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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)

2019 INTERIM RESULTS PRELIMINARY ANNOUNCEMENT

The content of this announcement is disclosed pursuant to Rule 13.49(1) and paragraph 46 of Appendix 16 of the Hong Kong Listing Rules.

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

1. IMPORTANT NOTICE

- 1.1** This interim report summary is extracted from the full text of interim report. Investors who wish to understand the details on the operating results, financial position and future development plan of the Company should carefully read the full text of interim report on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.jsexpressway.com) and such media designated by China Securities Regulatory Commission.
- 1.2** The board of Directors, the supervisory committee, and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this interim report and there is no false representation in, misleading statement in, and material omission from, this report and they jointly and severally accept legal responsibility for such contents.

1.3 Absent Directors

<i>Position held by absent director</i>	<i>Name of absent director</i>	<i>Reasons for absence</i>	<i>Name of proxy</i>
Director	Wu Xinhua	Business	Hu Yu

- 1.4** This interim report is unaudited. The Audit Committee consists of four non-executive directors (of whom three are independent non-executive directors). The Audit Committee convened a meeting on 22 August 2019 to consider and review the interim report and interim financial statements of the Group and to submit its observations and recommendations to the board of Directors. The Audit Committee considers that the Company's interim report and interim financial statements for 2019 are in compliance with the applicable accounting standards and have been properly disclosed by the Company.

2. BASIC INFORMATION OF THE COMPANY

2.1 Company information

Information on the Company's shares

Class of shares	Listing stock exchange	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	寧滬高速	600377	–
H Shares	The Stock Exchange of Hong Kong Limited	Jiangsu Express	00177	–
ADR	United States	JEXYY	477373104	–

Contact persons and contact methods

Secretary to the Board

Representatives of securities affairs

Name	Yao Yong Jia	Tu Jun and Lou Qing
Telephone	8625-84469598	8625-84362700-301835
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Email	jsnh@jsexpwy.com	–

2.2 Key financial data of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period (<i>unaudited</i>)	As at the end of the previous year (<i>audited</i>)	Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Total assets	52,020,165,800	48,162,728,833	8.01
Net assets attributable to the shareholders of the Company	26,629,045,060	26,137,197,732	1.88
	The Reporting Period (January– June) (<i>unaudited</i>)	Corresponding period of the previous year (<i>audited</i>)	Increase/decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities	2,927,496,391	2,662,789,107	9.94
Operating revenue	4,835,457,869	5,141,779,834	-5.96
Net profit attributable to the shareholders of the Company	2,281,609,028	2,488,142,065	-8.30
Net profit attributable to the shareholders of the Company net of non-recurring profit or loss	2,266,132,473	2,064,178,465	9.78
Weighted average return on net assets (%)	8.28	9.82	Decreased by 1.54 percentage points
Basic earnings per share (<i>Yuan/share</i>)	0.4529	0.4939	-8.30
Diluted earnings per share (<i>Yuan/share</i>)	0.4529	0.4939	-8.30

2.3 Shareholdings of top ten Shareholders

Unit: Share

Total number of shareholders as at the end of the Reporting Period *(including 420 holders of H Shares)* 23,566

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

Shareholdings of top ten Shareholders					
Name of shareholder	Type of shareholder	Shareholding percentage (%)	Numbers of shares held	Numbers of shares held	
				subject to selling restrictions	Shares pledged or frozen
Jiangsu Communications Holding Company Limited	State-owned legal person	54.44	2,742,578,825		Nil
China Merchants Expressway Network & Technology Holdings Co., Ltd.	State-owned legal person	11.69	589,059,077		Nil
BlackRock, Inc.	Foreign legal person	2.92	147,022,449		Unknown
Commonwealth Bank of Australia	Foreign legal person	2.43	122,192,971		Unknown
JPMorgan Chase & Co.	Foreign legal person	2.09	105,195,989		Unknown
Guotai Junan Securities Co., Ltd.	Others	1.27	63,983,650		Unknown
Citygroup Inc.	Foreign legal person	1.22	61,445,317		Unknown
Jiantou Zhongxin Asset Management Co., Ltd.	Others	0.42	21,410,000		Unknown
China Merchants Bank Co., Ltd. – Fuguo Low-carbon and Environmental Protection Mixed Securities Investment Fund	Others	0.26	13,331,422		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		Unknown

Illustration on the related relationship or acting-in-concert arrangement with respect to the above shareholders	(1) The Company is not aware of the existence of related relationship or acting-in-concert arrangement with respect to the above shareholders; (2) During the Reporting Period, none of the related parties, strategic investors of the Company and general legal persons became the top ten shareholders of the Company because of placing of new shares; and (3) The number of shares of H shareholders is based on the record of the register kept according to the Securities and Futures Ordinance of Hong Kong.
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Illustration on the preference shareholders with voting rights restored and the shareholding thereof	Nil
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2.4 Total number of preference shareholders as at the end of the Reporting Period and shareholdings of top ten preference shareholders

☐ Applicable ☒ Not Applicable

2.5 Change of controlling shareholders or de facto controllers

☐ Applicable ☒ Not Applicable

2.6 Outstanding and overdue but unpaid corporate debt

☐ Applicable ☒ Not Applicable

3. DISCUSSION AND ANALYSIS OF THE OPERATION

(I) Analysis of Principal Businesses

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

Unit: Yuan Currency: RMB

Item	Reporting Period (unaudited)	Corresponding period of the previous year (unaudited)	Change in percentage (%)
Operating income	4,835,457,869	5,141,779,834	-5.96
Operating costs	1,955,644,387	2,256,373,175	-13.33
Selling expenses	18,630,332	11,592,289	60.71
Administrative expenses	85,673,932	85,500,282	0.20
Financial expenses	226,517,238	253,212,505	-10.54
R&D expenses	—	—	—
Net cash flow from operating activities	2,927,496,391	2,662,789,107	9.94
Net cash flow from investment activities	-3,203,647,193	-1,010,771,692	216.95
Net cash flow from financing activities	290,135,765	-1,210,230,628	—
Taxes and surcharges	55,403,316	107,395,338	-48.41
Gain on changes in fair value	21,207,891	-2,594,467	—
Investment income	478,199,641	730,532,269	-34.54
Other income	2,612,095	1,032,811	152.91
Non-operating income	1,608,479	9,282,569	-82.67
Other comprehensive income, net of tax	531,287,649	1,298,445,418	-59.08

Explanations on the reasons for the change of operating income:

During the Reporting Period, although the Group's toll revenue increased year-on-year, the scale of delivery and transfer of real estate projects were less than that of the corresponding period of the previous year and the income of property business decreased year-on-year, resulting in a year-on-year decrease in operating income.

Explanations on the reasons for the changes of operating costs: A year-on-year decrease in operating costs was mainly due to the scale of delivery and transfer of real estate projects during the Reporting Period were less than that of the corresponding period of the previous year and the costs of property business decreased year-on-year.

Explanations on the reasons for the changes in selling expenses:

A year-on-year decrease in selling expenses was mainly due to the increase in advertisement and promotion fee and commission fee for agent of real estate sales of Ninghu Properties and Hanwei Company during the Reporting Period.

Explanations on the reasons for the changes in administrative expenses: None.

Explanations on the reasons for the changes in financial expenses:

The comprehensive loan interest rate of the Company's capitalization of interest-bearing debts decreased year-on-year and financial expenses decreased accordingly was mainly due to the decrease in market financing costs, and the slightly decrease in average capitalization of interest-bearing debts of the Company as compared with the corresponding period of the previous year as a result of the insistence on implementation of a prudent monetary policy by the State in the first half of the year, reasonably adequate liquidity, and reasonably stable market interest rate.

Explanations on the reasons for the changes in R&D expenses: None.

Explanations on the reasons for the changes in net cash flow from operation activities: Mainly due to the year-on-year increase in the net cash flow from operation activities as a result of an increase in toll revenue and revenue from pre-sales of property projects during the Reporting Period.

Explanations on the reasons for the changes in net cash flow from investment activities: Mainly due to a significant decrease in net cash flow from investment activities as a result of the year-on-year increase in external investment expenditures such as net cash outflow from the purchase of wealth management products, investment of the asset management scheme of Fuanda Fund, as well as the construction expenditures of road and bridge projects during the Reporting Period.

Explanations on the reasons for the changes in net cash flow from financing activities: Mainly due to the year-on-year increase in the net cash flow from financing activities as a result of the year-on-year decrease in net cash outflow from debt repayment and the cash outflows from the distribution of dividends during the Reporting Period.

Explanations on the reasons for the changes in taxes and surcharges: Mainly due to the year-on-year decrease in taxes and surcharges as a result of the year-on-year decrease in the delivery scale of the property projects of Ninghu Properties, and the income from delivery was mostly generated after replacement of business tax with value-added tax during the Reporting Period.

Explanations on the reasons for the changes in gain on fair value change: Mainly due to the year-on-year increase in the fair value of other non-current financial assets and trading financial assets held by Ninghu Investment, a subsidiary.

Explanations on the reasons for the changes in investment income: Notwithstanding the increase in the investment income contributed by the associates, and the bonus of Bank of Jiangsu and Jiangsu Leasing during the Reporting Period, there was a year-on-year decrease in investment income as a result of the Company's recognition of valuation gain of approximately RMB430,000,000 upon acquisition of Hanwei Company in accordance with the standards on business combination involving enterprises not under common control during the corresponding period of the previous year.

Explanations on the reasons for the changes in other income: Mainly due to the inclusion of deductible portion into other income as a result of the implementation of national policies related to deepening the reform of Value-added Tax, which stipulated that commencing from 1 April 2019, an extra 10% shall be credited against deductible input VAT, in line with the policy for deduction of tax amount payable.

Explanations on the reasons for the changes in non-operating income: Mainly due to a negative goodwill as a result of the merger of Hanwei Company in the same period of last year.

Explanations on the reasons for the changes in other comprehensive income, net of tax: Mainly due to the year-on-year decrease in other comprehensive income as a result of a year-on-year decrease in fair value growth of other equity instruments investment held by the Group recognized during the Reporting Period.

