

Jiangsu Expressway Company Limited
(Hong Kong Stock Exchange Stock Code: 00177)

2019

The Third Quarterly Report



I. IMPORTANT NOTICE

1.1 The board (the “**Board**”) of directors (the “**Directors**”) and the supervisory committee of Jiangsu Expressway Company Limited (the “**Company**”) together with its directors, supervisors and the senior management warrant that the contents of this quarterly report are true, accurate and complete and that there are no false representations, misleading statements contained in, or material omissions from, this quarterly report and they jointly and severally accept legal responsibility for such contents.

1.2 Absent Directors

Name of absent director	Position held by absent director	Reasons for absence	Name of proxy
Ma Chung Lai Lawrence	Director	Due to business engagement	Yao Yongjia
Wu Xinhua	Director	Due to business engagement	Yao Yongjia
Hu Yu	Director	Due to business engagement	Yao Yongjia
Zhang Zhuting	Independent Director	Due to business engagement	Lin Hui

1.3 Mr. Gu Dejun, the legal representative of the Company, Mr. Sun Xibin, the accounting chief, and Ms. Ren Zhuohua, the person-in-charge of the accounting department (Accounting Supervisor), warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 This third quarterly report of the Company is unaudited.

1.5 Unless otherwise defined, names of roads and companies cited herein shall have the same meanings as those defined under the interim report of the Company as at 30 June 2019.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major Financial Data

Unit: yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease as at the end of the Reporting Period compared to the end of the previous year (%)
Total assets	52,779,689,441	48,162,728,833	9.59
Net assets attributable to shareholders of the Company	27,670,923,793	26,137,197,732	5.87
	From the beginning of the year to the end of the Reporting Period (January – September)	From the beginning of the previous year to the end of the reporting period of the previous year (January – September)	Increase/decrease compared to the corresponding period of the previous year (%)
Net cash flow generated from operating activities	4,376,860,354	4,246,029,094	3.08

II. BASIC INFORMATION OF THE COMPANY

	From the beginning of the year to the end of the Reporting Period (January – September)	From the beginning of the previous year to the end of the reporting period of the previous year (January – September)	Increase/decrease compared to the corresponding period of the previous year (%)
Operating revenue	7,496,407,822	7,641,702,887	-1.90
Net profit attributable to shareholders of the Company	3,558,975,772	3,652,096,620	-2.55
Net profit attributable to shareholders of the Company net of non- recurring profit and loss	3,509,992,349	3,196,724,428	9.80
Weighted average return on net assets (%)	13.06	14.65	Decreased by 1.59 percentage points
Basic earnings per share (RMB per share)	0.7065	0.7249	-2.54
Diluted earnings per share (RMB per share)	N/A	N/A	N/A

Items and amounts of non-recurring profit/loss

Applicable

Not applicable

II. BASIC INFORMATION OF THE COMPANY

Unit: yuan Currency: RMB

Item	Amount for the Reporting Period (July – September)	Amount from the beginning of the year to the end of the Reporting Period (January – September)	Explanation
Gains or losses from disposal of non-current assets	-486	-296,423	
Government grants included in gains or losses for the current period (except for government grants which are closely related to normal business of the Company, conformed to the requirements of State policy, and granted continuously according to certain standardized amounts or quotas)	521,819	1,504,431	Compensation for construction of Ningchang Expressway recognized during the Reporting Period
Profit and loss of changes in fair value arising from holding of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, as well as investment gain realized from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, except for the effective hedging activities related to ordinary business operations of the Company	40,802,107	70,562,286	
Other non-operating income and expenses other than the above items	3,440,698	-5,992,785	
Affected minority interests (after tax)	-66,236	-349,709	
Affected income tax amount	-11,191,034	-16,444,377	
Total	33,506,868	48,983,423	

II. BASIC INFORMATION OF THE COMPANY

2.2 Total Numbers of Shareholders, and Shareholdings of the Top Ten Shareholders and the Top Ten Holders of Circulating Shares (or Holders of Shares not Subject to Trading Restrictions) as at the End of the Reporting Period

Unit: Share

Total number of shareholders 24,098 (including 426 holders of H Shares)

Shareholdings of top ten shareholders

Name of shareholders (full name)	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held that are subject to trading restrictions	Shares pledged or frozen		Type of shareholders
				Status of shares	Number of shares	
Jiangsu Communications Holding Company Limited	2,742,578,825	54.44	0	Nil	-	State-owned legal person
China Merchants Highway Network Technology Holdings Co., Ltd.	589,059,077	11.69	0	Nil	-	State-owned legal person
BlackRock, Inc.	147,121,776	2.92	0	Unknown	-	Foreign legal person
Mitsubishi UFJ Financial Group, Inc.	123,202,971	2.45	0	Unknown	-	Foreign legal person
JPMorgan Chase & Co.	106,537,872	2.11	0	Unknown	-	Foreign legal person
Citigroup Inc.	61,445,317	1.22	0	Unknown	-	Foreign legal person
Guotai Junan Securities Co., Ltd.	48,244,383	0.96	0	Unknown	-	Others
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	0.42	0	Unknown	-	Others

II. BASIC INFORMATION OF THE COMPANY

Name of shareholders (full name)	Number of shares held as at the end of the Reporting Period		Number of shares held that are subject to trading restrictions	Status of shares	Shares pledged or frozen		Type of shareholders
	Percentage (%)	Number			Number	of shares	
China Pacific Life Insurance Co., Ltd. – Entrusted Investment of China Pacific Life Insurance Dividend Products (Shou Zi Ying) (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)委托投資(長江養老))	12,616,416	0.25	0	Unknown	–	Others	
Beijing Panfeng Investment Management Partnership (Limited Partner)-Panfeng Value Private Securities Investment Fund(北京磐豐投資管理合夥企業(有限合夥)-磐豐價值私募證券投資基金)	11,998,285	0.24	0	Unknown	–	Others	

Shareholdings of top ten holders of shares not subject to trading restrictions

Name of shareholders	Number of circulating shares held that are not subject to trading restrictions	Type and number of shares	
		Type	Number
Jiangsu Communications Holding Company Limited	2,742,578,825	RMB-denominated ordinary shares	2,742,578,825
China Merchants Highway Network Technology Holdings Co., Ltd.	589,059,077	RMB-denominated ordinary shares	589,059,077

