



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 177)

Driving **Steadily Ahead**

with Pragmatism and Innovation

2008
Interim Report

IMPORTANT

1. The board of directors (the “Board”), the supervisory committee and the directors, supervisors and senior management of Jiangsu Expressway Company Limited (the “Company”) warrant that there are no false representations or misleading statements contained in, or material omissions from this report; and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this interim report.
2. The financial statements in this interim report are unaudited operating results prepared in accordance with PRC Accounting Standards for Business Enterprises (“PRC Accounting Standards”) and Hong Kong Financial Reporting Standards (“HKFRS”) and have been reviewed by the audit committee of the Company.
3. Mr. Shen Chang Quan, Chairman of the Company, Mr. Xie Jia Quan, General Manager, and Ms. Liu Wei, Financial Controller warrant the truthfulness and completeness of the financial statements in this interim report.

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I. Company Information

(1) Company Information

Statutory Name of the Company in Chinese and English:	江蘇寧滬高速股份有限公司 Jiangsu Expressway Company Limited
Abbreviation of Chinese Name and English Name:	寧滬高速 Jiangsu Expressway
Stock Exchanges where the Company's Shares are Listed:	A Share Shanghai Stock Exchange Stock name of A shares: 寧滬高速 Stock code of A shares: 600377 H Share The Stock Exchange of Hong Kong Limited Stock name of H Shares: Jiangsu Expressway Stock code of H Shares: 0177 ADR The United States of America Stock name of ADR: JEXWW Security United Code: 477373104
Registered Office and Place of Business:	6 Maqun Road Nanjing, Jiangsu the PRC
Postcode:	210049
Website of the Company:	http://www.jsexpressway.com
E-mail Address of the Company:	nhgs@public1.ptt.js.cn
Legal Representative of the Company:	Shen Chang Quan
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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Newspapers Designated for Regular Announcements:	Shanghai Securities News, China Securities Journal
Website Designated for Information Disclosure:	www.sse.com.cn , www.hkexnews.hk , www.jsexpressway.com
Regular Reports Available at:	Shanghai Stock Exchange 528 Pudong Road South Shanghai the PRC Richards Butler 20th Floor, Alexandra House 16-20 Chater Road Central Hong Kong Hong Kong Registrars Limited 18/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong Jiangsu Expressway Company Limited 6 Maqun Street Nanjing, Jiangsu Province the PRC

II. Major Financial Data and Indicators

(1) Major Accounting Data and Indicators (Prepared in accordance with PRC Accounting Standards)

Unit: RMB'000

	End of the reporting period	The last reporting period	Increase (decrease) at the end of the reporting period as compared to end of last year (%)
Total Assets	25,112,900	25,937,848	-3.18
Shareholders' equity attributable to equity holders of the Company	15,190,483	15,708,385	-3.30
Net assets per share attributable to equity holders of the Company (RMB)	3.02	3.12	-3.30

	The reporting period (January-June 2008)	The corresponding period last year	Increase (decrease) of this reporting period as compared to the corresponding period of last year (%)
Operating Profit	1,150,347	1,185,285	-2.95
Profit before tax	1,144,296	1,183,646	-3.32
Net profit	842,289	784,712	7.34
Net profit after non-recurring profit/loss	844,560	785,212	7.56
Basic earnings per share (RMB)	0.17	0.16	7.34
Diluted earnings per share (RMB)	0.17	0.16	7.34
Return on net assets (%)	5.54	5.28	Up 0.26 percentage point
Net cash flow from operating activities	1,258,443	1,603,653	-21.53
Net cash flow per share from operating activities (RMB)	0.25	0.32	-21.53

(2) Non-recurring profit/loss and the amounts

Unit: RMB'000

Item	Six months ended 30 June 2008
Gain from disposal of long-term equity investment	1,072
Loss from disposal of fixed assets	(7)
Change in fair value	1,159
Profit from held-for-trading investment	476
Other non-operating income and expenses, net	(6,045)
Effects of income tax	836
Effects of minority shareholders profit/(loss)	238
Total	(2,271)

(3) Differences between the PRC Accounting Standards and HKFRS

Unit: RMB'000

	Net Profit		Net Asset	
	This period	Last period	This period	Last period
Under PRC Accounting Standards	866,166	784,712	15,628,143	16,137,720
HKFRS adjustments:				
Valuation and depreciation of fixed assets	22,102	20,020	-1,349,669	-1,371,771
Under HKFRS	888,268	804,732	14,278,474	14,765,949

III. Changes in Share Capital and Shareholders

(1) Changes in Share Capital

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

	Prior to current movement		Current Movement (+ . -) Shares with selling restrictions circulated	After current movement	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares subject to selling restrictions					
1. State-owned shares	2,742,578,825	54.44%	—	2,742,578,825	54.44%
2. State-owned legal person shares	589,059,077	11.69%	—	589,059,077	11.69%
3. Other domestic shares	134,955,718	2.68%	-57,644,500	77,311,218	1.54%
Including: Domestic legal person shares	134,955,718	2.68%	-57,644,500	77,311,218	1.54%
Domestic natural person shares	—	—	—	—	—
4. Foreign shares	—	—	—	—	—
Including: Foreign legal person shares	—	—	—	—	—
Foreign natural person shares	—	—	—	—	—
Total shares subject to selling restrictions	3,466,593,620	68.81%	-57,644,500	3,408,949,120	67.67%
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	349,153,880	6.93%	+57,644,500	406,798,380	8.07%
2. Domestic listed foreign shares	—	—	—	—	—
3. Foreign listed foreign shares	1,222,000,000	24.26%	—	1,222,000,000	24.26%
4. Others	—	—	—	—	—
Total circulating shares not subject to selling restrictions	1,571,153,880	31.19%	+57,644,500	1,628,798,380	32.33%
III. Shares in total	5,037,747,500	100%	0	5,037,747,500	100%

Changes in share transfer and approval status

During the reporting period, the Company completed the listing and circulation procedures for part of the fourth batch of 57,644,500 shares which have satisfied the conditions for circulation and have completed the relevant circulation procedures. Upon the Company's submission of the relevant circulation applications to the State-owned Assets Supervision and Administration Commission of Jiangsu Province, the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository & Clearing Corporation Limited and obtaining the relevant approvals, the batch was listed and circulated on 27 February 2008.

(2) Shareholders

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

As at 30 June 2008, there was a total of 57,644 shareholders in the registers of members of the Company, of whom 57,090 were domestic shareholders and 554 were foreign shareholders.

2. Shareholdings of major shareholders

i. As at 30 June 2008, 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.	238,318	2,742,578,825	54.44	2,742,578,825	0	State-owned shareholder
Huajian Transportation Economic Development Centre	51,188	589,059,077	11.69	589,059,077	0	State-owned shareholder
Fidelity International Limited	-20,590,000	113,831,987	2.26	0	Unknown	Foreign shareholder
Bank of America Corporation	12,962,000	98,562,000	1.96	0	Unknown	Foreign shareholder
Sumitomo Mitsui Asset Management Company, Limited	0	73,168,000	1.45	0	Unknown	Foreign shareholder
Halbis Capital Management (Hong Kong) Limited	-20,662,000	63,996,000	1.27	0	Unknown	Foreign shareholder
Columbia Wanger Asset Management, L.P.	63,168,000	63,168,000	1.25	0	Unknown	Foreign shareholder
JPMorgan Chase & Co.	-23,690,201	62,276,157	1.24	0	Unknown	Foreign shareholder
Bosera Thematic Sector Equity Securities Investment Fund (博時主題行業股票證券投資基金)	1,108,200	27,670,897	0.55	0	Unknown	Others
Huaxia Securities Co., Ltd.	0	21,160,000	0.42	21,160,000	21,000,000	Others

Note: Connection between the top ten shareholders:

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

- ii. As at 30 June 2008, the shareholdings of the top ten shareholders not subject to selling restrictions were as follows:

Name of shareholder	Number of shares held at the end of the reporting period (Shares)	Category of the shares held
Fidelity International Limited	113,831,987	Overseas listed foreign shares
Bank of America Corporation	98,562,000	Overseas listed foreign shares
Sumitomo Mitsui Asset Management Company, Limited	73,168,000	Overseas listed foreign shares
Halbis Capital Management (Hong Kong) Limited	63,996,000	Overseas listed foreign shares
Columbia Wanger Asset Management, L.P.	63,168,000	Overseas listed foreign shares
JPMorgan Chase & Co.	62,276,157	Overseas listed foreign shares
Bosera Thematic Sector Equity Securities Investment Fund (博時主題行業股票證券投資基金)	27,670,897	RMB-denominated ordinary shares
Bosera Emerging Growth Fund (博時新興成長股票型證券投資基金)	18,857,067	RMB-denominated ordinary shares
Shenyin Wanguo Securities Co., Ltd.	13,960,000	RMB-denominated ordinary shares
Shanghai Haiji Investment Development Co., Ltd.	12,650,000	RMB-denominated ordinary shares