Principal operating activities classified by industries and products

Unit: Yuan Currency: RMB

By industries	Principal operating activities classified by industries					
	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue over the corresponding period of last year (%)	Change in operating costs over the corresponding period of last year (%)	Change in gross profit margin over the corresponding period of last year
Toll road business	3,779,545,228	1,186,295,936	68.61	5.18	7.65	Decreased by 0.72 percentage point
Shanghai-Nanjing Expressway	2,542,648,100	628,196,265	75.29	4.84	-2.65	Increased by 1.90 percentage points
Guangjing Expressway and Xicheng Expressway	438,214,711	168,532,600	61.54	2.88	55.63	Decreased by 13.04 percentage points
Ningchang Expressway and Zhenli Expressway	590,423,717	267,394,539	54.71	5.03	1.09	Increased by 1.76 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	173,625,237	96,648,641	44.33	3.33	18.24	Decreased by 7.02 percentage points
Zhendan Expressway	34,633,463	25,523,891	26.30	-	-	-
Ancillary services business	610,981,233	551,071,965	9.81	-14.96	-16.30	Increased by 1.45 percentage points
Property sales business	411,802,770	205,590,031	50.08	-48.38	-57.62	Increased by 10.89 percentage points
Advertising and other businesses	33,128,638	12,686,455	61.71	3.19	16.16	Decreased by 4.27 percentage points
Total	4,835,457,869	1,955,644,387	59.56	-5.96	-13.33	Increased by 3.44 percentage points

Note: Zhendan Expressway was open for traffic on 30 September 2018.

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

During the Reporting Period, the gross profit margin for toll business of Guangjing Xicheng Expressway decreased by 13.04 percentage points year-on-year as a result of the year-on-year increase in costs on road maintenance from the overhaul of Guangjing Xicheng Expressway.

During the Reporting Period, the average delivery price of the property project of Ninghu Properties, a subsidiary, increased as compared to the same period of last year, resulting in a gross profit margin of property sales business increased by 10.89 percentage points year-on-year.

Cost structure

During the Reporting Period, accumulated operating costs amounted to approximately RMB1,955,644,000, representing a year-on-year decrease of approximately 13.33%. The cost structure of each business category is set out below:

Unit: Yuan Currency: RMB

Items of operating costs	Reporting Period	Percentage %	Corresponding period of the previous year	Percentage %	Increase/decrease as compared to the corresponding period of last year %	Explanation on changes
Operating costs of the toll roads	1,186,295,936	60.66	1,101,969,427	48.85	7.65	
Depreciation and amortization	722,765,895	36.96	661,405,273	29.31	9.28	
Costs on toll collection	73,256,312	3.75	54,502,098	2.42	34.41	Mainly due to the increase in toll revenue during the Reporting Period, the corresponding road network management fees increased year-on-year; and the renovation of housing construction facilities of toll station areas along the toll roads, resulting in a year-on-year increase in costs on toll collection.
Costs on maintenance	83,907,385	4.29	74,649,841	3.31	12.40	Mainly due to the year-on-year increase in costs on road maintenance as a result of overhaul of Guangjing Xicheng Expressway during the Reporting Period.
Costs on system maintenance	7,078,172	0.36	15,013,035	0.67	-52.85	Mainly due to the year-on-year decrease in costs on system maintenance as a result of settlement procedure and other reasons.

Items of operating costs	Reporting Period	Percentage %	Corresponding period of the previous year	Percentage %	Increase/decrease as compared to the corresponding period of last year %	Explanation on changes
Labour costs	299,288,172	15.30	296,399,180	13.14	0.97	
Costs of ancillary businesses	551,071,965	28.18	658,426,686	29.18	-16.30	
Raw materials	405,635,189	20.74	515,335,879	22.84	-21.29	Mainly due to the year-on-year decrease in procurement cost of raw materials as a result of the decrease in the sales volume of petroleum products and the completion of renting out all service areas during the Reporting Period.
Depreciation and amortization	26,911,716	1.38	24,409,509	1.08	10.25	
Labour costs	83,861,022	4.29	91,843,962	4.07	-8.69	Mainly due to the year-on-year decrease in labour costs for ancillary service businesses as a result of the renting out of all service areas and arrangement of personnel during the Reporting Period.
Other costs	34,664,038	1.77	26,837,336	1.19	29.16	Mainly due to the year-on-year increase in the cost of maintenance and property management for upgrading and renovation of the service areas during the Reporting Period.
Costs of property sales business	205,590,031	10.51	485,055,076	21.50	-57.62	During the Reporting Period, the scale of delivery and transfer of real estate projects decreased year-on-year, resulting in a year-on-year decrease in the cost of property sales business.
Costs of advertising and other businesses	12,686,455	0.65	10,921,986	0.47	16.16	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.
Total	<u>1,955,644,387</u>	<u>100</u>	<u>2,256,373,175</u>	<u>100</u>	<u>-13.33</u>	

2. Others

(1) Detailed explanation on major changes in the composition or source of the Company's profit

☐ Applicable ☒ Not Applicable

(2) Others

☐ Applicable ☒ Not Applicable

(II) Explanation on major changes in profit caused by non-principal businesses

☐ Applicable ☒ Not Applicable

(III) Analysis of assets and liabilities

☒ Applicable ☐ Not Applicable

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the current Reporting Period	Proportion of balance to total assets at the end of the Reporting Period (%)	Balance at the end of the last period	Proportion of balance to total assets at the end of the last period (%)	Percentage change in balance at the end of the Reporting Period as compared with balance at the end of last period (%)	Explanation on changes
Held-for-trading financial assets	1,532,884,940	2.95	683,326,861	1.42	124.33	Mainly due to the increase in wealth management products held by the Group at the end of the Reporting Period as compared to the beginning of the period.
Accounts Receivable	446,623,274	0.86	321,158,727	0.67	39.07	Mainly due to the increase in toll receivable at the end of the Reporting Period as compared to the beginning of the period.
Prepayments	73,869,768	0.14	29,060,041	0.06	154.20	Mainly due to the increase in prepayments for projects at the end of the Reporting Period as compared to the beginning of the period.

Item	Balance at the end of the current Reporting Period	Proportion of balance to total assets at the end of the Reporting Period (%)	Balance at the end of the last period	Proportion of balance to total assets at the end of the last period (%)	Percentage change in balance at the end of the Reporting Period as compared with balance at the end of last period (%)	Explanation on changes
Other receivables	172,012,198	0.33	37,833,951	0.08	354.65	Mainly due to the cash dividends declared but not yet paid by Sujiahang Expressway and Bank of Jiangsu during the Reporting Period.
Other current assets	230,649,865	0.44	130,656,171	0.27	76.53	Mainly due to the increase in the Group's prepaid VAT and taxes and fees related to pre-sales of real estate at the end of the Reporting Period as compared to the beginning of the period.
Other equity instruments investment	4,517,133,260	8.68	3,035,293,680	6.3	48.82	Mainly due to the increase in the book value of the other equity instruments investment recognized at fair value by the Group and the additional subscription for the asset management scheme of Fuanda Fund during the Reporting Period.
Right-of-use assets	5,184,870	0.01	–	–	–	The Company confirmed the right-of-use assets and lease liabilities in respect of related leases during the lease terms according to the Accounting Standards for Business Enterprises No. 21.
Deferred income tax assets	136,121,689	0.26	197,447,059	0.41	-31.06	Mainly due to the adjustment of other comprehensive income based on the fair value of other equity instruments held by the Company, and the adjustment to the deferred income tax assets accordingly; and making up losses in previous years by Ningchang Zhenli, a subsidiary.
Notes payable	150,000,000	0.29	0	–	–	Mainly due to the issuance of bank acceptances by Wufengshan Company, a subsidiary, for the payment of construction of project during the Reporting Period.
Receipts in advance	92,987,984	0.18	73,454,895	0.15	26.59	Mainly due to the increase in advance lease payments from the service areas received at the end of the Reporting Period as compared to the beginning of the period.

Item	Balance at the end of the current Reporting Period	Proportion of balance to total assets at the end of the Reporting Period (%)	Balance at the end of the last period	Proportion of balance to total assets at the end of the last period (%)	Percentage change in balance at the end of the Reporting Period as compared with balance at the end of last period (%)	Explanation on changes
Contract liabilities	1,249,072,133	2.4	962,200,983	2	29.81	Mainly due to the increase in pre-sales of real estate projects at the end of the Reporting Period as compared to the beginning of the period.
Other payables	2,704,018,253	5.2	270,459,371	0.56	899.79	Mainly due to the increase in dividend payable, interest such as medium-term notes payable, and temporary earnest money from housing purchase at the end of the Reporting Period as compared to the beginning of the period.
Non-current liabilities due within one year	124,674,944	0.24	381,700,433	0.79	-67.34	Mainly due to the repayment of part of long-term borrowings due within one year during the Reporting Period.
Deferred income tax liabilities	346,317,420	0.67	250,660,721	0.52	38.16	Mainly due to the adjustment of other comprehensive income based on the fair value of other equity instruments held by the Group, and the adjustment to the deferred income tax liabilities accordingly during the Reporting Period.
Other comprehensive income	1,365,429,817	2.62	837,827,667	1.74	62.97	Mainly due to the adjustment of other comprehensive income based on the fair value of other equity instruments held by the Group during the Reporting Period.
Total assets	52,020,165,800	100	48,162,728,833	100	8.01	
Total gearing ratio	41.60%	-	39.05%	-	Increased by 2.55 percentage points	
Net gearing ratio	71.22%	-	64.08%	-	Increased by 7.14 percentage points	

Other explanations

The basis for calculating total gearing ratio: liabilities divided by total assets; The basis for calculating net gearing ratio: liabilities divided by shareholders' equity.

2. *Restrictions on major assets as at the end of the Reporting Period*

☒ Applicable ☐ Not Applicable

Item	Book value as at the end of the Reporting Period (RMB)	Reasons for restriction
Bank deposits	9,022,598	Deposit of mortgage loans to customers
Bank deposits	55,014,882	Regulated pre-sale proceeds
Intangible assets	329,917,700	Pledge of concession rights of toll expressways
Total	<u>393,955,180</u>	

(1) *Explanation for restrictions on bank deposits*

At the end of the Reporting Period, other monetary funds of the Company included customers' deposit for mortgage loans of RMB9,023,000 and regulated pre-sale proceeds of RMB55,015,000. The regulated pre-sale proceeds are project funds placed in escrow with banks as required by Nanjing Bureau of Housing and Urban-Rural Development (南京市住房和城乡建设局) for the purpose of facilitating the smooth development of property projects and strengthening the supervision of monetary capital for property development projects. Project capital must be paid in full into banks before applications for construction permits are made. Developers shall release the project deposits by tranches depending on the construction progress. The remaining project deposits shall be released upon the completion of the construction and delivery of the units.