II. BASIC INFORMATION OF THE COMPANY

Name of shareholders	Number of circulating shares held that are not subject to trading restrictions	Type and number of shares	
		Type	Number
BlackRock, Inc.	147,121,776	Overseas-listed foreign shares	147,121,776
Mitsubishi UFJ Financial Group, Inc.	123,202,971	Overseas-listed foreign shares	123,202,971
JPMorgan Chase & Co.	106,537,872	Overseas-listed foreign shares	106,537,872
Citigroup Inc.	61,445,317	Overseas-listed foreign shares	61,445,317
Guotai Junan Securities Co., Ltd.	48,244,383	RMB-denominated ordinary shares	48,244,383
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	RMB-denominated ordinary shares	21,410,000
China Pacific Life Insurance Co., Ltd. – Entrusted Investment of China Pacific Life Insurance Dividend Products (Shou Zi Ying) (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)委托投資(長江養老))	12,616,416	RMB-denominated ordinary shares	12,616,416
Beijing Panfeng Investment Management Partnership (Limited Partnership)-Panfeng Value Private Securities Investment Fund(北京磐澧投資管理合夥企業(有限合夥)—磐澧價值私募證券投資基金)	11,998,285	RMB-denominated ordinary shares	11,998,285

II. BASIC INFORMATION OF THE COMPANY

Name of shareholders		Number of circulating shares held that are not subject to trading restrictions	Type and number of shares	
			Type	Number
Illustration on the related party/connected relationship or acting-in-concert arrangement with respect to the above shareholders	(1)		the Company is not aware of the existence of related party relationship or acting-in-concert arrangement with respect to the above shareholders;	
	(2)		during the Reporting Period, there were no related parties, strategic investors or ordinary legal persons of the Company becoming the top ten shareholders of the Company because of placing of new shares; and	
	(3)		the number of shares held by H shareholders is based on the record according to the Securities and Futures Ordinance of Hong Kong.	
Illustration on the preference shareholders with voting rights restored and their shareholdings		Nil		

2.3 Total Number of Preference Shareholders, and Shareholdings of the Top Ten Preference Shareholders and the Top Ten Holders of Preference Shares not Subject to Trading Restrictions as at the End of the Reporting Period

Applicable

Not applicable

III. SIGNIFICANT EVENTS

3.1 Details of and Reasons for Material Changes in the Major Financial Statement Items and Financial Indicators of the Company

Applicable

Not applicable

(1) Business Progress

In the third quarter of 2019, the Group's businesses are steadily progressing as planned. The Group achieved a total operating revenue of approximately RMB2,660,950,000 for the third quarter based on the PRC accounting standards, representing an increase of approximately 6.44% as compared to the corresponding period of last year.

In particular, revenue from toll business amounted to approximately RMB2,111,818,000, representing an increase of approximately 4.24% year-on-year. In the third quarter, the daily average traffic volume of Shanghai-Nanjing Expressway was 105,428 vehicles, increasing by approximately 8.23% year-on-year, of which, the average daily traffic volume of passenger vehicles was 84,640 vehicles, increasing by approximately 9.97% year-on-year, while the average daily traffic volume of trucks was 20,787 vehicles, increasing by approximately 1.68% year-on-year. The proportion of passenger vehicle traffic volume and truck traffic volume maintained relatively stable at approximately 80.28% and approximately 19.72% respectively. During the Reporting Period, the passenger vehicle and truck traffic volume of major road and bridge projects of the Company showed different levels of growth. Continuing to maintain stable growth, our operation demonstrated an overall favorable performance.

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In the third quarter, as affected by the decrease of sales volume of oil products, revenue from the ancillary business of the Company amounted to approximately RMB355,449,000, representing a decrease of approximately 7.34% year-on-year. However, through proactive negotiations with the oil suppliers with an aim to improve the profit margin, in the third quarter, gross profit margin of oil products of the Company increased by approximately 2.38 percentage points year-on-year, accompanied by a year-on-year increase of approximately 3.1 percentage points in gross profit margin of ancillary services business, and the overall operating revenue from service areas recorded an increase. In terms of property business, the Company made great efforts to increase the selling rate under the existing regulation policies. The development and sales of the property projects progressed in an orderly manner, and revenue from pre-sale of property projects amounted to approximately RMB198,363,000. As the scale of delivery of the property projects during the quarter was larger as compared to the corresponding period of last year, carry-over revenue amounted to approximately RMB178,419,000, representing a year-on-year increase of approximately 138.06%. Advertising and other businesses achieved revenue of approximately RMB15,263,000, representing a decrease of approximately 1.82% year-on-year.

In accordance with the PRC Accounting Standards, the operating cost of the Group amounted to approximately RMB1,111,870,000 for the third quarter, representing an increase of approximately 9.08% year-on-year; the operating profit amounted to approximately RMB1,658,296,000, representing an increase of approximately 8.29% year-on-year; the net profit attributable to shareholders of the Company amounted to approximately RMB1,277,367,000, representing an increase of approximately 9.74% as compared to the corresponding period of last year.

Data of average daily traffic volume and average daily toll revenue of road and bridge projects from January to September 2019

Road and bridge projects	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	Corresponding		Increase/ decrease %	Corresponding		Increase/ decrease %
	January – September	period of the previous year		January – September	period of the previous year	
Shanghai-Nanjing Expressway	102,756	96,654	6.31	14,430.79	13,845.14	4.23
Ningchang Expressway	41,669	42,531	-2.03	2,573.87	2,488.99	3.41
Zhenli Expressway	15,437	13,471	14.59	760.46	711.09	6.94
Guangjing Expressway	76,756	72,603	5.72	888.96	829.61	7.15
Xicheng Expressway	84,847	82,079	3.37	1,710.81	1,680.38	1.81
Xiyi Expressway	23,856	22,402	6.49	915.37	883.31	3.63
Jiangyin Bridge	96,535	90,696	6.44	3,447.71	3,240.52	6.39
Sujiahang Expressway	70,067	65,991	6.18	3,592.02	3,333.63	7.75
Wuxi Huantaihu Expressway	8,743	9,768	-10.50	95	100.92	-5.87
Yanjiang Expressway	56,030	54,107	3.55	4,301.64	4,149.91	3.66
Changjia Expressway	18,957	16,295	16.33	422.34	401.49	5.19
Zhendan Expressway (Note 1)	17,276	-	-	204.83	-	-

Note 1: Zhendan Expressway was open for traffic on 30 September 2018.

