co., Ltd.	ETC customer-service network management fees receivable	734,924	Within 1 year	2	–
Total		29,154,762		59	15,812,140

9. Prepayments

(1) The aging analysis of prepayments is as follows

Aging	RMB			
	2018.12.31		2017.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	23,999,527	83	9,793,248	96
More than 1 year but not exceeding 2 years	5,060,514	17	305,464	3
More than 2 years but not exceeding 3 years	–	–	10,000	–
More than 3 years	–	–	92,000	1
Total	<u>29,060,041</u>	<u>100</u>	<u>10,200,712</u>	<u>100</u>

(2) Top five entities with the largest closing balances of prepayments

Name of entity	RMB	
	Amount	Proportion of the amount to the total prepayments (%)
Jiangsu Kunshan Electric Co., Ltd.	8,719,359	30
Jiangsu Expressway Information Engineering Co., Ltd.	3,000,000	10
China Construction Eighth Engineering Division Corp. Ltd.	2,727,273	9
Suzhou Water Supply Co., Ltd.	2,439,600	8
Jiangsu Electric Power Wuxi Power Supply Company	1,001,207	3
Total	<u>17,887,439</u>	<u>60</u>

10. Notes payable and accounts payable

(1) Details of accounts payable are as follows

	<i>RMB</i>	
Item	2018.12.31	2017.12.31
Construction payable	544,016,630	353,411,380
Construction payable for real estate project	363,766,073	394,077,716
Purchase of petroleum payable	11,980,779	40,425,661
Toll road fee payable	40,988,472	49,968,715
Deposit payable for rent	58,930,661	36,358,086
Others	70,924,705	47,107,593
Total	<u>1,090,607,320</u>	<u>921,349,151</u>

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

	<i>RMB</i>	
Item	2018.12.31	2017.12.31
Within 1 year	793,933,626	636,901,076
More than 1 year but not exceeding 2 years	183,051,225	232,454,423
More than 2 years but not exceeding 3 years	77,563,871	30,112,412
More than 3 years	36,058,598	21,881,240
Total	<u>1,090,607,320</u>	<u>921,349,151</u>

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

RMB

Item	2018.12.31	Reasons for outstanding or not carrying forward
Construction payable for real estate project	124,207,792	Long settlement procedure of the real estate project
Construction payable	81,384,396	Long settlement procedure of the project
Margin payable	41,907,015	Service zone lease margin
Bonds underwriting expenses payable	6,500,000	MTN underwriting expenses
Total	<u><u>253,999,203</u></u>	

11. Receipts in advance

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

RMB

Item	2018.12.31	2017.12.31
Rental deposit received in advance	14,195,127	16,787,613
The transfer payment of Ninglian road management rights received in advance	57,700,000	–
Others	1,559,768	1,623,101
Advertising release fee in advance	–	13,422,192
Receipts in advance for sales of property	–	808,174,464
Total	<u><u>73,454,895</u></u>	<u><u>840,007,370</u></u>

The aging analysis of receipts in advance is as follows:

Aging	2018.12.31		2017.12.31	
	RMB	%	RMB	%
Within 1 year	73,454,895	100	149,557,099	18
More than 1 year but not exceeding 2 years	-	-	531,702,143	63
More than 2 years but not exceeding 3 years	-	-	158,668,128	19
More than 3 years	-	-	80,000	-
Total	73,454,895	100	840,007,370	100

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

Project	RMB			
	2017.12.31	2018.12.31	Completion date	Proportion of advance sale (%)
Baohua Hongyan Community B1 Tongchengshijia Project	7,329,900	-	April 2014	72
Baohua Hongyan Community B2 Tongchengshijia Project	32,658,188	-	November 2016	77
Huaqiao Urban Core B4 Guangmingjiezuo Project	2,303,100	-	June 2015	97
Suzhou Qingyuan	16,580,000	-	December 2013	33
Suzhou Nanmen Road Nanmenshijia Phase 1 Project	749,303,276	-	January 2018	81
Total	808,174,464	-		

12. Contract liabilities

(1) Contract liabilities are shown as follows

Item	RMB	
	2018.12.31	2017.12.31
Advertising service fee received in advance	6,090,951	—
Income from properties for sales received in advance	<u>956,110,032</u>	<u>—</u>
Total	<u>962,200,983</u>	<u>—</u>

Note:

(1) Qualitative and quantitative analysis on contract liabilities

Revenue relative to advertising is recognized during a period, though customers have prepaid the advertising price in part or in whole. The Company recognizes the advertising payments initially received as a contractual liability and carries forward as revenue during the advertising period.

