



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 00177)



Jiangsu Expressway
The Caring Way

2011 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 jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the content of this interim report.
- (2) Cheng Chang Yung Tsung, Alice, director, did not attend the Board meeting due to business engagement. She has appointed Fang Hung, Kenneth, director, to vote on her behalf. Other directors have attended the Board meeting in person.
- (3) The audit committee of the Company has reviewed and confirmed the full text and summary of the interim report for the six months ended 30 June 2011. The relevant financial information is prepared in accordance with the PRC Accounting Standards for Business Enterprises (“PRC Accounting Standards”) and is unaudited.
- (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 of the Company, and Ms. Liu Wei, Deputy General Manager and Financial Controller of the Company warrant the truthfulness and completeness of the financial statements in this interim report in all material respects.

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: 00177 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
Email 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
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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	<ul style="list-style-type: none">• Shanghai Stock Exchange, 528 Pudong Road South, Shanghai, the PRC• Hong Kong Registrars Limited, Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong• Reed Smith Richards Butler, 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong• Jiangsu Expressway Company Limited, 6 Maqun Road, Nanjing, Jiangsu Province, the PRC

(2) Major Financial Data and Indicators

1. Major Accounting Data and Indicators prepared in accordance with the 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	24,728,418	24,897,493	-0.68
Owners' equity attributable to equity holders of the Company	17,038,489	17,563,723	-2.99
Net assets per share attributable to equity holders of the Company (RMB)	3.38	3.49	-2.99

	The reporting period (January–June 2011)	The corresponding period of the previous year (January–June 2010)	Increase/(decrease) of the reporting period as compared to the corresponding period of the previous year (%)
Operating Profit	1,751,675	1,702,592	2.88
Gross Profit	1,745,318	1,704,145	2.42
Net profit attributable to equity holders of the Company	1,299,491	1,273,253	2.06
Net profit attributable to equity holders of the Company after non-recurring profit/loss	1,302,657	1,270,692	2.52
Basic earnings per share (RMB)	0.26	0.25	2.06
Basic earnings per share after non-recurring profit/loss (RMB)	0.26	0.25	2.52
Diluted earnings per share (RMB)	N/A	N/A	N/A
Weighted average return on net assets (%)	7.26	7.46	Decreased by 0.2 percentage point
Net cash flow from operating activities	1,977,858	1,307,809	51.23
Net cash flow per share from operating activities (RMB)	0.39	0.26	51.23

I Company Information (Continued)

2. Non-recurring profit/loss and the amounts

Unit: RMB'000

Item	January-June 2011
Net loss from disposal of non-current assets	-4,926
Gain from disposal of held-for-trading investment	1,899
Gain from disposal of other assets	92
Loss from change in fair value	-621
Government subsidy	820
Reversal of impairment provisions made in prior years	500
Except for the above items, other non-operating income and expenses, net	-2,250
Effects of income tax	1,091
Effects of minority shareholders' profit/(loss)	229
Total	-3,166

II Changes in Share Capital and Shareholders

(1) Changes in Share Capital

During the reporting period, there has been no change in 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%	-2,742,578,825	0	-
2. State-owned legal person shares	589,059,077	11.69%	-589,059,077	0	-
3. Other domestic shares	51,452,745	1.02%	0	51,452,745	1.02%
Including: Domestic legal person shares	51,452,745	1.02%	0	51,452,745	1.02%
Domestic natural person shares	-	-	-	-	-
4. Foreign shares	-	-	-	-	-
Including: Foreign legal person shares	-	-	-	-	-
Foreign natural person shares	-	-	-	-	-
Total shares subject to selling restrictions	3,383,090,647	67.15%	-3,331,637,902	51,452,745	1.02%
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	432,656,853	8.59%	+3,331,637,902	3,764,294,755	74.72%
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	1,654,656,853	32.85%	+3,331,637,902	4,986,294,755	98.98%
III. Shares in total	5,037,747,500	100%	0	5,037,747,500	100%

Approval status on changes in shares

During the reporting period, the 60-month selling restriction period of the Company's shares totaling 3,331,637,902 shares held by Jiangsu Communications Holdings Company Ltd. and China Merchants Huajian Highway Investment Co., Ltd. (formerly known as Huajian Transportation Economic Development Centre), the two major shareholders of the Company, have expired. The Company has completed the unlocking listing and circulation procedures according to the relevant requirements. Upon the Company's submission of the relevant circulation applications to the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository & Clearing Corporation Limited and obtaining the relevant approvals, the shares were unlocked and made available for listing and obtained the listing and circulation rights on 20 May 2011.

II Changes in Share Capital and Shareholders (Continued)

(2) Shareholders

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

As at 30 June 2011, there were a total of 54,890 shareholders in the registers of members of the Company, of whom 54,378 were domestic shareholders and 512 were foreign shareholders.

2. Shareholdings of major shareholders

i. As at 30 June 2011, 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 (shares)	Shareholding percentage (%)	Number of shares held subject to selling restrictions	Number of shares pledged or frozen	Type of shareholder
Jiangsu Communications Holdings Company Ltd. (江蘇交通控股有限公司)	-	2,742,578,825	54.44	0	0	State-owned legal person
China Merchants Huajian Highway Investment Co., Ltd. (招商局華建公路投資有限公司)	-	589,059,077	11.69	0	0	State-owned legal person
Mondrian Investment Partners Limited	-	85,820,000	1.70	0	Unknown	Foreign legal person
Blackrock, Inc.	59,945,703	59,945,703	1.19	0	Unknown	Foreign legal person
Ping An Property & Casualty Insurance Company of China, Ltd. – Self-owned Funds (中國平安財產保險股份有限公司 – 自有資金)	-	34,176,887	0.68	0	Unknown	Others
Jiantou Zhongxin Asset Management Co., Ltd. (建投中信資產管理有限責任公司)	-	21,410,000	0.42	21,410,000	Unknown	Others
Ping An Life Insurance Company of China, Ltd – Ordinary Insurance Product (中國平安人壽保險股份有限公司 – 普通保險產品)	-	13,877,848	0.28	0	Unknown	Others
Yulong Investment Fund (裕隆證券投資基金)	-	10,926,000	0.22	0	Unknown	Others
Kunshan Municipal Land Development Centre (昆山市土地開發中心)	-	7,500,000	0.15	0	Unknown	Others
BILL & MELINDA GATES FOUNDATION TRUST	-	7,328,527	0.14	0	Unknown	Others

Notes: About shareholdings of the top ten shareholders:

- The Company is not aware 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. As at 30 June 2011, 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
Jiangsu Communications Holdings Company Ltd. (江蘇交通控股有限公司)	2,742,578,825	RMB-denominated ordinary shares
China Merchants Huajian Highway Investment Co., Ltd. (招商局華建公路投資有限公司)	589,059,077	RMB-denominated ordinary shares
Ping An Property & Casualty Insurance Company of China, Ltd. – Self-owned Funds (中國平安財產保險股份有限公司 – 自有資金)	34,176,887	RMB-denominated ordinary shares
Ping An Life Insurance Company of China, Ltd. – Ordinary Insurance Product (中國平安人壽保險股份有限公司 – 普通保險產品)	13,877,848	RMB-denominated ordinary shares
Yulong Investment Fund (裕隆證券投資基金)	10,926,000	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
BILL & MELINDA GATES FOUNDATION TRUST	7,328,527	RMB-denominated ordinary shares
Jiangsu Electric Power Company (江蘇省電力公司)	6,534,627	RMB-denominated ordinary shares
Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	6,475,000	RMB-denominated ordinary shares
China Life Insurance Company Limited – 005L (中國人壽保險股份有限公司 – 005L)	5,791,859	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	Jiantou Zhongxin Asset Management Co., Ltd. (建投中信資產管理有限責任公司)	21,410,000	16 May 2007	0	Note 1
2	Other public legal person share	30,042,745	16 May 2007	0	Note 1

Note 1: 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 (advantee) 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.

II Changes in Share Capital and Shareholders (Continued)

- iv. As at 30 June 2011, 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 or debentures of the Company as recorded in the register required to be maintained under the Securities and Futures Ordinance of Hong Kong:

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/ China Merchants Huajian Highway Investment Co., Ltd. ⁽¹⁾	Others	Yes	589,059,077(L)	(11.69%)
Mondrian Investment Partners Limited	Investment manager	Yes	85,820,000(L)	7.02% (1.70%)
Blackrock, Inc.	Interest of controlled corporation	Yes	61,540,296(L) 1,776,824(S)	5.04% (1.22%) 0.15% (0.04%)

(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 its subsidiary, China Merchants Huajian Highway Investment Co., Ltd.

Save as disclosed above, to the Company's best knowledge, as at 30 June 2011, there was no person who was required to make disclosure under the Securities and Futures Ordinance of Hong Kong.

3. Change in Controlling Shareholders

During the reporting period, Huajian Transportation Economic Development Centre, the second largest shareholder of the Company (accounting for 11.69% of the Company's shares), completed its change of name as follows:

Changing Item	Before	After
Company Name	Huajian Transportation Economic Development Centre	China Merchants Huajian Highway Investment Co., Ltd.
Type of Company	An enterprise owned by the people	One-man company with limited liability (legal person solely owned)
Legal Representative	Fu Yu Ning	Li Jian Hong
Registered Capital	RMB500 million	RMB1,500 million

(3) Others

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

For the six months ended 30 June 2011, 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 PRC and the Company's Articles of Association, 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 2011 and 19 August 2011 (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 Stock Exchange") ("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 share capital, underlying shares or debentures of the Company, its subsidiaries or associated companies that were required to be disclosed pursuant to the Securities and Future Ordinance 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, underlying shares or debentures of the Company or its subsidiaries or associated companies.

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

Mr. Chang Qing was nominated as Supervisor of the Company at the Tenth Meeting of the Sixth Session of the Supervisory Committee held on 27 January 2011. The relevant resolution was considered and approved at the Extraordinary General Meeting held on 18 March 2011. Mr. Chang Qing was elected as Chairman of the Supervisory Committee of the Company at the Eleventh Meeting of the Sixth Session of the Supervisory Committee on the same day.

The Company appointed Ms. Shang Hong as Deputy General Manager, and Mr. Yao Yong Jia as Assistant to General Manager at the Fifteenth Meeting of the Sixth Session of the Board held on 18 March 2011.

(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 the 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. Business review and Analysis of Operations

i. Toll Road and Bridge Operations

During the first half of 2011, the pace of growth in the Chinese and regional economies slowed down moderately. Although the nation's and Jiangsu Province's GDP continued to grow rapidly at approximately 9.6% and 11.4% respectively, the pace of growth in the macro economy began to show the trend of a slow, quarter-by-quarter decline since last year. A corresponding gradual slowdown in growth was also demonstrated on expressway traffic. Due to the impact of the macroeconomic environment, the growth in traffic volume of trucks slowed notably during the reporting period, while traffic volume of passenger vehicles, especially small passenger vehicles, continued to surge relatively fast as a result of a rapid rise in vehicle ownership, escalating consumption, and increasing travel and tourism in recent years. This has led to a slight change in vehicle mix and a decline in revenue per vehicle, represented by growth rates of revenues being generally lower than those of traffic volumes. During the reporting period, the Group realized a toll revenue of approximately RMB2,546,859,000, up approximately 5.49% from the corresponding period of 2010. Toll revenue accounted for 69.93% of the Group's total operating income, down approximately 3.94 percentage points year-on-year.

Operation performances of roads and bridge in the first half of 2011 are as follows:

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	62,557	55,829	12.05	11,741.0	11,131.6	5.48
Shanghai-Nanjing Section of G312	19,950	21,252	-6.13	325.0	334.9	-2.95
Nanjing Section of Nanjing - Lianyungang Highway	4,955	5,700	-13.07	115.5	132.9	-13.11
Guangjing Expressway	43,603	37,232	17.11	681.4	596.7	14.19
Xicheng Expressway	46,318	38,901	19.07	1,208.1	1,143.2	5.68
Jiangyin Yangtze Bridge	51,874	43,829	18.36	2,241.7	2,083.9	7.57
Sujiahang Expressway	37,996	32,516	16.85	2,539.9	2,359.9	7.63

IV Report of the Directors (Continued)

During the reporting period, the average daily full-trip traffic volume on Shanghai-Nanjing Expressway, the core asset of the Company, reached 62,557 vehicles, up approximately 12.05% year-on-year, of which the average daily traffic volume of trucks was approximately 18,079 vehicles, an increase of approximately 2.64% year-on-year, accounting for approximately 28.9% of the average daily traffic volume and representing a decrease of approximately 2.7 percentage points; and the average daily traffic volume of passenger vehicles was approximately 44,478 vehicles, up approximately 16.39% year-on-year. It is apparent that the increase in traffic volume on Shanghai-Nanjing Expressway during the first half of 2011 was mainly attributable to passenger vehicles. After the implementation of the “Green Passage” policy on all provincial road networks since 1 December 2010, there was no further impact on Shanghai-Nanjing Expressway. On the contrary, the pressure has been relieved. During the reporting period, toll revenue waived due to “Green Passage” amounted to approximately RMB37,523,000, a year-on-year decrease of 43.6%.

There were relatively significant differences between the magnitudes of growths in traffic volume and the magnitudes of growths in average daily toll revenue for Guangjing Expressway, Xicheng Expressway, Jiangyin Yangtze Bridge and Sujiahang Expressway. In addition to a steeper increase in the number of passenger vehicles, the other reason for such differences is due to the fact that toll-free vehicles were still included in the traffic volume statistics without generating any revenue since the “Green Passage” toll-free policy was implemented on these bridge and expressways from 1 December 2010. During the reporting period, waived revenues due to the application of the “Green Passage” toll-free policy on these road and expressways amounted to approximately RMB2,729,000, RMB5,022,000, RMB9,016,000 and RMB20,288,000 respectively.

Ratios of traffic volume and toll revenue between passenger vehicles and trucks

Road/Bridge	Ratio of traffic volume of passenger vehicles/trucks		Ratio of toll revenue of passenger vehicles/trucks		Average daily full-trip revenue per vehicle (RMB/day)		
	Reporting period	Same period of the previous year	Reporting period	Same period of the previous year	Reporting period	Same period of the previous year	Change %
Shanghai-Nanjing Expressway	71.1:28.9	68.4:31.6	46:54	46.2:53.8	187.7	199.4	-5.87
Shanghai-Nanjing Section of G312	57:43	56.6:43.4	36.7:63.3	37:63	16.3	15.8	3.16
Nanjing Section of Nanjing – Lianyungang Highway	47.6:52.4	43.9:56.1	28.1:71.9	23.5:76.5	23.3	23.3	–
Guangjing Expressway	71.5:28.5	68:32	45.7:54.4	44.3:55.7	15.6	16.0	-2.50
Xicheng Expressway	73.2:26.8	70:30	48.8:51.2	49.4:50.4	26.1	29.4	-11.22
Jiangyin Yangtze Bridge	72.7:27.3	69.3:30.7	42.6:57.4	42.4:57.6	43.2	47.5	-9.05
Sujiahang Expressway	61.1:38.9	59.1:40.9	38.7:61.3	38.6:61.4	66.8	72.6	-7.99

ii. Ancillary Services

In the first half of 2011, the Group's revenue from ancillary services amounted to approximately RMB1,058,673,000, up approximately 35.09% over the corresponding period of the previous year. Of such revenue, sales of oil products amounted to approximately RMB966,521,000, accounting for 91.30% of the total revenue from ancillary services and representing an increase of approximately 38.30% year-on-year, primarily due to an increase in the sales volume of oil products as a result of the increase in traffic volume, and an increase in the prices of refined petroleum products. Other operations such as catering and retailing contributed approximately RMB92,152,000 in revenue, representing an increase of approximately 8.64% over the corresponding period of the previous year.

iii. Other Businesses

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 RMB36,491,000, down approximately 48.14% year-on-year.

Ninghu Investment is principally engaged in the distribution of advertising media along Shanghai-Nanjing Expressway and in other investments. During the reporting period, a major campaign staged by the Jiangsu Provincial Government for rectifying advertising facilities along expressways has caused a substantial impact on the development of the Company's advertising business. While the advertising business managed to obtain RMB20,647,000 in revenue in the first half of the year, which was down approximately 11.15% year-on-year, the business is anticipated to decline sharply for the whole year upon conclusion of the rectification campaign. In respect of other investments, the Kunshan real estate project developed by Ninghu Investment concluded sales on remaining properties during the period, realizing a revenue from sales of approximately RMB13,792,000. Sales have been basically completed to date.

Ninghu Properties is principally engaged in property development and operation. In 2009, the real estate business formally commenced. During the reporting period, Ninghu Properties was basically at the stage of project development and commencement. Pre-sale of some projects commenced and selling expenses increased. As the pre-sale projects have not been delivered and payments have not been settled, no profit contribution has yet been recognized. To date, the development status of various projects was as follows:

IV Report of the Directors (Continued)

“One City • Hongqiao Mansion” on Lot C4 in Huaqiao, Kunshan, was formally offered for pre-sale on 14 January, with a salable area of approximately 42,300 square meters, including 38,500 square meters of residences and 3,800 square meters of shops. As at 30 June, 85% of sales of residences were completed at an overall average price of approximately RMB9,000/ square meter, while sales of shops have not yet commenced. The Company’s capability of achieving gratifying sales performance amidst an environment characterized by the State’s macro-economic controls suggests that the phase one products and the types of properties offered by the Company have received customer recognition.

