



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 00177)



Quality Our Priority

2010 Interim Report

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Important Notice

- (1) The board of directors (the “Board”), the supervisory committee and the directors, supervisors and senior management of Jiangsu Expressway Company Limited (the “Company”) warrant that there are no false representations or misleading statements contained in, or material omissions from, this report; and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this interim report.
- (2) Ms. Zhang Yang, director, did not attend the Board meeting due to work duties and had appointed Mr. Yang Gen Lin, Chairman, to vote on her behalf. Ms. Cheng Chang Yung Tsung, Alice, director, did not attend the Board meeting due to work duties and had appointed Mr. Fang Hung, Kenneth, director, to vote on her behalf.
- (3) The financial statements in this interim report are unaudited operating results prepared in accordance with PRC Accounting Standards for Business Enterprises (“PRC Accounting Standards”) and Hong Kong Financial Reporting Standards (“HKFRS”) and have been reviewed by the audit committee of the Company.
- (4) No appropriation of funds on a non-recurring basis by the controlling shareholder or its related parties was found in the Company.
- (5) The Company did not provide external guarantees which were in violation of stipulated decision-making procedures.
- (6) Mr. Yang Gen Lin, Chairman of the Company, Mr. Qian Yong Xiang, Director and General Manager, and Ms. Liu Wei, Financial Controller warrant the truthfulness and completeness of the financial statements in this interim report in all material aspects.

I Company Information

(1) Company Information

Statutory Name of the Company
in Chinese and English

江蘇寧滬高速公路股份有限公司
Jiangsu Expressway Company Limited

Abbreviation of Chinese Name
and English Name:

寧滬高速
Jiangsu Expressway

Stock Exchanges where the
Company's Shares are Listed

A Share Shanghai Stock Exchange
Stock name of A shares: 寧滬高速
Stock code of A shares: 600377

H Share The Stock Exchange of Hong Kong Limited
Stock name of H Shares: Jiangsu Expressway
Stock code of H Shares: 0177

ADR The United States of America
Stock name of ADR: JEXWW
Security United Code: 477373104

Registered Office and Place of Business

6 Maqun Road, Nanjing, Jiangsu, the PRC

Postcode

210049

Website of the Company

<http://www.jsexpressway.com>

E-mail Address of the Company

nhgs@public1.ptt.js.cn

Legal Representative of the Company

Yang Gen Lin

Secretary to the Board

Yao Yong Jia

Telephone

8625-8446 9332

Company Secretary in Hong Kong

Lee Wai Fun, Betty

Telephone

852-2801 8008

Securities Officers

Jiang Tao, Lou Qing

Telephone

8625-8436 2700-301835, 301836

Fax

8625-8446 6643

Email Address

nhgs@jsexpressway.com

Newspapers Designated for
Regular Announcements

Shanghai Securities News, China Securities Journal

Website Designated for
Information Disclosure

www.sse.com.cn, www.hkex.com.hk, www.jsexpressway.com

Regular Reports Available at

- Shanghai Stock Exchange, 528 Pudong Road South, Shanghai, the PRC
- Computershare Hong Kong Investor Services Limited, 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- Jiangsu Expressway Company Limited, 6 Maqun Road, Nanjing, Jiangsu Province, the PRC
- Richards Butler, 20th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong

(2) Major Financial Data and Indicators

1. Major Accounting Data and Indicators prepared in accordance with PRC Accounting Standards

Unit: RMB'000

	As at the end of the reporting period	As at the end of the previous year	Increase/ (decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total Assets	25,222,967	25,496,204	-1.07
Equity attributable to equity holders of the Company	16,316,000	16,756,571	-2.63
Net assets per share attributable to equity holders of the Company (RMB)	3.24	3.33	-2.63

	The reporting period (January-June 2010)	The corresponding period of the previous year (January-June 2009)	Increase/ (decrease) of the reporting period as compared to the corresponding period of the previous year (%)
Operating profit	1,702,592	1,292,241	31.76
Profit before tax	1,704,145	1,292,452	31.85
Net profit attributable to equity holders of the Company	1,273,253	965,097	31.93
Net profit attributable to equity holders of the Company after non-recurring profit/loss	1,270,692	961,270	32.19
Basic earnings per share (RMB)	0.25	0.19	31.93
Basic earnings per share after non-recurring profit/loss (RMB)	0.25	0.19	32.19
Diluted earnings per share (RMB)	N/A	N/A	N/A
Weighted average return on net assets (%)	7.46	6.09	Increased by 1.37 percentage points
Net cash flow from operating activities	1,307,809	1,386,118	-5.65
Net cash flow per share from operating activities (RMB)	0.26	0.28	-5.65

I Company Information (Continued)

2. Major Accounting Data and Indicators prepared in accordance with HKFRS

Unit: RMB'000

	As at the end of the reporting period	As at the end of the previous year	Increase/ (decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets	23,952,955	24,203,842	-1.04
Total liabilities	8,447,215	8,289,408	1.90
Equity attributable to equity holders of the Company	15,045,987	15,464,208	-2.70
Net assets per share (RMB)	2.99	3.07	-2.70

	The reporting period (January - June 2010)	The corresponding period of the previous year (January - June 2009)	Increase/ (decrease) of the reporting period as compared to the corresponding period of the previous year (%)
Revenue	3,182,834	2,608,191	22.03
Profit before tax	1,726,495	1,312,301	31.56
Profit attributable to equity holders of the Company	1,295,603	984,945	31.54
Basic earnings per share attributable to equity holders of the Company (RMB)	0.26	0.20	31.54

3. Non-recurring profit/loss and the amounts

Unit: RMB'000

Item	January-June 2010
Gain (loss) from disposal of non-current assets	-506
Gain from disposal of held-for-trading investment	24
Gain from change of fair value	4,899
Reversal of impairment provisions made in prior years	80
Other non-operating income and expenses, net	2,058
Effects of income tax	-2,860
Effects of minority shareholders profit/(loss)	-1,134
Total	2,561

4. Differences between PRC Accounting Standards and HKFRS

Unit: RMB'000

	Net Profit		Net Assets	
	The reporting period	The corresponding period of the previous year	As at the end of the reporting period	As at the beginning of the reporting period
Under PRC Accounting Standards	1,303,590	990,990	16,775,752	17,206,797
HKFRS adjustments:	22,351	19,848	-1,270,012	-1,292,363
– Revaluation gain and depreciation/ amortization of fixed assets/ concession intangible assets				
As reported in the financial statement prepared in accordance with HKFRS	1,325,941	1,010,838	15,505,740	15,914,434

Explanation on the differences between PRC Accounting Standards and HKFRS:

During the issue of A shares, the Company re-valuated its fixed assets and operating rights of its toll roads. The increased amount in the valuation has been incorporated in the respective financial statements prepared under PRC Accounting Standards. However, such an increase in valuation is not recognized under HKFRS. The discrepancy has resulted in the abovementioned adjustments.

II Changes in Share Capital and Shareholders

(1) Changes in Share Capital

During the reporting period, there has been no change to the total number of shares of the Company. As the circulating shareholders with selling restrictions have completed the relevant procedures and the shares were listed in batches after the completion of the Share Segregation Reform, the Company's share capital structure has been changed.

	Prior to current movement		Current Movement (+,-)	After current movement	
	Number of shares	Proportion	The circulation of shares subject to selling restrictions	Number of shares	Proportion
I. Shares subject to selling restrictions					
1. State-owned shares	2,742,578,825	54.44%	0	2,742,578,825	54.44%
2. State-owned legal person shares	589,059,077	11.69%	0	589,059,077	11.69%
3. Other domestic shares	60,371,618	1.20%	-4,827,000	55,544,618	1.10%
Including: Domestic legal person shares	60,371,618	1.20%	-4,827,000	55,544,618	1.10%
Domestic natural person shares	—	—	—	—	—
4. Foreign shares	—	—	—	—	—
Including: Foreign legal person shares	—	—	—	—	—
Foreign natural person shares	—	—	—	—	—
Total shares subject to selling restrictions	3,392,009,520	67.33%	-4,827,000	3,387,182,520	67.23%
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	423,737,980	8.41%	+4,827,000	428,564,980	8.51%
2. Domestic listed foreign shares	—	—	0	—	—
3. Foreign listed foreign shares	1,222,000,000	24.26%	0	1,222,000,000	24.26%
4. Others	—	—	0	—	—
Total circulating shares not subject to selling restrictions	1,645,737,980	32.67%	+4,827,000	1,650,564,980	32.77%
III. Shares in total	5,037,747,500	100%	0	5,037,747,500	100%

Changes in share transfer and approval status

During the reporting period, the Company submitted the listing and circulation applications for the seventh batch of 4,827,000 shares which have satisfied the conditions for circulation and have completed the relevant circulation procedures. Upon the Company's submission of the relevant circulation applications to the State-owned Assets Supervision and Administration Commission of Jiangsu Province, the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository & Clearing Corporation Limited and obtaining the relevant approvals, the batch was listed and circulated on 10 March 2010.

(2) Shareholders

1. Number of shareholders at the end of the reporting period

As at 30 June 2010, there were a total of 64,226 shareholders in the registers of members of the Company, of whom 63,708 were domestic shareholders and 518 were foreign shareholders.

2. Shareholdings of major shareholders

i. As at 30 June 2010, shareholdings of the top ten shareholders of the Company were as follows:

Name of shareholder	Change during the reporting period	Number of shares held at the end of the reporting period	Shareholding percentage (%)	Number of shares held subject to selling restrictions	Number of shares pledged or frozen	Type of shareholder
Jiangsu Communications Holdings Company Ltd.	—	2,742,578,825	54.44	2,742,578,825	0	State-owned legal person
Huajian Transportation Economic Development Centre	—	589,059,077	11.69	589,059,077	0	State-owned legal person
Mondrian Investment Partners Limited	—	98,534,000	1.96	0	Unknown	Foreign legal person
Capital Research and Management Company	—	85,269,000	1.69	0	Unknown	Foreign legal person
Columbia Wanger Asset Management, L.P.	—	63,878,000	1.27	0	Unknown	Foreign legal person
Wellington Management Company, LLP	-12,696,301	61,756,906	1.23	0	Unknown	Foreign legal person
Huaxia Securities Co., Ltd (華夏證券有限公司)	—	21,160,000	0.42	21,160,000	Unknown	Others
Shenyin & Wanguo Securities Co., Ltd (申銀萬國證券股份有限公司)	—	13,950,000	0.28	0	Unknown	Others
China AMC Income Fund (華夏收入股票型證券投資基金)	—	10,921,318	0.22	0	Unknown	Others
Harvest Service Sector Capital Appreciation Fund (嘉實服務增值行業證券投資基金)	—	9,952,147	0.20	0	Unknown	Others

Note: Connection between the top ten shareholders:

- The Company is not aware of any of the above shareholders who are connected to each other or acting in concert;
- During the reporting period, no connected persons, strategic investors or general legal persons became one of the top ten shareholders of the Company as a result of the placement of new shares.