- iii. As at 30 June 2008, the shareholdings of the top ten A shareholders not subject to selling restrictions were as follows:

Name of shareholder	Number of shares held at the end of the reporting period (shares)	Category of the shares held
Bosera Thematic Sector Equity Securities Investment Fund (博時主題行業股票證券投資基金)	27,670,897	RMB-denominated ordinary shares
Bosera Emerging Growth Fund (博時新興成長股票型證券投資基金)	18,857,067	RMB-denominated ordinary shares
Shenyin Wanguo Securities Co., Ltd.	13,960,000	RMB-denominated ordinary shares
Shanghai Haiji Investment Development Co., Ltd.	12,650,000	RMB-denominated ordinary shares
Jiangsu High Technology Investment Group Co., Ltd.	11,700,000	RMB-denominated ordinary shares
Jiangsu Power Company	6,534,627	RMB-denominated ordinary shares
江門市天創置業有限公司	6,525,463	RMB-denominated ordinary shares
通用電氣資產管理公司	6,362,889	RMB-denominated ordinary shares
MERRILL LYNCH INTERNATIONAL	5,771,095	RMB-denominated ordinary shares
全國社保基金一零三組合	5,000,000	RMB-denominated ordinary shares

- iv. As at 30 June 2007, the shareholdings of the top ten shareholders subject to selling restrictions and their selling restrictions were as follows:

No.	Name of shareholder subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of shares subject to selling restrictions		Selling restrictions
			Listing and trading date	Number of additional listed and tradable shares	
1	Jiangsu Communications Holdings Company Ltd.	2,742,578,825	16 May 2011	0	Note 1
2	Huajian Transportation Economic Development Centre	589,059,077	16 May 2011	0	Note 1
3	Huaxia Securities Co., Ltd.	21,160,000	16 May 2007	21,160,000	Note 2
4	昆山土地開發中心	7,500,000	16 May 2007	7,500,000	Note 2
5	Rundi Zhi Ye Co., Ltd.	3,000,000	16 May 2007	3,000,000	Note 2
6	江蘇省交通廳公路局	2,000,000	16 May 2007	2,000,000	Note 2
7	南京華盈租賃（集團）有限公司	1,200,000	16 May 2007	1,200,000	Note 2
8	深圳赤灣港股份有限公司	1,000,000	16 May 2007	1,000,000	Note 2
9	江蘇省交通廳航道局	750,000	16 May 2007	750,000	Note 2
10	南京順澤科技發展有限公司	640,000	16 May 2007	640,000	Note 2

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

Note 2: 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 shareholder. For repayment, the relevant (advancee) shareholders may opt to transfer the amount of shares being advanced or to pay in cash in an amount calculated in accordance with the average closing price of the five trading days following the implementation date of the Company's Share Segregation Reform for the consideration shares. Application for the listing status of such shares shall then be submitted by the Company to the stock exchange.

- v. As at 30 June 2007, as far as the Company is aware, the following individuals held 5% or more of the interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under the Securities and Futures Ordinance of Hong Kong (“SFO”):

Name	Capacity	Direct interest	Number of H shares	Percentage of H shares (total shares) (%)
Jiangsu Communications Holdings Company Ltd.	Others	Yes	2,742,578,825	(54.44%)
China Merchants Group Limited/ Huajian Transportation Economic Development Centre	Others	Yes	589,059,077	(11.69%)
FIL Limited	Investment manager	Yes	113,831,987(L)	9.32% (2.26%)
Bank of America Corporation/ Columbia Wanger Asset Management, L.P. ⁽¹⁾	Interests in controlled corporation	No	98,562,000(L)	8.07% (1.96%)
Halbis Capital Management (Hong Kong) Limited ⁽²⁾	Investment manager	Yes	63,996,000(L)	5.24% (1.27%)
JPMorgan Chase & Co. ⁽²⁾	Interests in controlled corporation	No	62,276,157(L) 3,864,000(S) 53,030,427(P)	5.10 % (1.24%) 0.32 % (0.08%) 4.34 % (1.05%)

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

- (1) Bank of America Corporation was deemed to hold interest by virtue of its 100% indirect control of Columbia Wanger Asset Management, L.P. It is stated in the Form 2 submitted by Columbia Wanger Asset management, L.P., to the Hong Kong Stock Exchange on 20 July 2007 that it was deemed to hold interests in the shares in its capacity as the investment manager holding equity interests of 63,878,000 shares.
- (2) Halbis Partners (Hong Kong) Limited stated in Form 2 submitted by Halbis Partners (Hong Kong) Limited to the Hong Kong Stock Exchange that its parent company is HSBC Holdings plc.
- (3) JP Morgan Chase & Co. was deemed to hold interests by virtue of its controlling interests in the following corporations:
- (i) 53,030,427 shares held by JP Morgan Chase Bank, N.A., a 100% directly controlled corporation;
 - (ii) 4,913,130 shares held by JP Morgan Whitefriars Inc., a 100% indirectly controlled corporation.
 - (iii) 3,908,600 shares held by JP Morgan Securities Ltd., a 100% indirectly controlled corporation. (There were also short selling shares amounted to 3,812,000).
 - (iv) 52,000 short selling shares held by JP Morgan Structured Products B.V., a 100% indirectly controlled corporation.
 - (v) 424,000 shares held by Bear Stearns International Limited., a 100% indirectly controlled corporation.

Save as disclosed above, to the Company’s best knowledge, as at 30 June 2008, there was no person who was required to make disclosure under the SFO.

(4) Purchase, Sale and Redemption of Shares of the Company

For the six months ended 30 June 2008, there was no purchase, sale or redemption of any of the Company's listed shares by the Company or any of its subsidiaries.

(5) Pre-emption Rights

In accordance with the laws of the People's Republic of China 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.

(6) Public Float

As at 30 June 2008 and 22 August 2008 (the latest practicable date of this disclosure statement), the Company complied with the 25% public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules").

IV. Directors, Supervisors and Senior Management

(1) Shareholding of Directors, Supervisors and Senior Management

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

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

(2) New Appointments or Removals of Directors, Supervisors and Senior Management

During the reporting period, Ms. Fan Yu Shu, Director of the Company, and Mr. Zhou Hao Xiang, Supervisor of the Company, resigned from the respective offices of director and supervisor of the Company due to retirement. Ms. Shang Hong, Supervisor, resigned from the office of supervisor of the Company due to her promotion to a management member of the Company.

The Company's fourteenth meeting of the fifth session of the Board nominated Mr. Du Wen Yi as director of the Company. The relevant resolution was considered and approved at the annual general meeting of 2007 held on 6 June 2008.

The third session of the General Meeting of the Representatives of the Labor Union of the Company elected Mr. Yan Shi Min and Ms. Shao Li as supervisors representing the staff.

V. Report of the Directors

(1) Discussion and analysis on the overall operations during the reporting period

1. Results summary

During the reporting period, the Group realized aggregated total operating revenues of approximately RMB2,615,942,000, up approximately 4.08% over the same period of 2007, of which toll revenue amounted to approximately 2,035,687,000, at par with the same period last year. Revenue from ancillary services amounted to approximately RMB563,169,000, up approximately 24.90% from a year ago. Revenue from other operations was approximately RMB17,086,000, down approximately 34.73% from the same period of 2007. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB1,150,347,000 during the reporting period, a decrease of approximately 2.95% over the same period of 2007. Due to the adjustment of income tax rate since 1 January 2008, net profit attributable to shareholders of the Company was approximately RMB842,289,000 and earnings per share was approximately RMB0.17, an increase of approximately 7.34% over the same period of 2007. Under HKFRS, profit after taxation was approximately RMB864,391,000 and earnings per share was approximately RMB0.17, an increase of approximately 7.41% over the same period last year. The operating status of each operation is as follows:

Unit: RMB'000

Item	Operating revenue	Increase/decrease over corresponding period last year (%)	Operating costs	Increase/decrease over corresponding period last year (%)	Gross margin (%)	Increase/decrease over corresponding period last year
Jiangsu Section of Shanghai-Nanjing Expressway	1,613,533	-0.12	338,243	0.33	79.04	Down 0.09 percentage point
Jiangsu Section of G312	92,222	6.63	125,873	6.56	-36.49	Up 0.09 percentage point
Nanjing Section of Nanjing-Lianyungang Highway	22,828	-29.04	12,700	72.44	44.37	Down 32.74 percentage points
Guangjing Xicheng Expressways	307,104	1.63	99,174	19.26	67.71	Down 4.77 percentage points
Ancillary services	563,169	24.90	547,398	27.79	2.80	Down 2.20 percentage points
Other operations	17,086	-34.73	5,712	-70.96	66.57	Up 41.72 percentage points
Total	2,615,942	4.08	1,129,100	13.61	56.84	Down 3.62 percentage points

2. Analysis of operations

i Toll road and bridge operations

In the first half of 2008, under strengthened macro-economic control measures and the impact of the domestic and overseas economic environments, a slowing trend of economic growth emerged. Jiangsu Province realized a year-on-year growth of 13.6% in GDP, down 1.4 percentage points over the same period of 2007. Most of the toll road and bridge projects owned by the Group are the main arteries of the Jiangsu Province's economy and their traffic volumes are highly sensitive to changes in economic development.