From January to September 2019, the Group achieved an accumulated operating revenue of approximately RMB7,496,408,000, representing a decrease of approximately 1.9% as compared to the corresponding period of last year, of which, toll revenue amounted to approximately RMB5,891,363,000, representing an increase of approximately 4.84% as compared to the corresponding period of last year; during the Reporting Period, revenue from the ancillary business amounted to approximately RMB966,431,000, representing a decrease of approximately 12.31% year-on-year, which mainly due to the decrease in sales volume of oil products as compared to the corresponding period of last year as the gas stations were closed for renovation and construction of two-compartment oil tanks; the cumulative revenue from pre-sale of property

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projects under property business during the Reporting Period amounted to approximately RMB906,525,000, and the carry-over revenue from sales amounted to approximately RMB590,222,000, representing a decrease of approximately 32.37% year-on year since the scale being delivered and carried forward during the Reporting Period was less compared to the corresponding period of last year; and revenue from advertising and other businesses amounted to approximately RMB48,392,000, representing an increase of approximately 1.56% as compared to the corresponding period of last year.

In terms of business cost, the Group recorded an accumulated operating cost of approximately RMB3,067,514,000 from January to September, representing a decrease of approximately 6.35% as compared to the corresponding period of last year, mainly due to year-on-year decrease in cost of ancillary business and property business.

The Group recorded an accumulated operating profit of approximately RMB4,653,479,000 from January to September, representing a decrease of approximately 0.73% as compared to the corresponding period of last year. The Group achieved net profit attributable to shareholders of the Company of approximately RMB3,558,976,000, and earnings per share of approximately RMB0.7065, representing a decrease of approximately 2.54% as compared to the corresponding period of last year, which was mainly due to the Company's recognition of 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. During the Reporting Period, net profit attributable to shareholders of the Company after deduction of non-recurring profits or losses amounted to RMB3,509,992,000, representing an increase of 9.8% year-on-year.

III. SIGNIFICANT EVENTS

(2) Changes in Financial Indicators

Details of and reasons for material changes in the major financial statement items and financial indicators are as follows:

Reasons for Material Changes in Balance Sheet Items as at 30 September 2019

Unit: yuan Currency: RMB

Item	As at the end of the Reporting Period	As at the end of the previous year	Increase/ decrease %	Reason of change
Cash and bank balances	539,125,063	649,761,591	-17.03	The main reason was that, during the Reporting Period, Changyi Company and Yichang Company, both being subsidiaries of the Company, made payments for the construction of projects.
Held-for-trading financial assets	1,298,183,472	683,326,861	89.98	Mainly due to the increase of wealth management products held by the Group at the end of the Reporting Period as compared to that at the beginning of the period.
Accounts receivable	493,563,292	321,158,727	53.68	Mainly due to the increase of toll fees receivable at the end of the Reporting Period as compared to the beginning of the period.
Prepayments	114,008,750	29,060,041	292.32	Mainly due to the increase in prepayments for construction at the end of the Reporting Period as compared to the beginning of the period.
Other receivables	134,373,976	37,833,951	255.17	Mainly due to the cash dividends declared and pending to be paid by associates during the Reporting Period.

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Item	As at the end of the Reporting Period	As at the end of the previous year	Increase/ decrease %	Reason of change
Other current assets	270,213,233	130,656,171	106.81	Mainly due to the increase in the Group's 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 investments in equity instruments	4,409,542,536	3,035,293,680	45.28	Mainly due to the increase in the book value of other investments in equity instruments 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	4,397,556	-	-	The Company recognized 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.
Construction in progress	12,839,225,212	10,087,826,331	27.27	Mainly due to investments in the construction of road and bridge projects in progress.

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Item	As at the end of the Reporting Period	As at the end of the previous year	Increase/ decrease %	Reason of change
Deferred income tax assets	134,762,296	197,447,059	-31.75	Mainly due to the adjustment of other comprehensive income based on the fair value of other investments in equity instruments held by the Company, the adjustment to the deferred income tax assets accordingly, and the completion of making up losses in previous years by Ningchang Zhenli Company, a subsidiary of the Company, during the Reporting Period.
Notes payable	350,000,000	-	-	Mainly due to the issuance of bank acceptances by Wufengshan Toll Bridge Company, a subsidiary, for the payment of construction of project during the Reporting Period.
Accounts payable	764,836,161	1,090,607,320	-29.87	Mainly due to the decrease in payables for the construction of projects at the end of the Reporting Period.
Receipts in advance	113,685,057	73,454,895	54.77	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.
Contract liabilities	1,267,240,258	962,200,983	31.70	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.

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Item	As at the end of the Reporting Period	As at the end of the previous year	Increase/ decrease %	Reason of change
Other payables	349,969,078	270,459,371	29.40	Mainly due to the increase in 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	124,943,848	381,700,433	-67.27	Mainly due to the repayment of part of long-term borrowings due within one year during the Reporting Period.
Other current liabilities	3,836,056,163	2,212,191,672	73.41	Mainly due to the increase in balance of ultra-short term bonds as a result of new issuance during the Reporting Period as compared to the beginning of the period.
Other comprehensive income	1,129,941,806	837,827,667	34.87	Mainly due to the adjustment of other comprehensive income based on the fair value of other investments in equity instruments held by the Group during the Reporting Period.

III. SIGNIFICANT EVENTS

Reasons for material changes in income statement items during the Reporting Period

Unit: yuan Currency: RMB

Item	From the beginning of the year to the end of the Reporting Period	Corresponding period of last year	Increase/Decrease %	Reason of change
Taxes and surcharges	82,251,080	128,824,700	-36.15	The year-on-year decrease in taxes and surcharges was mainly due to the year-on-year decrease in the delivery scale of the property projects of Ninghu Properties, a subsidiary of the Company, and the income from delivery was mostly generated after replacement of business tax with value-added tax during the Reporting Period.
Selling expenses	27,383,586	19,452,446	40.77	The year-on-year increase 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.
Gain on changes in fair value	58,202,624	42,263,032	37.72	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 of the Company, during the Reporting Period.

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Item	From the beginning of the year to the end of the Reporting Period	Corresponding period of last year	Increase/Decrease %	Reason of change
Investment income	759,099,755	945,289,473	-19.70	Notwithstanding the year-on-year increase in the investment income contributed by the joint venture companies, and the bonus received from investment in other equity instruments 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.
Gain on disposal of assets	-296,423	-759,212	-60.96	Mainly due to the year-on-year decrease in the loss from disposal of assets.