II Changes in Share Capital and Shareholders (Continued)

- ii. As at 30 June 2010, the shareholdings of the top ten A shareholders not subject to selling restrictions were as follows:

Name of shareholder	Number of shares as at the end of the reporting period	Type of shares
Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	13,950,000	RMB-denominated ordinary shares
China AMC Income Fund (華夏收入股票型證券投資基金)	10,921,318	RMB-denominated ordinary shares
Harvest Service Sector Capital Appreciation Fund (嘉實服務增值行業證券投資基金)	9,952,147	RMB-denominated ordinary shares
ABC-AC Small and Medium Cap Equity Fund (農銀匯理中小盤股票型證券投資基金)	8,000,000	RMB-denominated ordinary shares
ICBCCS Select Balanced Equity Fund (工銀瑞信精選平衡混合型證券投資基金)	7,926,010	RMB-denominated ordinary shares
Kunshan Municipal Land Development Centre (昆山市土地開發中心)	7,500,000	RMB-denominated ordinary shares
Jiangsu Electric Power Company (江蘇省電力公司)	6,534,627	RMB-denominated ordinary shares
China Life Insurance Company Limited – Dividend – Individual Dividend (中國人壽保險股份有限公司 – 分紅 – 個人分紅)	5,791,859	RMB-denominated ordinary shares
Bosera Value Appreciation Fund (博時價值增長證券投資基金)	5,301,531	RMB-denominated ordinary shares
De-sheng Selective Equity Fund (德盛精選股票證券投資基金)	5,000,088	RMB-denominated ordinary shares

- iii. Shareholdings of shareholders subject to selling restrictions and their selling restrictions

No.	Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of shares subject to selling restrictions		Selling restrictions
			Listing and trading date	Number of additional listed and tradable shares	
1	Jiangsu Communications Holdings Company Ltd.	2,742,578,825	16 May 2011	0	Note 1
2	Huajian Transportation Economic Development Centre	589,059,077	16 May 2011	0	Note 1
3	Other public legal person shares	55,544,618	16 May 2007	55,544,618	Note 2

Note 1: Undertook not to reduce the holding of the Company's shares before 16 May 2011.

Note 2: Circulation rights for other public legal person shares were obtained on 16 May 2007 but prior consent shall be obtained from the Non-circulating Shareholders who have advanced the consideration on behalf of the relevant shareholders and that the consideration so advanced shall be repaid by the relevant Non-circulating Shareholders. For repayment, the relevant (advancee) shareholders may opt to transfer the amount of shares being advanced or to pay in cash in an amount calculated in accordance with the average closing price of the five trading days following the implementation date of the Company's Share Segregation Reform for the consideration shares. Application for the listing status of such shares shall then be submitted by the Company to the stock exchange.

- iv. As at 30 June 2010, as far as the Company is aware, the following individuals held 5% or more of the interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under the Securities and Futures Ordinance of Hong Kong (“SFO”):

Name	Capacity	Direct interest	Number of H shares held	Percentage of H shares (total shares)
Jiangsu Communications Holdings Company Ltd.	Others	Yes	2,742,578,825 (L)	(54.44%)
China Merchants Group Limited/ Huajian Transportation Economic Development Centre (1)	Others	Yes	589,059,077 (L)	(11.69%)
Mondrian Investment Partners Limited	Investment manager	Yes	98,534,000 (L)	8.06% (1.96%)
Capital Research and Management Company (2)	Investment manager	Yes	85,269,000 (L)	6.98% (1.69%)
Columbia Wanger Asset Management, L.P. (3)	Investment manager	Yes	63,878,000 (L)	5.23% (1.27%)
Wellington Management Company, LLP	Investment manager	Yes	61,756,906 (L)	5.05% (1.23%)

(L) Long position (S) Short position (P) Lending pool

- 1) China Merchants Group Limited was deemed to hold interests by virtue of its controlling interests in Huajian Transportation Economic Development Centre.
- 2) The Capital Group Companies Inc. was deemed to hold interests by virtue of its controlling interests in Capital Research and Management Company.
- 3) Bank of America Corporation (listed on the New York Stock Exchange) was a parent company of Columbia Wanger Asset Management L.P. and was deemed to hold its relevant interests.

Save as disclosed above, to the Company’s best knowledge, as at 30 June 2010, there was no person who was required to make disclosure under the Securities and Futures Ordinance of Hong Kong.

(3) Others

1. Purchase, Sale and Redemption of Shares of the Company

For the six months ended 30 June 2010, there was no purchase, sale or redemption of any of the Company’s listed shares by the Company or any of its subsidiaries.

2. Pre-emption Rights

In accordance with the laws of the People’s Republic of China and the Articles of Association of the Company, the Company did not grant any pre-emption rights pursuant to which the Company was required to offer new shares to existing shareholders in proportion to their shareholdings.

3. Public Float

As at 30 June 2010 and 20 August 2010 (the latest practicable date of this disclosure statement), the Company complied with the 25% public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”).

III Directors, Supervisors and Senior Management

(1) Shareholding of Directors, Supervisors and Senior Management

During the reporting period, upon specific enquiries made to all the directors, there was no record showing that any directors, supervisors, key senior management of the Company or any of their associates had any interests in the registered share capitals of the Company, its subsidiaries or associated companies that were required to be disclosed pursuant to the SFO or the Model Code for Securities Transactions by Directors, Supervisors and other Senior Management of Listed Companies.

The Company and its subsidiaries or associated companies have not entered into any arrangements to enable the directors, supervisors, senior management of the Company or any of their associates to acquire benefits by means of subscription of share capital in or debentures of the Company or its subsidiaries or associated companies.

(2) Appointment or Removal of Directors, Supervisors and Senior Management of the Company

Ms. Cheng Chang Yung Tsung, Alice was appointed as a member of the Strategy Committee at the Eighth Meeting of the Sixth Session of the Board held on 18 March 2010 by the Company. Mr. Xu Chang Xin, Mr. Chen Dong Hua, Mr. Gao Bo, Mr. Fang Hung, Kenneth and Ms. Zhang Yang were appointed as members of the Nomination, Remuneration and Appraisal Committee and Mr. Xu Chang Xin was elected as the convener.

Ms. Liu Wei and Mr. Zhao Jiajun were re-appointed as Deputy General Managers of the Company at the Ninth Meeting of the Sixth Session of the Board held on 21 March 2010 by the Company. Mr. Tian Yafei was appointed as Assistant to General Manager of the Company.

The resignation of Mr. Yang Gen Lin from the office of Supervisor of the Company due to changes in work duties was approved at the Sixth Meeting of the Sixth Session of the Supervisory Committee held on 27 May 2010 and the election of Mr. Yang Gen Lin as Director of the Company was approved at the Eleventh Meeting of the Sixth Session of the Board held on the same day. The appointment of Mr. Yang Gen Lin as Director of the Company was approved at the Extraordinary General Meeting held on 16 July 2010 and Mr. Yang Gen Lin was elected as Chairman of the Company at the Twelfth Meeting of the Sixth Session of the Board held on the same day. Mr. Shen Chang Quan, former Chairman of the Company, resigned from all duties of the Company due to change in work duties.

(3) Independent Non-executive Directors

The Company has appointed a sufficient number of independent non-executive directors. Fan Cong Lai, Chen Dong Hua, Xu Chang Xin and Gao Bo were appointed as independent non-executive directors at the sixth session of the Board of the Company, accounting for more than one-third of the members of the Board. Four independent non-executive directors are currently serving at renowned universities in PRC and are senior experts in the fields of currency finance, financial accounting, economic management and real estate studies and are well-versed with academic theories and management experience. Independent directors play major roles in various specialized committees of the Board. Independent non-executive directors account for a majority in the Audit Committee and the Nomination, Remuneration and Appraisal Committee, and an independent non-executive director holds chairmanship at each of these committees.

IV Report of the Directors

(1) Discussion and Analysis on the Overall Operating Performance during the Reporting Period

1. Results Overview

From January to June 2010, the Group realized total operating revenues of approximately RMB3,268,473,000, up approximately 21.99% over the same period of 2009, of which toll revenue amounted to approximately RMB2,414,403,000, representing an increase of approximately 21.07% as compared to the same period of 2009. Revenue from ancillary services amounted to approximately RMB783,705,000, up approximately 53.48% over the same period of 2009. Revenue from other operations was approximately RMB70,365,000, down approximately 59.67% from the same period of 2009. Under PRC Accounting Standards, the Group realized an operating profit of approximately RMB1,702,592,000 during the reporting period, an increase of approximately 31.76% over the same period of 2009. Net profit attributable to equity holders of the Company was approximately RMB1,273,253,000 and earnings per share was approximately RMB0.25, an increase of approximately 31.93% over the same period of 2009. Under HKFRS, profit after taxation attributable to the equity holders of the Company was approximately RMB1,295,603,000 and earnings per share was approximately RMB0.26, an increase of approximately 31.54% over the same period of the previous year.