Affected by the snowstorm in late January and early February, toll revenue recorded a slump in January and February as compared to its normal operation as traffic was suspended during the snowstorm and there was a plunge in the number of travelling vehicles after the snowstorm. This had a significant adverse impact on the first half year's revenue from principal operations of the Group. With regard to traffic diversions, the expansion works along the Shanghai Section of the Shanghai-Nanjing Expressway caused inconvenience to the vehicles shuttling across Shanghai during the reporting period, thereby diverting some of the traffic volumes to other roads. Besides, the opening of Green Passage for transporting live agricultural products as required by the relevant State's authorities and the free transport policies for vehicles delivering relief materials for the Sichuan earthquake, as well as frequent trains from the Shanghai-Nanjing Railway Multiple Units (滬寧鐵路動車組) and surging prices and periodic tight supply of petroleum products had considerable impact upon the toll collection and traffic volume.

Under the impact of a combination of the above-said factors, traffic volumes and toll revenues from various toll road and bridge projects of the Group saw slowing growth or declines. In the first half of 2008, a total toll revenue from roads and bridges amounting to approximately RMB2,035,687,000 was realized, basically at par with the corresponding period of 2007, representing 77.82% of the Group's total operating revenue which was a year-on-year drop of 3.2 percentage points. The operating performance of each road and bridge project is as follows:

Comparisons of average daily traffic volumes and toll revenues

Road/Bridge	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	During the reporting period	Corresponding period last year	Increase/decrease %	During the reporting period	Corresponding period last year	Increase/decrease %
Shanghai-Nanjing Expressway	46,377	47,241	-1.83	8,865.6	8,924.9	-0.66
Jiangsu Section of G312	29,879	29,225	2.24	506.7	477.8	6.05
Nanjing Section of Nanjing-Lianyungang Highway	6,773	7,543	-10.21	125.4	177.7	-29.43
Guangjing Expressway	38,252	36,993	3.40	624.4	637.2	-2.01
Xicheng Expressway	38,554	36,324	6.14	1,063.0	1,032.3	2.97
Jiangyin Yangtze Bridge	42,900	40,758	5.26	2,143.2	2,158.3	-0.70
Sujiahang Expressway	24,784	20,221	22.56	1,717.2	1,564.6	9.75

The average daily traffic volumes and toll revenues of the Shanghai-Nanjing Expressway recorded slight declines but the composition of traffic volume remained stable. In the first half of 2008, the average daily traffic volume of passenger vehicles was 30,957, representing approximately 66.75% of the total average daily traffic volume. The average daily traffic volume of trucks was 15,420 vehicles, accounting for approximately 33.25% of the total average daily traffic volume which represented an increase of approximately 2.19 percentage points year-on-year. The proportion of trucks in the average daily toll revenue was approximately 53.32%, representing an increase of 2.59 percentage points compared to the same period last year. The average daily toll revenue per vehicle amounted to RMB191, with the average daily toll revenues per passenger vehicle and per truck being RMB134 and RMB307 respectively. Upon completion of the expansion works along the Shanghai Section of the Shanghai-Nanjing Expressway at the end of this year, the adverse impact on the traffic volume will be removed.

G312 accommodated part of the traffic diversions during the snowstorm in January and February and reported slight increases in traffic volume and toll revenue.

The Nanjing-Lianyungang Highway was further affected by the diversions to the Nanjing-Lianyungang Expressway. Meanwhile, traffic volume and revenue generated on the highway decreased significantly due to the snowstorm along with phased traffic controls on the Nanjing-Yangtze Bridge, which connects with the Nanjing-Lianyungang Highway.

During the reporting period, the proportion of trucks on the Guangjing Expressway, the Xicheng Expressway, the Sujiahang Expressway and the Jiangyin Yangtze Bridge saw slight decreases to various extents, leading to weaker performances in revenues than traffic flows. In May, the Sutong Bridge, which connects Nantong and Changsu, Suzhou, was open to traffic; and for the second half of the year the bridge is expected to divert traffic directly from the Guangjing Expressway, the Xicheng Expressway and the Jiangyin Yangtze Bridge but will boost traffic volume on the Sujiahang Expressway.

ii. Ancillary services

In the first half of 2008, revenue from ancillary services amounted to RMB563,169,000, up 24.90% year-on-year. Of such revenue, sales of petroleum products contributed RMB493,866,000 while other operations such as catering and retailing contributed RMB69,303,000, representing year-on-year increases of approximately 27.47% and 9.17%, respectively.

iii. Other operations

Other operations of the Company include advertising placing. During the reporting period, an advertising income of RMB17,086,000 was realized, representing a year-on-year rise of 10.75%. In 2008, Jiangsu Sundian was treated as an associate under the cost method auditing instead of a subsidiary, thereby leading to an overall year-on-year decline of 34.73% in revenue from other operations.

iv. Movements in operating costs and gross margins

During the reporting period, for the Nanjing-Lianyungang Highway, additional depreciation caused by the differences between actual traffic volumes and estimated traffic volume led to increased depreciation on road and assets and a decrease in gross margin.

During the reporting period, project maintenance conducted along the Guangjing Expressway and the Xicheng Expressway led to an increase of RMB9,913,000 in maintenance expense over the same period last year. Costs rose 19.26% while gross margin slipped 4.77 percentage points.

With respect to ancillary services, cost of sales for oil products of the Shanghai-Nanjing Expressway recorded a year-on-year surge of RMB114,528,000, up 31.50%, which was due to increases in sales volumes and prices of oil products.

As Jiangsu Sundian was treated as an associate under the cost method auditing instead of a subsidiary in this year, other operations were no longer included in the consolidated financial statements, thereby leading to an increase of 41.72 percentage points in gross margin of revenue from other operations.

During the reporting period, total operating revenues of the Group saw a year-on-year increase of approximately 4.08%. As the cost for each operation recorded various increases and such increases in costs exceeded the increases in revenues, total operating costs rose 13.61% while gross margin decreased by 3.62 percentage points.

3. Operations and results of subsidiaries

Name of company	Principal business	Equity interest attributable to the Company	Asset size (RMB'000)	Profit and loss generated (RMB'000)	Percentage to net profit of the Company %
Jiangsu Ninghu Investment Development Co., Ltd.	Investments in various infrastructure, industries and other assets	95%	224,060	5,789	0.69
Jiangsu Guangjing Xicheng Expressway Co., Ltd	Construction, management, maintenance and repair and toll collection at Guangjing Xicheng Expressways	85%	2,943,359	157,262	18.67

4. Operations and results of major Companies in which the Company had equity interests

Name of company	Scope of operation	Equity interest attributable to the Company	Asset size (RMB'000)	Net profit (RMB'000)	Revenue from investment (RMB'000)	Percentage to net profit of the Company %
Suzhou Sujiahang Expressway Co., Ltd	Management and operation of the Jiangsu Section of Sujiahang Expressway	33.33%	4,663,450	31,484	10,149	1.20
Jiangsu Kuailu Bus Transportation Stock Co., Ltd.	Road transportation, automobile repair and sales of automobiles and spare parts	33.2%	254,347	-5,360	-3,532	—
Jiangsu Yangtze Bridge Co., Ltd	Mainly engaged in the management and operation of Jiangyin Yangtze Bridge	26.66%	3,419,545	224,364	60,950	7.24

(2) Investments of the Company

The Company aims to explore a reasonably diversified business mix; to identify non-major operations in which the Company could capitalize on its own advantage in resources; to seek new profit platforms; and to realize a sustainable development of the Company, on the premise of a stable operation of the toll road operation, the principal operation of the Company. To achieve such aims, the Strategy Committee of the Company decided to set up a wholly-owned property company after due consideration, and engaged a professional team to engage in property development and operation. The relevant resolution was considered and approved at the Fourteenth Meeting of the Fifth Session of the Board and the Fourteenth Meeting of the Fifth Session of the Board. The registered capital was RMB200 million. As at 30 June 2008, the application for incorporation and business registration had been proceeding. The Company will make further disclosure on the progress in the next periodic report.