According to the contract, the income of real estate development can be confirmed until the relevant property procedures have been completed and transferred to the customers. The sales payment is recognized at the time of the transaction and is converted into income when the relevant property procedures have been completed and transferred to the customer.

(2) Income recognized in the current period and included in book value at the beginning of the contract liability period.

The value of the contract liabilities in the beginning of the year is RMB785,847,021, which has been recognized as income in the current year. Including advance sales contract liabilities of RMB782,000,000 and advertising release contract liabilities of RMB3,847,021.

Note: Based on judgement of “Accounting Standards for Business Enterprises No. 14 – Revenue”, the Group transferred advance receipts from advertising and real estate development businesses from advance receipts to contract liabilities.

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

Project	<i>RMB</i>			
	2017.12.31	2018.12.31	Completion date	Proportion of advance sale (%)
Baohua Hongyan Community B1 Tongchengshijia Project	–	3,789,900	April 2014	72
Baohua Hongyan Community B2 Tongchengshijia Project	–	11,886,511	November 2016	77
Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion	–	180,537	August 2012	97
Huaqiao Urban Core C3 Langqiao Jiayuan	–	19,752,807	December 2016	92
Suzhou Qingyuan	–	38,226,000	December 2013	33
Suzhou Nanmen Road Nanmenshijia Phase 1 Project	–	102,730,059	January 2018	81
Huaqiao Urban Core C7 Pujiang Mansions	–	41,728,172	December 2019	8
Hanrui Center	–	737,816,046	November 2019	63
Total	–	956,110,032		

13. Other payables

Item	Note	<i>RMB</i>	
		2018.12.31	2017.12.31
Interest payable	(1)	93,089,893	99,326,055
Dividends payable	(2)	88,979,103	81,117,999
Others	(3)	88,390,375	36,919,707
Total		270,459,371	217,363,761

(1) *Other payables – interest payable*

	<i>RMB</i>	
Item	2018.12.31	2017.12.31
Interest payable of long-term borrowings with interest payable by installments and principal payable on maturity	29,927,133	21,972,653
Interest payable of enterprise bonds	59,682,740	72,917,260
Interest payable of short-term borrowings	<u>3,480,020</u>	<u>4,436,142</u>
Total	<u>93,089,893</u>	<u>99,326,055</u>

There are no interest payable overdue but not yet repaid.

(2) *Other payables – dividends payable*

	<i>RMB</i>	
Item	2018.12.31	2017.12.31
Ordinary shares dividends	<u>88,979,103</u>	<u>81,117,999</u>
Total	<u>88,979,103</u>	<u>81,117,999</u>

Note: the balance of dividends payable over 1 years is RMB81,117,999, which is not yet received by investors.

(3) *Other payables – others*

① Details of other payables are as follows:

Item	<i>RMB</i>	
	2018.12.31	2017.12.31
Payable of daily procurement in service area	2,895,993	8,932,215
Amount of ETC prepaid cards collected on behalf of the internetwork settlement center	2,517,643	2,189,250
Construction quality warrantee fee payable	15,088,319	3,113,346
Earnest money of acquisition of properties	40,962,778	4,708,004
Others	26,925,642	17,976,892
Total	<u>88,390,375</u>	<u>36,919,707</u>

② No significant other payables aged more than one year

14. 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 (2017: 12) 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 Expressway, Changyi Expressway and Yichang Expressway, Ancillary services (including petrol, food and retail in service zone along the expressways), Real estate development and Advertising and others.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(2) Financial information of reporting segment