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Item	From the beginning of the year to the end of the Reporting Period	Corresponding period of last year	Increase/Decrease %	Reason of change
Other income	6,153,501	1,550,944	296.76	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.
Other comprehensive income, net of tax	290,271,389	1,130,197,136	-74.32	Mainly due to the year-on-year decrease in fair value growth of other equity instruments investment held by the Group recognized during the Reporting Period.

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Reason for change in cash flow statement items during the Reporting Period

Unit: yuan Currency: RMB

Item	From the beginning of the year to the end of the Reporting Period	Corresponding period of last year	Increase/Decrease %	Reason of change
Net cash flow generated from investment activities	-4,076,549,042	-2,297,930,749	77.40	Mainly due to the increase in external investment expenditures such as net cash outflow from the purchase of wealth management products and investment of the asset management scheme of Fuanda Fund during the Reporting Period.
Net cash flow generated from financing activities	-338,909,583	-1,582,625,192	-78.59	Mainly due to the year-on-year decrease in net cash outflow from debt repayment during the Reporting Period.

3.2 Analysis of Progress of Significant Events and Their Impact and Solutions

Applicable

Not applicable

Proactively promoting the removal of provincial boundary toll station

In accordance with the Implementation Plan for Deepening the Reform of Toll Road System and Eliminating of Provincial Boundary Toll Stations in the Expressway (《深化收费公路制度改革取消高速公路省界收费站实施方案》) issued by the State Council, under the requirements of the Ministry of Transport and Jiangsu Province, the Company has been pressing ahead the “four major

III. SIGNIFICANT EVENTS

projects" concerning the construction of the ETC gantry system, ETC lane renovation, construction of overload inspection system and the removal of provincial boundary toll station in a steady manner to ensure all projects can be completed by the end of this year so as to meet the requirement of operating under the same system nationwide from 1 January 2020 as required by the Ministry of Transport and accomplish this significant livelihood project in respect of transport successfully.

Investment and establishment of the phase II real estate parent fund

As considered and approved at the 8th meeting of the ninth session of the board of directors of the Company held on 12 April 2019, Ninghu Investment, a wholly-owned subsidiary of the Company, after ensuring that it has sufficient liquidity in meeting its requirements for its ordinary course of operation, would use its internal resources in an amount of no more than RMB300 million to participate in the investment and establishment of the phase II real estate parent fund; On 11 July 2019, Ninghu Investment, 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. The total size of the fund shall be no more than RMB1 billion, in which Ninghu Investment will invest no more than RMB300 million and other partners will invest no more than RMB700 million. For details of the progress 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 12 July 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 12 July 2019, respectively. As at the end of the Reporting Period, Ninghu Investment made capital contribution in an amount of RMB191,557,000.

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Equity participation in Group Finance Company

As considered and approved at the 11th meeting of the ninth session of the board of directors of the Company held on 30 July 2019, additional capital contributions to Group Finance Company was made by the Company and Communications Holding, the controlling shareholder of the Company. In particular, each of Communications Holding and the Company made cash contribution of RMB303.4 million and RMB606.8 million, respectively. After such capital contribution, the Company holds 25% of the total share capital of Group Finance Company; at the 2019 first extraordinary general meeting of the Company held on 26 September 2019, the resolution was considered and approved and Mr. Sun Xibin and Mr. Yao Yongjia, both being directors of the Company, were authorised to deal with such consequential related matters as signing of contracts and appropriation and approval of funds. For details of the progress 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 31 July 2019 and 27 September 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 31 July 2019 and 27 September 2019, respectively.

Consolidation by merger between investee companies

As considered and approved at the 12th meeting of the ninth session of the board of directors of the Company held on 23 August 2019, Sujiahang Company and Sujiayong Company, both being investee companies of the Company, initiated the consolidation by merger through capital contribution and shares of the same class holding the same rights. The Company subscribed for RMB80,748,700 of the additional registered capital of Sujiahang Company with its entire capital contribution in Sujiayong Company. The Company's shareholding in Sujiahang Company was adjusted from 31.55% to 30.01% after the consolidation. For 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 26 August 2019 and on the website of the Stock Exchange (www.hkex.com.hk) on 26 August 2019, respectively. As at the publication date of this report, the consolidation by merger was completed.

III. SIGNIFICANT EVENTS

3.3 Undertakings not being Fully Performed Timely during the Reporting Period

Applicable

Not applicable

3.4 Warning and Explanation of Reasons in the Forecast of the Possible Aggregate Net Profits from the Beginning of the Year to the End of the Next Reporting Period Becoming a Loss or Significant Changes Compared to the Corresponding Period of the Previous Year

Applicable

Not applicable

Company **Jiangsu Expressway Company Limited**
Legal representative **Gu Dejun**
Date 25 October 2019

IV. APPENDIX

4.1 Financial Statements

Consolidated Balance Sheet

30 September 2019

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan Currency: RMB Type of Audit: Unaudited

Items	30 September 2019	31 December 2018
Current Assets:		
Cash and bank balances	539,125,063	649,761,591
Held-for-trading financial assets	1,298,183,472	683,326,861
Notes receivable	–	1,681,265
Accounts receivable	493,563,292	321,158,727
Prepayments	114,008,750	29,060,041
Other receivables	134,373,976	37,833,951
Including: Interest receivable	–	–
Dividends receivable	87,928,169	4,989,960
Inventories	3,938,382,530	4,045,555,776
Other current assets	270,213,233	130,656,171
Total Current Assets	6,787,850,316	5,899,034,383

IV. APPENDIX

Items	30 September 2019	31 December 2018
Non-current Assets:		
Long-term equity investments	6,261,679,860	5,702,454,036
Other equity instruments investment	4,409,542,536	3,035,293,680
Other non-current financial assets	1,314,630,180	1,111,415,422
Investment properties	18,529,932	19,207,033
Fixed assets	1,725,276,825	1,814,133,323
Construction in progress	12,839,225,212	10,087,826,331
Right-of-use assets	4,397,556	–
Intangible assets	19,257,400,971	20,280,055,629
Long-term deferred expenses	11,438,187	1,654,145
Deferred income tax assets	134,762,296	197,447,059
Other non-current assets	14,955,570	14,207,792
Total Non-current Assets	45,991,839,125	42,263,694,450
TOTAL ASSETS	52,779,689,441	48,162,728,833

