

Pursuant to the Notice [1995] 31 issued by Ministry of Finance (the "MOF") on 24th August, 1995, the amount of profit available for distribution to the shareholders will be determined based on the lower of unappropriated profits determined in accordance with (i) PRC accounting standards and regulations, and (ii) IAS or Hong Kong Statements of Standard Accounting Practice.

There is no appropriation of net profit to SSR and SPWF during the six months ended 30th June, 2001. In accordance with the Company's articles of association, these appropriations will be proposed by the Board of Directors for the approval from the annual general meetings of shareholders.

8. PREPAYMENTS AND OTHER RECEIVABLES

	As of 30th June, 2001 (unaudited) RMB'000	As of 31st December, 2000 (audited) RMB'000
Prepayments	61,241	3,695
Interest receivable	10,665	4,498
Due from Yicao Road	8,900	17,800
Others	26,507	15,438
	107,313	41,431

9. SHORT-TERM INVESTMENT

During the period, The Company signed two short-term assets management contracts with Guotang Securities Company Limited and Suzhou Investment Company Limited amounting to RMB 100,000,000 and RMB110,000,000 respectively. These agreements will mature on 19th March, 2002 and 10th May, 2002 respectively.

10. SHARE CAPITAL

There was no movement in the share capital of the Company in the interim reporting periods.

11. RELATED PARTY TRANSACTIONS

(a) Name of related party and relationship

Name	Relationship with the Company
Jiangsu Communications Holding Company Ltd.	The ultimate parent company

(b) Related party transactions

During the interim period, the Company did not have material related party transactions.

(c) Related party balances

As of 30th June, 2000, the Company did not have related party balances.

12. COMMITMENTS

The Group and the Company had capital expenditure commitments of approximately RMB14,000,000 (which had been contracted but not provided for), mainly to upgrade the present communications, surveillance and control and toll collection system for Shanghai-Nanjing Expressway as of 30th June, 2001 (RMB28,000,000 as of 31st December, 2000).

13. CHANGE IN ACCOUNTING POLICY

From 1st January, 2001, the Group changed its accounting policy with respect to the recognition and measurement of the financial instruments to conform to IAS 39 "Financial Instruments: Recognition and Measurement".

After initial recognition of a financial asset or financial liability at cost, the Group measures each major class of the financial instruments, at amortized cost in accordance with IAS 39. Regular way purchases and sales of financial assets are accounted for at trade date.

The financial effects of adopting IAS 39 did not have a significant effect to the opening balances to these condensed financial statements.

The fair value of these financial assets are determined according to note 14.

14. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group activities expose it to a variety of financial risks, including credit risk and interest rate risk.

Financial risk management is carried out by the Finance Department under policies approved by the Board of Directors.

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit terms and monitoring procedures. The Group has no significant concentration of credit risk.

The Group's income and operating cash flows are substantially independent of changes in market prices interest rates.

(b) Fair value estimation

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date. In assessing the fair value of non-trading securities and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

THE DIFFERENCES BETWEEN THE PRC ACCOUNTING STANDARDS AND THE IAS

	Net Profit	Net Asset
According to the PRC Accounting Standards	365,836,146	13,685,249,610
IAS adjustments:		
- Write-back of depreciation on assets carried at valuation	15,173,628	(1,641,945,064)
- Amortization of Land Use Rights calculated on the basis of a sinking fund calculation	18,654,224	18,654,224
- Deferred taxation	(6,155,894)	(6,155,894)
Amount adjusted pursuant to the IAS	393,508,104	12,055,802,876