(2) *Explanation for restrictions on intangible assets*

Guangjing Xicheng Company, a subsidiary of the Company, entered into a loan contract with Wuxi branch of Industrial and Commercial Bank of China in respect of a loan of RMB1,200,000,000 in aggregate, which was secured by the toll road concession right of Guangjing Expressway. As at the end of the Reporting Period, the loan drawdown amounted to RMB581,000,000.

3. *Other explanations*

☒ Applicable ☐ Not Applicable

In 2019, the planned total capital expenditure of the Group was approximately RMB5.642 billion, among which approximately RMB2.69 billion was incurred during the Reporting Period, representing an increase of approximately 51.86% year-on-year, mainly because the Group successively subscribed for Fuanda Asset Management Scheme since October last year and the Company allocated entrusted assets of RMB0.94 billion during the Reporting Period. The major items of capital expenditure are as follows:

Item of Capital Expenditure	<i>RMB</i>
Investment in construction of Wufengshan Toll Bridge	1,290,237,093
Investment in construction of Changyi Expressway	164,243,599
Investment in construction of Yichang Expressway	116,664,926
Equity investment in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership)	47,045,011
Subscription for Asset Management Scheme of Fuanda Fund	940,000,000
Investment in Factoring Company	30,000,000
Investment in Yangtze River Management Company	50,000,000
Alteration and addition of service areas and toll collection points	19,990,574
Construction project of Three Major Systems	387,760
Noise barriers construction project	15,315,485
Other construction and facilities in progress	16,119,445
Total	<u><u>2,690,003,893</u></u>

Remark: The data in the above table includes capital investment in subsidiaries of the Group.

(1) 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 RMB21,638,704,000. The overall gearing ratio of the Group was approximately 41.60% (Note: the basis of calculating the overall gearing ratio: liabilities/total assets), representing an increase of approximately 2.55 percentage points 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.

(2) Financial strategy and financing arrangement

During the Reporting Period, the Company actively expanded its financing channels, adjusted its debt structure and controlled financing costs. By means of proactive financing strategy, the Company was able to meet the funding needs for its operation and management and project investment and controlled the financing costs effectively. The Group's borrowing requirements are not subject to seasonality. In the first half of the year, additional direct financing amount was RMB2.2 billion. As at the end of the Reporting Period, the balance of interest-bearing liabilities amounted to approximately RMB15.862 billion, remaining stable as compared with that at the beginning of the period (being approximately RMB15.851 billion). During the first half of this year, the government adhered to the prudent monetary policy, the liquidity was reasonably abundant, the market interest rates were reasonably stable, and the financing costs on the market lowered as compared with the same period of last year. During the Reporting Period, the rate of the consolidated borrowing costs on

interest-bearing liabilities of the Group was approximately 4.42%, representing a decrease of approximately 0.18 percentage point year-on-year, approximately 0.37 percentage point lower than the bank lending rate for the same period. During the Reporting Period, the Company's major financing activities included:

Type of financing instrument	Date of issuance	Term	Financing amount RMB'000	Prevailing		Changes in financing costs (%)
				Interest rate of issuance (%)	Bank benchmark interest rate (%)	
Super short-term commercial paper	10 April 2019	191 days	500,000	2.7	4.35	-1.65
Super short-term commercial paper	10 April 2019	170 days	200,000	2.68	4.35	-1.67
Super short-term commercial paper	17 April 2019	270 days	500,000	3.10	4.35	-1.25
Super short-term commercial paper	8 May 2019	184 days	600,000	3	4.35	-1.35
Super short-term commercial paper	15 May 2019	177 days	400,000	3	4.35	-1.35
			<u> </u>	<u> </u>	<u> </u>	<u> </u>

(3) Credit policy

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

(4) Contingencies

Ninghu Properties and Hanwei Company, subsidiaries of the Company, implement the operating practice in the real estate sector of providing the buyers of commodity housing properties with joint liabilities guarantees for their mortgage loans. The obligation begins from the date on which the guarantee contract comes into effect and will end when the buyers obtain certifications of the purchased properties and complete registration of mortgage and pass the properties ownership certificates to bank. As at 30 June 2019, the outstanding guarantees amounted to approximately RMB1,763,562,000 (31 December 2018: RMB1,035,648,000).

(5) Entrusted loans

As at 30 June 2019, the entrusted loans obtained by the Company and its subsidiaries in RMB were as follows:

Related Party	Amount of lending/ borrowing (RMB)	Inception date	Maturity date	Description
Borrowings from Jiangsu Far East Shipping Co., Ltd.	60,000,000	28 August 2018	27 August 2019	Entrusted loan at an annual interest rate of 4.35%

Note: The above entrusted loans were obtained at such interest rates no higher than the prevailing lending rate of banks. The Company and its subsidiaries were not required to provide any guarantee or pledge.

(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 30 June 2019, the balance of the loan was equivalent to approximately RMB16,181,000, 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.

(IV) Investment Analysis

Overall analysis of external equity investment

☒ Applicable ☐ Not Applicable

During the Reporting Period, total external equity investment of the Group amounted to approximately RMB127,045,000, representing a decrease of approximately 56.19% as compared with the amount of the corresponding period of last year. The specific items mainly included equity investment of about RMB47,045,000 in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership), investment in the establishment of Factoring Company and Yangtze River Management Company of RMB30,000,000 and RMB50,000,000, respectively.

(1) Material equity investments

☒ Applicable ☐ Not Applicable

Subscription of the units of private equity fund

With the approval by the board of directors of the Company, Ninghu Investment has subscribed for a total of RMB1.2 billion units in CDB Kai Yuan Phase II Fund. Ninghu Investment contributed approximately RMB47,045,000 during the Reporting Period. As at the end of the Reporting Period, Ninghu Investment has made an aggregate capital contribution of RMB843,378,000.

Establishment of a 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 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 28 December 2018, respectively. As at the end of the Reporting Period, the first instalment of capital of RMB30 million was in place.

Establishment of Yangtze River Management Company

On 26 April 2019, the ninth meeting of the ninth session of the board of directors of the Company considered and approved the contribution of RMB50 million for the establishment of Yangtze River Management Company, which is mainly responsible for the operation and management of certain road and bridge projects in southern Jiangsu. Through promoting the construction of centralized management platform for the operation of roads and bridges in the road network of southern Jiangsu, the Company achieved the regional operation of roads and bridges to enhance operational efficiency and realize economies of scale by taking advantages of the Group. 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 27 April 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 26 April 2019, respectively.

On 21 June 2019, the tenth meeting the ninth session of the board of directors of the Company considered and approved the execution of the Entrusted Operation Management Agreement by Jiangsu Yangtze River Expressway Management Co., Ltd., a wholly-owned subsidiary of the Company, with Jiangsu Yangtze Bridge Co., Ltd. and its subsidiary, Jiangsu Hutong Bridge Co., Ltd., and Jiangsu Guangjing Xicheng Expressway Company Limited, a subsidiary of the Company, and its subsidiaries, Jiangsu Changyi Expressway Co., Ltd. and Jiangsu Yichang Expressway Co., Ltd., for a term commencing from 1 July 2019 to 31 March 2020. The total entrusted management fee shall not exceed RMB21.25 million. 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 22 June 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 23 June 2019, respectively. As at the end of the Reporting Period, the capital of RMB50 million was in place.

Investment in Longtan Cross-river Channel

On 26 April 2019, the ninth meeting of the ninth session of the board of directors of the Company considered and approved the investment by the Company in the new project of Longtan Cross-river Channel with a capital contribution of not more than RMB1.4 billion. Longtan Cross-river Channel as an important part of the new outer ring of Nanjing, connects Shanghai-Nanjing Expressway, Shanghai-Shaanxi Expressway and a number of other important expressways, and links Longtan Port with Nanjing Lukou International Airport. Thus, the project enjoys obvious geographical advantages. From a strategic perspective, investing in the project will further expand the Company's toll road and bridge operations, give full play to the Company's scale advantages in regional road network operation and management, and further enhance the Company's share in the regional road network, which is of great significance for maintaining the Company's leading position in the road network of southern Jiangsu and cross-river bridge projects. 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 27 April 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 26 April 2019, respectively.

On 25 June 2019, the Company entered into an agreement with Nanjing Highway Development (Group) Co., Ltd. and Yangzhou Transportation Industrial Group Co., Ltd. to jointly establish Longtan Bridge Company to take charge of the investment, construction, operation and management of Longtan Cross-river Channel. For details, please refer to the announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 26 June 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 26 June 2019, respectively. Longtan Bridge Company was officially established on 28 June 2019, and has obtained the business license.

(2) *Material non-equity investments*



Applicable



Not Applicable

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, after 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, the term of such asset management scheme shall be no more than 4 years. In 2018, 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. On 12 April 2019, as approved at the 8th meeting of the ninth session of the board of directors of the Company, the Company would continue to use its internal resources to invest in "Fuanda-Fuxiang No. 15 Equity-Based Asset Management Scheme" set up by Fuanda Fund, whereby the Company shall make a contribution of no more than RMB1 billion, the term of such asset management scheme shall be no more than 4 years. For details of additional subscription of investment project, please refer to the announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 13 April 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 12 April 2019, respectively. During the Reporting Period, the Company allocated entrusted assets of RMB940 million, and as at the end of the Reporting Period, the Company has allocated entrusted assets of RMB1.8 billion in total.

Participating in the Parent Real Estate Fund

On 12 April 2019, the 8th meeting of the ninth session of the board of directors of the Company approved the participation by Ninghu Investment, a wholly-owned subsidiary of the Company, in the establishment of the Phase II Parent Real Estate Fund initiated by Luode Fund Company, with total size of the fund no more than RMB1 billion, in which Ninghu Investment will invest no more than RMB300 million; other partners and teams will invest no more than RMB700 million. 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 13 April 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 12 April 2019, respectively. On 11 July 2019, Ninghu Investment, Jiangsu Luode Equity Investment Fund Management Company Limited and its wholly-owned subsidiary Nanjing Luode Investment Management Co., Ltd. (南京洛德投資管理有限公司), Nanjing Public Utilities Development Co., Ltd. and Hongyuan Huizhi Investment Co., Ltd. (宏源匯智投資有限公司) and its wholly-owned subsidiary, Shenyin & Wanguo Innovation Capital Management Co., Ltd. (申銀萬國創新資本管理有限公司), signed a limited partnership agreement, pursuant to which, all parties jointly established the Phase II Parent Real Estate Fund upon reaching unanimity through consultation. For details, please refer to the announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 12 July 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 11 July 2019, respectively.