The operating status of each operation is as follows:

Unit: RMB'000

Item	Operating revenue		Operating costs		Gross margin (%)	
	The reporting period RMB'000	Year-on-year change (%)	The reporting period RMB'000	Year-on-year change (%)	2010	Year-on-year change
Toll road	2,414,403	21.07	574,783	8.75	76.19	Increased by 2.69 percentage points
Shanghai-Nanjing Expressway	2,014,812	23.19	378,222	11.93	81.23	Increased by 1.89 percentage points
Shanghai-Nanjing Section of G312	60,615	-8.54	114,552	-3.74	-88.98	Decreased by 9.42 percentage points
Nanjing Section of Nanjing-Lianyungang Highway	24,053	41.40	11,166	30.52	53.57	Increased by 3.86 percentage points
Guangjing Xicheng Expressways	314,923	14.37	70,843	12.36	77.50	Increased by 0.4 percentage point
Ancillary services	783,705	53.48	752,999	54.16	3.92	Decreased by 0.42 percentage point
Other operations	70,365	-59.67	33,310	-73.75	52.66	Increased by 25.39 percentage points
Total	3,268,473	21.99	1,361,092	18.99	58.36	Increased by 1.05 percentage points

IV Report of the Directors (Continued)

2. Analysis of Operations

(1) Toll Road and Bridge Operations

In the first half of 2010, the Chinese economy continued to maintain relatively fast recovery growth, with an approximate 11.1% year-on-year increase in gross domestic product, up 3.7 percentage points over the corresponding period of the previous year. Driven by the improving macro-economic environment, the region where the Group operates recorded steady growth in demand for goods and passenger transportation on expressways. Meanwhile, the adjustments to the toll-by-weight standards for trucks implemented from 1 July 2009 continued to demonstrate a positive effect on toll revenue during the reporting period, with revenue per vehicle on expressways increasing to varying degrees. Under the desirable macro-economic environment, the Group's road and bridge projects, other than the Shanghai-Nanjing section of G312 which continued to post a year-on-year decline in average daily traffic volume and revenue in the first half of the year, were all operating in sound condition and recorded growth in average daily traffic volume and revenue to varying degrees, with the average daily revenue growth exceeding 10%. During the reporting period, the Group achieved toll revenue of approximately RMB2,414,403,000 from roads and bridges, up 21.07% from the corresponding period of 2009. Such toll revenue accounted for 73.87% of the Group's total operating income, down 0.56 percentage point year-on-year.

The Company proactively coped with the Shanghai World Expo, which was opened on 1 May 2010, by strengthening road traffic organization and on-site management of toll stations, ensuring roads to be safe and smooth and providing a smooth traffic flow for vehicles going to Shanghai. Meanwhile, the Company took the Shanghai World Expo as an opportunity. It fully introduced the "Warm Shanghai-Nanjing Expressway" campaign promoting standardized service, further innovated on the service concept, flourished service elements and promoted service quality, so as to provide customers with quality and efficient service. Since the opening of the Shanghai World Expo, the Group's expressway network has been operating normally, and the positive effect of the Expo's visitor flows on traffic volume was relatively mild, while there were no significant changes in the data of traffic volume for May and June of the year. The operating performance of road and bridge projects in the first half was as follows:

Comparison of average daily traffic volumes and toll revenues

Road/Bridge	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	Reporting period	Same period of the previous year	Change (%)	Reporting period	Same period of the previous year	Change (%)
Shanghai-Nanjing Expressway	55,829	49,348	13.13	11,131.6	9,036.2	23.19
Shanghai-Nanjing Section of G312	21,252	22,342	-4.88	334.9	366.2	-8.54
Nanjing Section of Nanjing-Lianyungang Highway	5,700	4,872	16.99	132.9	94.0	41.40
Guangjing Expressway	37,232	33,994	9.53	596.7	541.7	10.16
Xicheng Expressway	38,901	35,913	8.32	1,143.2	979.6	16.70
Jiangyin Yangtze Bridge	43,829	39,408	11.22	2,083.9	1,860.7	12.00
Sujiahang Expressway	32,516	28,481	14.16	2,359.9	2,001.1	17.93

Traffic volume and toll revenue structures: passenger vehicles vs. trucks

Road/Bridge	Proportion of traffic volume of passenger vehicles vs. trucks		Proportion of toll revenue of passenger vehicles vs. trucks		Average daily full-trip revenue per vehicle (RMB/Vehicle)		
	January to June 2010	January to June 2009	January to June 2010	January to June 2009	January to June 2010	January to June 2009	Change (%)
Shanghai-Nanjing Expressway	68.4:31.6	70.8:29.2	46.2:53.8	51.5:48.5	199.4	183.1	8.9
Shanghai-Nanjing Section of G312	56.6:43.4	54.2:45.8	37:63	35.2:64.8	15.8	16.4	-3.66
Nanjing Section of Nanjing-Lianyungang Highway	43.9:56.1	54:46	23.5:76.5	33.8:66.2	23.3	19.3	20.73
Guangjing Expressway	68:32	68.5:31.5	44.3:55.7	47.9:52.1	16.0	15.9	0.63
Xicheng Expressway	70:30	70.4:29.6	49.4:50.4	52.5:47.5	29.4	27.3	7.69
Jiangyin Yangtze Bridge	69.3:30.7	69.9:30.1	42.4:57.6	44.3:55.7	47.5	47.2	0.64
Sujiahang Expressway	59.1:40.9	60.7:39.3	38.6:61.4	42:58	72.6	70.3	3.27

During the reporting period, the average daily full-trip traffic volume on Shanghai-Nanjing Expressway, the core asset of the Company, reached 55,829 vehicles, up 13.13% year-on-year, of which the average daily traffic volume of trucks was approximately 17,614 vehicles, an increase of approximately 22.46% year-on-year; and the average daily traffic volume of passenger vehicles was approximately 38,215 vehicles, up approximately 9.3% year-on-year. The proportion of average daily traffic volume of trucks was approximately 31.6% in the first half of the year, representing an increase of 2.4 percentage points from 29.2% for the corresponding period of 2009. Due to the substantial year-on-year growth in truck traffic and increased toll standards, the average daily toll revenue generated on Shanghai-Nanjing Expressway in the first half of the year amounted to approximately RMB11,131,600, up 23.19% year-on-year which growth rate was 10.06 percentage points higher than the growth rate in traffic volume. The proportion of revenue generated from trucks was approximately 53.8%, representing an increase of 5.3 percentage points year-on-year. Average daily full-trip revenue per vehicle was approximately RMB199.4, an increase of RMB16.3 or 8.9% year-on-year.

The decline in G312's traffic volume and toll revenue had slowed significantly after a continuous fall during the reporting period, and the operation of the Nanjing Section of Nanjing-Lianyungang Highway began to improve gradually from July 2009. As a result of the adjustments to the charging standards for trucks on Ninghuai Expressway which runs in parallel with Nanjing-Lianyungang Highway, some vehicles were attracted to Nanjing-Lianyungang Highway which charged less. As a result, the proportion of truck traffic on the highway increased significantly. During the first half of the year, average daily traffic volume and average daily toll revenue increased by 16.99% and 41.4% respectively over the corresponding period of the previous year.

The traffic diversion effect of Sutong Bridge on Guangjing Expressway, Xicheng Expressway and Jiangyin Yangtze Bridge has tended to stabilize gradually since the second half of 2009. These three projects performed well during the first half of the year. Meanwhile, Sujiahang Expressway continued to maintain strong growth momentum.

(2) Ancillary Services

In the first half of 2010, the Group's revenue from ancillary services at the service areas amounted to approximately RMB783,705,000 as a result of traffic volume growth, up approximately 53.48% over the corresponding period of the previous year. Among such revenue, sales of oil products amounted to approximately RMB698,880,000, representing 89.18% of the total revenue from ancillary services and an increase of approximately 57.64% year-on-year, primarily due to the increases in the sales volume of oil products and in the prices of refined petroleum products. Other operations such as catering and retailing contributed RMB84,825,000 in revenue, representing an increase of approximately 26.08% over the corresponding period of the previous year.

(3) Other Operations

Other businesses of the Company mainly comprise the project development and operations of two subsidiaries, Ninghu Properties and Ninghu Investment. During the reporting period, revenue from other operations amounted to approximately RMB70,365,000, down approximately 59.67% year-on-year.

Ninghu Investment is principally engaged in the distribution of advertising media along Shanghai-Nanjing Expressway and in other industrial investments. Since during the reporting period the sales of Kunshan Properties Project (昆山房地產項目) developed by Ninghu Investment approached completion, revenue from property sales fell substantially over the corresponding period of the previous year. For the reporting period, revenue from property sales amounted to approximately RMB45,438,000, down approximately 70.20% year-on-year; revenue from the advertising business amounted to approximately RMB24,927,000, up 13.45% year-on-year.

Ninghu Properties is principally engaged in property development and operation, and officially commenced its property business in 2009. During the reporting period, Ninghu Properties was carrying out preliminary works in the projects, and did not make any revenue or profit contribution yet. In 2010, the wait-and-see sentiment was mounting higher in the market following the State Council's introduction of an array of new policies for the property sector. Despite the uncertainties facing the property market as regards the macro-environment, the industry trends and the competitive situation, Ninghu Properties remains committed to its established stable development strategy, and will adjust its pace of development in a timely manner, conduct careful market research, make decisions and position in a prudent approach, and carry out the development of diversified products to meet market demand changes in future.

On 20 January 2010, by submitting biddings at an auction, Ninghu Properties won the bid for lots No. 02 and 03 in Jurong City, with a cadastral area of 23,900 square metres and 26,667 square metres respectively for total considerations of RMB53,800,000 and RMB60,000,000 respectively. The two lots, both for commercial and residential purposes, are close to the lots at Hongyan Community of Baohua Town, Jurong City which was won at an auction in 2009. As at the end of the reporting period, Ninghu Properties had acquired developable land covering an area of 534,696 square metres. Total land investment amounted to approximately RMB1.585 billion. Progress in various projects in the first half of the year was as follows:

— The land lot in the core business district of Huaqiao, Kunshan:

Development formalities related to land-use certificates for some of the land lots have been processed successively. In particular, construction works formally commenced on land lot C4 on 19 June, while planning and design are being carried out for other land lots.

— The land lot at Xinshi Road, Canglang District, Suzhou:

Various applications for construction works are being processed smoothly. The designs for construction drawings are being carried out.

— The land lot in Hongyan Community, Baohua Town, Jurong City:

Preliminary development preparations were underway. The invitation of tenders for the project design scheme has been completed.

(4) Operations and Results of Subsidiaries

Name of Company	Scope of Business	Investment cost (RMB' 000)	Equity of the Company (%)	Total assets (RMB'000)	Net assets (RMB'000)	Net profit (RMB'000)	Percentage over the Company's Net Profit (%)	Year-on-year change on net profit (%)
Jiangsu Guangjing Xicheng Expressway Co., Ltd .	Construction, management, maintenance and toll collection of Guangjing Expressway and Xicheng Expressway	2,125,000	85	3,062,883	3,009,145	193,109	14.81	21.13
Jiangsu Ninghu Investment Development Co., Ltd.	Investment in various infrastructure, industries and assets	95,000	95	261,929	222,890	27,425	2.10	-30.73
Jiangsu Ninghu Properties Co., Ltd.	Development and operation and consultancy of properties	200,000	100	1,598,472	198,390	-3,009	-0.23	—

- Net profit of Guangjing Xicheng increased year-on-year as a result of the growth in toll revenue.
- Since the sales of Kun Shan Properties Project developed by Ninghu Investment approached completion, revenue from property sales fell substantially year-on-year during the reporting period, resulting in a significant fall in net profit over the corresponding period of the previous year.
- Ninghu Properties was still under preliminary project development and investment during the reporting period, and did not contribute any profit yet.