RMB

	Shanghai-Nanjing Expressway		Nanjing-Lianyungang Highway		Guangjing Expressway and Xicheng Expressway		Xivi Expressway and Huantaihu Expressway		Changyi Expressway		Yichang Expressway		Zhenli Expressway		Ningchang Expressway and Zhenli Expressway	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income	5,004,610,182	4,804,374,867	11,994,024	33,204,966	920,821,006	867,553,895	355,490,993	334,956,223	-	-	-	-	1,153,861,875	1,064,293,775	-	-
Operating costs	1,511,763,092	1,295,089,018	2,100,153	28,056,334	286,408,735	256,375,340	207,827,573	185,012,655	-	-	-	-	586,641,984	537,329,066	-	-
Including: Amortization of toll roads operation rights	576,929,338	551,656,227	-	14,232,145	113,927,067	110,118,568	102,599,649	93,462,398	-	-	-	-	385,108,795	351,101,260	-	-
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit (loss)	3,492,847,090	3,509,285,849	9,893,871	5,148,632	634,412,271	611,158,555	147,663,420	149,943,568	-	-	-	-	567,219,891	526,964,709	-	-
Reconciling items:																
Less: Taxes and levies	18,015,301	17,295,750	44,474	119,538	3,314,956	3,123,122	1,279,768	1,205,842	-	-	-	-	4,153,903	3,831,458	-	-
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	73,185,129	72,874,440	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	217,757,524	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Invest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	1,974,866	1,828,188	-	-
Gains(losses) from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	3,401,646,660	3,419,115,659	9,849,397	(212,708,430)	631,097,315	608,035,433	146,383,652	148,737,726	-	-	-	-	565,040,854	524,961,439	-	-
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total profit	3,401,646,660	3,419,115,659	9,849,397	(212,708,430)	631,097,315	608,035,433	146,383,652	148,737,726	-	-	-	-	565,040,854	524,961,439	-	-

	Shanghai-Nanjing Expressway		Nanjing-Lianyungang Highway		Guangjing Expressway and Xicheng Expressway		Xiji Expressway and Huantaihu Expressway		Changyi Expressway		Yichang Expressway		Ningchang Expressway and Zhenli Expressway	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	3,401,646,660	3,419,115,659	9,849,397	(212,708,430)	631,097,315	608,035,433	146,383,652	148,737,726	2,630,887,757	1,486,917,249	2,316,770,251	1,084,918,208	5,667,292,931	6,054,352,199
Total segment assets	10,840,577,288	11,378,551,634	50,000,000	50,000,000	1,145,788,474	1,232,573,828	1,925,378,105	2,053,662,277	2,630,887,757	1,486,917,249	2,316,770,251	1,084,918,208	5,667,292,931	6,054,352,199
Total segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary information:														
Depreciation and amortization	663,282,660	648,395,635	14,232,145	127,915,472	134,004,634	127,915,472	111,661,660	100,454,886	-	-	-	-	399,267,389	390,796,919
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets other than long-term equity investments	10,840,577,288	11,378,551,634	50,000,000	50,000,000	1,145,788,474	1,232,573,828	1,925,378,105	2,053,662,277	2,630,887,757	1,486,917,249	2,316,770,251	1,084,918,208	5,667,292,931	6,054,352,199
Capital expenditure	95,923,222	59,473,481	-	-	60,008,827	62,910,956	-	13,004,577	572,417,707	1,484,729,260	337,897,944	1,082,308,293	62,766,329	44,936,796
Including: Expenditure arising from construction in progress	73,576,006	44,627,391	-	-	36,501,266	40,460,791	-	9,736,156	572,417,707	1,484,729,260	337,897,944	1,082,308,293	55,746,301	34,150,049
Expenditure arising from purchase of fixed assets	22,347,216	14,846,090	-	-	22,641,881	21,923,365	3,268,421	-	-	-	-	-	7,020,028	10,786,747
Expenditure arising from purchase of intangible asset	-	-	-	-	865,680	526,800	-	-	-	-	-	-	-	-