Construction of “One City • Pujiang Building” on Lot C7 in Huaqiao already commenced in the first half of 2011. This project is currently progressing steadily.

With respect to the hotel project on Lot C5 in Huaqiao, the positioning and branding of the hotel have been determined upon completion of planning consultation, and an internationally renowned hotel group has been engaged as the management company for the hotel. The construction proposal has been submitted to the Planning Bureau for examination and approval.

Construction of the “Qingyuan” project in Suzhou has already commenced on a full scale. The requirements for applying for a pre-sale certificate for the sale of commodity housing have been basically met. Pre-sales are planned to be launched in the second half of the year.

Application for the planning scheme on the land lot at Hongyan Community, Jurong City was filed in the first half of the year. An approximately 50,000 square meters development size has been determined for phase one of the project. The Company is currently embarking on related pre-development works.

iv. Operations and Results of Subsidiaries

During the reporting period, Guangjing Xicheng, a subsidiary, realized operating income of approximately RMB354,262,000, an increase of approximately 8.39% over the corresponding period of 2010. Due to an amortization of the costs incurred by partial reconstruction of road surface in 2010 and increased road maintenance costs for the current year, the amount of operating costs incurred aggregated at approximately RMB106,011,000, an increase of approximately 27.9% over the corresponding period of 2010. In addition, the base of comparison of investment income in the first half of the previous year was higher due to the distribution of dividends by Jiangsu Leasing Co., an associate, which was accounted for by the cost method, while there was no investment income realized from the associate during the reporting period. Increased operating costs and decreased investment income resulted in a year-on-year decline in net profit of approximately 7.29% at Guangjing Xicheng for the reporting period.

For the operating performances and changes in results of Ninghu Investment and Ninghu Properties, please refer to the analysis in “Other Businesses” in this report.

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	3,169,731	3,032,279	179,041	13.49	-7.29
Jiangsu Ninghu Investment Development Co., Ltd.	Investment in various infrastructure, industrial and assets	95,000	95	270,655	253,382	13,705	1.03	-50.03
Jiangsu Ninghu Properties Co., Ltd.	Development and operation and consultancy of properties	200,000	100	1,702,212	195,807	-5,417	-0.41	-

(2) Analysis of Operating Results and Financial Conditions

1. Analysis of Operating Results

From January to June 2011, the Group realized total operating revenues of approximately RMB3,642,023,000, up approximately 11.43% over the same period of 2010, of which toll revenue amounted to approximately RMB2,546,859,000, representing an increase of approximately 5.49% as compared to the same period of 2010. Revenue from ancillary services amounted to approximately RMB1,058,673,000, up approximately 35.09% over the same period of 2010. Revenue from other operations was approximately RMB36,491,000, down approximately 48.14% from the same period of 2010. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB1,751,675,000 during the reporting period, an increase of approximately 2.88% over the same period of 2010. Net profit attributable to equity holders of the Company was approximately RMB1,299,491,000 and earnings per share was approximately RMB0.26, an increase of approximately 2.06% over the same period of 2010.

IV Report of the Directors (Continued)

The operating performances of various businesses were as follows:

Unit: RMB'000

Item	Operating revenue		Operating costs		Gross profit margin (%)	
	The reporting period (RMB'000)	Year-on-year change (%)	The reporting period (RMB'000)	Year-on-year change (%)	The reporting period	Year-on-year change
Toll road	2,546,859	5.49	640,950	11.51	74.83	Decreased by 1.36 percentage points
Shanghai-Nanjing Expressway	2,125,128	5.48	418,529	10.66	80.31	Decreased by 0.92 percentage point
Shanghai-Nanjing Section of G312	58,827	-2.95	120,396	5.10	-104.66	Decreased by 15.68 percentage points
Nanjing Section of Nanjing – Lianyungang Highway	20,900	-13.11	9,439	-15.47	54.84	Increased by 1.27 percentage points
Guangjing Xicheng Expressways	342,004	8.60	92,586	30.69	72.93	Decreased by 4.57 percentage points
Ancillary services	1,058,673	35.09	1,023,985	35.99	3.28	Decreased by 0.64 percentage point
Sale of properties	13,792	-69.65	6,947	-72.31	49.63	Increased by 4.84 percentage points
Others	22,699	-8.93	9,122	10.90	59.81	Decreased by 7.19 percentage points
Total	3,642,023	11.43	1,681,004	23.50	53.84	Decreased by 4.52 percentage points

– *Revenue*

	The reporting period (RMB'000)	The corresponding period of the previous year (RMB'000)
Revenue:		
Toll revenue	2,546,859	2,414,403
Ancillary services	1,058,673	783,705
Sale of properties	13,792	45,438
Others	22,699	24,927
Total	3,642,023	3,268,473

– *Operating costs of the toll road operations*

During the reporting period, aggregated operating costs amounted to approximately RMB1,681,004,000, representing an increase of approximately 23.50% year-on-year, of which operating costs of toll road operations amounted to approximately RMB640,950,000, representing an increase of approximately 11.51% year-on-year. Gross profit margin decreased by approximately 1.36 percentage points. In the cost structure, depreciation and amortization costs continued to grow in synchrony with the increase in traffic volumes, while road and bridge maintenance costs as well as system maintenance costs were up approximately 32.30% and 31.64% year-on-year respectively, primarily attributable to the Company's increased efforts in preventive maintenance so as to upgrade road quality as well as specific expenses for the upgrade and renovation of the expressway ticket management system. Increases in labor and other costs led to a year-on-year increase of approximately 15.78% in toll collection operating costs. The cost structure and its changes were as follows:

IV Report of the Directors (Continued)

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 of total operating costs (%)	Year-on-year change (%)
Depreciation and amortization	431,340	67.30	399,147	69.44	8.07
Costs on toll collection operation	158,974	24.80	137,306	23.89	15.78
Costs on roads and bridges maintenance	35,770	5.58	27,037	4.70	32.30
System maintenance	14,866	2.32	11,293	1.97	31.64
Total	640,950	100	574,783	100	11.51

– *Administrative expenses and finance costs*

During the reporting period, aggregated administrative expenses of the Group amounted to approximately RMB73,309,000, an approximately 3.67% increase year-on-year.

As at 30 June 2011, total interest-bearing liabilities of the Group amounted to approximately RMB6,132,711,000, representing a decrease of RMB134,394,000 as compared to the beginning of 2011 and a decrease of RMB1,393,962,000 as compared to the corresponding period in 2010. While there was a year-on-year decrease in total interest-bearing liabilities and the Company continued to implement proactive financing strategy to lower finance costs, aggregated finance cost of the Group amounted to RMB143,179,000, representing a decrease of approximately 21.76% year-on-year.

– *Investment Income*

The Company's investment income is primarily generated from investment incomes contributed by associates accounted for by the equity method, dividends distributed by invested companies accounted for by the cost method and gains from the disposal of financial assets by the Company. During the reporting period, the Group reaped investment income amounting to approximately RMB102,121,000, down approximately 21.54% year-on-year. In particular, various associates which were accounted for by the equity method, primarily comprising Sujiahang Co., Kuailu Co. and Yangtze Bridge Co., contributed approximately RMB100,130,000 in investment income, representing 7.55% of the Group's net profit and a decrease of approximately 10.99% year-on-year. During the reporting period, Sujiahang Co. continued to maintain steady growth, with an approximately 7.73% year-on-year increase in contributed investment income. Kuailu Co. posted a relatively significant decline in profits during the reporting period due to a higher net profit base for the corresponding period of the previous year as a result of assets disposal. Yangtze Bridge Co. saw a year-on-year fall in contributed investment income due to an approximately 23.89% year-on-year decline in net profit as a result of the dilution of profits by new investment projects. 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)	Contribution of investment income (RMB'000)	Year-on-year change (%)	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	168,421	56,135	7.73	4.23
Jiangsu Kuailu Motor Transport Co., Ltd.	Road transportation, automobile repair and sales of automobiles and automobile parts and components	49,900	33.2	7,637	1,643	-62.39	0.12
Jiangsu Yangtze Bridge Co., Ltd.	Mainly engaged in the management and operation of Jiangyin Yangtze Bridge	631,159	26.66	163,304	43,537	-23.89	3.28

IV Report of the Directors (Continued)

– Income tax

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 2011, aggregated income tax expense of the Group amounted to approximately RMB418,286,000, representing an increase of approximately 4.43% as compared to the corresponding period in 2010.

Item	The reporting period (RMB'000)	The corresponding period of the previous year (RMB'000)
Current tax expense calculated according to tax laws and relevant requirements	418,634	397,248
Adjustments to deferred tax	-348	1,225
Under provision of prior years' tax	0	2,082
Total	418,286	400,554

– Operating profit and net profit

During the reporting period, although the Group continued to crop a 11.43% increase in operating income, various costs and expenses increased by approximately 23.50% year-on-year. Consolidated gross profit margin fell by approximately 4.52 percentage points from the corresponding period of 2010, while investment income generated also fell by approximately 21.54% year-on-year. As a result of an approximately 21.76% year-on-year fall in financial costs, recognized operating profit amounted to approximately RMB1,751,675,000, still a slight increase of approximately 2.88% from the corresponding period of the previous year. During the reporting period, reasons such as rectification and removal of advertising facilities along expressways caused substantially increased losses from the disposal of non-current assets, resulting in a year-on-year increase of approximately RMB6,482,000 in non-operating expenses, an increase of approximately 107.08%. In consequence, the Group realized a net profit of approximately RMB1,327,032,000, a year-on-year increase of approximately 1.80%. In particular, net profit attributable to shareholders of the listed company amounted to approximately RMB1,299,491,000, a year-on-year increase of approximately 2.06%.

2. Analysis of Financial Status

– *The capital structure of the Group*

During the reporting period, the significant increase in advances from customers generated from the pre-sale in the projects of Ninghu Properties, a subsidiary, and the fact that a portion of the year's dividends have not been paid and led to an increase in the dividends payable, leading to increased proportion in current liabilities and non-interest bearing liabilities. The gearing ratio also increased as compared to the beginning of the year.

Item	30 June 2011		31 December 2010	
	RMB'000	%	RMB'000	%
Current liabilities	4,648,731	18.80	3,795,237	15.24
Non-current liabilities	2,576,456	10.42	3,078,212	12.36
Liabilities with fixed interest rate	2,777,711	11.23	3,017,105	12.12
Liabilities with floating interest rate	3,355,000	13.57	3,250,000	13.05
Non-interest bearing liabilities	1,092,476	4.42	606,344	2.43
Equity attributable to equity holders of the Company	17,038,489	68.90	17,563,723	70.55
Minority interests	464,742	1.88	460,321	1.85
Total assets	24,728,418	100	24,897,493	100
Gearing ratio:	29.22		27.61	

Gearing ratio: total liabilities/total assets

IV Report of the Directors (Continued)

– Asset liquidity and financial resources

During the reporting period, cash inflow from the Group's operating activities amounted to approximately RMB4,125,975,000, and net cash inflow from operating activities amounted to approximately RMB1,977,858,000, representing a year-on-year increase of approximately 51.23%. Operating revenue increased and funds outflow of the subsidiary's property business decreased, leading to a significant increase in net cash inflow from operating activities. The consolidated assets-liability ratio stood at 29.22% which was a relative reasonable level; and the book value of bank balances and cash amounted to RMB487,801,000. Moreover, as at 30 June 2011, unutilized credit facilities from banks amounted to approximately RMB5,955 million. As such, the management believes that the Group does not have any cash liquidity problem.

As at 30 June 2011, cash and cash equivalents and loans were as indicated in the table below:

Item	As at 30 June 2011 The Group (RMB'000)	As at 31 December 2010 The Group (RMB'000)
Cash and cash equivalents		
Cash on hands	351	270
Bank deposits	452,036	466,530
Other bank balances and cash	35,414	8,285
Total:	487,801	475,085
Loans		
Short-term bank loans	2,255,000	1,890,000
Long-term loans due within one year	1,301,255	1,299,210
Long-term bank loans	2,576,456	3,077,894
Total	6,132,711	6,267,104

– *Capital expenditures*

During January to June 2011, the Group's planned capital expenditures actually incurred amounted to approximately RMB168,514,000, representing an increase of approximately RMB150,929,000, or approximately 858.28% as compared to the corresponding period of the previous year. The major composition is as follows:

Capital Expenditure Project	RMB'000
Increase in equity investment in Jiangsu Leasing Co., Ltd.	134,000
Balance payment for the expansion works of Shanghai-Nanjing Expressway	348
Partial renovation on surface of Guangjing Xicheng Expressway	28,340
Acquisition of fixed assets	5,826
Total	168,514

– *Finance activities and financial costs*

During the reporting period, impacted by the State's tightened monetary policy, commercial loans basically did not enjoy preferential interest rates. Although the consolidated borrowing cost increased as a result of the State's two-time increases in the prime rate, the Company was able to control finance costs by adjusting its debt structure through active and effective financial initiatives. During the first half of 2011, the consolidated borrowing cost was approximately 4.87%, approximately 1.45 percentage points lower than the prevailing bank borrowing rate and representing an increase of approximately 0.06 percentage point year-on-year.

– *Foreign exchange risks*

The Group operates its businesses principally in the PRC. 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 USD9,800,000 was secured from the Spanish Government in 1998 and will be due on 18 July 2027. As at 30 June 2011, the balance of the loan was approximately RMB28,060,000 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.

IV Report of the Directors (Continued)

– *Contingent liabilities*

As at 30 June 2011, the Company did not have any contingent liabilities.

– *Pledge of assets*

As at 30 June 2011, the Company did not have any pledge of assets.

– *Trust deposits*

As at 30 June 2011, the Company did not have any trust deposits with any financial institutions in the PRC or any fixed term deposits which were irrecoverable upon their maturity.

– *Trust loans*

During the reporting period, the Company secured a loan of RMB60,000,000 from its subsidiary Guangjing Xicheng by way of a trust loan with a term of one year at an annual interest of 4%; secured a loan of RMB50,000,000 from its subsidiary Ninghu Investment Company by way of a trust loan with a term of one year at an annual interest of 4%; and secured a loan of RMB110,000,000 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 of 6.31%. As at 30 June 2011, the balance of trust loans amounted to RMB850,000,000.

(3) Investment of the Company

To further expand its principal business, the Company considered and approved an investment in a new project for the construction of the Kunshan-Wujiang section of the Changshu-Jiaxing Expressway (the “Project”) at the Eighteenth Meeting of the Sixth Session of the Board on 3 June 2011. The Project pertains to a two-way six-lane expressway of a length of 28.435 km (with three interchanges, two hubs and one service area). Construction is scheduled for commencement within 2011 and completion by 2014. According to the feasibility report on the Project, total investment in the Project amounts to RMB3.894 billion. 30% of the project capital will be contributed by the Company, involving a total investment of no more than RMB500 million, while 70% will be contributed by an investment company under the Suzhou Municipality. The remaining project capital will be funded by loans from domestic banks with the project company as the principal party, and the Company is not required to provide any guarantee or security for such loans. According to the financial evaluation in the feasibility report, the internal rate of return on the Project’s own funds is preliminarily estimated at approximately 9.14% which is a relatively high investment return compared to the current expressway projects under construction or proposed expressway projects in the province.

Located on a most convenient and efficient route connecting Sutong Yangtze River Bridge and Hangzhou Bay Sea-Crossing Bridge, the Project is a major north-south bound passage on the eastern side of Tai Lake, Jiangsu Province. Upon completion of the Project, the road section will run 20-30 km shorter than the passage that the national coastal corridor (G15 Shenyang-Haikou Expressway) needs to run in the region. The Project offers distinct geographical advantages with good investment value.

Meanwhile, the Project runs in parallel with the southern section of Sujiahang Expressway. Since Sujiahang Expressway has increasingly been subjected to saturated traffic after nearly ten years in operation, the Project, upon its completion, will be able to relieve traffic congestion on the southern section of Sujiahang Expressway.

(4) Staff Salary and Training

As at 30 June 2011, the Company had a total of 3,675 staff members (excluding those companies with controlled shareholding or equity investments), comprising 367 administrative/management staff and 3,308 operational/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”, thereby raising the fairness and competitiveness of the salary system. In accordance with the statutory requirements, the Company provides its employees with a number of social insurance schemes such as basic pension insurance, medical insurance, labour injury insurance, maternity insurance, unemployment insurance and annuity.

An “In-house Part-time Lecturer Training Scheme” was devised for staff education and training in the first half of the year by offering professional training to senior management staff and professional technicians to build our own business training team. To coincide with the “Caring Shanghai-Nanjing Expressway” standardized service campaign, during the first half of the year focus was placed on enhancing the capability of rank-and-file team leaders by conducting a phase-by-phase training programme for 210 team leaders in rotation in various areas such as role positioning, understanding in management and communication skills, thereby having effectively improved the overall management standards.