Accelerating the progress of new road and bridge projects

During the Reporting Period, the Company's total material non-equity investment of RMB1,571,146,000 mainly focused on the active facilitation of new road and bridge construction projects. Of the funds applied, RMB1,290,237,000, RMB164,244,000 and RMB116,665,000 were invested in the construction of the Wufengshan Toll Bridge project, Changyi Expressway and Yichang Expressway, respectively.

(3) *Financial assets measured at fair value*

☒ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Item	Initial investment cost	Source of funds	Purchased/Sold	Investment income	Change in fair value
Fund investments	9,999,400	Internal funds	-	-	5,219,687
Wealth management products	1,500,000,000	Internal funds	-	8,118,372	-
Gold investments	15,710,238	Internal funds	-5,236,746	123,433	813,946
Other non-current financial assets (CDB Kai Yuan Phase II)	796,332,315	Internal funds	47,045,011	-	17,185,428
Other non-current financial assets (Luode Dening)	150,000,000	Internal funds	-41,850,000	-	-2,011,170
Other equity Instruments (Bank of Jiangsu)	1,000,000,000	Internal funds	-	68,000,000	318,000,000
Other equity instruments (Jiangsu Leasing)	270,898,457	Internal funds	-	46,800,000	32,760,000
Fuanda Asset Management Scheme	<u>860,000,000</u>	Internal funds	<u>940,000,000</u>	<u>-</u>	<u>191,079,580</u>

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 RMB15,081,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. Its fair value increased by approximately RMB5,220,000 and its cumulative fair value increased by approximately RMB10,301,000 during the Reporting Period.

During the Reporting Period, Ninghu Investment continued to engage in gold bullion investment commenced in 2014 at an investment cost of approximately RMB15,710,000 with a net value being approximately RMB17,007,000 at the beginning of the Reporting Period, and it sold part of the gold with cost of RMB5,237,000 during the Reporting Period. At the end of the Reporting Period, its net value was approximately RMB12,584,000. Its fair value increased by approximately RMB814,000 while its cumulative fair value increased by approximately RMB2,111,000 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 RMB178,087,000 at the beginning of the Reporting Period, and it recovered principal amount of investment of RMB41,850,000 during the Reporting Period. At the end of the Reporting Period, its net value amounted to approximately RMB134,226,000. Its fair value decreased by approximately RMB2,011,000 and its cumulative fair value increased by approximately RMB26,076,000 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 RMB796,332,000 with its net value of approximately RMB933,328,000 at the beginning of the Reporting Period, and it increased the principal amount of investment of RMB47,045,000 during the Reporting Period. At the end of the Reporting Period, its net value was approximately RMB997,559,000. Its fair value increased by approximately RMB17,185,000 while its cumulative fair value increased by approximately RMB154,181,000 during the Reporting Period.

(V) Material disposal of assets and equity interest

☐ Applicable ☒ Not Applicable

(VI) Analysis of major controlled companies or investees

☒ Applicable ☐ Not Applicable

1. Operations of major subsidiaries

Unit: Yuan Currency: RMB

Name of company	Principal businesses	Investment cost	Equity interest attributable to the Company %	Total assets	Net assets	Net profit	Percentage of the Company's net profit %	Year-on-year increase/decrease in net profit %
Ningchang Zhenli Company	Expressway construction, management, maintenance and toll collection	5,029,236,885	100	6,658,944,969	6,537,568,793	224,525,987	9.62	3.12
Guangjing Xicheng Company	Expressway construction, management, maintenance and toll collection	2,125,000,000	85	11,177,481,474	6,640,581,911	350,643,313	15.33	6.09
Zhendan Company	Expressway construction, management, maintenance and toll collection	423,910,000	70	1,726,446,066	561,543,387	-24,598,818	-	-
Wufengshan Toll Bridge Company	Expressway construction, management, maintenance and toll collection	2,085,616,830	64.5	8,002,446,166	3,605,109,059	1,193,062	0.05	-
Ninghu Investment	Investments in various types of infrastructure and industries	847,100,000	100	1,303,127,815	1,247,478,955	26,363,260	1.13	102.66
Ninghu Properties	Real estate development, operation and consultancy	500,000,000	100	2,915,314,957	1,039,292,385	107,207,400	4.59	-5.70
Hanwei Company	Real estate development and operation	184,499,800	100	1,458,860,009	17,984,431	-26,197,445	-	386.62
Yangtze River Management Company	Expressway construction, management and maintenance	50,000,000	100	50,000,000	50,000,000	-	-	-

* During the Reporting Period, Ningchang Zhenli Company enjoyed a continuous increase in its toll revenue with a net profit of approximately RMB224,526,000, a year-on-year increase of approximately 3.12%.

* During the Reporting Period, Guangjing Xicheng Company recorded a continuous increase in its toll revenue as well as an increase in its investment income due to year-on-year increase in the dividend from investee company Jiangsu Leasing and the profit of investee company Yanjiang Company, and a decrease in the financial expenses due to a year-on-year decrease in capitalization of the average amount of interest-bearing debts. A net profit of approximately RMB357,875,000 was made during the Reporting Period, representing a year-on-year increase of approximately 6.09%.

* During the Reporting Period, Ninghu Investment recorded an increase in net profit by approximately 102.66% year-on-year due to an increase in fair value of its other non-current financial assets during the Reporting Period.

* During the Reporting Period, the net profit after tax of Ninghu Properties amounted to approximately RMB107,207,000, representing a year-on-year decrease of approximately 5.7%.

* The structures of Buildings No. 1, No. 2 and No. 3 of Hanrui Center Project developed by Hanwei Company were all completed. The inventory turnover of Buildings No. 2 and No. 3 was over 90%. Building No. 1 is a Grade A office building and it is planned to commence the pre-sales and pre-leasing in the second half of the year.

2. Operations of key associates

During the Reporting Period, the investment income of the Group amounted to approximately RMB478,200,000, representing a decrease of approximately 34.54% year-on-year and approximately 20.48% of the Group's net profit. Associates, in which the Group had a participating interest, contributed investment income of approximately RMB355,158,000, representing a year-on-year increase of approximately 24.70%. Although the year-on-year increase in the investment income contributed by the associates, including the Group's participating interest and the bonus of Jiangsu Leasing and Bank of Jiangsu invested during the Reporting Period, a year-on-year decrease in investment income was recorded as a result of the Company recognized valuation 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 corresponding period of the previous year. Operating results of certain key associates are set out below:

Name of Company	Principal business	Investment cost RMB	Equity interest	Net profit	Contribution to investment income RMB	Percentage of the Company's net profit %	Year-on-year increase/ decrease %
			attributable to the Company %	attributable to the shareholders of the associates RMB			
Sujiahang Company	Mainly responsible for the management and operation businesses of Sujiahang Expressway	526,090,677	31.55	372,190,758	117,426,184	5.03	21.75
Yangtze Bridge Company	Mainly responsible for the management and operation of Jiangyin Bridge	631,159,243	26.66	473,154,186	126,142,906	5.40	34.93
Yanjiang Company	Mainly responsible for the management and operation of Yanjiang Expressway	1,466,200,000	25.15	371,707,651	102,591,312	4.39	12.35
Suijiyong Company	Mainly responsible for the management and operation of Changjia Expressway	431,609,486	22.77	-17,981,212	-4,094,322	-	77.72

* Due to the year-on-year increase in toll revenue driven by the growth in the traffic volume, Sujiahang Company recorded an increase in its net profit as compared with that of the corresponding period last year, and its contribution to the investment revenue increased by approximately 21.75% year-on-year.

* Due to the year-on-year increase in toll revenue driven by the growth in the traffic volume and a year-on-year increase in investment income from Sutong Bridge (蘇通大橋) and Taizhou Bridge (泰州橋), as well as the bonus of Jiangsu Leasing, Yangtze Bridge Company recorded an increase in net profit as compared with that of the corresponding period last year and its contribution to the investment revenue increased by approximately 34.93% year-on-year.

* Due to the year-on-year increase in toll revenue driven by the growth in the traffic volume and the net profit increased compared with the same period of last year, and its contribution to the investment revenue increased by approximately 12.35%.

- * Due to the year-on-year increase in administrative expenses and financial expenses, the operating loss recorded by Sujiayong Company increased by approximately 77.72% as compared with the same period of last year.

(VII) Structured entities controlled by the Company

☐ Applicable ☒ Not Applicable

OTHER DISCLOSURES

(I) Profit warning and explanation of projected accumulated net loss from the beginning of the year to the end of the next reporting period or material changes over the corresponding period of previous year

☐ Applicable ☒ Not Applicable

(II) Possible risks

☒ Applicable ☐ Not Applicable

With a view to optimizing the corporate governance system, strengthening risk management, and enhancing the Company's capability to deal with risks, the Company determined the basic principles for risk assessment, established the standards of risk assessment, and identified material risks of the Group in combination with the industry risks, thus establishing the risk management system. According to the macro environment and the Company's current business situation, the Company will pay keen attention to the following main risks and proactively take effective countermeasures:

1. Risks associated with industry policy

Risk analysis: The Company is primarily engaged in the investment, construction, operation and management of toll roads and bridges, and toll fees are the major source of revenue for expressway companies. The level of revenue from toll fees is subject to the direct and indirect influence of changes in the national macro-control policy and taxation policy. In particular, the Regulation on the Administration of Toll Roads (revised) has yet to come into operation and there are still uncertainties over the relevant policies. The Company is therefore exposed to operational risks arising from implication of the policies in respect of toll rates and toll collection periods.

Counter-measures: The Company will establish a dynamic tracking and assessment mechanism in response to policy-related risks. It will follow closely with relevant governmental policies, enhance the contact and communication with competent government authorities, especially transportation, financial, taxation and pricing departments, and keep abreast with the latest developments in policies related to expressway industry to make timely business decisions accordingly. Meanwhile, the Company will develop new profit growth points and proactively commence various business activities relating to the principal businesses aiming to reduce the risks associated with or arising from relatively simple industrial structure.