(5) Outlook for the Second Half

In the first half of 2010, the Group's road and bridge projects recorded relatively fast growth, benefiting from the improving macro-economic environment and the adjusted structure of charging standards for trucks, as well as the relatively low base of operations in the corresponding period, in particular the first quarter, of 2009 due to the impact of the economic crisis. In the second half of the year, the advantages due to relative comparison of various road operations will become mild, and traffic growth rates are expected to slow as compared to the first half. Meanwhile, although the official commencement of operation of the Shanghai-Nanjing High Speed Railway on 1 July did not have adverse impact on the traffic volume of expressways to date, the railway's operation schedules and business strategies are being revised constantly according to customers' needs since its operation. Whether this will create new traffic diversions remains to be seen.

IV Report of the Directors (Continued)

(2) Analysis of Operating Results and Financial Conditions

1. Analysis of Operating Results

Unit: RMB'000

Item	The reporting period	The corresponding period of the previous year	Year-on-year change (%)	Reason of change
Operating revenue	3,268,473	2,679,272	21.99	Benefiting from the improving macro-economy during the reporting period, the rapid increase in traffic volume led to an increase of approximately 21.07% in toll revenue as well as a substantial increase in ancillary services, particularly in the sales of oil products, such that operating revenue grew significantly year-on-year.
Operating profit	1,702,592	1,292,241	31.76	The Company continued to maintain strong cost control capability during the reporting period, as witnessed by lower growth rates of consolidated business costs than the growth rate of revenue. Meanwhile, finance costs decreased by 6.30% year-on-year as a result of the Company's application of a proactive financing strategy and expanded financing channels; the profit growth of, and dividend payments by, the associates resulted in a year-on-year increase of 43.01% in investment income. Under such combined impact, operating profit increased by 31.76% year-on-year and net profit grew 31.54% year-on-year during the reporting period.
Net profit	1,303,591	990,990	31.54	

— Operating costs

During the reporting period, aggregated operating costs amounted to approximately RMB1,361,092,000, representing an increase of 18.99% year-on-year, of which operating costs of toll road operations amounted to approximately RMB574,783,000, representing an increase of 8.75% year-on-year. Gross profit margin increased by 2.69 percentage points. The cost structure is set out below:

Operating cost items of toll road operation	The reporting period (RMB'000)	Percentage to total operating costs (%)	The corresponding period of the previous year (RMB'000)	Percentage to total operating costs (%)	Year-on-year change (%)
Depreciation and amortization	399,147	69.44	370,451	70.09	7.75
Costs on toll collection operation	137,306	23.89	132,343	25.04	3.75
Costs on roads and bridges maintenance	27,037	4.70	15,604	2.95	73.27
System maintenance	11,293	1.97	10,116	1.92	11.63
Total	574,783	100	528,514	100	8.75

- To make preparations for the major inspection of the maintenance and management of nationwide trunk highways for 2010, approximately RMB11,040,000 was committed to special maintenance works on Shanghai-Nanjing Expressway during the reporting period, leading to a substantial year-on-year increase in the maintenance costs of roads and bridges.
- During the reporting period, maintenance costs of the toll-by-weight system increased slightly year-on-year due to the increase in relevant costs for upgrading and renovating the toll-by-weight facilities.

— *Investment income*

In the first half of 2010, the Group's investment income amounted to RMB130,157,000, an increase of 43.01% year-on-year. Among such income, investment income contributed by associates amounted to approximately RMB112,487,000, accounting for approximately 8.63% of the Group's net profit and representing an increase of approximately 23.59% year-on-year. Operating results of major associates were as follows:

Company name	Scope of business	Investment cost (RMB'000)	Equity interest of the Company (%)	Net profit (RMB'000)	Contributions of investment income (RMB'000)	Proportion to the net profit of the Company (%)
Suzhou Sujiahang Expressway Co., Ltd.	Management and operation of the Jiangsu Section of Sujiahang Expressway	526,091	33.33	156,340	52,108	4.01
Jiangsu Kuailu Motor Transport Co., Ltd.	Road transportation, automobile repair and sales of automobiles and automobile parts and components	49,900	33.2	6,488	4,369	0.34
Jiangsu Yangtze Bridge Co., Ltd.	Mainly engaged in the management and operation of Jiangyin Yangtze Bridge	631,159	26.66	214,554	57,200	4.40

- Benefiting from factors such as a growth in toll road income and a fall in finance costs, net profit of Suzhou Sujiahang Expressway Co., Ltd. increased significantly by 58.17% year-on-year, and the proportion of its contributions of investment income to the net profit of the Company increased by 0.69 percentage point year-on-year.
- Benefiting from a growth in toll road income, net profit of Jiangsu Yangtze Bridge Co., Ltd. during the reporting period increased by 5.42% year-on-year.

— *Administrative expenses*

During the reporting period, aggregated administrative expenses of the Company amounted to RMB70,715,000, basically at par with the corresponding period in 2009.

— *Finance costs*

As at 30 June 2010, total interest-bearing liabilities of the Group amounted to approximately RMB7,526,673,000, representing a decrease of RMB264,900,000 as compared to the beginning of 2010 and an increase of RMB251,997,000 as compared to the corresponding period in 2009. Though there was a year-on-year increase in total interest-bearing liabilities, during the reporting period, the Company continued to implement proactive financing strategy and to expand its financing channels, striving to reduce finance costs. During the reporting period, aggregated finance costs of the Group amounted to RMB182,998,000, representing a decrease of 6.21% year-on-year.

— *Tax policy*

The Group's income tax is payable at a statutory rate of 25% while the business tax for toll revenues from expressways is payable at a rate of 3%. From January to June 2010, aggregated income tax expense of the Group amounted to RMB400,554,000, representing an increase of approximately 32.87% as compared to the corresponding period in 2009.

IV Report of the Directors (Continued)

2. Analysis of Operating Results

- *The capital structure of the Group as at 30 June 2010 and comparative figures as at 31 December 2009 were as follows:*

Item	30 June 2010		31 December 2009	
	RMB'000	%	RMB'000	%
Current liabilities	4,026,986	15.97	3,771,363	14.79
Non-current liabilities	4,420,228	17.52	4,518,044	17.72
Equity attributable to equity holders of the Company	16,316,000	64.69	16,756,571	65.72
Minority interests	459,753	1.82	450,226	1.77
Total assets	25,222,967	100	25,496,204	100
Gearing ratio:	33.49		32.51	

Basis of gearing ratio: Total liabilities/Total assets

- *Asset liquidity and financial resources*

During the reporting period, total cash inflow from the Group's operating activities amounted to approximately RMB3,352,976,000; net cash inflow from operating activities amounted to approximately RMB1,307,809,000. The gearing ratio is at a reasonable level of 33.49%. Monetary capital at book value amounted to approximately RMB379,380,000. As at 30 June 2010, the undrawn bank credit facility of the Group amounted to approximately RMB3.7 billion. As such, the management believes that the Group does not have any cash liquidity problem.

As at 30 June 2010, cash and cash equivalents and loans were as indicated in the table below:

Item	As at 30 June 2010 The Group (RMB'000)	As at 31 December 2009 The Group (RMB'000)
Cash and equivalents		
Cash on hands	583	354
Bank deposits	378,797	517,466
Total:	379,380	517,820
Loans		
Short-term bank loans	2,810,000	3,075,850
Long-term loans due within one year	301,683	201,692
Long-term bank loans	3,319,444	3,420,451
Bonds payable	1,095,546	1,093,580
Total	7,526,673	7,791,573

— *Capital expenditures*

From January to June 2010, the Group's planned capital expenditures actually incurred amounted to approximately RMB17,585,000, representing a decrease of 87.49% or RMB122,958,000 from the same period of 2009. Major expenditures were as follows:

Capital Expenditure Project	RMB'000
Balance payment toward the expansion works of Shanghai-Nanjing Expressway	756
Acquisition of fixed assets	16,829
Total	17,585

— *Financing activities and financial costs*

During the reporting period, based on sound financial conditions, steady cash flows and good credit track records of the Company and a fine reputation in the industry, the Company continued to be entitled to the prime rate of commercial loans under the interest rate policy of the People's Bank of China, thereby continuously enjoying lower financing costs. Meanwhile, the Company actively expanded its financing channels and adjusted its debt structure, with a view to lowering finance costs. With the arrangement of an array of effective financing activities, the consolidated borrowing cost of the Company during the first half of 2010 was approximately 4.81%, down 0.25 percentage point over the same period of the previous year, being 0.5 percentage point lower than the prevailing bank borrowing rates.

During the reporting period, the Company's major financing activities were as follows:

Financing category	Financing date	Term	Financing amount (RMB million)	Issuing interest rate (%)	Prevailing bank basic rate (%)	Percentage decrease in financing costs (%)
Jiangsu Guoxin Trust (省國信託)	2010-04-09	6 months	500	4.374	4.86	10
BOC Trust (交銀信託)	2010-06-02	6 months	500	4.374	4.86	10

— *Foreign exchange risks*

The Group operates its businesses principally in China. No major foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H shares. A loan of US\$9,800,000 was secured from the Spanish Government in 1998 and will be due on 18 July 2027. As at 30 June 2010, the balance of the loan was approximately RMB31,127,000 after conversion from US dollars, against which no foreign exchange hedge was made. Fluctuations in exchange rates will not have any material impact on the Company's results.

— *Contingent liabilities*

As at 30 June 2010, the Company did not have any contingent liabilities.

— *Pledge of assets*

As at 30 June 2010, the Company did not have any pledge of assets.

— *Trust deposits*

As at 30 June 2010, the Company did not have any trust deposits with any financial institutions in China or any fixed term deposits which were irrecoverable upon their maturity.