(3) Analysis of Financial Position and Operating Results

1. Analysis of operating results

— Under PRC Accounting Standards

Item	January – June 2008 RMB'000	January – June 2007 RMB'000	Change (%)
Operating revenue	2,615,942	2,513,330	4.08
Investment income	74,340	74,033	0.42
Operating profit	1,150,347	1,185,285	-2.95
Finance costs	267,350	250,093	6.9
Total profit	1,144,296	1,183,646	-3.32
Income tax	278,129	377,683	-26.36
Minority interests	23,877	21,251	12.36
Net profit attributable to equity holders of the Company	842,289	784,712	7.34
Earnings per share (RMB)	0.17	0.16	7.34

— Under HKFRS

Item	January – June 2008 RMB'000	January – June 2007 RMB'000	Change (%)
Operating revenue	2,524,462	2,414,857	4.54
Other income	24,166	17,910	34.93
Share of profits of associates	72,593	71,957	0.88
Finance expenses	268,587	253,590	5.91
Income tax	278,129	377,683	-26.36
Profit attributable to minority interests	23,877	21,250	12.36
Profit attributable to equity holders of the Company	864,391	804,732	7.41
Share premium and reserves	8,803,065	8,461,267	4.04
Earnings per share (RMB)	0.17	0.16	7.41

2. Analysis of Financial Position

— The Group's capital structure

As at the end of the reporting period, the Company's overall liability level was basically on par with the end-2007 level. The term structure of liabilities also remained basically the same as compared to end-2007.

Under PRC Accounting Standards, the capital structure of the Group as at 30 June 2008 and the comparative figures as at 31 December 2007 are as follows:

Item	As at 30 June 2008		As at 31 December 2007	
	RMB'000	%	RMB'000	%
Current liabilities	6,052,527	24.10	6,514,393	25.12
Long-term liabilities	3,432,229	13.67	3,285,736	12.66
Liabilities at fixed interest rates	5,069,660	20.19	4,753,930	18.33
Liabilities at floating interest rates	3,533,989	14.07	3,486,196	13.44
Interest-free liabilities	881,107	3.51	1,560,003	6.01
Equity attributable to equity holders of the Company	15,190,483	60.49	15,708,385	60.56
Minority interests	437,661	1.74	429,334	1.66
Total assets	25,112,900	100	25,937,848	100
Gearing ratio:	—	37.77	—	37.78

Under the HKFRS, the capital structure of the Group as at 30 June 2008 and the comparative figures as at 31 December 2007 are as follows:

Item	As at 30 June 2008		As at 31 December 2007	
	RMB'000	%	RMB'000	%
Current liabilities	6,052,527	25.47	6,514,393	26.52
Long-term liabilities	3,432,229	14.44	3,285,736	13.38
Liabilities at fixed interest rates	5,069,660	21.33	4,753,930	19.35
Liabilities at floating interest rates	3,533,989	14.87	3,486,196	14.19
Interest-free liabilities	881,107	3.71	1,560,003	6.36
Equity attributable to equity holders of the Company	13,840,813	58.25	14,336,614	58.36
Minority interests	437,661	1.84	429,335	1.74
Total assets	23,763,230	100	24,566,078	100
Gearing ratio:	—	36.20	—	33.54

Gearing ratio: Liabilities bearing interest rates/total assets

During the reporting period, the Company adjusted liabilities structure through various financing means including the issue of trust schemes and short-term financial papers, as well as borrowing from Postal Saving Loan with lower interest rates.

Liabilities bearing no interests decreased due to a payment of RMB587,757,000 for the balance payment of the expansion works of the Shanghai-Nanjing Expressway.

— Capital expenditure

From January to June 2008, the Group's planned expenditures amounted to approximately RMB685,081,000. The main composition of capital expenditures is as follows:

Capital expenditure	RMB'000
Balance payment of the expansion works of Shanghai-Nanjing Expressway	587,757
Others	97,324
Total	685,081

— Asset liquidity and financial source

The Group is principally engaged in the operation of toll roads and bridges. The operating activities of the daily toll business provide a steady source of operating cash flows, thereby giving the Company a strong payment capacity. In the first half of 2008, the cash inflow from the Group's operating activities amounted to RMB2,732,659,000 and the net cash inflow from operating activities amounted to RMB1,258,443,000. The total assets to liabilities ratio stood at a relatively reasonable level with book value of monetary capital amounting to approximately RMB688,995,000. Therefore, the management believes that the Group does not have any liquidity problem under the tightened currency policy.

— Financing activities and financial costs

With steady cash flows, sound credit track records and a good reputation in the sector, the Company is entitled to the prime rates for commercial bank loans under the interest rate policy of the People's Bank of China. At the same time, the Company has raised funds by issuing the RMB449,660,000 trust schemes, issuing the RMB1 billion short-term commercial papers, and borrowing an initial loan facility of RMB700 million from Postal Saving Loan with relatively lower interest rates. The Company has also adjusted the liabilities structure and lowered financing costs and interest risks, thereby contributing to an improvement of operating results. During the reporting period, the Group's short-term loans balance amounted to RMB5,069,660,000 and long-term loans balance amounted to RMB3,430,590,000. During the reporting period, the Group's accrued interest expenses increased by RMB14,997,000, or 5.91% year-on-year, to approximately RMB268,587,000 due to the increase in bank borrowing rates. However, with active financing initiatives, the Company managed to maintain its composite interest rate for short/long-term interest-bearing liabilities at 6.32%, lower than the bank's borrowing rates during the same period by over 1 percentage-point.

— Taxation policy

The statutory tax rate of the Company has been decreased from 33% to 25% since 1 January 2008. From January to June 2008, accrued income tax expenses amounted to approximately RMB278,129,000, a decrease of 26.36% year-on-year. Business tax for toll revenue from expressways was charged at the rate of 3%.

— Foreign exchange risks

The Group operates its businesses principally in China. No major foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except dividend payments for H shares. A loan of US\$9,800,000 was secured from the Spanish Government in 1998 and will be due on 18 July 2027. As at 30 June 2008, the balance of the loan was approximately RMB33,988,000 after conversion from US dollars. Although no foreign exchange hedging was made for such loan, fluctuations in exchange rates will not have any material impact on the Company's results.

— Contingent liabilities

As at 30 June 2008, the Company did not have any contingent liabilities.

— Trust deposits

As at 30 June 2008, the Company did not have any trust deposits with any financial institutions in China or any fixed term deposits which were irrecoverable upon their maturity.

— Trust loans

On 27 June 2007, the Company secured a loan of RMB250,000,000 from its subsidiary Jiangsu Guangjing Xicheng Expressway Co., Ltd. by way of a trust loan. The loan has a term of one year and carries an annual interest rate of 5.022%. The principal and interests of the loan were settled at the maturity date as 26 June 2008.

The Company also secured two separate loans of RMB200,000,000 and RMB250,000,000 from Jiangsu Guangjing Xicheng Expressway Co., Ltd. on 30 January 2008 and 26 June 2008 respectively. Both loans have a term of one year and carry an annual interest rate of 6%.

VI. Significant Matters

(1) Corporate Governance

1. Continuous Rectification Measures

During the reporting period, the Company rectified the problems identified in the specific initiatives for corporate governance in 2007, with reference to the China Securities Regulatory Commission (“CSRC”)’s relevant requirements on corporate governance: strengthening the establishment of the Company’s internal management system; regulating transactions by the Company, the controlling shareholder and other connected parties; enhancing the operating procedures of the shareholders’ meeting, the Board, special committees and the supervisory committee; raising directors’ awareness of fulfilling duties, especially independent directors; improving the replacement and appointment procedures for directors and supervisors; further strengthening the management of domestic and overseas investors relations; and actively upgrading the Company’s corporate governance standards. The Company reviewed the rectification status and the rectifications of the problems identified in the specific initiatives for corporate governance were basically completed.