IV Report of the Directors (Continued)

(5) Prospects and Plans

1. Analysis of the business environment

Since the beginning of the year, the pace of growth in the macro economy has been maintaining a slightly falling trend due to a number of factors such as inflation and monetary tightening. Moving into the second half of the year, containing inflation remains to be the major objective of the Central Government's economic policy. Therefore, it can be expected that economic growth is likely to further slow down moderately. This will impact traffic demand from freight transport in particular, resulting in a relaxed growth in traffic volume on the roads. Meanwhile, monetary tightening will lead to rising financing costs, thereby exerting pressure on the Company's costs of capital and creating an impact on the Company's profits.

As regards toll road policies, five Chinese ministries and commissions jointly published in June the "Notice for Carrying out a Special Rectification Project for Toll Roads" for cleaning up various irregularities and unreasonable tolling practices on a nationwide basis, such as toll charging beyond the franchise period and excessively high toll rates. Although it is difficult to assess specifically the degree of the impact of the clean-up project at the moment because it remains unclear as to what assets are involved in the clean-up project and what specific clean-up measures will be implemented, listed expressway companies will encounter certain policy risks as the social and policy environment in the toll road sector is switching toward a direction unfavorable for the development of the sector, for which aggressive initiatives are needed to be taken.

The competitive landscape of the Group's toll roads will remain generally stable in the second half of the year. Although the operation of the Beijing-Shanghai High-speed Railway in June this year has enhanced the passenger transport capacity on the railway running between Shanghai and Nanjing, this has not caused substantial traffic diversions from our expressways for the time being.

2. Work priorities for the second half of the year

In line with the overall business situation in the second half of the year, the Group has set the following work priorities for the second half of the year to ensure the attainment of the full-year profit target, and to make planning preparations for future strategic development:

- i. Carry out the special clean-up project for toll roads according to the relevant requirements of the five ministries and commissions as well as the Jiangsu Provincial Government; and under the premise of compliance and respect for history, assess the actual situation of each project in an objective manner and maintain active communication with government authorities, with an aim to identify any potential impact and formulate workable solutions, striving to safeguard the legitimate interests of the Company and shareholders.

- ii. Under the current situation, focus on the development and transformation theme by formulating the “12th Five-year” development plan with innovative and pioneering ideas; and based on the Company’s core competitiveness, determine the strategic positioning; innovate, transform and upgrade the Company’s business model; and determine our strategic objectives for a long-term, sustainable development of the Company.
- iii. Continue to further improve the development of the Company’s internal control system. Establish scientific standards with reasonable applications covering system of risk control and management efficiency. Improve management flows and formulate internal control inspection and assessment mechanisms. Launch the work on internal control audit and self-assessment in stages.
- iv. Enhance the control in corporate costs. Under the current tightened monetary policy, lower finance costs through pro-active and effective financing arrangements and debt structure adjustments. Place focus on strengthening budget management and control on significant expenses. Continuously improve the long-term management of energy conservation and consumption reduction to enlarge the effect of reduction in operating costs.
- v. Further improve the criteria for standardized services at other service positions apart from toll collection with a focus to ensure safe and smooth road traffic, enhance quality and courteous service and meet customers’ diverse demands. Enhance the value and awareness on providing quality service, thereby achieving the migration to professional-based management of the service force from its original experience-based management.
- vi. In respect of the properties business, complete the development work on current projects according to planned progress and adjust the development pace properly. Monitor closely the situation of the government’s policies, and conscientiously evaluate the demand in the property market in various districts. While closely managing investment risks, leverage the Group’s own advantages to grasp investment opportunities of suitable projects, increase the land bank when applicable and expand business possibilities.

V Significant Matters

(1) Corporate Governance

1. Corporate Governance Status

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 Governance Standards 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 in Appendix 14 of the Hong Kong Listing Rules. For details of the implementation of the governance practice, please refer to the relevant sections in the Company’s 2010 Annual Report.

During the reporting period, none of the Company, the Board, the Supervisory Committee and directors, supervisors and the senior management of the Company was subject to administrative penalty, criticisms through circulation of a public notice or other public reprimand by the regulatory authorities.

2011 is the year for the listed company to initiate its internal control work. With a view to carrying out the requirements of the Basic Principles on Corporate Internal Control issued by the five ministries of the State and the relevant implementation guidelines, and to continuously enhancing corporate operational management standards and the capability of risk prevention, the Company has formulated the Implementation Plan for Internal Control Regulations. Such plan had been considered and approved by the board of directors, and work on internal control was carried out in stages thereafter.

In order to further systemize and intensify the internal control work, with the professional support of the intermediaries and based on the existing documented management system, the Company has smoothened and diagnosed anew, and conducted mock audit on, various aspects including the organizational structure, management systems, business processes and control systems. It recognized key defects in the design of the Company’s internal control, analyzed the causes thereof and potential influences to the Company, and formulated rectification plans. It promptly made rectifications and improvements pertaining to the defects in the design aspect of the internal control system, and to the deviations between the Basic Principles on Corporate Internal Control and the application guidelines.

Meanwhile, the Company itself has adjusted the set-up of the internal control function within the premise of the organizational structure. It established an independent Internal Audit Office, which is under the Secretariat Office of the Board and directly reports to the Audit Committee. It also recruited professionals to handle work relating to internal control audits. Through adjustments of positions, the Internal Audit Office is independent from other operational departments within the Company's organizational structure. It is able to maintain its independence, and supervise and evaluate activities in a fair and objective manner. Meanwhile, the Corporate Management Department is responsible for fundamental work including the establishment of the internal control system and improvement on systems and procedures, so as to fulfill the principle required in the internal control regime where inspection, monitoring and assessment of internal control is independent from its design and operation.

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 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 2011 and had sufficient communication with the Company's management in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2011.

V Significant Matters (Continued)

(2) Profit Distribution and its Implementation

1. During the reporting period, the Board of the Company neither recommended the payment of an interim dividend for the six months ended 30 June 2011 (Same period of 2010: Nil), nor did the Board increase share capital by transferring reserve fund.
2. As approved at the 2010 annual general meeting, the Company distributed a cash dividend of RMB0.36 (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 2010, equivalent to approximately 82.06% of the distributable profit (subject to the deduction of 10% Statutory Reserve) of the year, payout ratio reached 73.02%. Such profit distribution scheme was implemented on 10 June 2011.

(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 Group does not hold equity interests in other listed companies, nor does it hold equity interests in other non-listed financial enterprises.

(6) Assets Transfer

- Capital Enlargement in Financial Leasing

During the reporting period, Jiangsu Financial Leasing Co., Ltd. (“Financial Leasing”), an associate in which Guangjing Xicheng, the Company’s subsidiary, held equity interests, has carried out registered capital enlargement due to business expansion. After the registered capital enlargement, the registered capital of Financial Leasing increased from RMB854,700,000 to RMB2,000,000,000. Guangjing Xicheng, which originally held 11.7% stake in Financial Leasing, contributed RMB134,000,000 in cash in proportion to its shareholding in the original registered share capital during the course of capital enlargement. Upon completion of the registered capital enlargement, its shareholding in Financial Leasing remained unchanged. For details of the registered capital enlargement, please refer to the relevant announcement published by the Company on 28 May 2011.

Upon completion of the registered capital enlargement, it is expected that the working capital owned by Financial Leasing will increase and the business scope of Financial Leasing will be expanded with strengthened economies of scale. As such, the registered capital enlargement of Financial Leasing was key to its continued development and the improvement of integrated competitiveness, thereby benefiting the long-term interests of Guangjing Xicheng and the Company.

(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 and implement it at an opportune time.

(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 18 March 2011, the Company and its subsidiary, Guangjing Xicheng, entered into separate 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 18 March 2011 and ending on 31 December 2011. The maximum contractual maintenance service fees of the two contracts were estimated to be no more than RMB30 million and RMB60 million, 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, under the principle of not exceeding 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 2011. The maintenance service fees are to be paid out of the Company and Guangjing Xicheng’s own funds.

As Jiangsu Communications Holdings Company Ltd (“Communications Holdings”) and its associates hold 30% equity interests in Jiangsu Sundian, Jiangsu Sundian is a connected party of the Company. The relevant transaction constituted a continuing connected transaction of the Company.

V Significant Matters (Continued)

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 Company and its the road and bridge projects. 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 22.85% equity interests, while the Company and Guangjing Xicheng holds approximately 4.06% 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 party 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 RMB9,148,000 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 RMB1,980,000 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. The relevant office rentals have been included in the Company's operating revenue in phases.

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.

– Connected Transactions Related to Acquisition and Disposal of Assets

During the course of registered capital enlargement of Financial Leasing by the Company's subsidiary Guangjing Xicheng (for details of the transaction, please refer to "Assets Transfer" in this report), as other transaction parties including Communications Holdings, Yangtze Bridge Co. and Financial Leasing are the Company's connected parties, the registered capital enlargement constituted a connected transaction under the Hong Kong Listing Rules and the listing rules of the Shanghai Stock Exchange. In the transaction, each shareholder contributed to the registered capital of Financial Leasing at the same price. The transaction price was fair and reasonable. As each of the applicable percentage ratios (as defined under rule 14.07 of Hong Kong Listing Rules) in relation to the registered capital enlargement was less than 5% but the assets ratio and consideration ratio exceeded 0.1%, the transaction was exempt from the independent shareholders' approval requirement and the Company has performed its reporting and announcement duties under the relevant requirement.

V 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	60,000	590,000
Far East Shipping	0	0	110,000	210,000
Total	0	0	170,000	800,000

During the reporting period, the Company secured a loan of RMB60,000,000 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 secured a loan of RMB110,000,000 from its associate, Far East Shipping, by way of a trust loan with a term of one year at an annual interest rate of 6.31%.

– 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.

V Significant Matters (Continued)

(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 China Merchants Huajian Highways Investment Co., Ltd. (formerly known as Huajian Transportation Economic Development Center), holding over 5% of the Company's 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 two shareholders have completely fulfilled the relevant undertakings during the undertaking 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

Pursuant to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published in December 2010 and the amendments to the Hong Kong Listing Rules, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with China accounting standards, while Mainland accounting firms endorsed by the Ministry of Finance of the PRC and the CSRC are allowed to provide services to these issuers in accordance with China auditing standards.

Given the Hong Kong Stock Exchange accepts the adoption of China accounting standards and China auditing standards and the engagement of Mainland accounting firms, in order to improve efficiency and reduce the costs in making disclosure, the board of directors of the Company will, commencing from the fiscal year of 1 January 2011, prepare one set of financial statements in accordance with China accounting standards and engage a Mainland accounting firm endorsed by the Ministry of Finance and the CSRC to carry out the auditing of the Company’s financial statements.

The reappointment of Deloitte Touche Tohmatsu Certified Public Accountants Limited as the Company’s domestic auditors for the year 2011 was approved at the 2010 annual general meeting. It will carry out the auditing of the Company’s financial statements for the year ended 31 December 2011 prepared under China accounting standards, and undertake the responsibilities of international auditors to be fulfilled in accordance with the Hong Kong Listing Rules. The audit fees for the year amount to are RMB1.97 million. Deloitte Touche Tohmatsu Certified Public Accountants Limited is a practicing accounting firm endorsed by the Ministry of Finance and the CSRC to act as reporting accountants and/or auditors for Mainland incorporated companies listed in Hong Kong.

Since 2003, the auditors have been providing auditing services for the Company for nine consecutive years. The partners of the auditors responsible for the auditing business of the Company were changed during the years of 2008 and 2010.

At the general meeting, Deloitte Touche Tohmatsu was no longer reappointed as international auditors of the Company for the fiscal year beginning 1 January 2011.

At the general meeting, Deloitte Touche Tohmatsu Certified Public Accountants Limited was appointed as the Company’s auditors for internal control for 2011 as well. The audit fees amount to RMB680,000.

(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.

V Significant Matters (Continued)

(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2011-001	2011-1-21	Announcement on the Interest Payment of Corporate Bonds
臨2011-002	2011-1-28	Announcement on Change in Supervisor
臨2011-003	2011-1-28	Announcement on the Tenth Meeting of the Sixth Session of the Supervisory Committee
臨2011-004	2011-1-28	Notice of 2011 First Extraordinary General Meeting
臨2011-005	2011-3-21	Announcement on the Resolution of the 2011 First Extraordinary General Meeting
臨2011-006	2011-3-21	Announcement on the Fifteen Meeting of the Sixth Session of the Board of Directors
臨2011-007	2011-3-21	Announcement on the Eleventh Meeting of the Sixth Session of the Supervisory Committee
臨2011-008	2011-3-21	Continuing Connected Transaction Announcement on Road Maintenance Service Contract with Jiangsu Sundian Engineering Co., Ltd.
臨2011-009	2011-3-21	Notice of 2010 Annual General Meeting
臨2011-010	2011-5-12	Announcement of the Resolutions of the 2010 Annual General Meeting
臨2011-011	2011-5-16	Announcement on the Listing of the Ninth Batch of Circulating Shares with Selling Restriction
臨2011-012	2011-5-28	Connected Transaction Announcement on Increase in Capital Contribution to Jiangsu Financial Leasing Co., Ltd. by Jiangsu Guangjing Xicheng Expressway Company Limited, a Subsidiary of the Company
臨2011-013	2011-5-31	Announcement on Implementation of 2010 Profit Distribution
臨2011-014	2011-6-4	Announcement on the Eighteenth Meeting of the Sixth Session of the Board of Directors

VI Financial Report

Consolidated Balance Sheet

At 30 June 2011

				Unit: RMB			
Item	Notes	Closing Balance	Opening Balance	Item	Notes	Closing Balance	Opening Balance
Current Assets:				Current liabilities:			
Cash and bank balances	(VI) 1	487,801,375	475,084,741	Short-term borrowings	(VI) 16	2,255,000,000	1,890,000,000
Held-for-trading financial assets	(VI) 2	31,477,863	60,143,990	Accounts payable	(VI) 17	103,633,211	108,382,469
Accounts receivable	(VI) 3	66,075,526	76,671,935	Receipts in advance	(VI) 18	294,491,086	28,495,707
Prepayments	(VI) 4	42,336,887	692,761,080	Employee benefits payable	(VI) 19	7,733,625	8,484,315
Dividends receivable	(VI) 6	1,475,051	1,475,051	Taxes payable	(VI) 20	235,908,259	252,738,736
Other receivables	(VI) 5	45,755,949	47,202,093	Interest payable	(VI) 21	56,410,768	42,265,134
Inventories	(VI) 7	1,630,248,454	872,654,415	Dividends payable	(VI) 22	316,053,072	62,312,486
Other current assets	(VI) 8	42,000,000		Other payable	(VI) 23	78,245,566	103,347,837
				Non-current liabilities due within one year	(VI) 24	1,301,254,777	1,299,210,230
Total Current Assets		2,347,171,105	2,225,993,305	Total Current Liabilities		4,648,730,364	3,795,236,914
Non-current Assets:				Non-current Liabilities:			
Long-term equity investments	(VI) 9.10	2,190,338,885	2,035,725,267	Long-term borrowings	(VI) 25	2,576,456,269	3,077,894,398
Investment properties	(VI) 11	15,896,939	16,172,451	Bonds payable		0	0
Fixed assets	(VI) 12	1,163,821,068	1,235,365,834	Deferred tax liabilities	(VI) 15	0	317,393
Construction in progress	(VI) 13	15,426,957	13,764,384	Total Non-current Liabilities		2,576,456,269	3,078,211,791
Intangible assets	(VI) 14	18,990,340,603	19,364,946,719				
				TOTAL LIABILITIES		7,225,186,633	6,873,448,705
Long-term prepaid expenses		695,408	828,681				
Deferred tax assets	(VI) 15	4,726,840	4,696,492	SHAREHOLDERS' EQUITY:			
Total Non-current Assets		22,381,246,700	22,671,499,828	Share capital	(VI) 26	5,037,747,500	5,037,747,500
				Capital reserve	(VI) 27	7,565,586,539	7,576,722,435
				Surplus reserve		2,022,082,235	2,022,082,235
				Unappropriated profits	(VI) 28	2,413,072,668	2,927,171,033
				Total shareholders' equity attributable to equity holders of the Company		17,038,488,942	17,563,723,203
				Minority interests		464,742,230	460,321,225
				TOTAL SHAREHOLDERS' EQUITY		17,503,231,172	18,024,044,428
TOTAL ASSETS		24,728,417,805	24,897,493,133	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,728,417,805	24,897,493,133

The accompanying notes form part of the financial statements.