— *Trust loans*

During the reporting period, the Company secured a loan of RMB570,000,000 from its subsidiary Guangjing Xicheng by way of a trust loan with a term of one year at an annual interest of 4%. The Company also secured a loan of RMB210,000,000 from its connected company Far East Shipping by way of a trust loan with a term of one year and at an annual interest rate according to the prevailing bank basic rate. As at 30 June 2010, the balance of trust loans with associate companies amounted to RMB780,000,000.

(3) Staff Salary and Training

As at 30 June 2010, the Company had a total of 3,669 staff members (excluding those companies with controlled shareholding or equity investments), comprising 240 administrative/management staff and 3,429 operation/technical staff. The Company adopts a position-based salary system with performance being a motivating factor. Staff remuneration comprises three parts, namely monthly salary, performance-based bonus and fringe benefits. Salaries are determined in accordance with the comprehensive performance appraisal results of each staff member, with reference to the principle of “salary by position; award by performance”. The annual total payroll of staff is implemented upon approval by the Board of Directors. In the first half of 2010, staff remuneration of the Company totaled RMB121,594,000, representing an increase of 3.94% year-on-year.

The Company enforces a stringent performance appraisal system and assesses the job performance of staff on a regular basis. The Company also steps up the appraisal of management staff and further empowers departmental supervisors in appraisal and bonus distribution. Upon completion of performance appraisals, departmental supervisors will distribute varied amounts of bonus to staff according to their appraisal results.

In the first half of the year, the Company continued to carry out training in human resources at different levels by organizing middle and senior management staff to participate in professional training in management capability enhancement, improvement of the process for human resources management and labour arbitration; organizing technicians to participate in business training in comprehensive budget management for expressways, highway traffic signs and installation technology, and quality control group activities; and launching on-the-job-training in toll collection, services, maintenance and hindrance-clearing as well as civilized etiquette for all staff, with an aim to upgrading the operational skills and standards of civilized services of staff in front-line operational posts. The Company was gradually rolling out accreditation for job-based vocational skills by drafting a proposal on the issue of certificates such as work licences and qualifications for maintenance and hindrance-clearing staff.

V Significant Matters

(1) Corporate Governance

1. Corporate Governance Status

During the reporting period, the Company made continued improvements on the corporate governance system and the operating procedures according to the requirements of regulatory authorities and latest rules and regulations, with a view to enhancing corporate governance standards. The actual governance situation of the Company did not deviate from the Code of Corporate Governance for Listed Companies stipulated by the China Securities Regulatory Commission (“CSRC”) and the requirements of the relevant laws and regulations; and the Company fully complied with all code provisions of the Code on Corporate Governance Practices (the “Code”) in Appendix 14 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. None of the Company, the Board, the Supervisory Committee and directors, supervisors and the senior management members of the Company was subject to administrative penalty, criticisms through circulation of a public notice or other public reprimand by the regulatory authorities.

Pursuant to the requirements of the CSRC, in order to further improve the information disclosure management system, the Company has formulated the “System of Accountability for Significant Mistakes in Annual Report Information Disclosure”, which reinforces the accountability of people who are responsible for annual report disclosure and enhances the quality and transparency of information disclosure in annual reports. Meanwhile, the Company further improved the management system of people who have access to insider information, enhancing the sense of legal compliance of the Directors, Supervisors and senior management of the Company and steadfastly eliminating the act of using the Company’s insider information for stocks trading. In order to enhance the management and disclosure of information submission to external parties, the Company also established the “System Governing External Information Users”, so as to strictly enforce each requirement in respect of the information submission to specific external information users. It reinforces the accountability toward confidentiality and prevent the leakage of significant and sensitive information. The two systems have been reviewed and approved at the Ninth Meeting of the Sixth Session of the Board and have been announced to the public.

2. Compliance to the Model Code for Securities Transactions by Directors

Having made specific enquiries to all the Directors of the Company, the Directors of the Company have fully complied with the provisions on securities transactions under the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Hong Kong Listing Rules (the “Model Code”) during the reporting period. The Company has also formulated the “Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees” to ensure the relevant personnel’s compliance with the code in carrying out securities transactions.

3. Audit Committee

Members of Audit Committee comprise Mr. Chen Dong Hua, Mr. Fan Cong Lai and Mr. Du Wen Yi. Among the members, Mr. Chen Dong Hua and Mr. Fan Cong Lai, being Independent Non-executive Directors of the Company, have extensive experiences in financial and economic management, as well as appropriate professional qualifications as stipulated by Rule 3.10(2) of Hong Kong Listing Rules. Members of the Audit Committee are not connected with the current or former auditors of the Company.

The Audit Committee reviewed the interim financial report of the Company for the six months ended 30 June 2010 and had sufficient communication with the Company’s external auditors in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2010.

(2) Profit Distribution and its Implementation

1. As approved at the 2009 annual general meeting, the Company distributed a cash dividend of RMB0.31 (tax inclusive) per share to all shareholders on the basis of a total of 5,037,747,500 shares in issue at the end of 2009. Such profit distribution scheme was implemented on 9 June 2010.
2. During the reporting period, the Board of the Company neither recommended the payment of an interim dividend for the six months ended 30 June 2010, nor did the Board increase share capital by transferring reserve fund.

(3) Material Litigation or Arbitration

The Company was not involved in any material litigation or arbitration during the reporting period. Nor was the Company involved in any material litigation or arbitration before and until the reporting period.

(4) Bankruptcy and Restructure

The Company was not involved in any incidents relating to bankruptcy and restructuring during the reporting period.

(5) Shares Held in Other Listed Companies

The equity interests which the Group held in other listed companies were mainly activities of Ninghu Investment, subsidiary of the Company, involved in acquisition of IPO shares in the primary stock market by using idle funds. During the reporting period, investment income from acquisition of IPO shares amounted to RMB24,000.

(6) Assets Transfer

During the reporting period, the Company was not involved in any asset transfer.

(7) Implementation of Share Incentive Scheme

The Company does not implement any share incentive scheme at the moment. Through careful studies and in compliance with the relevant regulatory requirements and guidelines that have been promulgated, the Company will actively explore the feasibility of implementation of a share incentive scheme.

(8) Material Connected Transactions**— Connected Transactions Related to Day-to-Day Operation**

During the reporting period, the connected transactions relating to day-to-day operations between the Company and connected parties were as follows:

1. Road Maintenance Service Contracts with Jiangsu Sundian

On 19 March 2010, the Company and its subsidiary, Guangjing Xicheng, entered into maintenance service contracts with Jiangsu Sundian Engineering Co., Ltd. (“Jiangsu Sundian”) respectively, in respect of the repair and maintenance services of Shanghai-Nanjing Expressway, Guangjing Expressway and Xicheng Expressway, for a term commencing on 1 April 2010 and ending on 31 December 2010. The maximum contractual maintenance service fees of the two contracts were estimated to be no more than RMB20,000,000 and RMB60,000,000, respectively.

The maintenance service fees are determined by the following principles: the tender prices so accepted will serve as the fee basis for projects to be awarded through public tenders whereas the fee basis for other projects will be determined after arm’s length negotiation and with reference to the prevailing market prices reviewed by an independent and qualified cost consultation institute, with principle of not higher than the market price of the relevant projects. Jiangsu Sundian will be given such project. The cap of the maintenance service fees was set according to the estimated works in 2010. The maintenance service fees are to be paid out of the Company and Guangjing Xicheng’s own funds.

2. *Technical Services Provided by Network Operation Company*

During the reporting period, the Company continued to perform the technical services agreement with Jiangsu Expressway Network Operation and Management Co., Ltd. (“Network Operation Company”). Pursuant to the agreement, the Network Operation Company provides relevant data audit, statistical and analytical services on relevant data pertaining to inter-network tolling, as well as consultation services on inter-network tolling technology upgrade, for the road and bridge projects of the Company. The term of the agreement commenced on 1 January 2009 and ends on 31 December 2011. Network Operation Company was jointly established by the Company’s controlling shareholder, Communications Holdings, and its road and bridge subsidiaries. Communications Holdings is the largest shareholder holding 24.87% equity interests, while the Company and Guangjing Xicheng holds 4.42% equity interests, respectively. In accordance with Chapter 10 of the listing rules of the Shanghai Stock Exchange and Chapter 14A of the Hong Kong Listing Rules, Network Operation Company is a connected person of the Company. Such transaction constituted a continuing connected transaction relating to the day-to-day operations of the Company.

The fee standards on which Network Operation Company provided services to the Company were examined by the Jiangsu Price Bureau. A fee standard of 0.2% was applied to toll income from highways and bridges received in cash, while 2% was applied to non-cash income. During the reporting period, the Company has paid service fees to Network Operation Company amounting to RMB6,398,000 in aggregate.

3. *Leasing of Operation of Petroleum Products Sales Business*

During the reporting period, Guangjing Xicheng, the Company’s subsidiary, continued to perform the leasing agreement in respect of its petroleum products sales business at the petrol station in the Yanqiao Service Area with Jiangsu Expressway Petroleum Company (“Jiangsu Petroleum Company”) for a period of three years from 1 January 2009 to 31 December 2012. Under the agreement between both parties, the leasing fee will be calculated on the basis of the sales volume of the petroleum products at RMB100 per ton, with the minimum leasing fee paid to Guangjing Xicheng by Jiangsu Petroleum Company amounted to RMB500,000 per annum. Jiangsu Petroleum Company is a connected company which is held 51.17% equity interests by the Company’s controlling shareholder. Such transaction constituted a continuing connected transaction relating to day-to-day operating activities.

During the reporting period, Jiangsu Petroleum Company paid leasing fees to Guangjing Xicheng amounting to RMB1,956,000 in aggregate which was below reporting and disclosure requirements.

4. *Leasing of Offices*

On 22 August 2008, the Company entered into leasing agreements with Jiangsu Sundian and Network Operation Company, respectively. The Company would lease the offices located in No. 2 Maqun Road and No. 189 Manqun New Street to Jiangsu Sundian and Network Operation Company, respectively with leasing terms commencing on 1 September 2008 and ending on 31 August 2011. Annual leasing fees, amounted to RMB1.69 million and RMB4.46 million, respectively, were determined based on a number of factors including the land values of the leasing properties, construction investment and the term for land requisition of the leasing properties, and in consideration of the principles relating to the relevant taxes applied if the properties were resumed for investment.

During the reporting period, the Group has included the relevant office rentals of RMB845,000 and RMB2,230,000 from Jiangsu Sundian and Network Operation Company, respectively, in its operating revenue.