During the reporting period, the Company followed through the latest regulations stipulated by local and overseas regulatory authorities on a timely manner while continuing to make improvements in the implementation process, with a view to ensuring that no deviations and violations of such regulations in the Company’s operations should occur. In order to promote its sustainable development, the Company further enhanced the internal control system pursuant to the requirements of the “Internal Control of Enterprises – Basic Principles”, improving its accountability mechanism as well as boosting the Company’s operation and management standards and risks prevention capability. The Company further lifted its quality in information disclosure and regulated disclosure procedures by establishing the “Work Measures on Annual Report for Independent Directors” and “Work Guidelines on Annual Report for the Audit Committee” for fully capitalizing on the monitoring function of the independent directors and the audit committee in the process of preparation and disclosure of the Company’s annual report.

The Company had been complying with the regulatory requirements of various markets and rigorously keeping its corporate governance in line with “integrity and diligence”. Meanwhile, the Company reviewed its operation and management performance from time to time and enhanced the transparency and independence in relation to the Company’s operation. Besides, the Company ensured that the actual governance shall not deviate from the requirements of relevant laws and regulations enacted by the CSRC.

2. Compliance with the Code on Corporate Governance Practice

For the period between 1 January 2008 and the date of publication of this report, the Board has reviewed its day-to-day governance practices in accordance with the provisions set out in the Code on Corporate Governance Practice under Appendix 14 of the Hong Kong Listing Rules. The Board is of the view that the Company has complied with the relevant rules and regulations to regulate its operations and has adhered to strict corporate governance. It has strived to fulfill the recommended best practices and there was no act in breach of, or not in compliance with, the provisions of the Code.

3. Compliance with the Model Code for Securities Transactions by Directors

Having made some specific enquiries from all the directors, the directors of the Company have complied with the provisions on securities transactions under the Model Code for Securities Transactions by Directors of Listed Companies under Appendix 10 of the Hong Kong Listing Rules (the “Model Code”). 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.

4. The Audit Committee

The Audit Committee comprises three Non-executive Directors. All of them are appointed by the Board and have extensive experiences in financial and economic management, with two of them being Independent Non-executive Directors. Members of the Audit Committee have no connections with the Company's existing and previous auditors.

The Audit Committee is principally responsible for reviewing and monitoring the quality and procedures of the Company's financial reporting and supervising the establishment and implementation of the Company's internal audit system; examining the financial information and information disclosure of the Company and its subsidiaries; checking the establishment of the Company's internal control system and supervising its implementation, including financial control and risk management; auditing connected transactions; and communicating, supervising and reviewing the internal and external audits of the Company.

During the reporting period, the Audit Committee held two meetings. The 2007 financial report and the first quarterly financial reports for 2008 of the Company were reviewed and recommended to the Board for approval; and recommendations were made to the Board on the external appointment of the Company's domestic and overseas auditors.

The interim financial report for the six months ended 30 June 2008 of the Company was reviewed by the Audit Committee. While discharging the relevant duties, the Audit Committee had sufficient communication with the Company's external auditors. The Committee agreed on the accounting principles and audit methods adopted by the Company and recommends the Board to approve the announcement of the interim financial report for the six months ended 30 June 2008 of the Company.

(2) Profit Distribution Scheme and its Implementation

The following profit distribution scheme for 2007 was approved at the 14th meeting of the fifth session of the Board held by the Company: a cash dividend of RMB0.27 per share shall be distributed to all shareholders on the basis of a total of 5,037,747,500 shares in issue at the end of 2007. After-tax cash dividend per share amounted to RMB0.243 for domestic shares. Such scheme was reviewed and approved at the 2007 annual general meeting. The Board of the Company, with authorization given by the shareholders' general meeting, decided that the record date for determining the entitlements of domestic shareholders was 24 June 2008, the ex-dividend date was 25 June 2008 and the dividend distribution date was 2 July 2008.

Dividends for H-Share holders are denominated in RMB and payable in HK dollar, and a cash dividend of HK\$0.304 was paid for every share held. The latest time for registering transfer of H Shares for dividends was 7 May 2008. The dividends were declared on 6 June 2008 with dividend distribution date on 30 June 2008.

During the reporting period, the Board of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2008.

(3) Material Litigation or Arbitration during the Reporting Period

During the reporting period, the Company was not involved in any material litigation or arbitration.

(4) Asset Transfer

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

(5) Material Connected Transactions during the Reporting Period

1. During the reporting period, the connected transactions of the Company are mainly continuing connected transactions related to day-to-day operation, namely:

- i. Road Maintenance Service Contracts with Jiangsu Sundian

On 29 April 2007, Guangjing Xicheng, the Company's subsidiary, entered into a maintenance service contract with Jiangsu Sundian Engineering Co., Ltd. ("Jiangsu Sundian") in respect of the repair and maintenance services of Shanghai-Nanjing Expressway, Guangjing Expressway and Xicheng Expressway, for a term commencing on 1 May 2008 and ending on 31 December 2008. The maximum contractual maintenance service fees of the two contracts were estimated to be no more than RMB5 million and RMB45 million, respectively.

The transaction constituted a connected transaction under the Hong Kong Listing Rules and Shanghai Listing Rules because Jiangsu Communications Holdings Company Limited, the Company's controlling shareholder, holds 30% equity interests in Jiangsu Sundian while the Company and Guangjing Xicheng directly hold 7.5% equity interests in Jiangsu Sundian respectively. Jiangsu Sundian has provided repairs and maintenances services to the special repair and medium-large repair projects of the expressway projects under the Company and Guangjing Xicheng since its establishment in 2003. The connected transaction was conducted under normal business contracts of the Company and Guangjing Xicheng and has no adverse impact to the Company.

The maintenance service fees are determined by the following principles: the tender prices so accepted will serve as the fee basis for projects to be awarded through public tenders whereas the fee basis for other projects will be determined after arm's length negotiation and with reference to the prevailing market prices reviewed by an independent and qualified cost consultation institute, with principle of not higher than the market price of the relevant works. Jiangsu Sundian will be given such project. The cap of the maintenance service fees are set according to the estimated works in 2008. The maintenance service fees are to be paid out of the Company and Guangjing Xicheng's own funds.

- ii. Leasing of Operation of Petroleum Products Sales Business

During the reporting period, Guangjing Xicheng, the Company's subsidiary, continued to implement the agreement entered into with Jiangsu Expressway Petroleum Development Co., Ltd. ("Jiangsu Petroleum Company") regarding the leasing of the operation of the petroleum products sales business at the petrol station in the Yanqiao Service Area. Such transaction constituted a connected transaction. However, pursuant to Shanghai Listing Rules and Rule 14A.33(3) of the Hong Kong Listing Rules, such transaction was exempted from the requirements of reporting, announcement and approval from independent shareholders.

In the first half of 2008, Jiangsu Petroleum Company has paid leasing fee to Guangjing Xicheng amounting to RMB1,693,000 in aggregate which was below the requirement for reporting and disclosure pursuant to the listing rules.

2. Non-operating Creditor's Rights and Debts with Connected Parties

Unit: RMB'000

Connected parties	Provide capital to connected parties		Connected Parties provide capital to listed company	
	Amount	Balance	Amount	Balance
Jiangsu Guangjing Xicheng Expressway Co., Ltd.	0	0	200,000	450,000

On 27 June 2007, the Company secured a loan of RMB250,000,000 from its subsidiary Jiangsu Guangjing Xicheng Expressway Co., Ltd. by way of a trust loan. The loan has a term of one year and carries an annual interest rate of 5.022%. The principal and interests of the loan were settled at the maturity dates.

The Company also secured two separate loans of RMB200,000,000 and RMB250,000,000 from Jiangsu Guangjing Xicheng Expressway Co., Ltd. on 30 January 2008 and 26 June 2008 respectively. Both loans have a term of one year and carry an annual interest rate of 6%.

The independent non-executive directors of the Company have reviewed the continuing connected transactions and confirmed in the interim report and accounts that:

- (1) Such transactions constituted the usual course of business of the listed issuer;
- (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 the respective transaction. The transaction terms were fair and reasonable and in the best interests of the Company's shareholders as a whole.

(6) Trusts and subcontracting arrangement

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

(7) Leasing

Guangjing Xicheng Company, the Company's subsidiary, leased the operation of its petroleum product sales business at the petrol station in the Yanqiao Service Area to Jiangsu Petroleum Company for a period of three years from 1 January 2006 to 31 December 2008. 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 Company by Jiangsu Petroleum Company amounted to RMB500,000 per annum. During the reporting period, such leasing agreement continued to be implemented.

(8) Material guarantees and pledge of assets

During the reporting period, the Company did not provide any guarantee to any shareholders or connected parties or any other companies, nor was there any pledge of assets subsisting.