IV. APPENDIX

Items	30 September 2019	31 December 2018
Current Liabilities:		
Short-term borrowings	1,510,000,000	1,580,000,000
Notes payable	350,000,000	–
Accounts payable	764,836,161	1,090,607,320
Receipts in advance	113,685,057	73,454,895
Employee remuneration payable	3,043,520	2,917,980
Taxes payable	299,233,043	271,704,890
Other payables	349,969,078	270,459,371
Including: Interest payable	67,063,378	93,089,893
Dividends payable	97,197,530	88,979,103
Contract liabilities	1,267,240,258	962,200,983
Non-current liabilities due within one year	124,943,848	381,700,433
Other current liabilities	3,836,056,163	2,212,191,672
Total Current Liabilities	8,619,007,128	6,845,237,544
Non-current liabilities:		
Long-term borrowings	8,123,471,972	7,688,853,902
Bonds payable	3,988,527,122	3,980,548,108
Expected liabilities	–	461,700
Deferred income	41,616,638	43,109,916
Deferred income tax liabilities	278,668,422	250,660,721
Total Non-current Liabilities	12,432,284,154	11,963,634,347
TOTAL LIABILITIES	21,051,291,282	18,808,871,891

IV. APPENDIX

Items	30 September 2019	31 December 2018
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)		
Paid-up 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	1,129,941,806	837,827,667
Surplus reserve	3,411,194,285	3,411,194,285
Retained profits	7,663,651,967	6,422,040,045
Total owners' equity (or shareholders' equity) attributable to the parent company	27,670,923,793	26,137,197,732
Minority interests	4,057,474,366	3,216,659,210
TOTAL OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	31,728,398,159	29,353,856,942
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	52,779,689,441	48,162,728,833

Legal representative:

Gu Dejun

Accounting chief:

Sun Xibin

Person-in-charge of the
accounting department:

Ren Zhuohua

IV. APPENDIX

Balance Sheet of the Parent Company

30 September 2019

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan Currency: RMB Type of Audit: Unaudited

Items	30 September 2019	31 December 2018
Current Assets:		
Cash and bank balances	86,965,420	100,931,394
Held-for-trading financial assets	970,000,000	193,000,000
Accounts receivable	320,171,215	218,353,103
Prepayments	18,124,166	8,598,094
Other receivables	44,849,156	44,321,154
Including: Interest receivable	26,299,806	30,590,068
Dividends receivable	4,989,960	4,989,960
Inventories	13,750,523	11,305,004
Other current assets	18,465,532	7,000,000
Total Current Assets	1,472,326,012	583,508,749
Non-current Assets:		
Long-term equity investments	15,690,497,656	14,290,944,294
Other equity instruments investment	3,323,782,536	1,933,153,680
Fixed assets	912,877,872	948,663,656
Construction in progress	104,624,577	50,503,852
Intangible assets	9,573,777,625	10,087,165,531
Long-term deferred expenses	7,783,019	-
Deferred income tax assets	-	45,120,214
Other non-current assets	2,069,003,645	2,604,419,552
Total Non-current Assets	31,682,346,930	29,959,970,779
TOTAL ASSETS	33,154,672,942	30,543,479,528

IV. APPENDIX

Items	30 September 2019	31 December 2018
Current Liabilities:		
Short-term borrowings	2,205,000,000	1,690,000,000
Accounts payable	320,015,619	491,880,235
Receipts in advance	102,039,042	68,061,949
Employee remuneration payable	1,478,744	2,242,393
Taxes payable	124,802,600	135,467,755
Other payables	174,628,053	169,847,846
Including: Interest payable	58,616,719	61,780,551
Dividends payable	97,197,530	88,979,103
Non-current liabilities due within one year	1,752,389	1,700,433
Other current liabilities	3,836,056,163	2,212,191,672
Total Current Liabilities	6,765,772,610	4,771,392,283
Non-current liabilities:		
Long-term borrowings	13,573,972	15,303,902
Bonds payable	3,988,527,121	3,980,548,108
Expected liabilities	–	461,700
Deferred income tax liabilities	17,537,000	–
Total Non-current Liabilities	4,019,638,093	3,996,313,710
TOTAL LIABILITIES	10,785,410,703	8,767,705,993

IV. APPENDIX

Items	30 September 2019	31 December 2018
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)		
Paid-up capital (or share capital)	5,037,747,500	5,037,747,500
Capital reserve	7,327,650,327	7,327,650,327
Other comprehensive income	592,042,341	289,485,952
Surplus reserve	2,518,873,750	2,518,873,750
Retained profits	6,892,948,321	6,602,016,006
TOTAL OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	22,369,262,239	21,775,773,535
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	33,154,672,942	30,543,479,528

Legal representative:

Gu Dejun

Accounting chief:

Sun Xibin

*Person-in-charge of the
accounting department:*

Ren Zhuohua

IV. APPENDIX

Consolidated Income Statement

January – September 2019

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan Currency: RMB Type of Audit: Unaudited

Items	Third quarter of 2019 (July – September)	Third quarter of 2018 (July – September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
I. Total operating income	2,660,949,953	2,499,923,053	7,496,407,822	7,641,702,887
Including: Operating income	2,660,949,953	2,499,923,053	7,496,407,822	7,641,702,887
II. Total operating costs	1,324,089,286	1,228,197,437	3,665,958,491	3,942,271,026
Including: Operating costs	1,111,869,794	1,019,287,471	3,067,514,181	3,275,660,646
Taxes and surcharges	26,847,764	21,429,362	82,251,080	128,824,700
Selling expenses	8,753,254	7,860,157	27,383,586	19,452,446
Administrative expenses	49,896,240	46,375,645	135,570,172	131,875,927
Financial expenses	126,722,234	133,244,802	353,239,472	386,457,307
Including: Interest expenses	126,464,887	118,235,982	354,118,906	357,933,618
Interest income	2,649,141	2,114,370	6,226,735	5,596,174
Add: Other income	3,541,406	518,133	6,153,501	1,550,944
Investment income (loss is indicated by "-")	280,900,114	214,757,204	759,099,755	945,289,473
Including: Income from investments in associates and joint ventures	186,036,950	176,595,355	541,194,786	461,404,311
Gains from changes in fair values (loss is indicated by "-")	36,994,733	44,857,499	58,202,624	42,263,032
Credit impairment losses (loss is indicated by "-")	-	-	-130,000	-
Gains from disposal of assets (loss is indicated by "-")	-486	-543,707	-296,423	-759,212