Significant Matters (Continued)

— Capital Dealings with Connected Parties

Unit: RMB'000

Connected Parties	Provide funding to connected parties		Connected parties provide funding to the Company	
	Amount	Balance	Amount	Balance
Guangjing Xicheng	0	0	70,000	570,000
Far East Shipping	0	0	-60,000	210,000
Total	0	0	10,000	780,000

During the reporting period, the Company secured a loan of RMB70,000,000 from its subsidiary, Guangjing Xicheng by way of a trust loan with a term of one year at an annual interest rate of 4%, and returned a trust loan with a term of one year of RMB60,000,000 to its associate, Far East Shipping. As of 30 June 2010, the total balance of trust loans of the Company secured from connected companies was RMB780,000,000.

— Confirmation Opinion by Independent Directors on Connected Transactions

The Independent directors of the Company have reviewed all connected transactions and confirmed in the interim report and accounts that:

- (1) Such transactions were conducted in the usual course of business of the Company;
- (2) Such transactions were conducted on normal commercial terms or, if transactions available for comparison were insufficient to determine whether the terms of such transactions are normal commercial terms, from the perspective of the Company, the terms of such transactions were in any way no worse than the terms offered to or by (as the case may be) independent third parties; and
- (3) Such transactions were conducted in accordance with the terms of the agreements of respective transaction. The transaction terms were fair and reasonable and in the best interests of the Company's shareholders as a whole.

(9) Material Contracts and their Fulfillment

1. Trust, Subcontracting and Leasing

During the reporting period, the Company had no material trust and subcontracting.

During the reporting period, the leasing matters of the Company mainly included the leasing of operation of the petroleum products sales business to Jiangsu Expressway Petroleum Company, and the leasing of offices to Jiangsu Sundian and Network Operation Company. For details, please refer to “Material Connected Transactions” of this Chapter.

2. Material Guarantees and Pledge of Assets

During the reporting period, the Company and its subsidiaries did not provide any guarantee for any shareholders or connected persons or any other companies, nor was there any pledge of assets subsisting.

3. Entrusted Financial Management

During the reporting period, the Company did not entrust any other person to carry out cash asset management activity.

4. Other Material Contracts

During the reporting period, the Company and its subsidiaries did not enter into any material contract with or provide any loan to the controlling shareholder of the Company or its subsidiaries or connected parties. Save as the contracts disclosed above, the Company did not enter into any material service or management contract with any person, enterprise or legal entity.

(10) Undertakings and Fulfillment of Undertakings

Undertakings	Details of undertakings	Fulfillment of undertakings
Undertakings regarding the share reform	<p>Jiangsu Communications Holding Company Limited and Huajian Transportation Economic Development Center, holding over 5% of the Company' shares, made the following undertakings during the share reform:</p> <ol style="list-style-type: none"> 1. Within 60 months from the day on which the listing status is granted, the original non-circulating shares of the Company held by the two companies will not be traded on the Shanghai Stock Exchange. 2. The two companies will propose a motion and vote for a proposal at each of the 2005-2008 annual general meetings of the Company regarding a cash dividend payment of not less than 85% of the distributable profit of the Company realized in the relevant year. 	The Company is not aware that such shareholders were in breach of the relevant undertakings during the reporting period.

1. As at the date of publication of the interim report, there was no unfulfilled undertaking in respect of operating results.
2. As at the date of publication of the interim report, there was no unfulfilled undertaking in respect of asset injection and asset integration.



(11) Appointment of Auditors

At the 2009 annual general meeting of the Company, it was approved that Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Touche Tohmatsu would continue to be appointed as the domestic and international auditors, respectively, of the Company for 2010. Audit fees for the year amount to RMB2.2 million. The Company did not pay any other fees and nor were there any charges that might have affected the auditors' independence.

The above-mentioned audit firms have been providing audit services to the Company for eight consecutive years since 2003.

(12) Regulatory Sanctions

During the reporting period, there was no major administrative punishment, reprimand, or other public condemnation imposed against the Company or any of its directors, supervisors, senior management members or de facto controllers by the regulatory authorities.

(13) Other Information Index

Announcements of the Company were published in China Securities Journal, Shanghai Securities News and the websites of the Shanghai Stock Exchange at www.sse.com.cn, the Hong Kong Stock Exchange at www.hkex.com.hk and the website of the Company at www.jsexpressway.com. Investors may review the following announcements for details:

Announcement code	Publication Date	Particulars
臨 2010-001	2010-1-22	Announcement on the Interest Payment of Corporate Bonds
臨 2010-002	2010-3-6	Announcement on the Listing of the Seventh Batch of Circulating Shares with Selling Restriction
臨 2010-003	2010-3-19	Announcement on the Eighth Meeting of the Sixth Session of the Board of Directors
臨 2010-004	2010-3-22	Announcement on the Ninth Meeting of the Sixth Session of the Board of Directors
臨 2010-005	2009-3-22	Announcement on the Fourth Meeting of the Sixth Session of the Supervisory Committee
臨 2010-006	2010-3-22	Continuing Connected Transaction Announcement on Road Maintenance Service Contract with Jiangsu Sundian Engineering Co., Ltd.
臨 2010-007	2010-3-22	Announcement on Change of Representative of the Sponsor for the Share Segregation Reform
臨 2010-008	2010-3-30	Notice of 2009 Annual General Meeting and Circular
臨 2010-010	2009-5-20	Announcement of the Resolutions of 2009 Annual General Meeting
臨 2010-011	2010-5-26	Announcement on Implementation of 2009 Profit Distribution
臨 2010-012	2010-5-28	Announcement on the Eleventh Meeting of the Sixth Session of the Board of Directors
臨 2010-013	2010-5-28	Announcement on the Sixth Meeting of the Sixth Session of the Supervisory Committee
臨 2010-014	2010-5-28	Announcement on Changes in Director and Supervisor
臨 2010-015	2010-5-28	Notice of 2010 First Extraordinary General Meeting
臨 2010-016	2010-7-17	Announcement of the Resolutions of the 2010 First Extraordinary General Meeting
臨 2010-017	2010-7-17	Announcement on the Twelfth Meeting of the Sixth Session of the Board of Directors

VI Financial Report

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF JIANGSU EXPRESSWAY COMPANY LIMITED

江蘇寧滬高速公路股份有限公司

(a joint stock limited company established in the People's Republic of China)

Introduction

We have reviewed the interim financial information set out on pages 28 to 44 which comprises the condensed consolidated statement of financial position of Jiangsu Expressway Company Limited as of 30 June 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20 August 2010

Condensed Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	NOTES	Six months ended	
		30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Revenue	4	3,182,834	2,608,191
Cost of sales		(1,370,526)	(1,155,773)
Gross profit		1,812,308	1,452,418
Other income	6	27,383	10,541
Administrative expenses		(45,704)	(47,882)
Finance costs	7	(184,902)	(197,334)
Share of profits of associates		112,487	91,013
Changes in fair value of held-for-trading investments		4,923	3,545
Profit before tax		1,726,495	1,312,301
Income tax expense	8	(400,554)	(301,463)
Profit for the period	9	1,325,941	1,010,838
Attributable to:			
Owners of the Company		1,295,603	984,945
Non-controlling interests		30,338	25,893
		1,325,941	1,010,838
Earnings per share			
-Basic (RMB per share)	11	0.26	0.20

Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended	
	30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Profit for the period	<u>1,325,941</u>	<u>1,010,838</u>
<i>Other comprehensive income</i>		
Share of other comprehensive income of associates	<u>(152,122)</u>	<u>135,819</u>
Total comprehensive income for the period	<u>1,173,819</u>	<u>1,146,657</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>1,143,481</u>	<u>1,120,764</u>
Non-controlling interests	<u>30,338</u>	<u>25,893</u>
	<u>1,173,819</u>	<u>1,146,657</u>

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2010

	NOTES	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	1,273,222	1,340,271
Concession Intangible assets	13	17,362,299	17,678,759
Prepaid lease payments		997,342	1,029,982
Investment property		14,562	14,804
Interests in associates		1,748,624	1,916,820
Available-for-sale financial assets	14	150,566	150,566
Deferred tax assets		5,211	5,211
		21,551,826	22,136,413
Current assets			
Inventories		15,108	14,118
Properties under development		272,655	36,992
Properties for sale		15,672	38,047
Prepayments and other receivables	15	1,596,034	1,343,072
Prepaid lease payments		65,280	65,280
Held-for-trading investments		57,000	52,100
Bank balances and cash		379,380	517,820
		2,401,129	2,067,429
Current liabilities			
Other payables	16	149,263	209,110
Construction costs payable		125,469	129,067
Tax liabilities		105,452	108,581
Dividend payable		535,120	47,064
Long-term borrowings - due within one year	17	301,683	201,692
Short-term borrowings	18	2,810,000	3,075,850
		4,026,987	3,771,364
Net current liabilities		(1,625,858)	(1,703,935)
Total assets less current liabilities		19,925,968	20,432,478
Non-current liabilities			
Deferred tax liabilities		5,238	4,013
Long-term borrowings - due after one year	17	4,414,990	4,514,031
		4,420,228	4,518,044
Net assets		15,505,740	15,914,434
Capital and reserves			
Share capital	19	5,037,748	5,037,748
Reserves		10,008,239	10,426,460
Equity attributable to owners of the Company		15,045,987	15,464,208
Non-controlling interests		459,753	450,226
Total equity		15,505,740	15,914,434

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Attributable to owners of the Company						Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Investment revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2009 (audited)	5,037,748	5,730,454	1,524,823	66,716	2,275,606	14,635,347	438,816	15,074,163
Profit for the period	—	—	—	—	984,945	984,945	25,893	1,010,838
Other comprehensive income for the period	—	—	—	135,819	—	135,819	—	135,819
Total comprehensive income for the period	—	—	—	135,819	984,945	1,120,764	25,893	1,146,657
Dividends recognised as distribution	—	—	—	—	(1,360,192)	(1,360,192)	(18,695)	(1,378,887)
At 30 June 2009 (unaudited)	5,037,748	5,730,454	1,524,823	202,535	1,900,359	14,395,919	446,014	14,841,933
At 1 January 2010 (audited)	5,037,748	5,730,454	1,747,726	203,585	2,744,695	15,464,208	450,226	15,914,434
Profit for the period	—	—	—	—	1,295,603	1,295,603	30,338	1,325,941
Other comprehensive income for the period	—	—	—	(152,122)	—	(152,122)	—	(152,122)
Total comprehensive income for the period	—	—	—	(152,122)	1,295,603	1,143,481	30,338	1,173,819
Dividends recognised as distribution	—	—	—	—	(1,561,702)	(1,561,702)	(20,811)	(1,582,513)
At 30 June 2010 (unaudited)	5,037,748	5,730,454	1,747,726	51,463	2,478,596	15,045,987	459,753	15,505,740