(9) Entrusted financial management

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

(10) Undertakings and Fulfillment of Undertakings

Undertakings	Details of undertakings	Fulfillment of undertakings
Undertakings regarding the share reform	<p>Jiangsu Communications Holding Company Limited and Huajian Transportation Economic Development Center, holding over 5% of the Company' shares, made the following undertakings during the share reform:</p> <ol style="list-style-type: none"> 1. Within 60 months from the day on which the listing status is granted, the original non-circulating shares of the Company held by the two companies will not be traded on the Shanghai Stock Exchange. 2. The two companies will propose a motion and vote for a proposal at each of the 2005-2008 annual general meetings of the Company regarding a cash dividend payment of not less than 85% of the distributable profit of the Company realized in the relevant year. 	The Company is not aware that such shareholders were in breach of the relevant undertakings during the reporting period.
Other undertakings made to medium and minor shareholders of the Company	<p>Undertakings made by the Board of the Company regarding the profit distribution for 2007:</p> <p>Cash dividend will be distributed once in 2007 and the distribution ratio shall not be less than 85% of the distributable profit for the year.</p>	Fulfilled

(11) Appointment of Auditors

At the 2007 annual general meeting of the Company, it was approved that Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Touche Tohmatsu would continue to be appointed as the domestic and international auditors, respectively, of the Company for 2008. Auditing fees for the year amount to RMB2.1 million. The Company did not pay any other fees and nor were there any charges that might have affected the auditors' independence.

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

(12) Regulatory Sanctions

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

(13) Other Information Sources

Investors are advised to check details of the Company's announcements which were published in China Securities Journal, Shanghai Securities News, website of the Shanghai Stock Exchange (www.sse.com.cn), website of the Hong Kong Stock Exchange (www.hkex.com.hk) or the Company (www.jsexpressway.com). Investors may check for details of the announcements.

No.	Publication Date	Item
1	4 January 2008	Announcement on resolutions of the 2007 second extraordinary general meeting and legal opinion
2	18 January 2008	Announcement on the Company's issue of RMB1 billion Short-term Commercial Papers
3	22 February 2008	Announcement on the listing of the fourth batch of circulating shares with selling restrictions
4	13 March 2008	Notification of Board Meeting
5	28 March 2008	Announcements on the fourteenth meeting of the fifth session of the board of directors and the ninth meeting of the fifth session of the supervisory committee
6	28 March 2008	Announcement on change of Director and Supervisor
7	28 March 2008	2007 annual results announcement and the relevant appendices
8	15 April 2008	Notification of board meeting
9	16 April 2008	Notice of 2007 Annual General Meeting, proxy form and rely slip
10	29 April 2008	Announcements on the first quarterly results of 2008 and the fifteenth meeting of the fifth session of the board of directors meeting
11	29 April 2008	Announcement on continuing connected transaction entering into the road maintenance service contract for 2008 with Jiangsu Sundian Engineering Co., Ltd.
12	6 June 2008	Announcement of the resolutions of the 2007 Annual General Meeting and legal opinion
13	18 June 2008	Announcement on the implementation of the Company's 2007 profit distribution scheme
14	27 June 2008	Announcement in respect of the approval of issue of corporate bonds by China Securities Regulatory Commission

VII. Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF JIANGSU EXPRESSWAY COMPANY LIMITED

江蘇寧滬高速公路股份有限公司

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

Introduction

We have reviewed the interim financial information set out on pages 28 to 40 which comprises the condensed consolidated balance sheet of Jiangsu Expressway Company Limited as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong
22 August 2008

Condensed Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	NOTES	Six months ended	
		30.6.2008 RMB'000 (Unaudited)	30.6.2007 RMB'000 (Unaudited)
Revenue	3	2,524,462	2,414,857
Cost of sales		(1,133,927)	(986,766)
Gross profit		1,390,535	1,428,091
Other income	5	24,166	17,910
Administrative expenses		(55,016)	(61,298)
Finance costs	6	(268,587)	(253,590)
Share of profits of associates		72,593	71,957
Changes in fair value of held-for-trading investments		1,634	595
Gain on disposal of a subsidiary	7	1,072	—
Profit before tax		1,166,397	1,203,665
Income tax expense	8	(278,129)	(377,683)
Profit for the period	9	888,268	825,982
Attributable to:			
Equity holders of the Company		864,391	804,732
Minority interests		23,877	21,250
		888,268	825,982
Dividends	10	1,360,192	957,172
Earnings per share attributable to equity holders of the Company			
– Basic (RMB per share)	11	0.17	0.16

Condensed Consolidated Balance Sheet

AT 30 JUNE 2008

	NOTE	30.6.2008 RMB'000 (Unaudited)	31.12.2007 RMB'000 (Audited and as restated)
Non-current assets			
Property, plant and equipment	12	1,502,784	1,598,189
Intangible assets	13	18,490,309	18,793,287
Prepayment for acquisition of intangible assets		55,552	—
Prepaid lease payments		1,127,902	1,160,542
Interests in associates		1,565,228	1,603,897
Available-for-sale investments		13,668	5,500
Deferred tax assets		5,865	5,865
		22,761,308	23,167,280
Current assets			
Inventories		12,731	13,196
Properties under development		74,837	41,695
Prepayments and other receivables	14	116,039	107,335
Prepaid lease payments		65,280	65,280
Held-for-trading investments		44,040	42,345
Bank balances and cash		688,995	1,128,947
		1,001,922	1,398,798
Current liabilities			
Other payables	15	281,383	261,169
Amounts due to related companies		—	62,900
Construction costs payable		331,298	938,625
Tax liabilities		65,006	276,487
Dividend payable		201,781	19,472
Long-term borrowings – due within one year	16	103,399	201,810
Short-term borrowings	17	5,069,660	4,753,930
		6,052,527	6,514,393
Net current liabilities		(5,050,605)	(5,115,595)
Total assets less current liabilities		17,710,703	18,051,685
Non-current liabilities			
Deferred tax liabilities		1,639	1,350
Long-term borrowings - due after one year	16	3,430,590	3,284,386
		3,432,229	3,285,736
Net assets		14,278,474	14,765,949
Capital and reserves			
Share capital	18	5,037,748	5,037,748
Share premium and reserves		8,803,065	9,298,866
Equity attributable to equity holders of the Company		13,840,813	14,336,614
Minority interests		437,661	429,335
Total equity		14,278,474	14,765,949

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company				Total RMB'000	Minority interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000			
At 1 January 2007 (audited)	5,037,748	5,730,454	1,194,134	1,689,119	13,651,455	427,828	14,079,283
Profit and total recognised income for the period	—	—	—	804,732	804,732	21,250	825,982
Dividends recognised as distribution	—	—	—	(957,172)	(957,172)	—	(957,172)
Dividends paid to minority interests	—	—	—	—	—	(18,723)	(18,723)
At 30 June 2007 (unaudited)	<u>5,037,748</u>	<u>5,730,454</u>	<u>1,194,134</u>	<u>1,536,679</u>	<u>13,499,015</u>	<u>430,355</u>	<u>13,929,370</u>
Profit and total recognised income for the period	—	—	—	837,599	837,599	16,912	854,511
Adjustment (note)	—	—	(24,006)	24,006	—	—	—
Appropriation	—	—	179,880	(179,880)	—	—	—
Dividends paid to minority interests	—	—	—	—	—	(17,932)	(17,932)
At 31 December 2007 (audited)	<u>5,037,748</u>	<u>5,730,454</u>	<u>1,350,008</u>	<u>2,218,404</u>	<u>14,336,614</u>	<u>429,335</u>	<u>14,765,949</u>
At 1 January 2008 (audited)	<u>5,037,748</u>	<u>5,730,454</u>	<u>1,350,008</u>	<u>2,218,404</u>	<u>14,336,614</u>	<u>429,335</u>	<u>14,765,949</u>
Profit and total recognised income for the period	—	—	—	864,391	864,391	23,877	888,268
Dividends recognised as distribution	—	—	—	(1,360,192)	(1,360,192)	—	(1,360,192)
Dividends paid to minority interests	—	—	—	—	—	(15,551)	(15,551)
Reserves of disposed subsidiary released	—	—	(2,524)	2,524	—	—	—
At 30 June 2008 (unaudited)	<u>5,037,748</u>	<u>5,730,454</u>	<u>1,347,484</u>	<u>1,725,127</u>	<u>13,840,813</u>	<u>437,661</u>	<u>14,278,474</u>

Note: The Company has applied, for the first time, the new accounting standard (“new standard”) issued by the Ministry of Finance of People’s Republic of China (“MOF”) on 15 February 2006, which are effective for the Group’s financial year beginning 1 January 2007. The adoption of the new standard has resulted in changes to the Group’s retained profit under the People’s Republic of China statutory statements and the statutory surplus reserve had been adjusted accordingly.