IV. APPENDIX

Items	Third quarter of 2019 (July – September)	Third quarter of 2018 (July – September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
III. Operating profit (loss is indicated by "-")	1,658,296,434	1,531,314,745	4,653,478,788	4,687,776,098
Add: Non-operating income	7,193,823	1,415,955	8,802,302	10,698,524
Less: Non-operating expenses	3,753,125	5,731,535	14,795,087	20,760,660
IV. Total profit (total loss is indicated by "-")	1,661,737,132	1,526,999,165	4,647,486,003	4,677,713,962
Less: Income tax expenses	352,490,546	331,937,259	1,003,758,488	943,423,993
V. Net profit (net loss is indicated by "-")	1,309,246,586	1,195,061,906	3,643,727,515	3,734,289,969
(I) Classified by continuity of operations				
1. Net profit from continuing operations (net loss is indicated by "-")	1,309,246,586	1,195,061,906	3,643,727,515	3,734,289,969
(II) Classified by ownership of equity				
1. Net profit attributable to shareholders of the parent company (net loss is indicated by "-")	1,277,366,744	1,163,954,555	3,558,975,772	3,652,096,620
2. Minority interests (net loss is indicated by "-")	31,879,842	31,107,351	84,751,743	82,193,349

IV. APPENDIX

Items	Third quarter of 2019 (July – September)	Third quarter of 2018 (July – September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
VI. Other comprehensive income, net of tax	-241,016,260	-168,248,282	290,271,389	1,130,197,136
Other comprehensive income attributable to owners of the parent company, net of tax	-235,488,011	-146,135,282	292,114,139	983,505,962
(I) Other comprehensive income that cannot be reclassified to profit or loss	-235,488,011	-92,877,000	292,114,139	708,609,984
1. Re-measurement of changes in defined benefit plan	-	-	-	-
2. Other comprehensive income that cannot be reclassified into profit or loss under equity method	-10,323,218	-	114,584,747	-
3. Changes in fair value of other equity instruments investment	-225,164,793	-92,877,000	177,529,392	708,609,984
(II) Other comprehensive income that will be reclassified to profit or loss	-	-53,258,282	-	274,895,978
1. Other comprehensive income that can be reclassified to profit or loss under equity method	-	-53,258,282	-	274,895,978
Other comprehensive income attributable to minority shareholders, net of tax	-5,528,249	-22,113,000	-1,842,750	146,691,174

IV. APPENDIX

Items	Third quarter of 2019 (July – September)	Third quarter of 2018 (July – September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
VII. Total comprehensive income	1,068,230,326	1,026,813,624	3,933,998,904	4,864,487,105
Total comprehensive income attributable to owners of the parent company	1,041,878,733	1,017,819,273	3,851,089,911	4,635,602,582
Total comprehensive income attributable to minority shareholders	26,351,593	8,994,351	82,908,993	228,884,523
VIII. Earnings per share:				
(1) Basic earnings per share <i>(RMB/share)</i>	0.2500	0.2310	0.7065	0.7249
(2) Diluted earnings per share <i>(RMB/share)</i>	N/A	N/A	N/A	N/A

For the merger of enterprise under common control during the Reporting Period, the net profit recorded by the merged party before the merger was RMB0, and the net profit recorded by the merged party in the previous period was RMB0.

Legal representative:
Gu Dejun

Accounting chief:
Sun Xibin

Person-in-charge of the
accounting department:
Ren Zhuohua

IV. APPENDIX

Income Statement of the Parent Company

January – September 2019

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan Currency: RMB Type of Audit: Unaudited

Item	Third quarter of 2019 (July – September)	Third quarter of 2018 (July – September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
I. Operating income	1,731,538,853	1,726,024,198	4,853,585,779	4,849,502,367
Less: Operating costs	678,611,993	667,447,338	1,793,715,022	1,916,799,429
Taxes and surcharges	11,578,470	11,817,133	32,574,562	34,478,187
Administrative expenses	35,377,742	34,185,801	93,100,690	93,599,131
Financial expenses	87,820,543	111,498,724	226,333,570	293,088,871
Including: Interest expenses	85,908,977	95,615,694	223,024,190	276,398,001
Interest income	950,747	557,785	1,870,663	1,785,949
Add: Other income	2,988,160	–	4,615,983	–
Investment income (loss is indicated by "-")	240,429,912	178,509,336	601,715,193	497,410,115
Including: Income from investments in associates and joint ventures	129,846,030	117,581,924	375,772,115	304,042,483
Gains from disposal of assets (loss is indicated by "-")	–	-27,314	67,584	66,408
II. Operating profit (loss is indicated by “-”)	1,161,568,177	1,079,557,224	3,314,260,695	3,009,013,272
Add: Non-operating income	5,974,377	826,515	7,410,392	827,018
Less: Non-operating expenses	2,937,756	4,733,519	10,616,219	15,523,428
III. Total profit (total loss is indicated by “-”)	1,164,604,798	1,075,650,220	3,311,054,868	2,994,316,862
Less: Income tax expenses	235,895,200	230,517,074	702,758,703	650,026,326

IV. APPENDIX

Item	Third quarter of 2019 (July – September)	Third quarter of 2018 (July – September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
IV. Net profit (net loss is indicated by “-”)	928,709,598	845,133,146	2,608,296,165	2,344,290,536
(I) Net profit from continuing operations (net loss is indicated by “-”)	928,709,598	845,133,146	2,608,296,165	2,344,290,536
V. Other comprehensive income, net of tax	-204,161,261	-20,828,282	302,556,389	152,255,978
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-204,161,261	32,430,000	302,556,389	-122,640,000
1. Re-measurement of changes in defined benefit plan	-	-	-	-
2. Other comprehensive income that cannot be reclassified into profit or loss under equity method	-10,323,218	-	114,584,747	-
3. Changes in the fair value of investments in other equity instruments	-193,838,043	32,430,000	187,971,642	-122,640,000
(II) Other comprehensive income that will be reclassified to profit or loss	-	-53,258,282	-	274,895,978
1. Other comprehensive income that can be reclassified to profit or loss under equity method	-	-53,258,282	-	274,895,978
VI. Total comprehensive income	724,548,337	824,304,864	2,910,852,554	2,496,546,514

Legal representative:
Gu Dejun

Accounting chief:
Sun Xibin

Person-in-charge of the
accounting department:
Ren Zhuohua

IV. APPENDIX

Consolidated Cash Flow Statement

January – September 2019

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan Currency: RMB Type of Audit: Unaudited