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended	
	30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Net cash from operating activities	1,307,835	1,386,118
Investing activities		
Additions of property, plant and equipment	(17,585)	(50,544)
Payment for acquisition of concession intangible assets	—	(90,000)
Dividends received from associates	96,188	79,678
Proceeds on disposal of property, plant and equipment	2,627	206
Other investing cash flows	17,647	(4,440)
Net cash flow from (used in) investing activities	98,877	(65,100)
Financing activities		
New borrowings raised	2,760,000	3,060,000
Dividends paid	(1,073,645)	(700,000)
Dividends paid to non-controlling shareholders	(20,811)	—
Interest paid	(184,000)	(244,517)
Repayment of borrowings	(3,026,696)	(3,350,847)
Net cash used in financing activities	(1,545,152)	(1,235,364)
Net (decrease) increase in cash and cash equivalents	(138,440)	85,654
Cash and cash equivalents at 1 January	517,820	460,593
Cash and cash equivalents at 30 June		
Bank balances and cash	379,380	546,247

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. GENERAL

The Company was incorporated in the People's Republic of China (the "PRC") on 1 August 1992 as a joint stock limited company and its H shares and A shares are listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange, respectively. Its ultimate holding company is Jiangsu Communications Holding Company Limited 江蘇交通控股有限公司 ("Jiangsu Communications Holding"), a state-owned enterprise incorporated in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in its 2009 annual report.

The principal activities of the Company and its subsidiaries (the "Group") are investment, construction, operation and management of the Jiangsu section of Shanghai-Nanjing Expressway ("Ninghu Expressway"), the Jiangsu section of the 312 National Highway (the "312 National Highway"), Nanjing-Lianyungang Class 1 Highway - Nanjing Section (the "Nanjing-Lianyungang Highway"), Xicheng Expressway and Guangjing Expressway (Xicheng Expressway and Guangjing Expressway are collectively referred to as the "Guangjing Xicheng Expressway") and other toll roads in Jiangsu Province PRC, and the provision of passenger transport services and other ancillary services along the toll roads. The Group is also engaged in property investment and development in the PRC.

The Group's condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Group continues to utilize long-term borrowings to manage its liquidity risk. As at 30 June 2010, the Group's long-term borrowings were approximately RMB4,414,990,000 (at 31 December 2009: RMB4,514,031,000).

The Group closely monitors its cash position from its operation and the directors consider that the Group has sufficient liquid assets generated from its operations and sufficient available undrawn long-term and short-term borrowing facilities at 30 June 2010 of approximately RMB3,700,000,000 (at 31 December 2009: RMB7,677,000,000) to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, although the Group had net current liabilities of RMB1,625,858,000 (31 December 2009: RMB1,703,935,000) at the end of reporting period, the Group has well managed the liquidity risk and the condensed consolidated financial statements are accordingly prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA.

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs May 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HKFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HKFRIC 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of these new or revised standards, amendments and interpretations will have no material impact on the condensed consolidated financial statements.

4. REVENUE

	Six months ended	
	30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Turnover comprises:		
Toll revenue	2,332,656	1,925,692
Ancillary services	779,813	508,044
Sale of properties	45,438	152,483
Others	24,927	21,972
	3,182,834	2,608,191

5. SEGMENT INFORMATION

The Group's operating segments under HKFRS 8 are as follows:

Toll roads

- Ninghu Expressway
- 312 National Highway
- Nanjing-Lianyungang Highway
- Guangjing Xicheng Expressway

Ancillary services

Other operations

Ancillary services include the sale of petrol, food and beverage and other goods in service zones along the highways.

Other operations include the Group's property development and investment, and provision of advertisement services.

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

	30.6.2010		Six months ended		30.6.2009	
	Segment		Reported	Segment		Reported
	Revenue	Sales tax	Revenue	Revenue	Sales tax	Revenue
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
Toll roads						
- Ninghu Expressway	2,014,812	(67,094)	1,947,718	1,635,553	(54,792)	1,580,761
- 312 National Highway	60,615	(3,364)	57,251	66,278	(3,625)	62,653
- Nanjing-Lianyungang Highway	24,052	(801)	23,251	17,010	(566)	16,444
- Guangjing Xicheng Expressway	314,923	(10,487)	304,436	275,353	(9,519)	265,834
Ancillary services	783,705	(3,892)	779,813	510,623	(2,579)	508,044
Other operations	70,365	—	70,365	174,455	—	174,455
Total	3,268,472	(85,638)	3,182,834	2,679,272	(71,081)	2,608,191

Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

5. SEGMENT INFORMATION (Continued)

	30.6.2010		Six months ended		30.6.2009	
	Segment profit RMB'000	Adjustment RMB'000 (note)	Reported profit RMB'000	Segment profit RMB'000	Adjustment RMB'000 (note)	Reported profit RMB'000
Segment profit						
Toll roads						
- Ninghu Expressway	1,537,712	22,351	1,560,063	1,211,079	19,848	1,230,927
- 312 National Highway	(57,301)	—	(57,301)	(56,354)	—	(56,354)
- Nanjing-Lianyungang Highway	12,085	—	12,085	7,889	—	7,889
- Guangjing Xicheng Expressway	233,593	—	233,593	202,782	—	202,782
Ancillary Services	26,814	—	26,814	19,601	—	19,601
Other operations	37,054	—	37,054	47,573	—	47,573
Total	1,789,957	22,351	1,812,308	1,432,570	19,848	1,452,418
Other income			27,383			10,541
Administrative expenses			(45,704)			(47,882)
Finance costs			(184,902)			(197,334)
Share of profits of associates			112,487			91,013
Changes in fair value of held-for-trading investments			4,923			3,545
Profit before tax			1,726,495			1,312,301
Income tax expense			(400,554)			(301,463)
Profit for the year			1,325,941			1,010,838

Segment profit represents the gross profit earned by each segment prepared in accordance with accounting principles and regulations applicable to enterprises established in the People's Republic of China ("PRC GAAP") without allocation of other income, central administrative expenses, finance costs, share of profits of associates and investment income. This is the measure reported to the Group's Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

Note: The adjustment represents depreciation and amortization charge on the property, plant and equipment and operating right of toll roads which have been recognised at revalued amounts in the PRC GAAP financial statements.

6. OTHER INCOME

	Six months ended	
	30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Interest on bank deposits	2,022	2,535
Dividend income from available-for-sale financial assets	17,647	—
Others	7,714	8,006
	27,383	10,541

7. FINANCE COSTS

	Six months ended	
	30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Interest on bank and other borrowings wholly repayable:		
Within five years	184,590	181,728
Over five years	312	15,606
	184,902	197,334

8. INCOME TAX EXPENSE

	Six months ended	
	30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	399,329	300,576
Deferred tax:		
Current year charge	1,225	887
Income tax expense	400,554	301,463

The Group is located in the PRC and subject to PRC Enterprise Income Tax rate at 25% (six months ended 30 June 2009: 25%) pursuant to the relevant PRC Enterprise Income Tax laws.

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging the following items:		
Staff costs including directors' remuneration	122,891	104,592
Retirement benefits scheme contributions	28,684	34,228
Total staff costs	151,575	138,820
Depreciation of property, plant and equipment	80,095	85,230
Amortisation of toll roads operation right	316,460	286,363
Loss on disposal of property, plant and equipment	506	1,759
Operating lease rental in respect of land use rights (included in cost of sales and other direct operating costs)	32,640	32,640
Cost of properties recognised as an expense	21,200	109,103
Cost of inventories recognised as an expense	696,950	444,244

Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

10. DIVIDENDS

	Six months ended	
	30.6.2010	30.6.2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final 2009-RMB 0.31 (six months ended 30 June 2009: final 2008-RMB 0.27) per share	1,561,702	1,360,192

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profit attributable to owners of the Company for the six months ended 30 June 2010 of RMB1,295,603 (six months ended 30 June 2009: RMB984,945,000) and 5,037,747,500 (six months ended 30 June 2009: 5,037,747,500) ordinary shares in issue during the period.

No diluted earnings per share is presented as the Company has no potential ordinary shares outstanding for each of the six months ended 30 June 2010 and 30 June 2009.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB7,828,000 (six months ended 30 June 2009: RMB5,520,000) on construction in progress, RMB1,301,000 (six months ended 30 June 2009: RMB979,000) on its toll stations and ancillary equipment, and RMB4,858,000 (six months ended 30 June: RMB6,739,000) on its other machinery and equipment in order to cope with the increasing traffic volume.

13. CONCESSION INTANGIBLE ASSETS

	Toll road operation rights RMB'000
<hr/>	
COST	
At 1 January 2009	21,648,999
Addition	<u>53,962</u>
At 31 December 2009 and 30 June 2010	<u>21,702,961</u>
AMORTISATION	
At 1 January 2009	3,434,758
Provided for the period	<u>286,363</u>
At 30 June 2009	3,721,121
Provided for the period	<u>303,081</u>
At 31 December 2009	4,024,202
Provided for the period	<u>316,460</u>
At 30 June 2010	<u>4,340,662</u>
CARRYING VALUES	
At 30 June 2010	<u>17,362,299</u>
At 31 December 2009	<u>17,678,759</u>

The toll roads infrastructures are all located in the PRC. The Group has been granted by the relevant local government authorities the rights to operate the respective toll roads for periods ranging from 26 to 35 years. According to the relevant governments' approval documents and the relevant regulations, the Group is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment and it is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected during the operating periods is attributable to the Group. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any payments to be made to the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Unlisted equity securities, at cost	<u>150,566</u>	<u>150,566</u>

The investment is measured at cost less impairment, if any, at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

15. PREPAYMENTS AND OTHER RECEIVABLES

	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Dividend receivable from an associate	32,374	—
Receivable from liquidation of a former joint venture	17,312	17,312
Receivable from disposal of property, plant and equipment	28,000	28,000
Prepayments (note)	1,414,894	1,241,573
Toll road fee	88,583	41,369
Others	35,441	35,468
	<u>1,616,604</u>	<u>1,363,722</u>
Less: Accumulated impairment losses	<u>(20,570)</u>	<u>(20,650)</u>
	<u>1,596,034</u>	<u>1,343,072</u>

At 30 June 2010, included in prepayments is RMB1,301,771,801 (At 31 December 2009: RMB1,227,953,123) which represents partial payments made for the acquisition of land use rights for the purpose of properties under development in the PRC.