Financial Statements set out on pages 39 to 144 were signed by the following persons:

Legal representative:
Yang Gen Lin

Accounting Chief:
Liu Wei

The person-in-charge of the accounting institution:
Yu Lan Ying

VI Financial Report (Continued)

Balance Sheet of the Company

At 30 June 2011

Item	Notes	Closing Balance	Opening Balance	Item	Notes	Closing Balance	Unit: RMB
							Opening Balance
Current Assets:				Current Liabilities:			
Cash and bank balances		188,047,779	171,257,578	Short-term borrowings		2,895,000,000	2,490,000,000
Accounts receivables	(XI) 1	51,549,694	65,475,479	Accounts payable		95,625,923	95,760,231
Prepayments	(XI) 2	28,829,131	1,582,171	Receipts in advance		11,707,251	3,987,714
Other receivables	(XI) 3	1,263,978,424	1,346,323,803	Employee benefits payable		7,536,654	8,192,758
Inventories		18,049,891	12,095,632	Taxes payable		161,181,325	181,695,793
				Interest payable		57,121,968	42,957,734
				Dividends payable		292,932,742	62,312,486
				Other payables		60,489,723	68,580,048
				Non-current liabilities due within one year		1,301,254,777	1,299,210,230
Total Current Assets		1,550,454,919	1,596,734,663	Total Current Liabilities		4,882,850,363	4,252,696,994
Non-current Assets:				Non-current Liabilities:			
Long-term equity investments	(XI) 4	4,161,021,168	4,139,223,226	Long-term borrowings		2,576,456,269	3,077,894,398
Fixed assets		1,007,578,598	1,062,649,121	Bonds payable		0	0
Construction in progress		15,222,621	13,234,685	Total Non-current Liabilities		2,576,456,269	3,077,894,398
Intangible assets		17,172,084,791	17,519,423,854				
Deferred tax assets		4,433,784	4,558,784				
Total non-current assets		22,360,340,962	22,739,089,670	TOTAL LIABILITIES		7,459,306,632	7,330,591,392
				SHAREHOLDERS' EQUITY:			
				Share capital		5,037,747,500	5,037,747,500
				Capital reserve		7,547,161,307	7,558,297,203
				Surplus reserve		1,761,694,860	1,761,694,860
				Unappropriated profits		2,104,885,582	2,647,493,378
				TOTAL SHAREHOLDERS' EQUITY		16,451,489,249	17,005,232,941
				TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,910,795,881	24,335,824,333
TOTAL ASSETS		23,910,795,881	24,335,824,333				

The accompanying notes form part of the financial statements.

Consolidated Income Statement

For the period ended 30 June 2011

Item	Notes	Unit: RMB	
		Amount for the current period	Amount for the prior period
I. Total operating income	(VI) 29	3,642,022,871	3,268,472,431
Including: Operating income		3,642,022,871	3,268,472,431
II. Total operating costs		1,991,847,960	1,700,936,687
Including: Operating costs	(VI) 29	1,681,003,634	1,361,091,622
Business taxes and levies	(VI) 30	91,276,001	85,637,464
Selling expenses		3,579,685	573,792
Administrative expenses		73,309,255	70,715,418
Financial expenses	(VI) 31	143,179,385	182,998,391
Impairment losses of assets	(VI) 32	-500,000	-80,000
Add: Gains from changes in fair values			
(Losses are indicated by “-”)	(VI) 33	-621,390	4,899,300
Investment income (Loss is indicated by “-”)	(VI) 34	102,121,292	130,157,129
Including: Income from investments in associates and joint ventures		100,129,794	112,486,768
III. Operating profit (Loss is indicated by “-”)		1,751,674,813	1,702,592,173
Add: Non-operating income	(VI) 35	6,179,749	7,606,476
Less: Non-operating expenses	(VI) 36	12,536,356	6,053,968
Including: Losses from disposal of non-current assets		5,987,612	505,877
IV. Total profit (Total loss is indicated by “-”)	(VI) 37	1,745,318,206	1,704,144,681
Less: Income tax expenses	(VI) 38	418,286,136	400,554,391
V. Net profit (Net loss is indicated by “-”)		1,327,032,070	1,303,590,290
Including: Net profit attributable to owners of the Company		1,299,490,735	1,273,252,748
Profit or loss attributable to minority interests		27,541,335	30,337,542
VI. Earnings per share:	(VI) 39		
(I) Basic earnings per share		0.2580	0.2527
(II) Diluted earnings per share		N/A	N/A
VII. Other comprehensive income	(VI) 40	-11,135,896	-152,121,909
VIII. Total comprehensive income		1,315,896,174	1,151,468,381
Total comprehensive income attributable to owners of the Company		1,288,354,839	1,121,130,839
Total comprehensive income attributable to minority interests		27,541,335	30,337,542

The accompanying notes form part of the financial statements.

VI Financial Report (Continued)

Income Statement of the Company

For the period ended 30 June 2011

Item	Notes	Unit: RMB	
		Amount for the current period	Amount for the prior period
I. Operating income	(XI)5	3,252,579,662	2,872,940,747
Less: Operating costs	(XI)5	1,558,923,971	1,244,909,005
Business taxes and levies		79,299,968	74,758,336
Administrative expenses		60,544,602	58,463,423
Financial expenses		158,061,636	194,057,672
Impairment loss of assets		-500,000	0
Add: Investment income (Loss is indicated by “-”)	(XI)6	232,329,322	231,607,082
Including: Income from investments in associates and joint ventures		101,314,118	113,677,057
II. Operating profit (Loss is indicated by “-”)		1,628,578,807	1,532,359,393
Add: Non-operating income		5,314,316	7,606,476
Less: Non-operating expenses		8,198,453	4,014,136
Including: Losses from disposal of non-current assets		3,412,329	289,434
III. Total profit (Total loss is indicated by “-”)		1,625,694,670	1,535,951,733
Less: Income tax expenses		354,713,366	331,692,506
IV. Net profit (Net loss is indicated by “-”)		1,270,981,304	1,204,259,227
V. Earnings per share:			
(I) Basic earnings per share		0.2523	0.2390
(II) Diluted earnings per share		N/A	N/A
VI. Other comprehensive income		-11,135,896	-152,121,909
VII. Total comprehensive income		1,259,845,408	1,052,137,318

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

For the period ended 30 June 2011

Item	Notes	Amount for the current period	Unit: RMB Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		4,117,073,209	3,349,107,110
Other cash receipts relating to operating activities	(VI) 41(1)	8,901,453	3,868,709
Sub-total of cash inflows from operating activities		4,125,974,662	3,352,975,819
Cash payments for goods purchased and services received		1,416,127,240	1,353,987,711
Cash payments to and on behalf of employees		169,154,137	153,581,912
Payments of various types of taxes		544,276,982	509,834,621
Other cash payments relating to operating activities	(VI) 41(2)	18,558,339	27,762,491
Sub-total of cash outflows from operating activities		2,148,116,698	2,045,166,735
Net Cash Flow from Operating Activities		1,977,857,964	1,307,809,084
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		121,453,720	3,531,125
Cash receipts from investment income		71,272,503	113,857,456
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		1,067,524	2,626,843
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities	(VI) 41(3)	193,793,747	120,015,424
Sub-total of cash inflows from investing activities		193,793,747	120,015,424
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		34,513,682	17,584,595
Cash payments to acquire investments		275,593,603	3,531,125
Other cash payments relating to investing activities	(VI) 41(4)	310,107,285	21,115,720
Sub-total of cash outflows from investing activities		310,107,285	21,115,720
Net Cash Flow from Investing Activities		-116,313,538	98,899,704
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		1,155,000,000	2,760,000,000
Cash receipts from issue of bonds			
Other cash receipts relating to financing activities	(VI) 41(5)	1,155,000,000	2,760,000,000
Sub-total of cash inflows from financing activities		1,155,000,000	2,760,000,000
Cash repayments of borrowings		1,290,821,935	3,026,695,843
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,713,005,857	1,278,452,853
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		0	20,811,181
Other cash payments relating to financing activities	(VI) 41(6)	3,003,827,792	4,305,148,696
Sub-total of cash outflows from financing activities		3,003,827,792	4,305,148,696
Net Cash Flow from Financing Activities		-1,848,827,792	-1,545,148,696
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of Cash and Cash Equivalents		12,716,634	-138,439,908
		475,084,741	517,820,151
VI. Closing Balance of Cash and Cash Equivalents			
		487,801,375	379,380,243

The accompanying notes form part of the financial statements.

VI Financial Report (Continued)

Cash Flow Statement of the Company

For the period ended 30 June 2011

Item	Notes	Unit: RMB	
		Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,459,477,284	2,960,506,211
Other cash receipts relating to operating activities	(XI)7(1)	5,933,330	3,449,968
Sub-total of cash inflows from operating activities		3,465,410,614	2,963,956,179
Cash payments for goods purchased and services received		1,254,118,861	915,911,743
Cash payments to and on behalf of employees		136,879,245	122,635,266
Payments of various types of taxes		466,405,790	398,241,195
Other cash payments relating to operating activities	(XI)7(2)	18,076,207	17,150,325
Sub-total of cash outflows from operating activities		1,875,480,103	1,453,938,529
Net Cash Flow from Operating Activities		1,589,930,511	1,510,017,650
II. Cash Flows from Investing Activities:			
Cash receipts from investment income		199,395,484	214,117,119
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		1,017,494	2,593,978
Other cash receipts relating to investing activities	(XI)7(3)	80,000,000	0
Sub-total of cash inflows from investing activities		280,412,978	216,711,097
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		31,105,496	12,815,219
Cash payments to acquire investments			
Other cash payments relating to investing activities	(XI)7(4)	0	330,000,000
Sub-total of cash outflows from investing activities		31,105,496	342,815,219
Net Cash Flow from Investing Activities		249,307,482	-126,104,122
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		1,265,000,000	2,830,000,000
Cash receipts from issue of bonds			
Sub-total of cash inflows from financing activities		1,265,000,000	2,830,000,000
Cash repayments of borrowings		1,360,821,935	3,026,695,844
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,726,625,857	1,267,434,038
Other cash payments relating to financing activities			
Sub-total of cash outflows from financing activities		3,087,447,792	4,294,129,882
Net Cash Flow from Financing Activities		-1,822,447,792	-1,464,129,882
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of Cash and Cash Equivalents		171,257,578	242,978,247
VI. Closing Balance of Cash and Cash Equivalents			
		188,047,779	162,761,893

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the period ended 30 June 2011

Unit: RMB

Item	Amount for the current period										Amount for the same period of last year								
	Attributable to owners of the Company					Total shareholders' equity	Attributable to owners of the Company					Total shareholders' equity							
	Share capital	Capital reserve	Treasury shares	Special reserve	Surplus reserve		General reserve	Retained profits	Others	Minority interests	Share capital		Capital reserve	Treasury shares	Special reserve	Surplus reserve	General reserve	Retained profits	Others
I. Closing balance of the preceding year	5,037,747,500	7,576,722,435	0	0	2,022,082,235	0	2,927,171,033	0	460,321,225	18,024,044,428	5,037,747,500	7,682,272,440	0	1,747,725,029	0	2,278,825,336	0	450,226,061	17,206,796,966
II. Changes for the year																			
(I) Net profit	0	0	0	0	1,399,490,735	0	1,399,490,735	0	27,541,335	1,327,032,070	0	0	0	0	0	1,273,252,748	0	30,337,542	1,303,590,290
(II) Other comprehensive income	0	-11,135,896	0	0	0	0	0	0	-152,121,909	-11,135,896	0	-152,121,909	0	0	0	0	0	0	-152,121,909
Subtotal of (I) and (II)	0	-11,135,896	0	0	1,399,490,735	0	1,399,490,735	0	27,541,335	1,315,896,174	0	-152,121,909	0	0	0	1,273,252,748	0	30,337,542	1,151,468,381
(III) Owners' contributions and reduction in capital																			
1. Capital contribution from owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Share-based payment recognised in owners' equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(IV) Profit distribution																			
1. Transfer to surplus reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Transfer to general reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Distributions to owners/shareholders	0	0	0	0	-1,013,599,100	0	-1,013,599,100	0	-23,120,330	-1,036,709,430	0	0	0	0	-1,361,701,725	0	-20,811,181	-1,382,512,906	
4. Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(V) Transfers within owners' equity																			
1. Capitalisation of capital reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Capitalisation of surplus reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Loss offset by surplus reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(VI) Special reserve																			
1. Transfer to special reserve in the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Amount utilised in the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Closing balance of the current year	5,037,747,500	7,565,586,539	0	0	2,022,082,235	0	2,413,072,668	0	464,742,230	17,503,231,172	5,037,747,500	7,540,150,531	0	1,747,725,029	0	1,990,376,359	0	459,552,422	16,775,552,441

VI Financial Report (Continued)

Statement of Changes in Shareholders' Equity of the Company For the period ended 30 June 2011

Item	Amount for the current period							Amount for the same period of last year							Unit: RMB		
	Share capital	Capital reserve	Treasury shares	Special reserve	Surplus reserve	General reserve	Retained profits	Total shareholders' equity	Share capital	Capital reserve	Treasury shares	Special reserve	Surplus reserve	General reserve		Retained profits	Total shareholders' equity
I. Closing balance of the preceding year	5,037,747,500	7,558,397,203	0	0	1,761,694,860	0	2,647,493,378	17,005,232,941	5,037,747,500	7,673,847,208	0	0	1,521,845,627	0	2,050,552,010	16,283,392,345	
II. Changes for the year																	
(I) Net profit	0	0	0	0	0	0	1,270,981,304	1,270,981,304	0	0	0	0	0	0	1,204,259,227	1,204,259,227	
(II) Other comprehensive income	0	-11,135,896	0	0	0	0	-11,135,896	-11,135,896	-152,121,909	-152,121,909	0	0	0	0	-152,121,909	-152,121,909	
Subtotal of (I) and (II)	0	-11,135,896	0	0	0	0	1,259,845,408	1,259,845,408	-152,121,909	-152,121,909	0	0	0	0	1,204,259,227	1,052,137,318	
(III) Owners' contributions and reduction in capital																	
1. Capital contribution from owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2. Share-based payment recognised in owners' equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(IV) Profit distribution																	
1. Transfer to surplus reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2. Transfer to general reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. Distributions to shareholders	0	0	0	0	0	0	-1,813,589,100	-1,813,589,100	0	0	0	0	0	0	-1,561,701,725	-1,561,701,725	
4. Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(V) Transfers within owners' equity																	
1. Capitalisation of capital reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2. Capitalisation of surplus reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. Loss offset by surplus reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4. Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(VI) Special reserve																	
1. Transfer to special reserve in the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2. Amount utilised in the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
III. Closing balance of the current year	5,037,747,500	7,547,161,307	0	0	1,761,694,860	0	2,104,885,582	16,451,489,249	5,037,747,500	7,521,725,299	0	0	1,521,845,627	0	1,693,109,512	15,774,427,938	

Notes to the financial statements

For the period ended 30 June 2011

I. BASIC INFORMATION ABOUT THE COMPANY

Jiangsu Expressway Co., Ltd. (the “Company”) is a joint-stock limited company incorporated in Nanjing, Jiangsu province on 1 August 1992. The principal activities of the Company and its subsidiaries (collectively referred it as the “Group”) mainly include: Construction, operation and management of the Jiangsu section of Shanghai-Nanjing Expressway (the “Shanghai-Nanjing Expressway”), the Jiangsu section of the 312 National Highway (the “312 National Highway), the Guangjing Xicheng Expressway, Nanjing-Lianyungang Class 1 Highway–Nanjing Section (“Nanjing-Lianyungang Highway”) and other toll roads in Jiangsu Province PRC, and the provision of passenger transport services and other supporting services along the toll roads.

The Company issued 1,222,000,000 shares on The Stock Exchange of Hong Kong Limited (“H shares”) and 150,000,000 shares on the Shanghai Stock Exchange (“A shares”) with par value of RMB 1 in June 1997 and December 2000 respectively.

The parent company and ultimate shareholder of the Company is Jiangsu Communications Holding Company Limited.

II. THE COMPANY’S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES

1. Basis of preparation of financial statements

The Group has adopted the Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance (“MOF”) on 15 February 2006. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 General Provisions on Financial Reporting (Revised in 2010).

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

2. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2011, and the Company's and consolidated results of operations and cash flows for the period then ended.

3. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency.

The Group adopts RMB to prepare its financial statements.

5. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

5. Preparation of consolidated financial statements *(continued)*

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

5. Preparation of consolidated financial statements *(continued)*

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

6. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Translation of transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

7. Translation of transactions denominated in foreign currencies *(continued)*

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income included in capital reserve.

8. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

8.1. Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Notes to the financial statements (continued)

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (continued)

8. Financial instruments (continued)

8.2. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

8.3. Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group has no held-to-maturity investments and available-for-sale financial asset.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

8. Financial instruments *(continued)*

8.3. Classification, recognition and measurement of financial assets *(continued)*

8.3.1. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

Notes to the financial statements (continued)

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (continued)

8. Financial instruments (continued)

8.3. Classification, recognition and measurement of financial assets (continued)

8.3.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

8.4. Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

8. Financial instruments *(continued)*

8.4. Impairment of financial assets *(continued)*

- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.
 - Impairment of financial assets measured at amortised cost

Notes to the financial statements (continued)

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (continued)

8. Financial instruments (continued)

8.4. Impairment of financial assets (continued)

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

8.5. Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

8. Financial instruments *(continued)*

8.5. Transfer of financial assets *(continued)*

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

8.6. Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

8. Financial instruments *(continued)*

8.6. Classification, recognition and measurement of financial liabilities *(continued)*

8.6.1. Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gain or losses arising from derecognition or amortisation recognised in profit or loss.