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	7,936,752,149	7,572,180,183
Other cash receipts relating to operating activities	128,510,905	116,412,438
Subtotal of cash inflows from operating activities	8,065,263,054	7,688,592,621
Cash payments for goods purchased and service received	1,523,831,753	1,482,078,694
Net increase of customer loans and advances	6,279,959	–
Cash payments to and on behalf of employees	626,532,001	627,913,561
Taxes payment	1,377,628,585	1,210,692,870
Other cash payments relating to operating activities	154,130,402	121,878,402
Sub-total of cash outflows from operating activities	3,688,402,700	3,442,563,527
Net cash flows from operating activities	4,376,860,354	4,246,029,094

IV. APPENDIX

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
II. Cash flows from investing activities:		
Cash receipts from disposals of investments	6,463,293,632	3,993,100,000
Cash receipts from investment income	275,822,064	269,311,527
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	117,487	57,731,851
Other cash receipts relating to investing activities	–	430,771,364
Sub-total of cash inflows from investing activities	6,739,233,183	4,750,914,742
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	2,415,731,139	2,331,689,603
Cash payments for investments	8,400,051,086	4,237,155,888
Other cash payments relating to investing activities	–	480,000,000
Sub-total of cash outflows from investing activities	10,815,782,225	7,048,845,491
Net cash flows from investing activities	-4,076,549,042	-2,297,930,749

IV. APPENDIX

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
III. Cash flows from financing activities:		
Cash received from investors	757,906,163	664,482,752
Including: Cash received by subsidiaries from minority shareholders' investment	757,906,163	664,482,752
Cash receipts from borrowings	2,352,402,904	5,667,000,000
Cash receipts from issuance of bonds	3,999,280,046	2,997,489,178
Sub-total of cash inflows from financing activities	7,109,589,113	9,328,971,930
Cash repayments of borrowings	4,662,221,839	8,226,979,797
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,783,349,479	2,665,141,042
Other cash payments relating to financing activities	2,927,378	19,476,283
Sub-total of cash outflows from financing activities	7,448,498,696	10,911,597,122
Net cash flows from financing activities	-338,909,583	-1,582,625,192

IV. APPENDIX

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
IV. Effects of changes in foreign exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-38,598,271	365,473,153
Add: Opening balance of cash and cash equivalents	515,126,921	262,758,700
VI. Closing balance of cash and cash equivalents	476,528,650	628,231,853

Legal representative:
Gu Dejun

Accounting chief:
Sun Xibin

*Person-in-charge of the
accounting department:*
Ren Zhuohua

IV. APPENDIX

Cash Flow Statement of the Parent Company

January – September 2019

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan Currency: RMB Type of Audit: Unaudited

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	5,028,694,488	5,136,364,270
Other cash receipts relating to operating activities	21,640,095	61,674,956
Subtotal of cash inflows from operating activities	5,050,334,583	5,198,039,226
Cash payments for goods purchased and service received	1,047,143,698	1,148,060,790
Cash payments to and on behalf of employees	415,704,241	415,513,586
Taxes payment	976,404,442	914,413,753
Other cash payments relating to operating activities	49,932,741	48,862,905
Sub-total of cash outflows from operating activities	2,489,185,122	2,526,851,034
Net cash flows from operating activities	2,561,149,461	2,671,188,192

IV. APPENDIX

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
II. Cash flows from investing activities:		
Cash receipts from disposals of investments	4,069,000,000	3,148,000,000
Cash receipts from investment income	282,064,634	290,603,467
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	83,000	57,719,500
Other cash receipts relating to investing activities	554,000,000	369,000,000
Sub-total of cash inflows from investing activities	4,905,147,634	3,865,322,967
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	114,959,696	45,176,653
Cash payments for investments	6,942,550,000	3,292,019,800
Other cash payments relating to investing activities	11,000,000	530,000,000
Sub-total of cash outflows from investing activities	7,068,509,696	3,867,196,453
Net cash flows from investing activities	-2,163,362,062	-1,873,486

IV. APPENDIX

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
III. Cash flows from financing activities:		
Cash receipts from borrowings	2,485,002,904	4,850,000,000
Cash receipts from issuance of bonds	3,999,280,045	2,997,489,178
Sub-total of cash inflows from financing activities	6,484,282,949	7,847,489,178
Cash repayments of borrowings	4,371,782,689	7,984,629,797
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,521,326,255	2,545,548,582
Other cash payments relating to financing activities	2,927,378	6,476,283
Sub-total of cash outflows from financing activities	6,896,036,322	10,536,654,662
Net cash flows from financing activities	-411,753,373	-2,689,165,484

IV. APPENDIX

Item	First three quarters of 2019 (January – September)	First three quarters of 2018 (January – September)
IV. Effects of changes in foreign exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-13,965,974	-19,850,778
Add: Opening balance of cash and cash equivalents	100,931,394	135,125,679
VI. Closing balance of cash and cash equivalents	86,965,420	115,274,901

Legal representative:
Gu Dejun

Accounting chief:
Sun Xibin

*Person-in-charge of the
accounting department:*
Ren Zhuohua

IV. APPENDIX

4.2 Adjustments to relevant items of financial statements at the beginning of the year upon initial adoption of New Financial Instrument Standard, New Revenue Standard and New Lease Standard

 Applicable

 Not applicable

Consolidated Balance Sheet

Unit: yuan Currency: RMB

Items	31 December 2018	1 January 2019	Adjustments
Current Assets:			
Cash and bank balances	649,761,591	649,761,591	-
Held-for-trading financial assets	683,326,861	683,326,861	-
Notes receivable	1,681,265	1,681,265	-
Accounts receivable	321,158,727	321,158,727	-
Prepayments	29,060,041	27,166,724	-1,893,317
Other receivables	37,833,951	37,833,951	-
Including: Interest receivable	-	-	-
Dividends receivable	4,989,960	4,989,960	-
Inventories	4,045,555,776	4,045,555,776	-
Other current assets	130,656,171	130,656,171	-
Total Current Assets	5,899,034,383	5,897,141,066	-1,893,317

IV. APPENDIX

Items	31 December 2018	1 January 2019	Adjustments
Non-current Assets:			
Long-term equity investments	5,702,454,036	5,702,454,036	–
Other equity instruments investment	3,035,293,680	3,035,293,680	–
Other non-current financial assets	1,111,415,422	1,111,415,422	–
Investment properties	19,207,033	19,207,033	–
Fixed assets	1,814,133,323	1,814,133,323	–
Construction in progress	10,087,826,331	10,087,826,331	–
Right-of-use assets	–	7,419,401	7,419,401
Intangible assets	20,280,055,629	20,280,055,629	–
Long-term deferred expenses	1,654,145	1,654,145	–
Deferred income tax assets	197,447,059	197,447,059	–
Other non-current assets	14,207,792	14,207,792	–
Total Non-current Assets	42,263,694,450	42,271,113,851	7,419,401
TOTAL ASSETS	48,162,728,833	48,168,254,917	5,526,084