2. *Risks associated with project investment*

Risk analysis: In the course of the Company's business, projects under construction and investment in new projects are subject to the influence of macro economy and other related factors and thus there is a risk that future returns may fall short of expectations. In addition, investment in financial and similar financial products may involve risks of losses and return due to market fluctuations and systematic risks.

Counter-measures: Since there are many uncertainties in the current economic environment, when selecting investment projects, the Company shall conduct a full assessment of the internal and external factors affecting the performance of projects, strengthen internal management, standardize management systems, and establish scientific investment decision-making procedures. Additionally, the Company will set up or engage a professional evaluation team to fully understand the benefits and risks of investment projects.

3. *Risks associated with lower-than-expected rate of destocking*

Risk analysis: Due to its lengthy industry chain and cycle, the real estate sector is more susceptible to the changes in market environment and policies. The economic operating environment, changes in fiscal and monetary policies and the policies for taming the property market may affect the sales cycle and sales performance of the Company's real estate business, leading to an extension of the real estate sales cycle and affecting the progress of destocking.

Counter-measures: A tracking mechanism has been set up for the Company to stay up-to-date with policies concerning the industry and the development trend of the macro-economy and the industry, build its capability to gain insights into the policy and market trend and step up efforts to accelerate the destocking rate. Meanwhile, the Company will reinforce specialized management of projects and strive for delicacy management in various stages from projects selection, planning and design to operation and execution.

4. *Safety risks associated with road management*

Risk analysis: The increasing traffic volume makes it more and more challenging to maintain road safety and manage road condition. In the operation and management of expressways, any failure to perform the responsibility of safety risk prevention may result in serious road safety accidents and incur liabilities relating to the safety management in service areas, which could in turn adversely affect the realization of the Company's business objectives, and may have a negative impact on the Company's brand image.

Counter-measures: the Company will strengthen training on safe operation, enhance employees' awareness of operation safety and optimize the accountability and assessment system to ensure that oversight responsibility is in place and duly performed by a particular person. The Company will strengthen supervision over operation safety, and ensure that the maintenance of production safety equipment is conducted on a regular basis and overhaul is carried out according to a standardized procedure to improve its capacity to ensure production safety with a view to eliminating all potential operation safety risks. The Company will strengthen multi-party coordination and cooperation and properly manage the layout of on-site operating areas in order to minimize the impact on traffic and ensure that all potential risks are eliminated.

(III) Other disclosures

☒ Applicable ☐ Not Applicable

Investment in Group Finance Company

On 30 July 2019, the 11th meeting of the ninth session of the board of directors of the Company approved the entering into of Capital Increase Agreement by the Company with Communications Holding, Jinghu Company and Group Finance Company. The Company and Communications Holding shall contribute RMB606.8 million and RMB303.4 million, respectively to subscribe for the registered capital of Group Finance Company of RMB400 million and RMB200 million, respectively. For details of the investment project, please refer to the announcements published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 31 July 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 30 July 2019 and related circular published on 9 August 2019, respectively. The conditions precedent for the transaction include the approval of the independent shareholders of the Company.

4. PROFIT DISTRIBUTION PLAN OR PLAN FOR CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL

4.1 Proposed half-yearly profit distribution plan or plan for conversion of capital reserves into share capital

Whether to distribute or convert	No
Number of bonus shares for every share (<i>share</i>)	0
Amount of cash dividends for every share (<i>Yuan</i>) (tax inclusive)	0
Number of shares converted for every share (<i>share</i>)	0

During the Reporting Period, the Board of the Company has recommended not to distribute interim dividends for the six months ended 30 June 2019 (for the corresponding period in 2018: nil).

5. OTHER SIGNIFICANT MATTERS

- 5.1 Repurchase, Sale or Redemption of Securities: During the Reporting Period, there was no repurchase, sale or redemption of any of its listed securities by the Company and/or any of its subsidiaries; and the Company and its subsidiaries have not issued or grant any convertible securities, options, warrants or other similar rights at any time.
- 5.2 Public Float: According to public information and as far as the Directors know, the Board is of the view that the public float of the shares of the Company as at 23 August 2019 (being the latest practicable date prior to the publication of this Report) complied with the requirements of the Hong Kong Listing Rules.
- 5.3 Dividend Arrangement Waived or Agreed by the Shareholders: During the Reporting Period, no dividend arrangement was waived by any of the shareholders.
- 5.4 Corporate Governance: For the period of six months ended 30 June 2019, other than the code provision A6.7, the Company has complied with all of the applicable code provisions of the Corporate Governance Code under Appendix 14 to the Hong Kong Listing Rules.

According to the code provision A6.7 of the Corporate Governance Code, the independent non-executive directors and other non-executive directors shall attend the annual general meeting. Mr. Wu Xinhua and Ms. Hu Yu, two non-executive directors of the Company, were unable to attend the Company's annual general meeting on 20 June 2019 due to business affairs.

- 5.5 Model Code for Securities Transactions by Directors of Listed Issuers: The Company has adopted a Code of Conduct for securities transactions by its directors on standards no lower than the provisions under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Hong Kong Listing Rules. Having made specific enquiries to all the Directors, the Directors have fully complied with the provisions stipulated under the Model Code and the Company's code of conduct for securities transactions by directors.
- 5.6 Save as disclosed in this announcement, there has been no material change in respect of (a) the development of business of the Group or its financial position; (b) important events affecting the Group; and (c) the likely future development in the business of the Group and prospects for the year, since the publication of the 2018 annual report of the Company.

6. FINANCIAL REPORT

6.1 Financial Statements

The relevant financial information has been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and has not been audited. The Audit Committee of the Board has reviewed the interim financial report of the Company for the six months ended 30 June 2019. The committee has communicated adequately with the management of the Company in the performance of relevant duties, and recommended that the Board approve the publication of the interim financial report for the six months ended 30 June 2019.

1. Consolidated Balance Sheet

At 30 June 2019

Unit: Yuan Currency: RMB

Item	30 June 2019 (unaudited)	31 December 2018 (audited)
Current Assets:		
Cash and bank balances	593,149,364	649,761,591
Held-for-trading financial assets	1,532,884,940	683,326,861
Notes receivable	–	1,681,265
Accounts receivable	446,623,274	321,158,727
Prepayments	73,869,768	29,060,041
Other receivables	172,012,198	37,833,951
Including: Interest receivable	–	–
Dividends receivable	120,343,460	4,989,960
Inventories	3,985,171,081	4,045,555,776
Other current assets	230,649,865	130,656,171
Total Current Assets	7,034,360,490	5,899,034,383

Item	30 June 2019 (<i>unaudited</i>)	31 December 2018 (<i>audited</i>)
Non-current Assets:		
Long-term equity investment	6,132,904,337	5,702,454,036
Investments in other equity instruments	4,517,133,260	3,035,293,680
Other non-current financial assets	1,131,784,691	1,111,415,422
Investment properties	18,755,633	19,207,033
Fixed assets	1,750,067,799	1,814,133,323
Construction in progress	11,673,584,207	10,087,826,331
Right-of-use assets	5,184,870	–
Intangible assets	19,603,519,408	20,280,055,629
Long-term prepaid expenses	1,793,846	1,654,145
Deferred tax assets	136,121,689	197,447,059
Other non-current assets	14,955,570	14,207,792
Total Non-current Assets	44,985,805,310	42,263,694,450
TOTAL ASSETS	52,020,165,800	48,162,728,833
Current Liabilities:		
Short-term borrowings	1,410,000,000	1,580,000,000
Notes payable	150,000,000	–
Accounts payable	905,840,564	1,090,607,320
Receipts in advance	92,987,984	73,454,895
Employee benefits payable	2,224,023	2,917,980
Taxes payable	287,086,986	271,704,890
Other payables	2,704,018,253	270,459,371
Including: Interest payable	145,200,819	93,089,893
Dividends payable	2,406,342,953	88,979,103
Contract liabilities	1,249,072,133	962,200,983
Non-current liabilities due within one year	124,674,944	381,700,433
Other current liabilities	2,208,009,480	2,212,191,672
Total Current Liabilities	9,133,914,367	6,845,237,544

Item	30 June 2019 (unaudited)	31 December 2018 (audited)
Non-current Liabilities:		
Long-term borrowings	8,130,483,904	7,688,853,902
Bonds payable	3,985,860,581	3,980,548,108
Lease liabilities	–	–
Provisions	–	461,700
Deferred income	42,127,303	43,109,916
Deferred tax liabilities	346,317,420	250,660,721
Total Non-current Liabilities	12,504,789,208	11,963,634,347
TOTAL LIABILITIES	21,638,703,575	18,808,871,891
Shareholders' Equity:		
Paid-in capital (or share capital)	5,037,747,500	5,037,747,500
Capital reserve	10,428,388,235	10,428,388,235
Other comprehensive income	1,365,429,817	837,827,667
Surplus reserve	3,411,194,285	3,411,194,285
Retained profits	6,386,285,223	6,422,040,045
Total shareholders' equity attributable to equity holders of the Company	26,629,045,060	26,137,197,732
Minority interests	3,752,417,165	3,216,659,210
TOTAL SHAREHOLDERS' EQUITY	30,381,462,225	29,353,856,942
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	52,020,165,800	48,162,728,833

Person in Charge of the

<i>Legal Representative:</i>	<i>Accounting Body:</i>	<i>Chief Accountant:</i>
Gu Dejun	Sun Xibin	Ren Zhuohua

2. Consolidated Income Statement

For the period ended 30 June 2019

Unit: Yuan Currency: RMB

Item	1 January 2019 to 30 June 2019 (unaudited)	1 January 2018 to 30 June 2018 (unaudited)
I. Total operating income	4,835,457,869	5,141,779,834
Including: Operating income	4,835,457,869	5,141,779,834
II. Total operating costs	2,341,869,205	2,714,073,589
Including: Operating costs	1,955,644,387	2,256,373,175
Taxes and levies	55,403,316	107,395,338
Selling expenses	18,630,332	11,592,289
Administrative expenses	85,673,932	85,500,282
Financial expenses	226,517,238	253,212,505
Including: Interest expenses	227,654,019	239,697,636
Interest income	3,577,594	3,481,804
Add: Other income	2,612,095	1,032,811
Investment income (losses are indicated by “-”)	478,199,641	730,532,269
Including: Income from investments in associates and joint ventures	355,157,836	284,808,956
Gains from changes in fair values (losses are indicated by “-”)	21,207,891	-2,594,467
Credit impairment losses (losses are indicated by “-”)	-130,000	–
Gains from disposal of assets (losses are indicated by “-”)	-295,937	-215,505
III. Operating profit (losses are indicated by “-”)	2,995,182,354	3,156,461,353
Add: Non-operating income	1,608,479	9,282,569
Less: Non-operating expenses	11,041,962	15,029,125