8.7. Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

8.8. Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

8. Financial instruments *(continued)*

8.9. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders equity. The Group does not recognise any changes in the fair value of equity instruments.

9. Receivables

9.1. Receivables that are individually significant and for which bad debt provision is individually assessed

Basis or monetary criteria for determining an individually significant receivable	An accounts receivable that exceeds RMB2,500,000 or an other receivable that exceeds RMB750,000 is deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

9. Receivables *(continued)*

9.2. Receivables for which bad debt provision is collectively assessed on a portfolio basis

Basis for determining a portfolio	The Group classifies the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment. This portfolio includes the accounts receivables which has no record of bad debt and with high credit level.
Bad debt provision method for a portfolio	Percentage of total receivables outstanding

9.2.1. *Portfolios that percentage of total receivables outstanding is used for bad debt provision:*

Name of portfolio	Provision as a proportion of accounts receivable (%)	Provision as a proportion of other receivables (%)
Portfolios that percentage of total receivables outstanding is used for bad debt provision	2	2

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

9. Receivables *(continued)*

- 9.3. Accounts receivable that are not individually significant but for which bad debt provision is individually assessed:

Reasons for making individual bad debt provision	Those accounts receivables which exceed 2 years or there is significant financial difficulty of the obligor.
Bad debt provision methods	Bad debt provision is individually assessed

9.4 Credit policy

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual other debts at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

10. Inventories

10.1. Categories of inventories

The Group's inventories mainly include spare parts for repairs and maintenance of toll roads infrastructure, petrol for sales and real estate under development etc. Inventories are initially measured at cost. Cost of real estate under development include payments for land acquisition, costs for infrastructure, construction and installation costs, borrowing costs capitalised before project is ready for intended use, and other relevant costs during development. Cost of other inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

Notes to the financial statements (continued)

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (continued)

10. Inventories (continued)

10.2. Valuation method of inventories upon delivery

The actual cost of real estate under development is calculated using the specific identification method.

Other inventories are calculated using the first-in-first-out method.

10.3. Basis for determining net realisable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

10.4. Inventory count system

The perpetual inventory system is maintained for stock system.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

11. Long-term equity investments

11.1. Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

11.2. Subsequent measurement and recognition of profit or loss

11.2.1. Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

Notes to the financial statements (continued)

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (continued)

11. Long-term equity investments (continued)

11.2. Subsequent measurement and recognition of profit or loss (continued)

11.2.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

11. Long-term equity investments *(continued)*

11.2. Subsequent measurement and recognition of profit or loss *(continued)*

11.2.2. Long-term equity investment accounted for using the equity method (continued)

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

11.2.3. Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

11. Long-term equity investments *(continued)*

11.2. Subsequent measurement and recognition of profit or loss *(continued)*

11.2.3. Disposal of long-term equity investments (continued)

When the ownership interest in investee decrease, i.e. disposal of part of investment, the proportion of shares decrease but the investee remains the investor's associate or joint venture, the investor continues to account for the remained investment using equity method, and transfers the profit or losses which were recognised in other comprehensive income (capital reserves) before into current profit or losses. If an investor increases influence over an investee, i.e. increase investment ratio, while the investee remains an associate or joint venture of the investor, the equity method will be continued be adopted by using new share proportion. Where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of share increase, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of share increase, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly. The difference between initial investment cost of a long-term equity investment and the Group's share of the fair value of the investee's identifiable net assets at the time of share increase should be adjusted to the cost of long term investment and capital reserves.

11.3. Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

11. Long-term equity investments *(continued)*

11.4. Methods of impairment assessment and determining the provision for impairment loss

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

12. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

The Group reviews the investment properties at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

12. Investment properties *(continued)*

Once an impairment loss is recognised for an investment property, it will not be reversed in any subsequent period.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

13. Fixed assets

13.1. Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

13. Fixed assets *(continued)*

13.2. Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	30	3	3.2
Safety equipment	10	3	9.7
Communication and signaling equipment	10	3	9.7
Toll stations and ancillary equipment	8	3	12.1
Motor vehicles	10	3	9.7
Other machinery and equipment	8-10	3	9.7-12.1%

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Notes to the financial statements (continued)

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (continued)

13. Fixed assets (continued)

13.3. Methods of impairment assessment and determining the provision for impairment losses of fixed assets

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

13.4. Other explanations

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

14. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of construction in progress is recognised, it is not be reversed in any subsequent period.

15. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

15. Borrowing Costs *(continued)*

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalisation period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalised. Exchange differences in connection with general-purpose borrowings are recognised in profit or loss in the period in which they are incurred.

16. Intangible assets

16.1. Intangible assets

Intangible assets include land use rights, toll road operation rights, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

16. Intangible assets *(continued)*

16.1. Intangible assets *(continued)*

If the Group has right to charge users of the public service in certain period but the amounts is not determined when relevant infrastructure completed, the Group measures the intangible asset initially at fair value of received or receivable consideration. The intangible asset is amortised using traffic volume method by using the ratio of traffic volume between certain period and whole operation period. When there is significant difference between actual and estimated traffic volume, the Group will re-evaluate the total traffic volume and calculate the amortization amount.

16.2. Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

17. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

18. Revenue

18.1. Toll revenue

Toll revenue, the income from operation of toll roads, is recognised on a receipt basis.

18.2. Revenue from rendering of services

Revenue from rendering of services of the Group include: ancillary services and emergency assistance, advertising income etc. The revenue from rendering of services is recognised when services are rendered.

18.3. Revenue from sale of goods

Revenue from sale of goods is recognised when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably.

18.4. Revenue from sales of properties

When the buyer of real estate has limited ability on the design (i.e. is able to make minor change on the design), the Group recognise relevant revenue according *with No. 14 Revenue – Accounting Standards for Business Enterprises* and relevant situation of the real estate business of the Group.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

18. Revenue *(continued)*

18.5. Interest income

Interest income is accrued on a time basis, by reference to the effective interest rate applicable.

19. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

20. Deferred tax assets/deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

20.1. Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

20.2. Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

20. Deferred tax assets/deferred tax liabilities *(continued)*

20.2. Deferred tax assets and deferred tax liabilities *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

Notes to the financial statements (continued)

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (continued)

20. Deferred tax assets/deferred tax liabilities (continued)

20.2. Deferred tax assets and deferred tax liabilities (continued)

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

21. Operating leases and finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

21.1. The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

21.2. The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

II. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES *(continued)*

22. Other significant accounting policies, accounting estimates and preparation of financial reports

22.1 Employee benefit

In an accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits for that service as a liability.

The Group participates in the employee social security systems, such as basic pensions, medical insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

Employee internal retirement plan adopts the same principle with the aforementioned employment relationship termination. The Group charges the salary and social insurance fee between the date the employee stop providing service to the expiry of the employment contracts to profit or loss in the period when it meet the condition of an liability (retirement benefit).

Notes to the financial statements (continued)

For the period ended 30 June 2011

III. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 2, management had made the following estimation that have the most significant effect on the amounts recognised in the consolidated financial statements. These judgments, estimation and assumption are made based on the past experience and other relevant factors of management of the Group. The actual consequent result may vary from the estimation.

The Group reviews the above judgment, estimation and assumption regularly. When the changes in accounting estimates affects that period only, the effect is recognised in that period; when the changes in accounting estimates affects that period and future periods, the effect is recognised in that period and prospectively.

– Key sources of estimation uncertainty

Amortisation of toll road operation rights

Amortisation of the toll road operation rights are calculated to write off their cost, commencing from the date of commencement of commercial operation of the toll roads, based on the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads.

The management exercises their judgment in estimating the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads. When there is large difference between actual and expected traffic volume, the management will exercises their judgment in the accuracy of the expected traffic volume and adjust the future amortization per traffic volume.

Estimated impairment of toll road operation rights

Determining whether toll road operation rights are impaired requires an estimation of the recoverable amount.

In measuring the recoverable amount of the toll road operation rights, the Group has looked at the value in use based on the following factors: the current and expected future traffic volume, current and expected future toll fee level, length of operating rights, maintenance costs and discount rate (the "Relevant Factors").

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

III. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated impairment of toll road operation rights *(continued)*

In arriving at the recoverable amount of the toll road operation rights, the management exercised their judgment with reference to these Relevant Factors in estimating the recoverable amounts of the toll road operation rights. As a result, the management considered that the recoverable amounts are above their carrying amounts and no impairment was made accordingly.

IV. TAXES

Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
VAT	Output VAT less deductible input VAT	17%
Business Tax	Toll income	3%
	Maintenance income	5%
	Advertisement income	5%
	Food and beverage income	5%
City maintenance and construction tax	Actual paid business tax and VAT	7%
Educational surtax and surcharge	Actual paid business tax and VAT	5%
Land appreciation tax	The taxable appreciation amount when land is invested out	progressive rates ranging from 30% to 60%
Enterprise income tax	Taxable income	25%

According with “Notice from the Government of Jiangsu Province on the policy about adjustment of local educational surtax and surcharge and other governmental funds” (Suzheng fa (2011) No.3), the rate of local educational surtax and surcharge by 1% from 1 February 2011. After that, the rate of Educational surtax and surcharge of the Company increased from 4% to 5%.

Notes to the financial statements (continued)
For the period ended 30 June 2011

V. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Information of subsidiaries

Subsidiaries established or acquired through investments

Unit: RMB

Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Business scope	Actual capital contribution at the end of the period	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interests	Amount of the minority interests used to absorb profits or losses attributable to minority interests	The balance after the amount of minority's share of current loss which is deducted from parent company's shareholders' equity exceeds the amount that the minority share the subsidiary's opening shareholders equity
Jiangsu Guangjing Xicheng Co., Ltd. ("Guangjing Xicheng")	Limited liability company	Nanjing	Service	850,000,000	Construction and operation of expressway	2,125,000,000	0	85	85	Yes	452,078,119	26,856,076	0
Wuxi Jingcheng Advertising Co., Ltd. (note)	Limited liability company	Wuxi	Service	1,000,000	Management and operation of advertising services	1,000,000	0	85	85	Yes	0	0	0
Jiangsu Ninghu Investment Development Co., Ltd. ("Ninghu Investment")	Limited liability company	Nanjing	Investment and Service	100,000,000	Investment on toll roads	95,000,000	0	95	95	Yes	12,664,111	685,259	0
Kunshan Fen Yuan Real Estate Development Co., Ltd. ("Kunshan Fengyuan") (note2)	Limited liability company	Kunshan	Real estate development	42,000,000	Real estate development	42,000,000	0	95	95	Yes	0	0	0
Jiangsu Ninghu Properties Co., Ltd. ("Ninghu Properties")	Limited liability company	Nanjing	Real estate development	200,000,000	Real estate development and operation	200,000,000	0	100	100	Yes	0	0	0
Ninghu Properties (Kunshan) Co., Ltd. ("Kunshan Properties") (note 3)	Limited liability company	Nanjing	Real estate development	200,000,000	Real estate development	200,000,000	0	100	100	Yes	0	0	0

Note 1: Wuxi Jingcheng Advertising Co., Ltd. is the wholly owned subsidiary of Guangjing Xicheng, a subsidiary of the Group.

Note 2: Kunshan Fengyuan is the wholly owned subsidiary of Ninghu Investment, a subsidiary of the Group.

Note 3: Kunshan Properties is the wholly owned subsidiary of Ninghu Properties, a subsidiary of the Group.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			<u>351,321</u>			<u>269,782</u>
Bank balances:						
RMB			450,060,757			463,392,708
USD	145,746	6.4716	943,210	314,201	6.6227	2,080,859
HKD	<u>1,241,068</u>	<u>0.83162</u>	<u>1,032,097</u>	<u>1,241,289</u>	<u>0.8509</u>	<u>1,056,250</u>
Other currency funds:						
RMB			<u>35,413,990</u>			<u>8,285,142</u>
Total			<u>487,801,375</u>			<u>475,084,741</u>

2. Held-for-trading financial assets

(1) Details of held-for-trading financial assets are as follows:

Item	Closing fair value	Unit: RMB
		Opening fair value
Held-for-trading investments in equity instruments	0	5,990
Gold bullion	<u>31,477,863</u>	<u>60,138,000</u>
Total	<u>31,477,863</u>	<u>60,143,990</u>

The cost of gold bullion investment is RMB32,099,253; the closing fair value is RMB31,477,863. The above information of closing market price was quoted in Shanghai Gold Exchange.

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	44,517,062	66	0	0	59,720,300	77	0	0
Accounts receivable for which bad debt provision has been assessed by portfolios	21,558,464	32	0	0	16,951,635	22	0	0
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	1,090,898	2	1,090,898	100	1,090,898	1	1,090,898	100
Total	67,166,424	100	1,090,898	100	77,762,833	100	1,090,898	100

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Accounts receivable *(continued)*

(1) Disclosure of accounts receivable by categories: *(continued)*

Explanations of categories of accounts receivable:

Aging analysis of accounts receivables is as follows:

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	66,075,526	98	0	66,075,526	76,671,935	99	0	76,671,935
More than 1 year but not exceed 2 years	0	0	0	0	0	0	0	0
More than 2 years but not exceeding 3 years	0	0	0	0	0	0	0	0
More than 3 years	1,090,898	2	1,090,898	0	1,090,898	1	1,090,898	0
Total	67,166,424	100	1,090,898	66,075,526	77,762,833	100	1,090,898	76,671,935

(2) There is no accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Prepayments

(1) Aging analysis of prepayments is as follows:

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	39,227,227	93	171,019,080	25
More than 1 year but not exceeding 3 years	3,109,660	7	521,742,000	75
Total	42,336,887	100	692,761,080	100

Unit: RMB

(2) There are no prepayments to shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

(3) Explanation of prepayments:

Disclosure of prepayments by client categories is as follows:

Category	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant prepayments	37,272,796		689,948,669	
Individually insignificant prepayments but with significant risks after being grouped according to credit risk characteristics	0		0	
Other insignificant prepayments	5,064,091		2,812,411	
Total	42,336,887		692,761,080	

Unit: RMB

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5. Other receivables

(1) Disclosure of accounts receivable by categories:

Category	Unit: RMB							
	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision has been assessed individually	48,062,181	76	16,812,140	98	53,977,818	83	17,312,140	98
Other receivable for which bad debt provision has been assessed by portfolios	14,888,837	24	382,929	2	10,919,344	17	382,929	2
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	0	0	0	0	0	0	0	0
Total	62,951,018	100	17,195,069	100	64,897,162	100	17,695,069	100

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Other receivables (continued)

(1) Disclosure of accounts receivable by categories: (continued)

Explanations of categories of other receivables:

Aging analysis of other receivables is as follows:

Unit: RMB

Aging	Amount	Closing balance			Amount	Opening balance		
		Proportion (%)	Bad debt provision	Carrying amount		Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	17,400,813	28	275,314	17,125,499	17,198,717	27	292,910	16,905,807
More than 1 year but not exceed 2 years	28,251,142	45	107,064	28,144,078	28,356,102	44	87,471	28,268,631
More than 2 years but not exceed 3 years	27,552	0	551	27,001	126,185	0	2,548	123,637
More than 3 years	17,271,511	27	16,812,140	459,371	19,216,158	29	17,312,140	1,904,018
Total	62,951,018	100	17,195,069	45,755,949	64,897,162	100	17,695,069	47,202,093

(2) There is no other receivables due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. Dividends receivables

Item	Opening balance	Addition	Decrease	Closing balance	Unit: RMB	
					The reason of outstanding	Bad debt provision provided
Dividends receivables within 1 year	1,475,051	0	0	1,475,051	N/A	No
Dividends receivables over 1 year	0	0	0	0	N/A	No
Total	1,475,051	0	0	1,475,051		

7. Inventories

Categories of inventories

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Properties under development	1,600,489,872	0	1,600,489,872	842,939,582	0	842,939,582
Properties for sale	10,976,046	0	10,976,046	16,437,430	0	16,437,430
Spare parts for repair and maintenance	9,537,075	0	9,537,075	7,639,251	0	7,639,251
Petrol	9,245,461	0	9,245,461	5,638,152	0	5,638,152
Total	1,630,248,454	0	1,630,248,454	872,654,415	0	872,654,415

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

Unit: RMB

Details of properties under development are as follows:

Project name	Commencement date	Estimated completion date	Estimated total investment amount	Opening balance	Closing balance
Huaqiao Project	July 2010	May 2014	2,162,000,000	303,961,980	351,114,484
Qingyuan	December 2010	April 2012	650,000,000	474,735,066	496,448,079
Baohua Hongyan Project	August 2011	May 2014	2,123,000,000	29,139,541	717,823,094
Huaqiao B3 Project	October 2011	May 2014	200,000,000	35,102,995	35,104,215
Total			5,135,000,000	842,939,582	1,600,489,872

Details of properties for sale are as follows:

Project name	Completion date	Opening balance	Addition	Decrease	Closing balance
Kunshan Huijieyayuan Project	April 2009	16,437,430	259,787	5,721,171	10,976,046
Total		16,437,430	259,787	5,721,171	10,976,046

8. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
RMB financial products	42,000,000	0
Total	42,000,000	0

Other current assets represent the RMB financial products with short-term maturity term.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9. Investments in joint ventures and associates

Unit: RMB

Name of investee	Proportion	Proportion	Investee's total assets at the end of the period	Investee's total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit for the period
	of ownership interest held by the Group (%)	of voting power in the investee held by the Group (%)					
I. Joint ventures							
N/A							
II. Associates							
Jiangsu Kuailu Motor Transport Co., Ltd. ("Kuailu Co., Ltd.")	33.20	33.20	327,339,849	77,982,758	249,357,091	126,076,688	7,637,372
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge")	26.66	26.66	16,010,498,980	11,441,336,778	4,569,162,202	465,069,400	163,303,689
Suzhou Sujiahang Expressway Co., Ltd. ("Sujiahang")	33.33	33.33	3,976,374,413	1,851,154,365	2,125,220,048	474,147,580	168,420,910
Suzhou Nanlin Hotel Co., Ltd. ("Nanlin Hotel")	34.91	34.91	316,790,536	14,021,925	302,768,611	27,618,339	-3,392,507

There are significant differences between the accounting policies and accounting estimates adopted by joint ventures or associates and those adopted by the Company.