IV. APPENDIX

Items	31 December 2018	1 January 2019	Adjustments
Current Liabilities:			
Short-term borrowings	1,580,000,000	1,580,000,000	-
Accounts payable	1,090,607,320	1,090,607,320	-
Receipts in advance	73,454,895	73,454,895	-
Employee remuneration payable	2,917,980	2,917,980	-
Taxes payable	271,704,890	271,704,890	-
Other payables	270,459,371	270,459,371	-
Including: Interest payable	93,089,893	93,089,893	-
Dividends payable	88,979,103	88,979,103	-
Contract liabilities	962,200,983	962,200,983	-
Non-current liabilities due within one year	381,700,433	384,931,475	3,231,042
Other current liabilities	2,212,191,672	2,212,191,672	-
Total Current Liabilities	6,845,237,544	6,848,468,586	3,231,042
Non-current liabilities:			
Long-term borrowings	7,688,853,902	7,688,853,902	-
Bonds payable	3,980,548,108	3,980,548,108	-
Lease liabilities	-	2,295,042	2,295,042
Expected liabilities	461,700	461,700	-
Deferred income	43,109,916	43,109,916	-
Deferred income tax liabilities	250,660,721	250,660,721	-
Total Non-current Liabilities	11,963,634,347	11,965,929,389	2,295,042
TOTAL LIABILITIES	18,808,871,891	18,814,397,975	5,526,084

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Items	31 December 2018	1 January 2019	Adjustments
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)			
Paid-up 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	837,827,667	837,827,667	–
Surplus reserve	3,411,194,285	3,411,194,285	–
Retained profits	6,422,040,045	6,422,040,045	–
Total owners' equity (or shareholders' equity) attributable to the parent company	26,137,197,732	26,137,197,732	–
Minority interests	3,216,659,210	3,216,659,210	–
TOTAL OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	29,353,856,942	29,353,856,942	–
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	48,162,728,833	48,168,254,917	5,526,084

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Explanation for the adjustments:

Applicable

Not applicable

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; abolished the need 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.

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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%.

IV. APPENDIX

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:

RMB

Item	Note	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

IV. APPENDIX

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

RMB

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	1,893,317
Total:		7,419,401

By category:

RMB

Item	Note	1 January 2019
Buildings		7,419,401
Total:		7,419,401

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.

IV. APPENDIX

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 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”.

IV. APPENDIX

- (1) 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:

RMB

Item	Note	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

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Balance Sheet of the Parent Company

Unit: yuan Currency: RMB

Items	31 December 2018	1 January 2019	Adjustment
Current Assets:			
Cash and bank balances	100,931,394	100,931,394	-
Held-for-trading financial assets	193,000,000	193,000,000	-
Accounts receivable	218,353,103	218,353,103	-
Prepayments	8,598,094	8,598,094	-
Other receivables	44,321,154	44,321,154	-
Including: Interest receivable	30,590,068	30,590,068	-
Dividends receivable	4,989,960	4,989,960	-
Inventories	11,305,004	11,305,004	-
Other current assets	7,000,000	7,000,000	-
Total Current Assets	583,508,749	583,508,749	-
Non-current Assets:			
Long-term equity investments	14,290,944,294	14,290,944,294	-
Other equity instruments investment	1,933,153,680	1,933,153,680	-
Fixed assets	948,663,656	948,663,656	-
Construction in progress	50,503,852	50,503,852	-
Intangible assets	10,087,165,531	10,087,165,531	-
Deferred income tax assets	45,120,214	45,120,214	-
Other non-current assets	2,604,419,552	2,604,419,552	-
Total Non-current Assets	29,959,970,779	29,959,970,779	-
TOTAL ASSETS	30,543,479,528	30,543,479,528	-

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Items	31 December 2018	1 January 2019	Adjustment
Current Liabilities:			
Short-term borrowings	1,690,000,000	1,690,000,000	–
Accounts payable	491,880,235	491,880,235	–
Receipts in advance	68,061,949	68,061,949	–
Employee remuneration payable	2,242,393	2,242,393	–
Taxes payable	135,467,755	135,467,755	–
Other payables	169,847,846	169,847,846	–
Including: Interest payable	61,780,551	61,780,551	–
Dividends payable	88,979,103	88,979,103	–
Non-current liabilities due within one year	1,700,433	1,700,433	–
Other current liabilities	2,212,191,672	2,212,191,672	–
	4,771,392,283	4,771,392,283	–
Total Current Liabilities	4,771,392,283	4,771,392,283	–
Non-current liabilities:			
Long-term borrowings	15,303,902	15,303,902	–
Bonds payable	3,980,548,108	3,980,548,108	–
Expected liabilities	461,700	461,700	–
	3,996,313,710	3,996,313,710	–
Total Non-current Liabilities	3,996,313,710	3,996,313,710	–
TOTAL LIABILITIES	8,767,705,993	8,767,705,993	–

IV. APPENDIX

Items	31 December 2018	1 January 2019	Adjustment
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)			
Paid-up capital (or share capital)	5,037,747,500	5,037,747,500	-
Capital reserve	7,327,650,327	7,327,650,327	-
Other comprehensive income	289,485,952	289,485,952	-
Surplus reserve	2,518,873,750	2,518,873,750	-
Retained profits	6,602,016,006	6,602,016,006	-
TOTAL OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	21,775,773,535	21,775,773,535	-
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)			
	30,543,479,528	30,543,479,528	-

Explanation for the adjustments:

Applicable

Not applicable

IV. APPENDIX

4.3 Explanation on retroactive adjustments to comparative data in the previous periods upon initial adoption of New Financial Instrument Standard and New Lease Standard

Applicable

Not applicable

4.4 Auditor's Report

Applicable

Not applicable

By Order of the Board

Yao Yongjia

Secretary to the Board

Nanjing, the PRC, 25 October 2019

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

Gu Dejun, Chen Yanli, Chen Yongbing, Sun Xibin, Yao Yongjia, Wu Xinhua, Hu Yu, Ma Chung Lai, Lawrence, Zhang Zhuting, Chen Liang*, Lin Hui*, Zhou Shudong*, Liu Xiaoxing**

* *Independent Non-executive Directors*