Item	1 January 2019 to 30 June 2019 (unaudited)	1 January 2018 to 30 June 2018 (unaudited)
IV. Total profit (total losses are indicated by “-”)	2,985,748,871	3,150,714,797
Less: Income tax expenses	651,267,942	611,486,734
V. Net profit (net losses are indicated by “-”)	2,334,480,929	2,539,228,063
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (net losses are indicated by “-”)	2,334,480,929	2,539,228,063
(II) Categorized by ownership:		
1. Net profit attributable to owners of the Company (net losses are indicated by “-”)	2,281,609,028	2,488,142,065
2. Profit or loss attributable to minority interests (net losses are indicated by “-”)	52,871,901	51,085,998
VI. Other comprehensive income, net of tax	531,287,649	1,298,445,418
Other comprehensive income attributable to owners of the Company, net of tax	527,602,150	1,129,641,244
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	527,602,150	801,486,984
1. Re-measurement of changes in defined benefit plans	–	–
2. Other comprehensive income not convertible to profit or loss under the equity method	124,907,965	–
3. Changes in the fair value of investments in other equity instruments	402,694,185	801,486,984
(II) Other comprehensive income that will be reclassified to profit or loss	–	328,154,260
1. Other comprehensive income convertible to profit or loss under the equity method	–	328,154,260
Other comprehensive income attributable to minority interests, net of tax	3,685,499	168,804,174

Item	1 January 2019 to 30 June 2019 (<i>unaudited</i>)	1 January 2018 to 30 June 2018 (<i>unaudited</i>)
VII. Total comprehensive income	2,865,768,578	3,837,673,481
Total comprehensive income attributable to owners of the Company	2,809,211,178	3,617,783,309
Total comprehensive income attributable to minority interests	56,557,400	219,890,172
VIII. Earnings per share:		
(I) Basic earnings per share (<i>RMB/share</i>)	0.4529	0.4939
(II) Diluted earnings per share (<i>RMB/share</i>)	N/A	N/A

In case of business combination involving enterprises under common control in the current period, the net profit realized by the combining entities before the combination is 0, and the net profit realized by the combining entities in the previous period is 0.

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

3. Consolidated Cash Flow Statement

For the period ended 30 June 2019

Unit: Yuan Currency: RMB

Item	1 January 2019 to 30 June 2019 (unaudited)	1 January 2018 to 30 June 2018 (unaudited)
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	5,240,391,028	4,859,995,310
Other cash receipts relating to operating activities	98,154,644	89,814,612
Sub-total of cash inflows from operating activities	5,338,545,672	4,949,809,922
Cash payments for goods purchased and services received	991,054,370	952,677,534
Net increase in loans to customers and advances	500,004	–
Cash payment for policy dividends	–	–
Cash payments to and on behalf of employees	424,438,938	426,008,900
Payments of various types of taxes	898,469,531	820,832,908
Other cash payments relating to operating activities	96,586,438	87,501,473
Sub-total of cash outflows from operating activities	2,411,049,281	2,287,020,815
Net Cash Flow from Operating Activities	2,927,496,391	2,662,789,107
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	3,804,205,808	2,670,700,000
Cash receipts from investment income	63,582,954	148,155,465
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	117,487	57,725,610
Other cash receipts relating to investing activities	–	430,771,364
Sub-total of cash inflows from investing activities	3,867,906,249	3,307,352,439
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,477,781,578	1,330,219,781
Cash payments to acquire investments	5,593,771,864	2,507,904,350
Net increase in pledged loans	–	–
Other cash payments relating to investing activities	–	480,000,000
Sub-total of cash outflows from investing activities	7,071,553,442	4,318,124,131
Net Cash Flow used in Investing Activities	-3,203,647,193	-1,010,771,692

Item	1 January 2019 to 30 June 2019 (unaudited)	1 January 2018 to 30 June 2018 (unaudited)
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	479,200,555	520,768,164
Including: cash receipts from capital contributions from minority owners of subsidiaries	479,200,555	520,768,164
Cash receipts from borrowings	1,402,400,000	3,951,000,000
Cash receipts from issue of bonds	2,200,000,000	1,498,986,400
Other cash receipts relating to financing activities	–	–
Sub-total of cash inflows from financing activities	4,081,600,555	5,970,754,564
Cash repayments of borrowings	3,604,177,864	5,977,528,802
Cash payments for distribution of dividends or profits or settlement of interest expenses	185,038,115	1,184,440,069
Other cash payments relating to financing activities	2,248,811	19,016,321
Sub-total of cash outflows from financing activities	3,791,464,790	7,180,985,192
Net Cash Flow used in Financing Activities	290,135,765	-1,210,230,628
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	–	–
V. Net Increase in Cash and Cash Equivalents	13,984,963	441,786,787
Add: Opening balance of Cash and Cash Equivalents	515,126,921	262,758,700
VI. Closing Balance of Cash and Cash Equivalents	529,111,884	704,545,487

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

6.2 Extracted Notes to the Financial Statements

6.2.1 Operating Income and Operating Costs

Unit: Yuan Currency: RMB

By industries	Principal operating activities classified by industries					
	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue over the corresponding period of last year (%)	Change in operating revenue over the corresponding period of last year (%)	Change in gross profit margin over the corresponding period of last year
Toll road	3,779,545,228	1,186,295,936	68.61	5.18	7.65	Decreased by 0.72 percentage point
Shanghai- Nanjing Expressway	2,542,648,100	628,196,265	75.29	4.84	-2.65	Increased by 1.90 percentage points
Guangjing Expressway and Xicheng Expressway	438,214,711	168,532,600	61.54	2.88	55.63	Decreased by 13.04 percentage points
Ningchang Expressway and Zhenli Expressway	590,423,717	267,394,539	54.71	5.03	1.09	Increased by 1.76 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	173,625,237	96,648,641	44.33	3.33	18.24	Decreased by 7.02 percentage points
Zhendan Expressway	34,633,463	25,523,891	26.30	—	—	—
Ancillary services	610,981,233	551,071,965	9.81	-14.96	-16.30	Increased by 1.45 percentage points
Property sales	411,802,770	205,590,031	50.08	-48.38	-57.62	Increased by 10.89 percentage points
Advertising and others	33,128,638	12,686,455	61.71	3.19	16.16	Decreased by 4.27 percentage points
Total	4,835,457,869	1,955,644,387	59.56	-5.96	-13.33	Increased by 3.44 percentage points

6.2.2 Financial Expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses (Note)	227,654,019	239,697,636
Interest income	-3,577,594	-3,481,804
Exchange differences	101,811	208,618
Bond issue fee and other loan charges	1,500,606	15,234,412
Others	838,396	1,553,643
Total	<u>226,517,238</u>	<u>253,212,505</u>

6.2.3 Investment Income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under equity method	355,157,836	284,808,956
Investment income on disposal of held- for-trading financial assets at fair value through profit or loss	123,433	-275,451
Dividend income from other equity investments in the holding period	114,800,000	28,080,000
Investment income from disposal of held-for-trading financial assets	8,118,372	4,195,261
Interest income from loans	–	2,598,900
Other investment income (Note 1)	–	411,124,603
Total	<u>478,199,641</u>	<u>730,532,269</u>

Other explanations:

Note 1: The amount of other investment income in the prior period mainly includes investment income recognized by a shortfall between fair value and carrying amount arising from that the Company combined Hanwei Company during the same period of last year in accordance with the standards for business combination involving enterprises not under common control and the Company remeasured the equity interest in Hanwei Company before the acquisition date at fair value on the acquisition date.

6.2.4 Income Tax Expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	632,712,224	544,637,113
Deferred tax expenses	18,555,718	75,470,993
Differences in annual filing for the prior years	<u>—</u>	<u>-8,621,372</u>
Total	<u>651,267,942</u>	<u>611,486,734</u>

6.2.5 Return on Net Assets and Earnings Per Share (“Eps”)

Unit: Yuan Currency: RMB

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	8.28%	0.4529	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	8.23%	0.4498	N/A

6.2.6 *Supplementary Information of Income Statement*

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee benefits	424,411,769	431,654,895
Depreciation and amortization	795,900,884	730,364,002
Toll related expenses	83,907,385	54,502,098
Road maintenance expenses	77,416,312	74,649,840
System maintenance expenses	2,918,172	15,013,036
Real estate development land and construction cost	205,590,031	485,055,076
Petroleum in the service zone	421,612,796	497,608,618
Retail goods in the service zone		6,404,266
Catering cost in the service zone	6,421,145	10,972,229
Consulting and intermediary service fee	351,540	1,414,487
Commission fee for agent of real estate sales	9,639,027	4,712,750
Advertisement fee	3,736,184	4,235,127
Others	28,043,406	36,879,322
Total	<u>2,059,948,651</u>	<u>2,353,465,746</u>

6.2.7 *Analysis of Receivables and Payables*

(1) *Notes receivable*

[1] Analysis of bills receivable by category

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptances	—	1,681,265
Total	<u>—</u>	<u>1,681,265</u>

Other explanations:

☒ Applicable ☐ Not applicable

The Group's bills receivable are accepted by banks with higher credit rating without significant credit risks and no provision for loss has been made.