(2) Financial information of reporting segment – Continued

RMB

	Zhendan Expressway		Wufengshan Bridge		Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income	13,707,738	-	-	-	1,441,953,573	1,780,145,565	1,004,453,761	509,752,364	62,116,013	61,418,710	-	-	9,969,011,165	9,455,680,365
Operating costs	19,353,451	-	-	-	1,361,765,776	1,728,961,843	573,087,120	280,007,835	25,446,891	23,637,791	-	-	4,574,394,775	4,334,469,882
Including: Amortization of toll roads operation rights	7,303,602	-	-	-	-	-	-	-	-	-	-	-	1,185,868,451	1,120,570,598
Costs of petrol and other goods sold in service zones	-	-	-	-	1,005,885,794	1,399,777,373	-	-	-	-	-	-	1,005,885,794	1,399,777,373
Segment operating profit (loss)	(5,645,713)	-	-	-	80,189,797	51,183,722	431,366,641	229,744,529	36,669,122	37,780,919	-	-	5,394,616,390	5,121,210,483
Reconciling items:														
Less: Taxes and levies	49,348	-	-	-	34,224,745	31,108,212	105,737,467	26,809,120	2,155,578	2,619,151	1,475,319	-	168,977,540	87,587,512
Selling expenses	-	-	-	-	-	-	37,043,904	11,389,920	696,537	501,785	-	-	37,740,441	11,891,705
Administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	211,774,236	187,898,191
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-	524,560,684	480,441,961
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	(13,261)	-	217,724,263
Impairment loss of credit	-	-	-	-	-	-	-	-	-	-	-	-	33,670	-
Add: Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-	158,299,349	5,659,094
Invest income	-	-	-	-	-	-	-	-	-	-	-	-	1,056,795,788	586,872,528
Other income	-	-	-	-	-	-	-	-	-	-	-	-	1,974,866	1,828,188
Gains(losses) from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	(7,661,280)	(5,659,248)	
Operating profit	(5,695,061)	-	-	-	45,963,052	20,075,510	288,585,270	191,545,489	33,817,007	34,659,983	-	-	5,660,938,542	4,724,367,413
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-	21,943,624	14,176,399
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	30,241,723	24,721,090
Total profit	(5,695,061)	-	-	-	45,963,052	20,075,510	288,585,270	191,545,489	33,817,007	34,659,983	-	-	5,655,640,443	4,713,822,722
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	1,176,929,505	1,029,003,204
Net profit	(5,695,061)	-	-	-	45,963,052	20,075,510	288,585,270	191,545,489	33,817,007	34,659,983	-	-	4,475,710,938	3,684,819,518
Total segment assets	1,736,755,559	1,278,366,670	6,611,547,084	4,411,881,264	315,131,022	309,016,940	3,053,456,897	3,497,565,196	1,236,712,883	836,187,089	10,682,430,632	8,846,498,684	48,162,728,833	42,520,491,238
Total segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	18,808,871,891	16,634,560,626

	Zhendan Expressway		Wufengshan Bridge		Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Supplementary information:														
Depreciation and amortization	10,148,934	-	-	-	49,760,949	46,412,909	326,450	281,149	6,337,334	6,781,089	90,506,938	84,455,601	1,465,296,948	1,419,725,855
Interest income	-	-	-	-	-	-	-	-	-	-	8,735,205	5,038,043	8,735,205	5,038,043
Interest expense	-	-	-	-	-	-	-	-	-	-	499,232,330	471,952,511	499,232,330	471,952,511
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	-	-	575,193,240	494,404,818	575,193,240	494,404,818
Non-current assets other than long-term equity investments	1,736,755,559	1,278,366,670	6,611,547,034	4,411,881,264	315,131,022	309,016,940	59,150,252	24,077,189	1,153,625,294	704,870,756	2,158,336,447	2,726,414,782	36,561,240,414	32,795,602,996
Capital expenditure	459,133,160	259,551,500	1,935,131,504	4,386,106,814	17,634,129	1,249,776	906,110	401,584	3,340,289	3,494,878	-	-	3,545,159,221	7,398,167,915
Including: Expenditure arising from construction in progress	453,844,120	259,551,500	1,935,131,504	4,386,106,814	11,639,852	704,240	636,714	202,257	3,295,248	3,466,203	-	-	3,480,686,662	7,346,042,954
Expenditure arising from purchase of fixed assets	5,289,040	-	-	-	5,994,277	545,536	269,396	199,327	45,041	28,675	-	-	63,606,879	51,598,161
Expenditure arising from purchase of intangible asset	-	-	-	-	-	-	-	-	-	-	-	-	865,680	526,800

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

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to segments other than available-for-sale financial assets, long-term equity investment, held-for-trading financial assets and cash and bank balances etc., while segment liabilities are not allocated to segments

(3) *External revenue by geographical area of source and non-current assets by geographical location*

All income and assets of the Group are from/located in Jiangsu province.

(4) *Degree of reliance on major customers*

The principle activities are toll roads operation and ancillary services along toll roads etc., therefore, there is no reliance on specific customers

15. Dividends

During the Reporting Period, the Group realized a net profit attributable to the shareholders of the parent company of RMB4,376,603,925,000 and earnings per share was approximately RMB0.8688. The Board of the Company proposed to distribute cash dividends of RMB0.46 (tax inclusive) per share in favour of all shareholders based on the total share capital of the Company of 5,037,747,500 shares.