Condensed Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	NOTES	Six months ended	
		30.6.2008 RMB'000 (Unaudited)	30.6.2007 RMB'000 (Unaudited)
Net cash generated by operating activities		1,256,837	1,599,465
Investing activities			
Purchase of property, plant and equipment		(629,529)	(656,161)
Purchase of Intangible assets		(55,552)	—
Dividends received from associates		88,480	113,014
Disposal of a subsidiary	7	(29,787)	—
Other investing cash flows		3,299	(50,462)
Net cash used in investing activities		(623,089)	(593,609)
Financing activities			
New borrowings raised		5,619,660	3,350,000
Dividends paid		(1,177,883)	(526,090)
Dividends paid to minority shareholders		(15,551)	(18,723)
Interest paid		(243,789)	(218,046)
Repayment of borrowings		(5,256,137)	(3,550,000)
Net cash used in financing activities		(1,073,700)	(962,859)
Net (decrease) increase in cash and cash equivalents		(439,952)	42,997
Cash and cash equivalents at 1 January		1,128,947	796,874
Cash and cash equivalents at 30 June		688,995	839,871
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		688,995	839,871

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. GENERAL AND BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The Company was incorporated in the People's Republic of China (the "PRC") on 1 August 1992 as a joint stock limited company and its H shares and A shares are listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange, respectively. Its ultimate holding company is Jiangsu Communications Holding Company Limited 江蘇交通控股有限公司 ("Jiangsu Communications"), a state-owned enterprise incorporated in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in its 2007 annual report.

The principal activities of the Company and its subsidiaries (the "Group") are investment, construction, operation and management of the Jiangsu section of Shanghai-Nanjing Expressway, the Jiangsu section of the 312 National Highway, Nanjing-Lianyungang Class 1 Highway – Nanjing Section and other toll roads in Jiangsu Province, and the provision of passenger transport services and other supporting services along the toll roads.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2008 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2008.

HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods and no prior period adjustment has been recognised except for the adoption of HK (IFRIC) – Int 12 "Service Concession Arrangements".

2. PRINCIPAL ACCOUNTING POLICIES – continued

Service Concession Arrangements

In the current period, the Group has applied HK(IFRIC) – Int 12 Service Concession Arrangements which is effective for annual periods beginning on or after 1 January 2008.

The Group as toll road operator not only has access to operate the infrastructures to provide public service on behalf of the grantor in accordance with the terms specified in the service concession arrangement contract, but also responsible for at least some of the management of the infrastructure and related services

HK(IFRIC) – Int 12 “Service Concession Arrangements” provides guidance on the accounting by the operator of a service concession arrangement which involved the provision of public sector services.

In prior periods, the Group’s toll road infrastructures, which includes construction costs incurred on toll road infrastructures work which entitle them the operating rights of the toll road for the specified concession period, were recorded as toll road infrastructures and were stated at cost less accumulated depreciation and impairment losses. Depreciation of the toll road infrastructures was calculated to write off their cost, over their expected useful lives or the remaining concession period, whichever was shorter, commencing from the date of commencement of commercial operation of the toll road, based on the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads as estimated by the management or by reference to traffic projection reports prepared by independent traffic consultants.

In accordance with HK(IFRIC) – Int 12, infrastructure within the scope of this interpretation is not recognised as property, plant and equipment of the operator as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator. If the operator provides construction and upgrade services of the infrastructure, this interpretation requires the operator to account for its revenue and costs in accordance with HKAS 11 Construction Contracts for the construction and upgrade services of the infrastructure, and to account for the fair value of the consideration received and receivable for the construction and upgrade services as an intangible asset in accordance with HKAS 38 “Intangible Assets” to the extent that the operator receives a right (a licence) to charge users of the public service, which amounts are contingent on the extent that the public uses the service. In addition, the operator accounts for the services in relation to the operation of the infrastructure in accordance with HKAS 18 Revenue.

The principal effects of the application of HK (IFRIC) – Int 12 to the Group are the toll roads infrastructures should be reclassified as intangible assets. As a result, at 30 June 2008, toll roads infrastructures with a carrying amount of RMB18,490,309,000 (note 13) were reclassified to as intangible assets at 30 June 2008. Comparative figure for 2007 has been restated.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretations will have no material impact on the results and financial position of the Group.

3. REVENUE

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Toll revenue	1,965,809	1,966,647
Sales of petrol	493,663	387,123
Sales of food and beverages	55,735	53,811
Emergency assistance income and others	9,255	7,276
	<u>2,524,462</u>	<u>2,414,857</u>

4. SEGMENT INFORMATION

All the Group's operations are located and carried out in PRC, and the principal activities of the Group is the operation and management of toll roads. Accordingly, no segment information by business and geographical segment is presented.

5. OTHER INCOME

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Advertisement income	17,086	10,712
Interest on bank deposits	4,012	4,188
Dividend income from available-for-sale investments	200	200
Others	2,868	2,810
	<u>24,166</u>	<u>17,910</u>

6. FINANCE COSTS

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings wholly repayable:		
Within five years	227,915	196,026
Over five years	40,672	57,564
	<u>268,587</u>	<u>253,590</u>

7. GAIN ON DISPOSAL OF A SUBSIDIARY

In the year of 2007, the Group has entered into a sale agreement to dispose of a subsidiary, Jiangsu Sundian Engineering Co., Ltd. ("Sundian"). The disposal was completed on 1 January 2008, on which date control of Sundian passed to the acquirer. On completion of the disposal, the Group's effective interest in Sundian will be diluted and reduced to 15% with investment cost of RMB7,368,000, which has been transferred into available for-sale-investments on the consolidated balance sheet.

The net assets disposed of Sundian at the date of disposal were as follows:

	1.1.2008 RMB'000
Net assets disposed of	51,286
Retained investment cost	(7,368)
Gain on disposal	1,072
Total consideration	<u>44,990</u>
Satisfied by:	
Cash received in advance in the year of 2007	39,890
Deferred consideration	5,100
Total consideration	<u>44,990</u>
	1.1.2008 RMB'000

Analysis of cash outflow arising on disposal:

Bank balances and cash disposed of	<u>(29,787)</u>
------------------------------------	-----------------

8. INCOME TAX EXPENSE

	Six months ended	
	30.6.2008 RMB'000 (Unaudited)	30.6.2007 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	<u>277,840</u>	376,156
Deferred tax:		
Current year charge (credit)	289	(416)
Attributable to change in tax rate	—	1,943
	<u>289</u>	1,527
Income tax expense	<u>278,129</u>	<u>377,683</u>

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group from 1 January 2008.

8. INCOME TAX EXPENSE – continued

The tax charge for the six months ended 30 June 2008 and 30 June 2007 can be reconciled to the profit before tax in the condensed consolidated income statement as follows:

	Six months ended			
	30.6.2008		30.6.2007	
	RMB'000	%	RMB'000	%
Profit before tax	<u>1,166,397</u>		<u>1,203,665</u>	
Tax at the applicable income tax rate of 25% (1.1.2007 to 30.6.2007: 33%)	291,599	25.0	397,209	33.0
Tax effect of share of profits of associates	(18,148)	(1.6)	(23,746)	(1.9)
Tax effect of expenses not deductible for tax purposes	4,392	0.4	1,760	0.1
Tax effect of income not taxable for tax purposes	—	—	(29)	—
Tax effect of tax losses not recognised	286	—	546	—
Decrease in opening deferred tax balances resulting from a decrease in the applicable tax rate	—	—	1,943	0.2
Income tax expense and effective tax rate for the period	<u>278,129</u>	<u>23.8</u>	<u>377,683</u>	<u>31.4</u>

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Staff costs including directors' remuneration	89,228	76,285
Retirement benefits scheme contributions	21,844	11,938
Total staff costs	111,072	88,223
Impairment loss reversed in respect of prepayments and other receivables	—	(54)
Depreciation of property, plant and equipment	86,745	110,430
Amortisation of toll roads operation right	302,978	295,277
Loss on disposal of property, plant and equipment	6	231
Amortisation of prepaid lease payments (included in cost of sales)	32,640	32,640
Cost of inventories recognised as expense	531,792	414,476

10. DIVIDENDS

During the period, the final dividend for 2007 of RMB0.27, totalling RMB1,360,192,000 (2006 final dividend: RMB0.19) per share had been approved by the shareholders in the general meeting.