(2) *Accounts receivable*

[1] Disclosure by aging

Unit: Yuan Currency: RMB

Aging	Closing balance
Within 1 year	445,199,976
More than 1 year but not exceeding 2 years	–
More than 2 years but not exceeding 3 years	1,753,432
More than 3 years	1,699,980
Total	<u>448,653,388</u>

[2] Bad debt provision

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the period			Closing balance
		Provision	Recovery or reversal	Write-down or write-off	
Bad debt provision	<u>1,900,114</u>	<u>130,000</u>	<u>–</u>	<u>–</u>	<u>2,030,114</u>
Total	<u>1,900,114</u>	<u>130,000</u>	<u>–</u>	<u>–</u>	<u>2,030,114</u>

Other explanations:

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

Disclosure by aging:

Unit: Yuan Currency: RMB

Aging	Amount	Closing balance		Book value
		Proportion (%)	Bad debt provision	
Within 1 year	445,199,976	99	295,066	444,904,910
More than 1 year but not exceeding 2 years	–	–	–	–
More than 2 years but not exceeding 3 years	1,753,432	1	35,068	1,718,364
More than 3 years	1,699,980	–	1,699,980	–
Total	<u>448,653,388</u>	<u>100</u>	<u>2,030,114</u>	<u>446,623,274</u>

Category	Amount	Closing balance		Book value
		Proportion (%)	Bad debt provision Proportion (%)	
All accounts receivable arising from transactions adopting new standards for revenue	<u>448,653,388</u>	<u>100</u>	<u>2,030,114</u>	<u>446,623,274</u>
Total	<u>448,653,388</u>	<u>100</u>	<u>2,030,114</u>	<u>446,623,274</u>

Bad debt provision	Not credit-impaired Lifetime expected credit loss	Credit-impaired Lifetime expected credit loss	Total
Opening balance	200,134	1,699,980	1,900,114
Provision for the period		130,000	130,000
Closing balance	200,134	1,829,980	2,030,114

(3) *Disclosure of prepayments by aging*

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	73,869,768	100	22,106,210	83
More than 1 year but not exceeding 2 years	—	—	5,060,514	17
More than 2 years but not exceeding 3 years	—	—	—	—
More than 3 years	—	—	—	—
Total	<u>73,869,768</u>	<u>100</u>	<u>27,166,724</u>	<u>100</u>

The Group has applied the New Lease Standards since 1 January 2019, and has adjusted the beginning balance of the above items according to the requirements of the Standards.

(4) *Disclosure of other receivables by nature*

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable	—	—
Dividends receivable	120,343,460	4,989,960
Other receivables	<u>51,668,738</u>	<u>32,843,991</u>
Total	<u>172,012,198</u>	<u>37,833,951</u>

(5) *Aging analysis of trade payables presented based on the invoice date*

The following is an aging analysis of trade payables presented based on the invoice date (close to posting date):

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 1 year	796,530,691	793,933,626
More than 1 year but not exceeding 2 years	59,710,190	183,051,225
More than 2 years but not exceeding 3 years	23,766,391	77,563,871
More than 3 years	25,849,292	36,058,598
Total	<u>905,856,564</u>	<u>1,090,607,320</u>

Disclosure of trade payables

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction payable	453,956,518	544,016,630
Construction payable for real estate project	306,791,359	363,766,073
Purchase of petroleum payable	1,217,809	11,980,779
Toll road fee payable	56,394,249	40,988,472
Deposit payable for rent	58,930,661	58,930,661
Others	28,549,968	70,924,705
Total	<u>905,840,564</u>	<u>1,090,607,320</u>

(6) *Disclosure of receipts in advance by nature*

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Rental deposit received in advance	30,865,581	14,195,127
The transfer payment of Ninglian road operating rights received in advance	57,700,000	57,700,000
Others	4,422,403	1,559,768
Total	<u>92,987,984</u>	<u>73,454,895</u>

The aging analysis of receipts in advance is as follows:

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	92,983,774	54	73,454,895	100
More than 1 year but not exceeding 2 years	4,210	46	–	–
More than 2 years but not exceeding 3 years	–	–	–	–
More than 3 years	–	–	–	–
Total	<u>92,987,984</u>	<u>100</u>	<u>73,454,895</u>	<u>100</u>

(7) *Contract liabilities*

Contract liabilities

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Advertising release fee in advance	1,027,582	6,090,951
Sales of property in advance	<u>1,248,044,551</u>	<u>956,110,032</u>
Total	<u><u>1,249,072,133</u></u>	<u><u>962,200,983</u></u>

(8) *Disclosure of other payables by nature*

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests payable	145,200,819	93,089,893
Dividends payable	2,406,342,953	88,979,103
Other payables	<u>152,474,481</u>	<u>88,390,375</u>
Total	<u><u>2,704,018,253</u></u>	<u><u>270,459,371</u></u>

6.2.8 Other Current Liabilities

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Short-term bonds payable	<u>2,208,009,480</u>	<u>2,212,191,672</u>
Total	<u><u>2,208,009,480</u></u>	<u><u>2,212,191,672</u></u>

6.2.9 Credit Policy

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

6.2.10 Contingencies

Ninghu Properties and Hanwei Company, subsidiaries of the Company implement the operating practice in the real estate sector of providing the buyers of commodity housing properties with guarantees with joint liabilities for their mortgage loans. The obligation begins from the date on which the guarantee contract comes into effect and will end when the buyers obtain certifications of the purchased properties and complete registration of mortgage and pass the properties warrants certification to bank. As at 30 June 2019, the outstanding guarantees amounted to approximately RMB1,763.562 million (31 December 2018: RMB1,035.648 million).

6.2.11 Pledged Assets

At the end of the Reporting Period, other monetary funds of the Company included customers' deposit for mortgage loans of RMB9.023 million and regulated pre-sale proceeds of RMB55.015 million. The regulated pre-sale proceeds are project funds placed in escrow with banks as required by Nanjing Bureau of Housing and Urban-Rural Development (南京市住房和城乡建设局) for the purpose of facilitating the smooth development of property projects and strengthening the supervision of monetary capital for property development projects. Project capital must be paid in full into banks before applications for construction permits are made. Developers shall

release the project deposits by tranches depending on the construction progress. The remaining project deposits shall be released upon the completion of the construction and delivery of the units.

A subsidiary of the Company, Guangjing Xicheng Company, entered into a loan contract of RMB1,200 million with Industrial and Commercial Bank of China, Wuxi branch. The aforesaid loans are secured by the operation right of Guangjing Expressway. As at the end of the Reporting Period, the balance of the loan was RMB581 million.

6.2.12 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 (2018: 12) based on the standard with which the Group's management determines resources allocation and performance assessment, including Shanghai-Nanjing Expressway, 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, Yangtze River Expressway, Ancillary services (including petrol, food and retail in service zones along the expressways), real estate development and advertising and others. These reporting segments are determined based on standards of resources allocation and performance assessment by the management.

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

(2). Financial information of reporting segment

Unit: Yuan Currency: RMB

Item	Shanghai-Nanjing Expressway		Guangjing Expressway and Xicheng Expressway		Xivi Expressway and Wuxi Huantaihu Expressway		Ningchang Expressway and Zhenli Expressway		Yichang Expressway		Changyi Expressway		Zhendan Expressway		Wufengshan Yangtze River Bridge Expressway		Ancillary services		Real estate development		advertising and others		Unallocated items		Total
	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway	
Segment operating income	2,542,648,100	438,214,711	173,625,237	-	-	590,423,717	34,633,463	-	-	610,981,233	411,802,770	33,128,638	-	4,835,457,869											
Operating costs	628,196,265	168,532,600	96,648,641	-	-	267,394,539	25,523,891	-	-	551,071,965	205,590,031	12,686,455	-	1,955,644,387											
Including: Amortization of toll roads operation rights	322,809,625	56,076,934	51,041,128	-	-	201,240,331	17,678,318	-	-	-	-	-	-	648,846,336											
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	421,612,796	-	-	-	421,612,796											
Segment operating profit (loss)	1,914,451,835	269,682,111	76,976,596	-	-	323,029,178	9,109,572	-	-	59,909,268	206,212,739	20,442,183	-	2,879,813,482											
Reconciling items:																									
Less: Taxes and levies	9,153,533	1,577,573	625,051	206,573	255,370	2,125,525	124,680	192,670	-	9,225,817	25,201,048	1,057,240	5,658,236	55,403,316											
Selling expenses	-	-	-	-	-	-	-	-	-	-	18,630,332	-	-	18,630,332											
Administrative expenses	36,684,124	-	-	-	-	-	-	-	-	-	-	-	48,989,808	85,673,932											
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-	226,517,238	226,517,238											
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
Impairment loss of credit	-	-	-	-	-	-	-	-	-	-	-	-	130,000	130,000											
Add: Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-	21,207,891	21,207,891											
Invest income	-	-	-	-	-	-	-	-	-	-	-	-	478,199,641	478,199,641											
Other income	-	-	-	-	-	982,612	-	-	-	-	-	-	1,629,483	2,612,095											
Gains (losses) from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-295,937	-295,937											
Operating profit	1,868,614,178	268,104,538	76,351,545	-206,573	-255,370	321,886,265	8,984,892	-192,670	-	50,683,451	162,381,359	19,384,943	219,445,796	2,995,182,354											
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-	1,608,479	1,608,479											
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	11,041,962	11,041,962											
Total profit	1,868,614,178	268,104,538	76,351,545	-206,573	-255,370	321,886,265	8,984,892	-192,670	-	50,683,451	162,381,359	19,384,943	210,012,313	2,985,748,871											
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	651,267,942	651,267,942											
Net profit	1,868,614,178	268,104,538	76,351,545	-206,573	-255,370	321,886,265	8,984,892	-192,670	-	50,683,451	162,381,359	19,384,943	-441,255,629	2,334,480,929											
Total segment assets	10,396,425,522	1,055,496,181	1,874,487,618	2,648,123,460	2,334,291,630	5,458,458,639	1,723,656,326	8,002,446,166	50,000,000	332,210,366	4,377,552,627	1,311,657,306	12,455,359,959	52,020,165,800											

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. Segment liabilities are not allocated to segments for the Group's decision-maker has not considered liabilities of each segment when making decisions.

6.2.13 Events after the Balance Sheet Date

Participating in the Parent Real Estate Fund

On 12 April 2019, the 8th meeting of the ninth session of the board of directors of the Company approved the participation in the establishment of the Phase II Parent Real Estate Fund initiated by Luode Fund Company, by Ninghu Investment Company, a wholly-owned subsidiary of the Company, with total size of the fund no more than RMB1,000 million, in which Ninghu Investment Company will invest no more than RMB300 million; other partners and teams will invest no more than RMB700 million. On 11 July 2019, Ninghu Investment Company, Luode Fund Company and its wholly-owned subsidiary Nanjing Luode Investment Management Co., Ltd. (南京洛德投資管理有限公司), Nanjing Public Utilities Development Co., Ltd. and Hongyuan Huizhi Investment Co., Ltd. (宏源匯智投資有限公司) and its wholly-owned subsidiary, Shenyin & Wanguo Innovation Capital Management Co., Ltd. (申銀萬國創新資本管理有限公司), signed a limited partnership agreement, pursuant to which, all parties jointly established the Phase II Parent Real Estate Fund upon reaching unanimity through consultation. As of the disclosure date of the report, Ninghu Investment Company has made a capital contribution of RMB129 million.