16. OTHER PAYABLES

	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Interest payable	33,288	34,350
Other tax payable	18,272	29,160
Payroll and welfare payable	10,197	12,204
Advance from customers	27,475	24,306
Pre-sale deposit	—	1,250
Others	60,031	107,840
	<u>149,263</u>	<u>209,110</u>

17. LONG-TERM BORROWINGS

	Maturity date		Effective interest rate		Carrying amount	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Variable-rate						
Unsecured bank loans	2009-2014	2009-2014	4.98%	5.67%	3,590,000	3,590,000
USD denominated Spanish government loans (Note1)	2009-2006	2009-2026	2.00%	2.00%	31,127	32,143
Fixed-rate						
Long-term bond (Note 2)	2011	2011	5.79%	5.79%	1,095,546	1,093,580
					4,716,673	4,715,723

Note 1: The USD denominated Spanish government loans were guaranteed by the Company's parent, Jiangsu Communications Holding, which is a state-owned enterprise incorporated in the PRC.

Note 2: In the year of 2008, the Group issued long-term bond of RMB1,100,000,000 with mature period of three years, carrying fixed interest rate at 5.40% per annum.

The maturity of the above loans is as follows:

	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Within one year	301,683	201,692
More than one year but not exceeding two years	1,437,229	241,692
More than two years but not exceeding three years	1,101,683	1,595,271
More than three years but not exceeding four years	1,401,683	2,101,695
More than four years but not exceeding five years	451,683	551,692
More than five years	22,712	23,681
	4,716,673	4,715,723
Less: Amount due within one year included in current liabilities	(301,683)	(201,692)
Amount due after one year	4,414,990	4,514,031

At 30 June 2010, the Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are US\$4,583,579, equivalent to approximately RMB31,127,000 (at 31 December 2009: US\$4,707,460, equivalent to approximately RMB32,143,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

18. SHORT-TERM BORROWINGS

	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Unsecured bank loans	1,600,000	1,890,000
Unsecured other loans	1,210,000	1,185,850
	<u>2,810,000</u>	<u>3,075,850</u>

The short-term loans from banks and other financial institutions are unsecured, repayable within one year and are arranged at fixed interest rates at the range of 4.37% to 5.31% (at 31 December 2009: 4.08% to 5.31%) per annum.

19. SHARE CAPITAL

	1.1.2010		Transfer		30.6.2010	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
1. Restricted tradable shares	3,392,009,520	3,392,010	(4,827,000)	(4,827)	3,387,182,520	3,387,183
2. Tradable shares						
H shares	1,222,000,000	1,222,000	—	—	1,222,000,000	1,222,000
A shares	423,737,980	423,738	4,827,000	4,827	428,564,980	428,565
Total	<u>5,037,747,500</u>	<u>5,037,748</u>	<u>—</u>	<u>—</u>	<u>5,037,747,500</u>	<u>5,037,748</u>

In accordance with the Company's state share reform proposal adopted by the Company's shareholders' meeting on 24 April 2006 (the "Share Reform Proposal"), the shareholders of the non-tradable shares, which comprised the state shares, state legal person shares and legal person shares, offered a transfer of 3.2 non-tradable shares to the then shareholders of A-shares for every 10 "A" shares held by the then shares holders of A-shares in exchange for the approval by the shareholders of A-shares to convert all remaining non-tradable shares into restricted tradable shares. As a result, in the year 2006, 48,000,000 non-tradable shares were transferred to the then shareholders of A-shares as consideration for the approval by the non-tradable shareholders, and these 48,000,000 non-tradable shares were granted trading status as A shares on 16 May 2006. After the transfer of the consideration 48,000,000 non-tradable shares, all the remaining 3,617,747,500 formerly non-tradable shares were all converted into restricted tradable shares which are subject to certain restrictions in their sale and will be transferred to the category of tradable A share upon the granting of trading status in accordance with the terms of the Share Reform Proposal. In current period, an aggregate of 4,827,000 (2009: 2,851,900) restricted tradable shares are granted trading status and included in the balance of tradable A shares at 30 June 2010.

Since the adoption of the Share Reform Proposal in 2006 and up to 30 June 2010, an aggregate of 230,564,980 (31 December 2009: 225,737,980) restricted tradable shares out of the total 3,617,747,500 restricted tradable shares were granted trading status and reclassified into and included as tradable A shares at 30 June 2010.

The restricted tradable shares, H shares and A shares have a par value of RMB 1 each and rank pari passu in all respects, except that ownership of restricted tradable shares are restricted to PRC legal persons, while H shares can only be owned and traded by overseas investors and A shares can only be owned and traded by PRC investors.

20. CAPITAL COMMITMENTS

	30.6.2010 RMB'000 (Unaudited)	31.12.2009 RMB'000 (Audited)
Commitments for		
- acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	14,082	48,720

21. OTHER COMMITMENTS

At 30 June 2010, the Group is committed to pay Ninglian Ningtong Management Office, an independent third party, a management service charge calculated at a fixed rate of 17% of the total toll revenue collected on Nanjing-Lianyungang Highway per annum for a term of 30 years from 1 January 2000. Management service charge for the six months ended 30 June 2010 amounted to RMB4,088,912 (six months ended 30 June 2009: RMB2,891,716).

22. RELATED PARTY TRANSACTIONS

(a) During the period, the Group has the following significant transactions with related companies:

Name	Relationship	Nature of transactions	Six months ended	
			30.6.2010 RMB'000 (Unaudited)	30.6.2009 RMB'000 (Unaudited)
Jiangsu Kuailu Motor Transport Co., Ltd.	Associate	Toll fee received Sales of petrol	3,000 11,809	4,800 11,241
Jiangsu Yangzte Bridge Co., Ltd.	Associate	Toll service expenses	817	707
Jiangsu Expressway Petroleum Development Co., Ltd.	Same ultimate holding company	Rental income received	1,956	1,263
Jiangsu Expressway Network Operation and Management Co., Ltd.	Investee of the Company	Rental income received Technology advisory fee expenses	2,230 6,398	2,230 3,688
Jiangsu Sundian Engineering Co., Ltd.	Investee of the Company	Rental income received Maintenance fee expenses	845 9,000	845 719

Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions and balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“state-controlled entities”). In addition, the Group itself is part of a larger group of companies under Jiangsu Communications Holding which is controlled by the PRC government. Apart from the transactions with Jiangsu Communications Holding and fellow subsidiaries and other related parties disclosed above, the Group also conducts business with other state-controlled entities. The directors considered those state-controlled entities are independent third parties so far as the Group’s business transactions with them are concerned.

In view of the Group’s toll road business, the directors are of the opinion that it is impracticable to ascertain the identity of the counterparties and accordingly whether the transactions are with other stated-controlled entities.

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 16 August 2010, the Company issued a short-term bond of RMB1,000,000,000, which is unsecured, bears interest at 2.87% per annum, and is repayable on 16 August 2011.

VII Documents Available for Inspection

The following documents were included:

- (1) Copies of the interim report signed by the Chairman;
- (2) Financial statements signed and sealed by the legal representative, the chief accounting officer and the person-in-charge of an accounting institution;
- (3) Original copies of all company documents and announcements published in the press designated by the China Securities Regulatory Commission during the reporting period;
- (4) Articles of Association of the Company;
- (5) Copies of interim reports released in other stock exchanges; and
- (6) Other relevant information.

The above documents are available for inspection at the Secretariat Office of the Board of the Company at 6 Maqun Road, Nanjing, the PRC

By Order of the Board
Yang Gen Lin
Chairman of the Board

Jiangsu Expressway Company Limited
Nanjing, the PRC
20 August 2010

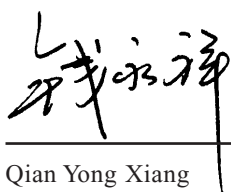
VIII Confirmation Opinion on 2010 Interim Report by Directors and Senior Management

The Company's directors and senior management hereby confirm in writing that they have reviewed the interim report for the year and are of the opinion that there are no false representations or misleading statements contained in, or material omissions from this report, and that they shall severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this report.

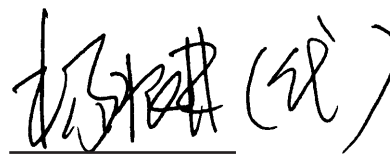
Directors



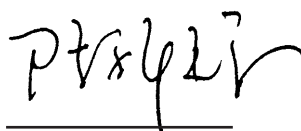
Yang Gen Lin



Qian Yong Xiang



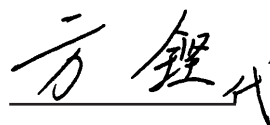
Zhang Yang



Chen Xiang Hui



Du Wen Yi



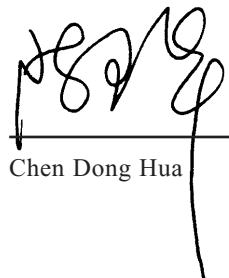
Cheng Chang Yung Tsung, Alice



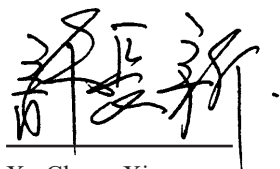
Fang Hung, Kenneth



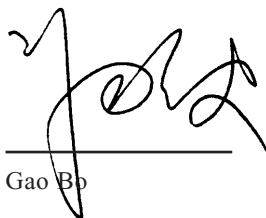
Fan Cong Lai



Chen Dong Hua

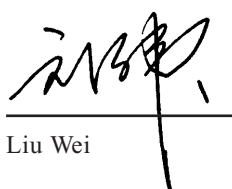


Xu Chang Xin

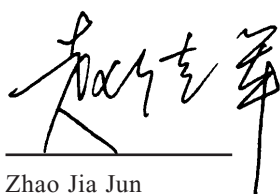


Gao Bo

Senior Management Members



Liu Wei



Zhao Jia Jun



Shang Hong



Tian Yafei



Yao Yong Jia

Jiangsu Expressway Company Limited
20 August 2010