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Long-term equity investments

(1) Details of long-term equity investments are as follows:

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Kuailu Co., Ltd.	Equity method	49,899,600	71,871,134	1,642,665	73,513,799	33.20	33.20	No	0	0	0
Yangtze Bridge	Equity method	631,159,243	960,707,430	-35,979,412	924,728,018	26.66	26.66	No	0	0	68,380,279
Sujiahang	Equity method	526,090,677	680,809,162	56,134,689	736,943,851	33.33	33.33	No	0	0	0
Nanlin Hotel	Equity method	160,000,000	171,771,585	-1,184,324	170,587,261	34.91	34.91	No	0	0	0
Shenzhen Ruijin Co., Ltd. ("Shenzhen Ruijin")	Cost method	2,000,000	2,000,000	-	2,000,000	17.24	17.24	No	0	0	0
Jiangsu Leasing Co., Ltd. ("Jiangsu Leasing")	Cost method	100,000,000	136,898,456	134,000,000	270,898,456	11.7	11.7	No	0	0	0
Jiangsu Sundian Engineering Co., Ltd. ("Sundian")	Cost method	35,000,000	7,367,500	-	7,367,500	15	15	No	0	0	0
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company")	Cost method	3,500,000	4,300,000	-	4,300,000	8.12	8.12	No	0	0	0
Total		1,507,649,520	2,035,725,267	154,613,618	2,190,338,885						68,380,279

Jiangsu Leasing

During the period, the subsidiary of the Group, Guangjingxicheng signed capital increase agreement with Jiangsu Communications Holding Company Limited and its related companies. Guangjingxicheng increased the investment to Jiangsu Leasing with RMB134,000,000. After the capital increase, the registered capital of Jiangsu Leasing increased to RMB2,000,000,000, in which Guangjingxicheng held 11.7%.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

10. Long-term equity investments *(continued)*

- (2) There are no restrictions on the ability to transfer funds to the investor.
- (3) There are no unrecognised investment losses.

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Investment properties

(1) Investment properties measured at cost

					Unit: RMB
Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount	
I. Total original carrying amount					
1. Buildings	16,735,064	0	0	16,735,064	
2. Land use rights	0	0	0	0	
II. Total accumulated depreciation and amortisation					
1. Buildings	562,613	275,512	0	838,125	
2. Land use rights	0	0	0	0	
III. Total net book value of investment properties					
1. Buildings	16,172,451	-275,512	0	15,896,939	
2. Land use rights	0	0	0	0	
IV. Total accumulated provision for impairment losses of investment properties					
1. Buildings	0	0	0	0	
2. Land use rights	0	0	0	0	
V. Total carrying amounts of investment properties					
1. Buildings	16,172,451	-275,512	0	15,896,939	
2. Land use rights	0	0	0	0	

Depreciation and amortisation for the current period is RMB275,512.

Provision for impairment losses of investment properties for the current period is nil.

The investment properties represent the Zhongshan Meilu villa held by the Group.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

12. Fixed assets

(1) Fixed assets

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Unit: RMB	
				Closing carrying amount	
I. Total original carrying amount	2,345,789,150	61,992,158	73,650,557	2,334,130,751	
Including: Buildings	876,560,583	20,523,738	22,515,175	874,569,146	
Safety equipment	384,590,617	11,973,421	0	396,564,038	
Communication and surveillance equipment	220,820,031	483,966	231,649	221,072,348	
Toll stations and ancillary equipment	228,685,718	12,063,725	8,279,743	232,469,700	
Motor vehicles	197,240,415	1,902,208	9,429,090	189,713,533	
Other machinery and equipment	437,891,786	15,045,100	33,194,900	419,741,986	
		Additions for the period	Provisions for the period		
II. Total accumulated depreciation	1,110,423,316	0	85,940,948	26,054,581	1,170,309,683
Including: Buildings	253,765,524	0	16,368,763	2,338,914	267,795,373
Safety equipment	219,961,915	0	15,906,388	0	235,868,303
Communication and surveillance equipment	130,278,562	0	9,488,416	187,321	139,579,657
Toll stations and ancillary equipment	134,556,078	0	13,738,127	0	148,294,205
Motor vehicles	134,387,870	0	6,153,132	3,903,287	136,637,715
Other machinery and equipment	237,473,367	0	24,286,122	19,625,059	242,134,430

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Fixed assets (continued)

(1) Fixed assets (continued)

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Unit: RMB
				Closing carrying amount
III. Total net book value of fixed assets	1,235,365,834			1,163,821,068
Including: Buildings	622,795,059			606,773,773
Safety equipment	164,628,702			160,695,735
Communication and surveillance equipment	90,541,469			81,492,691
Toll stations and ancillary equipment	94,129,640			84,175,495
Motor vehicles	62,852,545			53,075,818
Other machinery and equipment	200,418,419			177,607,556
IV. Total provision for impairment losses				
Including: Buildings	0	0	0	0
Safety equipment	0	0	0	0
Communication and surveillance equipment	0	0	0	0
Toll stations and ancillary equipment	0	0	0	0
Motor vehicles	0	0	0	0
Other machinery and equipment	0	0	0	0

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

12. Fixed assets *(continued)*

(1) Fixed assets *(continued)*

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Unit: RMB
				Closing carrying amount
V. Total carrying amount of fixed assets	1,235,365,834			1,163,821,068
Including: Buildings	622,795,059			606,773,773
Safety equipment	164,628,702			160,695,735
Communication and surveillance equipment	90,541,469			81,492,691
Toll stations and ancillary equipment	94,129,640			84,175,495
Motor vehicles	62,852,545			53,075,818
Other machinery and equipment	200,418,419			177,607,556

The depreciation for the current period is RMB85,940,948.

Original amount of construction in progress transferred to fixed assets during the period is RMB12,524,012.

(2) Fixed assets leased out under operating leases

Item	Unit: RMB	
	Closing balance	Opening balance
Buildings	27,290,253	30,967,432

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress

(1) Details of construction in progress are as follows:

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment losses	Net carrying amount	Carrying amount	Provision for impairment losses	Net carrying amount
Updating project of traffic signs	0	0	0	7,376,569	0	7,376,569
Phase II of expansion project of Surveillance System	6,297,180	0	6,297,180	3,704,223	0	3,704,223
Expansion project of toll station along Shanghai-Nanjing Expressway	4,639,392	0	4,639,392	0	0	0
Others	4,490,385	0	4,490,385	2,683,592	0	2,683,592
Total	15,426,957	0	15,426,957	13,764,384	0	13,764,384

(2) Changes in significant construction in progress:

Item name	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Closing balance
Total	13,764,384	14,186,585	12,524,012	0	15,426,957
	13,764,384	14,186,585	12,524,012	0	15,426,957

(3) There is no indicator of impairment losses noted, so the Group did not provide any provision.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. Intangible assets

(1) Intangible assets

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Unit: RMB
				Closing carrying amount
I. Total original carrying amount	25,263,923,909	26,831,521	0	25,290,755,430
Toll road operation rights	23,508,909,010	26,831,521	0	23,535,740,531
Land use right of Shanghai-Nanjing Expressway	1,716,087,945	0	0	1,716,087,945
Other land use rights	38,926,954	0	0	38,926,954
II. Total accumulated amortisation	5,898,977,190	401,437,637	0	6,300,414,827
Toll road operation rights	5,173,942,649	368,797,393	0	5,542,740,042
Land use right of Shanghai-Nanjing Expressway	714,949,955	31,784,580	0	746,734,535
Other land use rights	10,084,586	855,664	0	10,940,250
III. Total net book value of intangible assets	19,364,946,719			18,990,340,603
Toll road operation rights	18,334,966,361			17,993,000,489
Land use right of Shanghai-Nanjing Expressway	1,001,137,990			969,353,410
Other land use rights	28,842,368			27,986,704
IV. Total provision for impairment	0	0	0	0
Toll road operation rights	0	0	0	0
Land use right of Shanghai-Nanjing Expressway	0	0	0	0
Other land use rights	0	0	0	0
Total carrying amount of intangible assets	19,364,946,719	-374,606,116	0	18,990,340,603

The amortisation for the current period is RMB401,437,637.

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Deferred tax assets/deferred tax liabilities

(1) Recognised deferred tax assets and deferred tax liabilities

Item	Closing balance	Unit: RMB
		Opening balance
Deferred tax assets:		
Provision for impairment losses of assets	4,571,492	4,696,492
Valuation of financial instruments held for trading and derivatives	155,348	0
Subtotal	4,726,840	4,696,492
Deferred tax liabilities:		
Valuation of financial instruments held for trading and derivatives	0	317,393
Subtotal	0	317,393

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

15. Deferred tax assets/deferred tax liabilities *(continued)*

(2) Details of taxable temporary differences and deductible temporary differences

Item	Unit: RMB Amount
Closing balance:	
Deductible temporary differences:	
Provision for impairment losses of assets	18,285,967
Valuation of financial assets held for trading and derivatives	621,390
Subtotal	18,907,357
Taxable temporary differences:	
Valuation of financial assets held for trading and derivatives	0
Subtotal	0
Opening balance:	
Deductible temporary differences:	
Provision for impairment losses of assets	18,785,967
Subtotal	18,785,967
Taxable temporary differences:	
Valuation of financial assets held for trading and derivatives	1,269,570
Subtotal	1,269,570

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Short-term borrowings

(1) Categories of short-term borrowings:

Item	Closing balance	Unit: RMB	
		Opening balance	
Unsecured loans	1,255,000,000	890,000,000	
Including: Bank loans	1,045,000,000	680,000,000	
Entrusted loans	210,000,000	210,000,000	
Short-term bonds	1,000,000,000	1,000,000,000	
Total	2,255,000,000	1,890,000,000	

(2) There are no short-term borrowings overdue but not yet repaid.

17. Accounts payable

(1) Aging analysis of accounts payable is as follows:

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	23,581,395	23	20,525,785	19
More than 1 year	80,051,816	77	87,856,684	81
Total	103,633,211	100	108,382,469	100

Description of significant accounts payable aged more than one year:

As at 30 June 2011, the accounts payable which aged more than one year mainly consisted with construction costs payable amounting to RMB80,051,816. The payment term is comparatively long and kept unpaid at the end of the period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

17. Accounts payable *(continued)*

(2) Details of accounts payable are as follows:

Item	Closing balance	Unit: RMB
		Opening balance
Construction costs payable	80,051,816	87,856,684
Toll road fee payable	18,108,031	16,649,513
Others	5,473,364	3,876,272
Total	103,633,211	108,382,469

(3) There is no accounts payable to shareholders holding at least 5% of the Company's shares with voting power or to related parties in the reporting period.

18. Receipts in advance

(1) Details of receipts in advance are as follows:

Item	Closing balance	Unit: RMB
		Opening balance
Rental deposit received in advance	11,627,251	3,907,714
Advertising service fee received in advance	10,961,920	23,329,743
Income from properties for sales received in advance	271,511,915	1,118,250
Others	390,000	140,000
Total	294,491,086	28,495,707

(2) There are no receipts in advance from shareholders holding at least 5% of the Company's shares with voting power or to related parties in the reporting period.

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Employee benefits payable

				Unit: RMB
Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Wages or salaries, bonuses, allowances and subsidies	0	96,777,179	96,777,179	0
II. Staff welfare	0	0	0	0
III. Social security contributions	0	44,429,359	44,429,359	0
Including: Medical insurance	0	11,852,090	11,852,090	0
Basic pension insurance	0	20,992,865	20,992,865	0
Supplemental pension	0	7,982,561	7,982,561	0
Unemployment insurance	0	2,012,133	2,012,133	0
Compo insurance	0	725,556	725,556	0
Bearing insurance	0	864,154	864,154	0
IV. Housing funds	0	18,474,253	18,474,253	0
V. Termination benefits	0	0	0	0
VI. Others				
Outlay for Labour union and employees education	8,484,315	1,858,505	2,609,195	7,733,625
Non-monetary welfare	0	6,535,917	6,535,917	0
Others	0	328,234	328,234	0
Total	8,484,315	168,403,447	169,154,137	7,733,625

The overdue employee benefits payable is: N/A.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

20. Taxes payable

Item	Closing balance	Unit: RMB	
		Opening balance	
Enterprise income tax	233,421,909	218,700,185	
Business tax	2,599,211	23,726,558	
Land appreciation tax	-4,545,598	-32,048	
VAT	2,907,035	1,480,180	
Property tax	383,604	1,281,450	
Individual income tax	-103,795	1,737,309	
Others	1,245,893	5,845,102	
Total	235,908,259	252,738,736	

21. Interest payable

Item	Closing balance	Unit: RMB	
		Opening balance	
Interest of long-term borrowings with interest payable by installments and principal payable on maturity	4,155,400	5,165,767	
Interest payable of enterprise bond	24,750,000	24,750,000	
Interest payable on short-term borrowings	2,073,901	1,347,700	
Short-term bond	25,431,467	11,001,667	
Total	56,410,768	42,265,134	

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Dividends payable

Name of entity	Closing balance	Opening balance	Unit: RMB
			Reasons dividends payable aged more than one year
Part of domestic shareholders	62,312,486	62,312,486	Some shareholders did not draw out the dividends
Unpaid dividend which was declared in current year	253,740,586	0	
Total	316,053,072	62,312,486	

23. Other payables

(1) Details of other payables are as follows:

Item	Closing balance	Unit: RMB
		Opening balance
312 toll road operation right acquisition costs payable	10,000,000	10,000,000
Construction quality warrantee fee payable	34,109,891	60,600,445
Others	34,135,675	32,747,392
Total	78,245,566	103,347,837

(2) There are no other payables to shareholders holding at least 5% of the Company's shares with voting power or to related parties.

(3) Description of significant other payables aged more than one year:

As at 30 June 2011, other payables aged more than one year mainly include construction quality warrantee fee, construction costs payable and 312 toll road operation right acquisition costs payable.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

24. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year are as follows:

Item	Closing balance	Unit: RMB
		Opening balance
Long-term borrowings due within one year	1,301,254,777	1,299,210,230

(2) Long-term borrowings due within one year

Item	Closing balance	Unit: RMB
		Opening balance
Guaranteed loans	1,603,410	1,640,847
Non-guaranteed loans	200,000,000	200,000,000
Bonds payable	1,099,651,367	1,097,569,383
Total	1,301,254,777	1,299,210,230

(3) Bonds payable

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening interest payable	Accrued interest for the period	Interest	Closing interest payable	Closing balance
							paid during the period		
Enterprise bond	1,100,000,000	28/07/2008	3 years	1,088,300,000	9,269,383	2,081,984	0	11,351,367	1,099,651,367

The bonds payable will be mature on 27 July 2011.