The directors do not recommend the payment of an interim dividend (Six months ended 30 June 2007: nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profit attributable to equity holders of the Company for the six months ended 30 June 2008 of RMB864,391,000 (Six months ended 30 June 2007: RMB804,732,000) and 5,037,747,500 (Six months ended 30 June 2007: 5,037,747,500) ordinary shares in issue during the period.

No diluted earnings per share is presented as the Company has no potential ordinary shares outstanding for each of the six months ended 30 June 2008 and 30 June 2007.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB18,747,000 on construction in progress, RMB870,000 on its toll stations and ancillary equipment, RMB2,655,000 on its other machinery and equipment in order to cope with the increasing traffic volume.

13. INTANGIBLE ASSETS

	30.6.2008 RMB'000 (Unaudited)	31.12.2007 RMB'000 (Audited and as restated)
Toll road operation rights	<u>18,490,309</u>	<u>18,793,287</u>

At 30 June 2008, as stated in note 2, the amount of intangible assets represent toll road operation rights which are reclassified from toll roads infrastructures.

14. PREPAYMENTS AND OTHER RECEIVABLES

	30.6.2008 RMB'000 (Unaudited)	31.12.2007 RMB'000 (Audited)
Toll road fee	43,125	38,012
Dividend receivable from an associate	28,271	5,489
Prepayments	11,971	1,091
Receivable from liquidation of a former joint venture	17,812	18,812
Others	38,675	67,899
	<u>139,854</u>	<u>131,303</u>
Less: Accumulated impairment losses	(23,815)	(23,968)
	<u>116,039</u>	<u>107,335</u>

15. OTHER PAYABLES

	30.6.2008	31.12.2007
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Interest payables	40,050	15,252
Other tax payables	21,002	20,280
Payroll and welfare payables	25,859	32,471
Advance from customers	80,646	55,424
Others	113,826	137,742
	<u>281,383</u>	<u>261,169</u>

16. LONG-TERM BORROWINGS

	Maturity date		Effective interest rate		Carrying amount	
	30.6.2008	31.12.2007	30.6.2008	31.12.2007	30.6.2008	31.12.2007
					RMB'000	RMB'000
					(Unaudited)	(Audited)
Unsecured bank loans	2008-2016	2009-2014	7.73%	6.28%	3,500,000	3,450,000
USD denominated Spanish government loans (Note)	2007-2026	2008-2026	2.00%	2.00%	33,989	36,196
					<u>3,533,989</u>	<u>3,486,196</u>

Note: These long-term borrowings were guaranteed by the Company's parent, Jianguo Communications Holding, which is a state-owned enterprise incorporated in the PRC.

The maturity of the above variable-rate loans is as follows:

	30.6.2008	31.12.2007
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	103,399	201,810
More than one year but not exceeding two years	201,699	401,810
More than two years but not exceeding three years	301,699	301,810
More than three years but not exceeding four years	601,699	451,810
More than four years but not exceeding five years	1,301,699	651,810
More than five years	1,023,794	1,477,146
	<u>3,533,989</u>	3,486,196
Less: Amount due within one year included in current liabilities	(103,399)	(201,810)
Amount due after one year	<u>3,430,590</u>	<u>3,284,386</u>

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are US\$4,955,000 (31.12.2007: US\$4,955,000).

17. SHORT-TERM BORROWINGS

	30.6.2008 RMB'000 (Unaudited)	31.12.2007 RMB'000 (Audited)
Unsecured bank loans	4,019,660	3,720,000
Unsecured other loans	50,000	1,033,930
Short-term bond	1,000,000	—
	<u>5,069,660</u>	<u>4,753,930</u>

The short-term loans from banks and other financial institutions are unsecured, repayable within one year and are arranged at fixed interest rates at the range of 5.91% to 7.47% (Six months ended 30 June 2007: 4.65% to 5.75%) per annum.

During the period, the Company issued short-term bond of RMB1,000,000,000 which is unsecured, bears interest at 5.45% per annum and is repayable on 17 January 2009.

18. SHARE CAPITAL

	1.1.2007		Transfer		31.12.2007		Transfer		30.6.2008	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
1. Restricted tradable shares	3,617,747,500	3,617,748	(151,153,880)	(151,154)	3,466,593,620	3,466,594	(57,644,500)	(57,645)	3,408,949,120	3,408,949
2. Tradable shares										
- H shares	1,222,000,000	1,222,000	—	—	1,222,000,000	1,222,000	—	—	1,222,000,000	1,222,000
- A shares	198,000,000	198,000	151,153,880	151,154	349,153,880	349,154	57,644,500	57,645	406,798,380	406,799
Total	<u>5,037,747,500</u>	<u>5,037,748</u>	<u>—</u>	<u>—</u>	<u>5,037,747,500</u>	<u>5,037,748</u>	<u>—</u>	<u>—</u>	<u>5,037,747,500</u>	<u>5,037,748</u>

In accordance with the Company's state share reform proposal adopted by the Company's shareholders' meeting on 24 April 2006 (the "Share Reform Proposal"), the shareholders of the non-tradable shares which comprised the state shares, state legal person shares and legal person shares, in return for the conversion of those non-tradable shares into restricted tradable shares, gave up certain of their non-tradable shares to the then shareholders of A-shares at a fixed ratio of 3.2 non-tradable shares for every 10 "A" shares held by the then holders of A-shares. As a result in 2006, 48,000,000 non-tradable shares were transferred to the then holders of A-shares by the non-tradable shareholders, and these 48,000,000 non-tradable shares were granted trading status on 16 May 2006. All the remaining formerly non-tradable shares were also converted into restricted tradable shares but subject to certain restrictions in their sale.

In current period, 57,644,500 restricted tradable shares have been granted trading status and included in the balance of tradable A shares at 30 June 2008.

The restricted tradable shares, H shares and A shares have a par value of RMB1 each and rank pari passu in all respects, except that ownership of restricted tradable shares are restricted to PRC legal persons, while H shares can only be owned and traded by overseas investors and A shares can only be owned and traded by PRC investors.

19. CAPITAL COMMITMENTS

30.6.2008

RMB'000
(Unaudited)

31.12.2007

RMB'000
(Audited)

Commitments for the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements

87,812

48,989

20. OTHER COMMITMENTS

At 30 June 2008, the Group is committed to pay Ninglian Ningtong Management Office, a management service charge at a fixed rate of 17% of the total toll revenue collected on Nanjing-Lianyungang Class 1 Highway – Nanjing Section per annum for a term of 30 years from 1 January 2000. Management service charge for the six months ended 30 June 2008 amounted to RMB3,880,821 (Six months ended 30 June 2007: RMB5,469,000).

21. EVENT AFTER THE BALANCE SHEET DATE

On 31 July 2008, the Company issued a 3-year corporate bond of RMB1,100,000,000 with a fixed interest rate of 5.4% per annum.

VIII. 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 chief accounting officer and the person-in-charge of an accounting institution;
- (3) Original copies of all company documents and announcements published in the designated press 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.

Documents are filed in: Secretariat Office to the Board, 6 Maqun Road, Nanjing, Jiangsu

Shen Chang Quan
Chairman of the Board

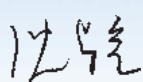
Jiangsu Expressway Company Limited

22 August 2008
Nanjing, the PRC

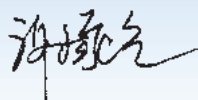
IX. Confirmation Opinion on 2008 Interim Report by Directors and Senior Management

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.

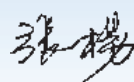
Directors



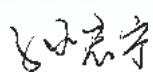
Shen Chang Quan



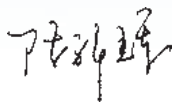
Xie Jia Quan



Zhang Yang



Sun Hong Ning



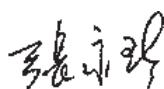
Chen Xiang Hui



Du Wen Yi



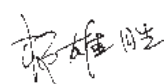
Cui Xiao Long



Chang Yung Tsung



Fang Hung, Kenneth

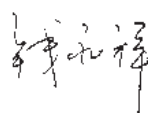


Yang Xiong Sheng

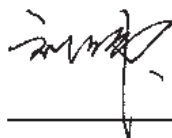


Fan Cong Lai

Senior Management Members



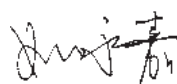
Qian Yong Xiang



Liu Wei



Zhao Jia Jun



Yao Yong Jia

Jiangsu Expressway Company Limited
22 August 2008