XI. DEFINITIONS

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

Company	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)
Group	the Company and its subsidiaries
Controlling Shareholder or Communications Holding	Jiangsu Communications Holding Company Limited (江蘇交通控股有限公司)
China Merchants Expressway 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)
Railway Group	Jiangsu Railway Group Limited (江蘇省鐵路集團有限公司), formerly known as Jiangsu Railway Investment & Development Co., Ltd. (江蘇鐵路投資發展有限公司)
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)
Expressway Petroleum Company	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)
Jinghu Company	Jiangsu Jinghu Expressway Company Limited (江蘇京滬高速公路有限公司)
Runyang Bridge Company	Jiangsu Runyang Bridge Development Co., Ltd. (江蘇潤揚大橋有限責任公司)
Suhuaiyan Company	Jiangsu Suhuaiyan Highway Management Co., Ltd. (江蘇宿淮鹽高速公路管理有限公司)
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)
Jiangsu Xiexin Gas	Jiangsu Xiexin Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)

Media Company	Jiangsu Communications & Culture Media Company Limited (江蘇交通文化傳媒有限公司)
Nanlin Hotel	Suzhou Nanlin Hotel Company Limited (蘇州南林飯店有限責任公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Far East Shipping Company	Jiangsu Far East Shipping Co., Ltd. (江蘇遠東海運有限公司)
Group Finance Company	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Information Company	Jiangsu Expressway Information Engineering Technology Co., Ltd. (江蘇高速公路信息工程有限公司)
Maintenance Technology Company	Jiangsu Expressway Engineering Maintenance Technology Co., Ltd. (江蘇高速公路工程養護技術有限公司)
Taixing Oil Products Company	Taixing Hechang Oil Products Trading Co., Ltd. (泰興市和暢油品銷售有限公司)
Orient Operation Company	Jiangsu Orient Expressway Operation and Management Company Limited (江蘇東方高速公路經營管理有限公司)
Orient Road & Bridge Company	Jiangsu Orient Road & Bridge Construction and Maintenance Company Limited (江蘇東方路橋建設養護有限公司)
Highway Center	Highway Development Center of Transportation Department of Jiangsu Province (江蘇省交通運輸廳公路事業發展中心), formerly known as Highway Bureau of Transportation Department of Jiangsu Province (江蘇省交通運輸廳公路局)
Expressway Management Center	Expressway Operation and Management Center Department of Jiangsu Province (江蘇省高速公路經營管理中心)

Liuhe District Government	The People's Government of Liuhe District, Nanjing (南京市六合區人民政府)
Ninghang Company	Jiangsu Ninghang Expressway Co., Ltd. (江蘇寧杭高速公路有限公司)
Changyi Company	Jiangsu Changyi Expressway Co., Ltd. (江蘇常宜高速公路有限公司)
Yichang Company	Jiangsu Yichang Expressway Co., Ltd. (江蘇宜長高速公路有限公司)
Husuzhe Company	Jiangsu Husuzhe Expressway Company Limited (江蘇滬蘇浙高速公路有限公司)
Huatong Company	Jiangsu Huatong Engineering Testing Co., Ltd. (江蘇華通工程檢測有限公司)
Sutong Bridge Company	Jiangsu Sutong Bridge Co., Ltd. (江蘇蘇通大橋有限責任公司)
Xinhua Media	Jiangsu Xinhua Newspaper Media Group Co., Ltd.
Fuanda Fund	Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司)
CDB Kai Yuan Phase II Fund	Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership)
Hanrui Center	Plot No. 2 Complex Project located in the central business district of new city in the south of Nanjing
Jiangsu Leasing	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
Nanjing-Lianyungang Highway	Nanjing Section of Nanjing-Lianyungang Highway
Panjiahuayuan Toll Station	Panjiahuayuan Toll Station of 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 of 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 Toll Bridge	Wufengshan Toll Bridge and North-South Approach Expressways Project
Changyi Expressway	Changzhou-Yixing Expressway
Yichang Expressway	Jiangsu Section of Yixing-Changxing Expressway
Reporting Period	the period of one year from 1 January 2018 to 31 December 2018
year-on-year	as compared with the same period of 2017
CSRC	China Securities Regulatory Commission

SFC	The 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 and Relevant Provisions promulgated by the Ministry of Finance of the People's Republic of China
Deloitte	Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership)
Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 22 March 2019

*As at the date of this announcement, the Directors of the Company are: Gu Dejun, Sun Xibin, Yao Yongjia, Chen Yanli, Chen Yongbing, Wu Xinhua, Hu Yu, Ma Chung Lai, Lawrence, Zhang Zhuting *, Chen Liang *, Lin Hui *, Zhou Shudong *, Liu Xiaoxing**

* *Independent Non-executive Directors*