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Long-term borrowings

(1) Categories of long-term borrowings

Item	Closing balance	Unit: RMB
		Opening balance
Guaranteed loans (note 1)	26,456,269	27,894,398
Non-guaranteed loans (note 2)	2,550,000,000	3,050,000,000
Total	2,576,456,269	3,077,894,398

Description of categories of long-term borrowings:

Note 1: The Company obtained bank credit limit of RMB9,800,000 from Jiangsu branch of Bank of China in 1998. The credit limit was used to import machinery and technology and guaranteed by Jiangsu Communications Holding Company Limited. The credit limits include buyer's credit loan of USD4,900,000 and Spanish government loan of USD4,900,000. The buyer's credit loan has been paid up in 2006. The Spanish government loan is paid up every half year from January 2009 to 2029 with annum interest rate of 2%. 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: At the balance sheet date, the Company obtained loans of RMB2,550,000,000 from commercial banks with floating annum interest rate from 5.346% to 6.12%, which is calculated with the benchmark interest rate declared by the People's Bank of China.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

26. Share capital

Unit: RMB

	Opening balance	Change for the period				Subtotal	Closing balance
		New issue of shares	Bonus issue	Capitalisation of surplus reserve	Others		
As at 30 June 2011:							
I. Restricted tradable shares							
1. State-owned shares	2,742,578,825	0	0	0	-2,742,578,825	-2,742,578,825	0
2. State-owned legal person shares	589,059,077	0	0	0	-589,059,077	-589,059,077	0
3. Other domestic-owned shares	51,452,745	0	0	0	0	0	51,452,745
4. Other foreign-owned shares	0	0	0	0	0	0	0
Total restricted tradable shares	3,383,090,647	0	0	0	-3,331,637,902	-3,331,637,902	51,452,745
II. Tradable shares							
1. Ordinary shares							
denominated in RMB	432,656,853	0	0	0	3,331,637,902	3,331,637,902	3,764,294,755
2. Foreign-owned shares							
listed domestically	0	0	0	0	0	0	0
3. Foreign-owned shares							
listed overseas	1,222,000,000	0	0	0	0	0	1,222,000,000
4. Others	0	0	0	0	0	0	0
Total tradable shares	1,654,656,853	0	0	0	3,331,637,902	3,331,637,902	4,986,294,755
III. Total shares	5,037,747,500	0	0	0	0	0	5,037,747,500

Note: During the period, totaling 3,331,637,902 shares satisfied the conditions for circulation and completed the procedure. Upon the Company's submission of the State-owned Assets Supervision and Administration Commission of the Jiangsu Province, the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository & Clearing Corporation limited and obtaining the relevant approvals, this batch were listed on 20 May 2011.

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Capital reserve

Item	Opening	Increase in the period	Decrease in the period	Unit: RMB
				Closing balance
As at 30 June 2011:				
Capital premium	4,801,561,763	0	0	4,801,561,763
Including: Capital contributed				
by investors	4,801,561,763	0	0	4,801,561,763
Other comprehensive income	92,183,437	0	11,135,896	81,047,541
Other capital reserve	2,682,977,235	0	0	2,682,977,235
Including: Equity component				
split from convertible				
corporate bonds	0	0	0	0
Fair value of				
equity-settled				
share-based				
equity instrument	0	0	0	0
Surplus of compensation				
granted by government				
for relocation in the				
public interests	0	0	0	0
Transfer from capital				
reserve under the				
previous accounting				
system	2,682,977,235	0	0	2,682,977,235
Total	<u>7,576,722,435</u>	<u>0</u>	<u>11,135,896</u>	<u>7,565,586,539</u>

Description of capital reserve:

During the period, other comprehensive income decreased from the fair value adjustment of the available for sale financial assets of Yangtze Bridge, one of the associates of the Group. The Group adjusted capital reserve at the share proportion.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

28. Unappropriated profits

Item	Amount	Unit: RMB Proportion of appropriation
First half of 2011:		
Before adjustment: Unappropriated profits at the end of prior year	2,927,171,033	
Adjustment: Total unappropriated profits at beginning of year (increase "+", decrease "-")	0	
After adjustment: Unappropriated profits at beginning of year	2,927,171,033	
Add: Net profit attributable to owners of the Company for the period	1,299,490,735	
Less: Appropriation to statutory surplus reserve	0	
Appropriation to discretionary surplus reserve	0	
Appropriation to general risk reserve	0	
Declaration of dividends on ordinary shares	1,813,589,100	Cash dividends of RMB3.6 for every 10 shares
Conversion of ordinary shares' dividends into share capital	0	
Unappropriated profits at the end of the period	2,413,072,668	

Note: Cash dividends approved in shareholders' meeting during the year

In 2011, on the basis of 5,037,747,500 issued shares (with the par value of RMB 1 per share), dividends in cash of RMB3.6 for every 10 shares were distributed to all the shareholders.

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Operating income and operating costs

(1) Operating income

Item	Unit: RMB			
	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	3,605,531,797	1,664,934,765	3,198,107,647	1,327,781,425
Including:				
Shanghai-Nanjing Expressway	2,125,128,046	418,528,679	2,014,812,398	378,221,499
312 National Highway	58,826,599	120,396,173	60,615,309	114,552,228
Guangjing Xicheng Expressway	342,004,246	92,585,718	314,922,694	70,842,911
Nanjing-Lianyungang Highway	20,899,556	9,438,702	24,052,425	11,166,378
Ancillary services	1,058,673,350	1,023,985,493	783,704,821	752,998,409
Real estate income	13,791,551	6,946,939	45,438,253	25,085,149
Others	22,699,523	9,121,930	24,926,531	8,225,048
Total	3,642,022,871	1,681,003,634	3,268,472,431	1,361,091,622

(2) Principal operating activities (classified by geographical areas): The principal operation activities of the Group are held in Jiangsu Province.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

30. Business taxes and levies

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Basis of calculation
Business tax	81,702,994	76,777,989	3% of toll revenue 5% of maintenance revenue 5% of advertisement revenue
City Construction and maintenance tax	6,049,724	5,321,545	7% of actual paid turnover taxes
Education surcharge	3,523,283	3,537,930	5% of actual paid turnover taxes
Total	91,276,001	85,637,464	

31. Financial expenses

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Interest expenses	148,397,365	184,902,146
Less: Amount of borrowing costs capitalised	0	0
Less: Interest income	3,839,846	2,022,478
Exchange difference	1,656,640	106,944
Others	278,506	225,667
Total	143,179,385	182,998,391

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Impairment losses on assets

Item	Amount incurred in the current period	Unit: RMB
		Amount incurred in the prior period
Bad debt provision reversal	-500,000	-80,000

33. Gains from changes in fair values

Source resulting in gains from changes in fair values	Amount incurred in the current period	Unit: RMB
		Amount incurred in the prior period
Held-for-trading financial assets	-621,390	4,899,300
Total	-621,390	4,899,300

34. Investment income

Item	Amount incurred in current period	Unit: RMB
		Amount incurred in prior period
Income from long-term equity investments under cost method	0	17,646,672
Income from long-term equity investments under equity method	100,129,794	112,486,768
Investment income from disposal of available-for-sale financial assets	1,899,046	23,689
Other investment income	92,452	0
Total	102,121,292	130,157,129

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

35. Non-operating income

Item	Amount incurred in current period	Unit: RMB
		Amount incurred in prior period
Total gains on disposal of non-current assets	1,061,256	2,312,963
Including: Gains on disposal of fixed assets	1,061,256	2,312,963
Compensation income	4,252,289	3,273,940
Government grants	820,000	0
Others	46,204	2,019,573
Total	6,179,749	7,606,476

36. Non-operating expenses

Item	Amount incurred in current period	Unit: RMB
		Amount incurred in prior period
Total losses on disposal of non-current assets	5,987,612	505,877
Including: Losses on disposal of fixed assets	5,987,612	505,877
Repair expenditure of damaged road	4,984,620	3,574,057
Donation	850,000	900,000
Others	714,124	1,074,034
Total	12,536,356	6,053,968

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Total profit

Profit for the period has been arrived at after charging the following items:

Item	Amount incurred in current period	Unit: RMB
		Amount incurred in prior period
Staff costs (including key management and directors' remuneration)	139,428,021	122,890,682
Retirement benefits scheme contributions	28,975,426	28,683,674
Total staff costs	168,403,447	151,574,356
Depreciation of fixed assets	85,940,948	80,559,380
Amortisation of toll roads operation right	368,797,393	338,345,469
Amortisation of land use right	32,640,244	32,640,244
Loss on disposal of fixed assets	5,987,612	505,877
Cost of properties recognised as an expense	5,721,171	21,200,171
Cost of other inventories recognised as an expense	969,094,721	696,949,594

38. Income tax expense

Item	Amount incurred in current period	Unit: RMB
		Amount incurred in prior period
Current tax expense calculated according to tax laws and relevant requirements	418,633,877	397,247,778
Adjustments to deferred tax	-347,741	1,224,825
Under provision of prior years' tax	0	2,081,788
Total	418,286,136	400,554,391

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

	Amount for the current period	Unit: RMB Amount for the prior period
Net profit for the current period attributable to ordinary shareholders	1,299,490,735	1,273,252,748
Including: Net profit from continuing operations	1,299,490,735	1,273,252,748
Net profit from discontinued operations	0	0

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

	Amount for the current period	Unit: RMB Amount for the prior period
Number of ordinary shares outstanding at the beginning of period	5,037,747,500	5,037,747,500
Add: Weighted average number of ordinary shares issued during the period	0	0
Less: Weighted average number of ordinary shares repurchased during the period	0	0
Number of ordinary shares outstanding at the end of period	5,037,747,500	5,037,747,500

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Calculation process of basic earnings per share and diluted earnings per share (continued)

Earnings per share

		Unit: RMB
	Amount for the current period	Amount for the prior period
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.2580	0.2527
Diluted earnings per share	N/A	N/A
Calculated based on net profit from discontinued operations attributable to shareholders of the Company:		
Basic earnings per share	0.2580	0.2527
Diluted earnings per share	N/A	N/A
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	N/A	N/A
Diluted earnings per share	N/A	N/A

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

40. Other comprehensive income

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
1. Gains (losses) arising from available-for-sale financial assets	0	0
Less: Tax effects arising from available-for-sale financial assets	0	0
Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	0	0
Subtotal	0	0
2. Share of other comprehensive income of the investee accounted for using the equity method	-11,135,896	-152,121,909
Less: Tax effects arising from the share of other comprehensive income of the investee accounted for using the equity method	0	0
Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	0	0
Subtotal	-11,135,896	-152,121,909
3. Gains (losses) arising from cash flow hedging instruments	0	0
Less: Tax effects arising from cash flow hedging instruments	0	0
Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	0	0
Adjustments to the initial recognised amounts of hedged items	0	0
Subtotal	0	0

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Other comprehensive income (continued)

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
4. Translation differences of financial statements denominated in foreign currencies	0	0
Less: Net amount transferred to profit or loss for the period on disposal of foreign operations	0	0
Subtotal	0	0
5. Others	0	0
Less: Tax effects arising from other items recognised in other comprehensive income	0	0
Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	0	0
Subtotal	0	0
Total	-11,135,896	-152,121,909

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

41. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
Compensation, non operation income and bank deposits interest received	8,901,453	3,868,709
Total	8,901,453	3,868,709

(2) Other cash payments relating to operating activities

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
Payment of non salary and other expenditure	18,558,339	27,762,491
Total	18,558,339	27,762,491

(3) Other cash receipts relating to investing activities: N/A

(4) Other cash payments relating to investing activities: N/A

(5) Other cash receipts relating to financing activities: N/A

(6) Other cash payments relating to financing activities: N/A

Notes to the financial statements (continued)

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	Current period	Unit: RMB
		Prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,327,032,070	1,303,590,290
Add: Provision for impairment losses of assets	-500,000	-80,000
Depreciation of fixed assets	85,940,948	80,559,380
Amortisation of intangible assets	401,437,637	370,985,713
Amortisation of long-term prepaid expenses	133,273	120,827
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “-”)	4,350,495	-2,626,842
Losses on write-off of fixed assets (gains are indicated by “-”)	575,861	819,756
Losses on changes in fair values (gains are indicated by “-”)	621,390	-4,899,300
Financial expenses (income is indicated by “-”)	129,033,751	184,731,141
Losses arising from investments (gains are indicated by “-”)	-102,121,292	-130,157,129
Decrease in deferred tax assets (increase is indicated by “-”)	-30,348	0
Increase in deferred tax liabilities (decrease is indicated by “-”)	-317,393	1,224,825
Decrease in inventories (increase is indicated by “-”)	-757,594,039	-214,277,536
Decrease in receivables from operating activities (increase is indicated by “-”)	662,652,548	-220,508,507
Increase in payables from operating activities (decrease is indicated by “-”)	226,367,551	-61,914,654
Others- depreciation of investment properties	275,512	241,120
Net cash flow from operating activities	1,977,857,964	1,307,809,084

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

42. Supplementary information to the cash flow statement *(continued)*

(1) Supplementary information to the cash flow statement *(continued)*

Supplementary information	Unit: RMB	
	Current period	Prior period
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	0	0
Convertible bonds due within one year	0	0
Fixed assets acquired under finance leases	0	0
3. Net changes in cash and cash equivalents:		
Closing balance of cash	487,801,375	379,380,243
Less: Opening balance of cash	475,084,741	517,820,151
Net increase in cash and cash equivalents	12,716,634	-138,439,908

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Unit: RMB

Name of the parent	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Organisation code
Jiangsu Communications Holding Company Limited ("Communications Holding")	Parent company and ultimate shareholder	State owned	Nanjing, Jiangsu Province	Yang Gen Lin	Investment, construction, operation and management of traffic infrastructure, transportation and other relevant industry	16,800,000,000	54.44	54.44	Communications Holding	13476706-3

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

2. Subsidiaries of the Company

Unit: RMB

Full name of subsidiary	Type of the subsidiary	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of ownership interests (%)	Proportion of voting power (%)	Organisation code
Guanjingxicheng	Non-wholly owned subsidiary	Limited liability company	Nanjing	Chang Qin	Service	850,000,000	85	85	71408945-7
Wuxi Jingcheng Advertising Co., Ltd.	Non-wholly owned subsidiary	Limited liability company	Wuxi	Yang Li	Service	1,000,000	85	85	72352469-9
Ninghu Investment	Non-wholly owned subsidiary	Limited liability company	Nanjing	Qian Yong Xiang	Investment and service	100,000,000	95	95	74236487-4
Kunshan Fengyuan	Non-wholly owned subsidiary	Limited liability company	Kunshan	Qian Yong Xiang	Real estate	42,000,000	95	95	78765432-2
Ninghu Properties	Wholly owned subsidiary	Limited liability company	Nanjing	Qian Yong Xiang	Real estate	200,000,000	100	100	67763731-0
Kunshan Properties	Wholly owned subsidiary	Limited liability company	Kunshan	Chen Hong Tu	Real estate	200,000,000	100	100	69449070-1

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

3. Associates and joint ventures of the entity

Unit: RMB

Name of investee	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of ownership interest held by the Company (%)	Proportion of voting power in the investee held by the Company (%)	Related party relationship	Organisation code
I. Joint ventures									
N/A									
II. Associates									
Kuailu Co., Ltd.	State owned	Nanjing	Sun Hong Ning	Service	150,300,000	33.20	33.20	Associate	13478934-2
Yangtze Bridge	State owned	Nanjing	Chen Xiang Hui	Service	2,137,248,000	26.66	26.66	Associate	13476509-2
Sujiahang	State owned	Suzhou	Yao Zhen Kang	Service	1,578,600,000	33.33	33.33	Associate	13776920-8
Nanlin Hotel	State owned	Suzhou	Sun Hong Ning	Service	227,715,968	34.91	34.91	Associate	13773558-5

4. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Organisation code
Network Operation Company	Same ultimate shareholder	77050954-0
Sundian	Same ultimate shareholder	74821796-3
Jiangsu Expressway Petroleum Development Co., Ltd. ("Jiangsu Petroleum Company")	Same ultimate shareholder	73572481-9
Jiangsu Leasing	Same ultimate shareholder	13475854-6
Jiangsu Far East Shipping Co., Ltd. ("Far Ease Shipping")	Same ultimate shareholder	73225111-2

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services

Unit: RMB

Related party	Type of related party transactions	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount for the current period		Amount for the prior period	
				Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Kuailu Co., Ltd.	Goods sold	Petrol fee	For significant related party transactions, the price is settled by public tender bid price, or for reference of quote from independent, qualified construction provider after arm's length negotiation in principle that less than relevant market price. The Board Meeting should review and approve the quote and the related director should abstain from voting. The independent directors should then express an independent opinion. For other insignificant related party transactions, the price is settled by signed contracts.	11,947,285	1%	11,808,676	2%
Kuailu Co., Ltd.	Service provided	Toll road fee		3,900,000	0%	3,000,000	0%
Yangtze Bridge	Service received	Toll service expenses		826,072	100%	816,857	100%
Network Operation Company	Service received	Management fee for toll road system management and maintenance		9,148,451	100%	6,397,536	100%
Sundian	Service received	Road maintenance fee		2,000,000	6%	9,000,000	22%
Nanlin Hotel	Service received	Food and beverage		13,886	0%	0	0%
Far East Shipping	Financing	Interest of entrusted loan		5,783,358	4%	6,859,193	4%

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Related party transactions *(continued)*

(2) Leases with related parties

Unit: RMB

Name of lessor	Name of lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in the prior year	Basis of determining the lease income	Effect of the Group
The Company	Network Operation Company	Buildings lease	2,230,000	2,230,000	Base on cost recovery principle, and tax effect considered as well	Not significant
The Company	Sundian	Buildings lease	845,000	845,000	Base on cost recovery principle, and tax effect considered as well	Not significant
Guangjingxicheng	Jiangsu Petroleum Company	Petrol business lease	1,980,200	1,956,200	The leasing fee is calculated on the basis of the sales volume of the petroleum products at RMB100 per ton, with the minimum leasing fee amounted to RMB500,000 per annum.	Not significant

(3) Guarantees with related parties

Unit: RMB

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Communications Holding	The Company	28,059,679	15 October 1998	15 October 2027	Not completed

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Borrowings/loans with related parties

During the half year:

Unit: RMB

Related party	Amount of borrowing/loan	Inception date	Maturity date	Amount at the end of the current period	Remarks
Borrowed from:					
Far East Shipping	110,000,000	9 May 2011	9 May 2012	110,000,000	Entrusted loan with annual interest rate of 6.31%
Lend to:					
N/A					

Note: At the balance sheet date, the balance of borrowings from related parties amounted to RMB210,000,000.