Investment in Group Finance Company

On 30 July 2019, the 11th meeting of the ninth session of the board of directors of the Company approved the entering into of Capital Increase Agreement by the Company with, Communications Holding, Jinghu Company and Group Finance Company, the Company and Communications Holding shall contribute RMB606.8 million and RMB303.4 million, respectively to subscribe for the registered capital of Group Finance Company of RMB400 million and RMB200 million, respectively. The preconditions for the transaction include the approval of the independent shareholders of the Company.

6.3 Financial statement related matters

6.3.1 Details, reasons and impact of the changes to the accounting policies, accounting estimates and audit methods compared with those in the last accounting period

New Lease Standards

The Group has adopted the Accounting Standards for Business Enterprises No. 21 – Leases (hereinafter referred to as the “**New Lease Standards**”, and the previous lease standards referred to as the “**Previous Lease Standards**”) revised by the Ministry of Finance in 2018 since 1 January 2019 (the “**Date of Initial Application**”). The New Lease Standards improve the definition of leases by adding the identification, separation and consolidation of leases; for a lessee to classify its operating leases and finance leases, the lessee is required to recognise right-of-use assets and lease liabilities for all leases (other than short-term leases and leases of low value assets) at the commencement of the lease term. The Standards improve the lessee’s subsequent measurement of the lease by adding accounting treatment methods under the scenarios of option revaluation and lease change; and add relevant disclosure requirements. For a contract that had already existed prior to the Date of Initial Application, the Group has elected not to reassess whether such contract is, or contains a lease. For a contract that was signed or amended after the Date of Initial Application, the Group assesses whether such contract is, or contains a lease in accordance with the definition of leases under the New Lease Standards. The New Lease Standards determine whether a contract is a lease or contains a lease based on whether a party to the contract has assigned the right to control the use of one or more identified assets within a certain period in exchange for a consideration. The definition of a lease in the New Lease Standards does not have a significant impact on the scope of the Group’s contracts that meet the definition of a lease.

The Group as lessee

The Group adjusted the retained earnings at the Date of Initial Application and the amounts of other related items in the financial statements based on the cumulative effect of the initial adoption of the New Lease Standards, and did not adjust the information for the comparative period.

For operating leases other than leases of low value prior to the Date of Initial Application, the Group elected to apply one or more of the following simplified approaches for each lease:

- For a lease that will be completed within 12 months from the Date of Initial Application, it was treated as a short-term lease;
- The same discount rate was applied to the leases with similar characteristics in measuring the lease liabilities;
- The measurement of right-of-use assets did not include initial direct costs.
- For an operating lease prior to the Date of Initial Application, the Group measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the Date of Initial Application, and chose to measure the right-of-use assets according to each lease as follows:
 - the same amount as the lease liability, adjusted for any rental prepayments as necessary.

The Group recognised lease liabilities of RMB5,526,084 and right-of-use assets of RMB7,419,401 as at 1 January 2019. For operating leases prior to the Date of Initial Application, the Group measured the lease liability at the present value discounted using the incremental borrowing rates at the Date of Initial Application, and the weighted average of such rates was 4.75%.

The difference between the lease liabilities recognised by the Group on 1 January 2019 and the significant operating lease commitments disclosed in the 2018 financial statements is as follows:

Unit: Yuan Currency: RMB

Item	1 January 2019
I. Operating lease commitments as at 31 December 2018	8,298,735
Lease liabilities discounted using the incremental borrowing rates at the Date of Initial Application	5,979,209
Less: recognition of waiver – short-term leases	453,125
Lease liabilities related to the previous operating leases recognized due to the application of the New Lease Standards	5,526,084
II. Lease liabilities as at 1 January 2019	5,526,084
Presented as:	
Current liabilities	3,231,042
Non-current liabilities	2,295,042

As at 1 January 2019, the carrying amount of right-of-use assets consisted of the following:

Item	Note	1 January 2019
Right-of-use assets		
Right-of-use assets recognized in respect of operating leases prior to the Date of Initial Application		5,526,084
Reclassification of rental prepayments	1	<u>1,893,317</u>
Total:		<u><u>7,419,401</u></u>

By category:

Item	Note	1 January 2019
Buildings		<u>7,419,401</u>
Total:		<u><u>7,419,401</u></u>

Note 1: The Group's rental prepayments for offices/sales offices were presented as prepayments as at 31 December 2018. As at the Date of Initial Application, they are reclassified to right-of-use assets.

The Group as lessor

Under the Previous Lease Standards, the Group treated the received refundable rental deposits as rights and obligations in relation to the leases. These non-refundable deposits were not payments relating to the right-of-use assets under the New Lease Standards. Therefore, adjustments were made at the Date of Initial Application to reflect the effects of discounting, and the difference was accounted for as rental received in advance. The change has no significant impact on the financial statements for the current year.

From the Date of Initial Application, the Group allocates the contract consideration in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue in relation to the allocation of transaction price. The change has no significant impact on the financial statements for the current year.

The Format of Financial Statements of General Enterprises

The Group implemented the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for 2019 (Cai Kuai [2019] No. 6, hereinafter referred to as “**Cai Kuai Circular 6**”) issued by the Ministry of Finance on 30 April 2019 when preparing the financial statements for the first half year of 2019. Cai Kuai Circular 6 separates the item of “notes receivable and accounts receivable” into two items, namely “notes receivable” and “accounts receivable”, and separates the item of “notes payable and accounts payable” into two items, namely “notes payable” and “accounts payable”; newly adds the items of “financing receivables”, “right-of-use assets”, “lease liabilities” and “special reserve”; clarifies the presentation contents of “other receivables”, “non-current assets due within one year”, “other payables”, “deferred income” and “other equity instruments”; and

also provides the requirements for the presentation of loss provisions for loan commitments, financial guarantee contracts and other items. Circular 6 adds the item of “gain on derecognition of financial assets measured at amortized cost” under the item of “investment income”, further clarifies or amends the presentation contents of “interest income” under the items of “research and development expenses” and “financial expenses”, “other income”, “non-operating income” and “non-operating expenses”, and adjusts the presentation position of the items of “credit impairment loss” and “asset impairment loss”.

The impact of the application of the New Lease Standards on the relevant items in the balance sheet of the Group as at 1 January 2019 is as follows:

Item	31 December 2018	Adjustment	1 January 2019
Current assets:			
Prepayments	29,060,041	(1,893,317)	27,166,724
Non-current assets:			
Right-of-use assets	–	7,419,401	7,419,401
Current liabilities:			
Non-current liabilities due within one year	381,700,433	3,231,042	384,931,475
Non-current liabilities:			
Lease liabilities	–	2,295,042	2,295,042

The changes in accounting policies are reasonable changes in accounting policies in accordance with the requirements of the Ministry of Finance. The impact of the New Lease Standards on the Company’s operating conditions, financial results and financial information disclosure is not significant.

6.3.2 Particulars, correction amount, reasons and its impact of significant accounting errors which required to be amended by retrospective restatement during the Reporting Period.

☐ Applicable ☒ Not Applicable

DEFINITION

Unless the context herein otherwise requires, the following terms shall have the meanings as follows:

DEFINITIONS OF COMMONLY USED TERMS

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
Director(s)	director(s) of the Company
Controlling Shareholder, 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)
Ningchang Zhenli Company	Jiangsu Ningchang Zhenli Expressway Company Limited (江蘇寧常鎮溧高速公路有限公司)
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)
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)
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)
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)
Factoring Company	Ninghu Commercial Factoring (Guangzhou) Co., Ltd. (寧滬商業保理(廣州)有限公司)
Luode Fund Company	Jiangsu Luode Equity Investment Fund Management Company Limited (江蘇洛德股權投資基金管理有限公司)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)
Yangtze Bridge Company	Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司)
Jinghu Company	Jiangsu Jinghu Expressway Company Limited (江蘇京滬高速公路有限公司)
Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司)
Sujiahang Company	Suzhou Sujiahang Expressway Co., Ltd. (蘇州蘇嘉杭高速公路有限公司)
Sujiayong Company	Suzhou Sujiayong Expressway Co., Ltd. (蘇州蘇嘉甬高速公路有限責任公司)
Sutong Bridge Company	Jiangsu Sutong Bridge Co., Ltd. (江蘇蘇通大橋有限公司)
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)

Media Company	Jiangsu Communications & Culture Media Company Limited (江蘇交通文化傳媒有限公司)
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)
Huatong Company	Jiangsu HuaTong Engineering Testing Co., Ltd. (江蘇華通工程檢測有限公司)
Fuanda Fund	Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司)
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
Guangjing Expressway	Northern connection of Guangling-Jingjiang Section, Jiangyin Yangtze Bridge
Xicheng Expressway	Southern connection of Jiangyin-Wuxi Section, Jiangyin Yangtze Bridge

Jiangyin Bridge	Jiangyin Yangtze 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-Changzhou South Interchange Expressway
Zhenli Expressway	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	Wuxi North Hub-Yixing Xiwu 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 Connection Project
Changyi Expressway	Changzhou-Yixing Expressway
Yichang Expressway	Jiangsu Section of Yixing-Changxing Expressway
Yangtze River Management Company	Jiangsu Yangtze River Expressway Management Co., Ltd.
Hutong Bridge Company	Jiangsu Hutong Bridge Co., Ltd.
Longtan Bridge Company	Jiangsu Longtan Bridge Co., Ltd.
Longtan Cross-river Channel	the Longtan Cross-river Channel project

Reporting Period	the half year from 1 January 2019 to 30 June 2019
year-on-year	as compared with the same period in 2018
CSRC	the China Securities Regulatory Commission
SFC	the Securities and Futures Commission of Hong Kong
SSE	the 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 I depositary receipts of the Company listed and traded in the over-the-counter market of the United States
Listing Rules	the Listing Rules of the SSE and/or Hong Kong Listing Rules
Listing Rules of SSE	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	the 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

Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
ETC	the Electronic Toll-collection System

Jiangsu Expressway Company Limited
Chairman of the Board: Gu Dejun

Nanjing, the PRC, 26 August 2019

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

** Independent Non-executive Directors of the Company*