In the same period of last year:

Unit: RMB

Related party	Amount of borrowing/loan	Inception date	Maturity date	Amount at the end of the current period	Remarks
Borrowed from:					
Far East Shipping	110,000,000	11 May 2010	11 May 2011	110,000,000	Entrusted loan with annual interest rate of 5.31%
Lend to:					
N/A					

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Amounts due from/to related parties

(1) Amounts due from related parties

Item	Related party	Unit: RMB			
		Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivables	Kuailu Co., Ltd.	11,763,279	0	2,957,051	0
	Sujiahang	4,816,569	0	28,762,120	0
	Yangtze Bridge	3,485,447	0	2,298,552	0
	Jiangsu Petroleum Company	1,980,200	0	1,639,700	0
Subtotal		22,045,495	0	35,657,423	0
Other receivables	Sundian	303,436	0	2,795,123	0
	Network Operation Company	1,199,518	0	0	0
Subtotal		1,502,954	0	2,795,123	0
Dividends receivables	Jiangsu Leasing	1,475,051	0	1,475,051	0

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(2) Amounts due to related parties

Item	Related party	Unit: RMB	
		Closing balance	Opening balance
Accounts payable	Sujiahang	3,401,318	1,207,098
	Yangtze Bridge	0	6,836
Subtotal		3,401,318	1,213,934
Receipts in advance	Sundian	362,000	362,000
	Network Operation Company	740,000	0
Subtotal		1,102,000	362,000
Other payable	Network Operation Company	2,802,158	1,236,985
	Sundian	6,925,902	8,434,673
	Yangtze Bridge	826,072	1,657,521
Subtotal		10,554,132	11,329,179
Interest payable	Far East Shipping	343,800	344,500

VIII. COMMITMENTS

1. Significant commitments

(1) Capital commitments

	Unit: RMB	
	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	120,322,967	63,920,606

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

VIII. COMMITMENTS *(continued)*

1. Significant commitments *(continued)*

(2) Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

	Closing balance	Unit: RMB Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	3,246,781	3,246,781
2nd year subsequent to the balance sheet date	2,434,397	2,434,397
3rd year subsequent to the balance sheet date	1,889,332	1,889,332
Subsequent periods	3,500,000	3,500,000
Total	11,070,510	11,070,510

(3) Other commitments

The Group and the Company committed to pay in the following year to 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 that year on Nanjing-Lianyungang Highway per annum for a term of 30 years from 1 January 2000.

IX. EVENTS AFTER THE BALANCE SHEET DATE

The Company completed the issue of short term bonds of RMB1,000,000,000 on 7 July 2011, with maturity on 7 July 2012 and interest rate of 5%.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

X. OTHER SIGNIFICANT EVENTS

1. Assets and liabilities measured at fair value

Unit: RMB

Item	Opening balance	Profit or loss arising from changes in fair value for the period	Changes in fair value recognised in equity	Provision for impairment losses in the current period	Closing balance
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	60,143,990	-621,390	0	0	31,477,863
Financial liabilities	0	0	0	0	0

2. Others

2(1). Segment reporting

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into 6 reporting segments,. The reporting segments are determined based on the standard with which the Group's management evaluates the operating results of these reporting segments and make decisions about resources to be allocated to the segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are Shanghai-Nanjing Expressway, 312 National Highway, Nanjing-Lianyungang Highway, Guangjingxicheng Expressway, Ancillary services and others.

Ancillary services include petrol, food and beverage and retail service in service zone along the expressways. Others include the real estate investment and development, and advertisement service.

Notes to the financial statements (continued)

For the period ended 30 June 2011

X. OTHER SIGNIFICANT EVENTS (continued)

2. Others (continued)

2(1). Segment reporting (continued)

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

2(2). Segment information

Unit: RMB

	Shanghai-Nanjing Expressway		312 National Highway		Nanjing-Lianyungang Highway		Guangjingshicheng Expressway		Ancillary services		Others		Unallocated items		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income	2,125,128,046	2,014,812,398	58,826,599	60,615,309	20,899,556	24,052,425	342,004,246	314,922,694	1,058,673,350	783,704,821	36,491,074	70,364,784	-	-	3,642,022,871	3,268,472,431
Operating costs	418,528,679	378,221,499	120,396,173	114,552,228	9,438,702	11,166,378	92,585,718	70,842,911	1,023,985,493	752,998,409	16,068,869	33,310,197	-	-	1,681,003,634	1,361,091,622
Segment operating profit (loss)	1,706,599,367	1,636,590,899	-61,569,574	-53,936,919	11,460,854	12,886,047	249,418,528	244,079,783	34,687,857	30,706,412	20,422,205	37,054,587	-	-	1,961,019,237	1,907,380,809
Reconciling items:																
Business taxes and levies	71,293,503	67,093,253	3,289,478	3,364,150	701,120	800,946	11,474,400	10,486,925	4,517,500	3,892,190	-	-	-	-	91,276,001	85,637,464
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,579,685	573,792
Administrative expenses	31,784,580	31,784,580	-	-	-	-	-	-	-	-	-	-	41,524,675	38,930,838	73,309,255	70,715,418
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,179,385	182,998,391
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-500,000	-80,000
Gains from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-621,390	4,899,300
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102,121,292	130,157,129
Operating profit	1,603,521,284	1,537,713,066	-64,859,052	-57,301,069	10,759,734	12,085,101	237,944,128	233,592,858	30,170,357	26,814,222	20,422,205	37,054,587	-41,524,675	-38,930,838	1,751,674,813	1,702,592,173
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,179,749	7,606,476
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,536,356	6,053,968
Total profit	1,603,521,284	1,537,713,066	-64,859,052	-57,301,069	10,759,734	12,085,101	237,944,128	233,592,858	30,170,357	26,814,222	20,422,205	37,054,587	-41,524,675	-38,930,838	1,745,318,206	1,704,144,681
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	418,286,136	400,554,391
Net profit	1,603,521,284	1,537,713,066	-64,859,052	-57,301,069	10,759,734	12,085,101	237,944,128	233,592,858	30,170,357	26,814,222	20,422,205	37,054,587	-41,524,675	-38,930,838	1,327,032,070	1,303,590,290
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Total segment assets	14,909,963,379	15,217,954,942	2,572,460,616	2,654,374,003	344,014,927	349,899,720	1,814,991,852	1,847,390,298	389,297,263	401,606,493	1,982,320,925	1,826,904,352	2,715,368,843	2,599,363,325	24,728,417,805	24,897,493,133

VI Financial Report (Continued)

Notes to the financial statements (continued)

For the period ended 30 June 2011

X. OTHER SIGNIFICANT EVENTS (continued)

2. Others (continued)

2(2). Segment information (continued)

Segment profit represents the gross profit earned by each segment without allocation of administrative expenses, finance costs 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.

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to Operating segments other than long term investments, held for trading investments, bank balances and cash and other corporate assets.

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosure of accounts receivable by categories:

Category	Closing balance				Opening balance				Unit: RMB
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	41,015,808	79	0	0	48,836,030	74	0	0	
Accounts receivable for which bad debt provision has been assessed by portfolios	10,533,886	20	0	0	16,639,449	25	0	0	
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	540,899	1	540,899	100	540,899	1	540,899	100	
Total	52,090,593	100	540,899	100	66,016,378	100	540,899	100	

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

1. Accounts receivable *(continued)*

(1) Disclosure of accounts receivable by categories: *(continued)*

Aging analysis of accounts receivables is as follows:

Aging	Unit: RMB							
	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	51,549,694	99	0	51,549,694	65,475,479	100	0	65,475,479
More than 1 year but not exceed 2 years	0	0	0	0	0	0	0	0
More than 2 years but not exceeding 3 years	0	0	0	0	0	0	0	0
More than 3 years	540,899	1	540,899	0	540,899	0	540,899	0
Total	52,090,593	100	540,899	51,549,694	66,016,378	100	540,899	65,475,479

(2) There is no accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

Notes to the financial statements (continued)

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Prepayments

(1) Aging analysis of prepayments is as follows:

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
	Unit: RMB			
Within 1 year	28,686,691	100	1,580,171	100
More than 1 year but not exceed 2 year	142,440	0	2,000	0
Total	28,829,131	100	1,582,171	100

(2) There is no accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

(3) Disclosure of prepayments by client categories is as follows:

Category	Closing balance		Opening balance	
	Unit: RMB			
Individually significant prepayments	26,272,796		0	
Individually insignificant prepayments but with significant risks after being grouped according to credit risk characteristics	0		0	
Other insignificant prepayments	2,556,335		1,582,171	
Total	28,829,131		1,582,171	

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

3. Other receivables

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision has been assessed individually	1,268,787,152	99	17,194,237	100	1,351,546,004	100	17,694,237	100
Other receivable for which bad debt provision has been assessed by portfolios	0	0	0	0	0	0	0	0
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	12,385,509	1	0	0	12,472,036	0	0	0
Total	1,281,172,661	100	17,194,237	100	1,364,018,040	100	17,694,237	100

Notes to the financial statements (continued)

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Other receivables (continued)

(1) Disclosure of accounts receivable by categories: (continued)

Explanations of categories of other receivables:

Aging analysis of other receivables is as follows:

Aging	Unit: RMB							
	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	153,765,706	12	275,314	153,490,392	444,645,508	33	292,910	444,352,598
More than 1 year but not exceed 2 years	1,110,107,892	87	106,232	1,110,001,660	900,030,214	66	86,664	899,943,550
More than 2 years but not exceed 3 years	27,552	0	551	27,001	126,160	0	2,523	123,637
More than 3 years	17,271,511	1	16,812,140	459,371	19,216,158	1	17,312,140	1,904,018
Total	1,281,172,661	100	17,194,237	1,263,978,424	1,364,018,040	100	17,694,237	1,346,323,803

(2) There is no other receivables due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

4. Long-term equity investments

(1) Details of long-term equity investments are as follows:

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Associates											
Kuailu Co., Ltd.	Equity method	49,899,600	71,871,134	1,642,665	73,513,799	33.20	33.20	N/A	0	0	0
Yangtze Bridge	Equity method	631,159,243	960,707,430	-35,979,412	924,728,018	26.66	26.66	N/A	0	0	68,380,279
Sujiahang	Equity method	526,090,677	680,809,162	56,134,689	582,225,366	33.33	33.33	N/A	0	0	0
		1,207,149,520	1,713,387,726	21,797,942	1,735,185,668						
Subsidiaries											
Guangxingcheng	Cost method	2,125,000,000	2,125,000,000	0	2,125,000,000	85.00	85.00	N/A	0	0	131,015,204
Ninghu Investment	Cost method	95,000,000	95,000,000	0	95,000,000	95.00	95.00	N/A	0	0	0
Ninghu Properties	Cost method	200,000,000	200,000,000	0	200,000,000	100.00	100.00	N/A	0	0	0
Other equity investment											
Sundian	Cost method	24,500,000	3,685,500	0	3,685,500	7.50	7.50	N/A	0	0	0
Network Operation Company	Cost method	1,750,000	2,150,000	0	2,150,000	4.06	4.06	N/A	0	0	0
		2,446,250,000	2,425,835,500	0	2,425,835,500						
Total	-	3,653,399,520	4,139,223,226	21,797,942	4,161,021,168						199,395,483

(2) There are no restrictions on the ability to transfer funds to the investor.

Notes to the financial statements (continued)

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

5. Operating income and operating costs

Item	Unit: RMB			
	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income				
Including:				
Shanghai-Nanjing Expressway	2,125,128,046	418,528,679	2,014,812,398	378,221,499
312 National Highway	58,826,599	120,396,173	60,615,309	114,552,228
Nanjing-Lianyungang Highway	20,899,556	9,438,702	24,052,425	11,166,378
Ancillary services	1,047,725,461	1,010,560,417	773,460,615	740,968,900
Total	3,252,579,662	1,558,923,971	2,872,940,747	1,244,909,005

6. Investment income

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
Income from long-term equity investments under cost method	131,015,204	117,930,025
Income from long-term equity investments under equity method	101,314,118	113,677,057
Investment income from disposal of long term equity investment	0	0
Total	232,329,322	231,607,082

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

7. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
Compensation, non operation income and bank deposits interest received	5,933,330	3,449,968

(2) Other cash payments relating to operating activities

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
Payment of non salary and other expenditure	18,076,207	17,150,325

(3) Other cash receipts relating to investing activities:

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
Repayment received from Ninghu Properties	80,000,000	0

Other cash receipts relating to investing activities represents the loans repayment received from wholly owned subsidiary, Ninghu Properties.

(4) Other cash payments relating to investing activities:

Item	Unit: RMB	
	Amount incurred in current period	Amount incurred in prior period
Loans to Ninghu Properties	0	330,000,000

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

8. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	Current period	Unit: RMB	
		Prior period	
1. Reconciliation of net profit to cash flow from operating activities:			
Net profit	1,270,981,304	1,204,259,227	
Add: Provision for impairment losses of assets	-500,000		0
Depreciation of fixed assets	68,332,801	67,395,693	
Amortisation of intangible assets	347,339,063	328,903,302	
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “-”)	2,002,324	-2,593,978	
Losses on write-off of fixed assets	359,882	289,434	
Financial expenses (income is indicated by “-”)	143,897,402	194,516,307	
Losses arising from investments (gains are indicated by “-”)	-232,329,322	-231,607,082	
Decrease in deferred tax assets (increase is indicated by “-”)	125,000		0
Decrease in inventories (increase is indicated by “-”)	-5,954,259	-1,673,077	
Decrease in receivables from operating activities (increase is indicated by “-”)	9,547,116	-42,752,188	
Increase in payables from operating activities (decrease is indicated by “-”)	-13,870,800	-6,719,988	
Net cash flow from operating activities	1,589,930,511	1,510,017,650	

Notes to the financial statements *(continued)*

For the period ended 30 June 2011

XI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

8. Supplementary information to the cash flow statement *(continued)*

(1) Supplementary information to the cash flow statement *(continued)*

Supplementary information	Current period	Unit: RMB	
		Prior period	
2. Significant investing and financing activities that do not involve cash receipts and payments:			
Conversion of debt into capital	0		0
Convertible bonds due within one year	0		0
Fixed assets acquired under finance leases	0		0
3. Net changes in cash and cash equivalents:			
Closing balance of cash	188,047,779		162,761,893
Less: Opening balance of cash	171,257,578		242,978,247
Net increase in cash and cash equivalents	16,790,201		-80,216,354

XII. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the board of directors and authorised for issue on 19 August 2011.

SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

Item	Unit: RMB Amount
Net profit	1,327,032,070
Add (less): Non-recurring profit or loss items	
– Losses on disposal of long-term assets (gains are indicated by “–”)	4,926,356
– Government grants	-820,000
– Gain from disposal of held for trading financial assets	-1,899,046
– Gain from disposal of other assets	-92,452
– Loss from change of fair value (gains are indicated by “–”)	621,390
– Reversal of impairment loss which were provided in prior years	-500,000
– Other non-operating income profit/loss	2,250,251
Subtotal	4,486,499
Tax effects	1,091,277
Net profit after deducting non-recurring profit or loss	1,330,427,292
Including: net profit attributable to shareholders of the Company	1,302,656,979
net profit attributable to minority shareholders	27,770,313

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

The return on net assets and EPS have been prepared by China GAAP Holdings Limited (“China GAAP Company”) in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2011)* issued by China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	7.26%	0.2580	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	7.27%	0.2586	N/A

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
19 August 2011

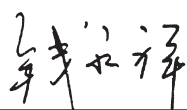
VIII Confirmation Opinion on 2011 Interim Report by Directors and Senior Management

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.

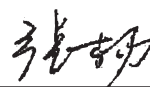
Directors



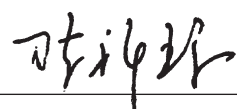
Yang Gen Lin



Qian Yong Xiang




Zhang Yang



Chen Xiang Hui



Du Wen Yi



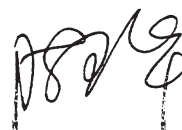
Cheng Chang Yung Tsung, Alice



Fang Hung, Kenneth



Fan Cong Lai



Chen Dong Hua

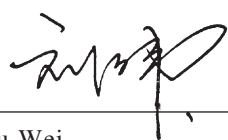


Xu Chang Xin

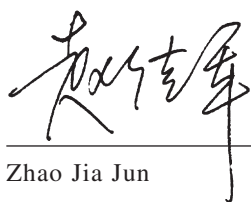


Gao Bo

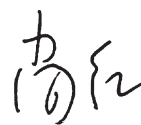
Senior Management Members




Liu Wei



Zhao Jia Jun



Shang Hong



Tian Yafei



Yao Yong Jia

Jiangsu Expressway Company Limited
19 August 2011