



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 177)

***Driving Steadily Ahead
with Pragmatism and Innovation***

2009 Interim Report



Important Notice

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

I. Company Information	2
II. Changes in Share Capital and Shareholders	5
III. Directors, Supervisors and Senior Management	10
IV. Report of the Directors	11
V. Significant Matters	22
VI. Financial Report	28
VII. Documents Available For Inspection	49
VIII. Confirmation Opinion on 2009 Interim Report by Directors and Senior Management	50

I. Company Information



(1) Company Information

Statutory Name of the Company in Chinese and English	江蘇寧滬高速公路股份有限公司 Jiangsu Expressway Company Limited
Abbreviation of Chinese Name and English Name:	寧滬高速 Jiangsu Expressway
Stock Exchanges where the Company's Shares are Listed	A Share Shanghai Stock Exchange Stock name of A shares: 寧滬高速 Stock code of A shares: 600377 H Share The Stock Exchange of Hong Kong Limited Stock name of H Shares: Jiangsu Expressway Stock code of H Shares: 0177 ADR The United States of America Stock name of ADR: JEXWW Security United Code: 477373104
Registered Office and Place of Business	6 Maqun Road, Nanjing, Jiangsu, the PRC
Postcode	210049
Website of the Company	http://www.jsexpressway.com
E-mail Address of the Company	nhgs@public1.ptt.js.cn
Legal Representative of the Company	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
Securities Officers	Jiang Tao, Lou Qing
Telephone	8625-8436 2700-301835, 301836
Fax	8625-8446 6643
Email Address	nhgs@jsexpressway.com
Newspapers Designated for Regular Announcements	Shanghai Securities News, China Securities Journal
Website Designated for Information Disclosure	www.sse.com.cn , www.hkex.com.hk , www.jsexpressway.com
Regular Reports Available at	<ul style="list-style-type: none">• Shanghai Stock Exchange, 528 Pudong Road South, Shanghai, the PRC• Hong Kong Registrars Limited, 18/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong• Jiangsu Expressway Company Limited, 6 Maqun Road, Nanjing, Jiangsu Province, the PRC• Richards Butler, 20th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong



(2) Major Financial Data and Indicators

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

Unit: RMB'000

	As at the end of the reporting period	As at the end of the previous year	Increase/ (decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total Assets	24,575,755	24,775,429	-0.81
Equity attributable to owners of the Company	15,709,644	15,968,921	-1.62
Net assets per share attributable to owners of the Company (RMB)	3.12	3.17	-1.62

	The reporting period (January-June 2009)	The corresponding period of the previous year (January-June 2008)	Increase/ (decrease) of the reporting period as compared to the corresponding period of the previous year (%)
Operating Profit	1,292,241	1,150,347	12.33
Profit before tax	1,292,452	1,144,296	12.95
Net profit attributable to owners of the Company	965,097	842,289	14.58
Net profit attributable to owners of the Company after non-recurring profit/loss	961,270	844,288	13.86
Basic earnings per share (RMB)	0.19	0.17	14.58
Basic earnings per share after non-recurring profit/loss (RMB)	0.19	0.17	13.86
Diluted earnings per share (RMB)	0.19	0.17	14.58
Return on net assets (%)	6.14	5.54	10.83
Net cash flow from operating activities	1,386,118	1,258,443	10.15
Net cash flow per share from operating activities (RMB)	0.28	0.25	10.15

I. Company Information



2. Non-recurring profit/loss and the amounts

Unit: RMB'000

Item	January-June 2009
Loss from disposal of non-current assets	(1,759)
Government subsidies	190
Gain from change of fair value	3,545
Other non-operating income and expenses, net	1,970
Tax effect of non-recurring profit/loss	(100)
Effects of minority shareholders profit/(loss)	(19)
Total	3,827

3. Differences between the PRC Accounting Standards and HKFRS

Unit: RMB'000

	Net Profit		Net Asset	
	The reporting period	The corresponding period of the previous year	As at the end of the reporting period	As at the end of the previous year
Under PRC Accounting Standards	990,990	866,166	16,155,657	16,407,736
HKFRS adjustments:				
– Revaluation gain and depreciation/amortisation of fixed assets/toll road operating rights	19,848	22,102	(1,313,724)	(1,333,573)
Adjusted balance under HKFRS	1,010,838	888,268	14,841,933	15,074,163

The related statement of adjustments:

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

II. Changes in Share Capital and Shareholders



(1) Changes in Share Capital

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

	Prior to current movement		Current Movement (+,-)	After current movement	
	Number of shares	Proportion	The circulation of shares subject to selling restrictions	Number of shares	Proportion
I. Shares subject to selling restrictions					
1. State-owned shares	2,742,578,825	54.44%	0	2,742,578,825	54.44%
2. State-owned legal person shares	589,059,077	11.69%	0	589,059,077	11.69%
3. Other domestic shares	63,223,518	1.26%	-2,851,900	60,371,618	1.20%
Including: Domestic legal person shares	63,223,518	1.26%	-2,851,900	60,371,618	1.20%
Domestic natural person shares	—	—	—	—	—
4. Foreign shares	—	—	—	—	—
Including: Foreign legal person shares	—	—	—	—	—
Foreign natural person shares	—	—	—	—	—
Total shares subject to selling restrictions	3,394,861,420	67.39%	-2,851,900	3,392,009,520	67.33%
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	420,886,080	8.35%	+2,851,900	423,737,980	8.41%
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	1,642,886,080	32.61%	+2,851,900	1,645,737,980	32.67%
III. Shares in total	5,037,747,500	100%	0	5,037,747,500	100%

Changes in share transfer and approval status

During the reporting period, the Company submitted the listing and circulation applications for the sixth batch of 2,851,900 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 8 June 2009.

II. Changes in Share Capital and Shareholders



(2) Shareholders

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

As at 30 June 2009, there was a total of 63,263 shareholders in the registers of members of the Company, of whom 62,733 were domestic shareholders and 530 were foreign shareholders.

2. Shareholdings of major shareholders

i. As at 30 June 2009, 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.	—	2,742,578,825	54.44	2,742,578,825	0	State-owned legal person
Huajian Transportation Economic Development Centre	—	589,059,077	11.69	589,059,077	0	State-owned legal person
Capital Research and Management Company	+35,306,000	146,644,000	2.91	0	Unknown	Foreign legal person
FIL Limited	-24,476,149	73,219,838	1.45	0	Unknown	Foreign legal person
Bank of America Corporation/ Columbia Wanger Asset Management, L.P.	—	63,878,000	1.27	0	Unknown	Foreign legal person
Huaxia Securities Co., Ltd. (華夏證券有限公司)	—	21,160,000	0.42	21,160,000	Unknown	Others
Shenyin & Wanguo Securities Co., Ltd (申銀萬國證券股份有限公司)	—	13,950,000	0.28	0	Unknown	Others
Shanghai Haiji Investment Development Co., Ltd (上海海基投資發展有限公司)	—	12,650,000	0.25	0	Unknown	Others
Winner Glory Development Ltd	—	12,000,000	0.24	0	Unknown	Others
Kun Shan City Land Development Centre (昆山市土地開發中心)	—	7,500,000	0.15	0	Unknown	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 2009, 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
Shenyin & Wanguo Securities Co., Ltd (申銀萬國證券股份有限公司)	13,950,000	RMB-denominated ordinary shares
Shanghai Haiji Investment Development Co., Ltd (上海海基投資發展有限公司)	12,650,000	RMB-denominated ordinary shares
Kun Shan City Land Development Centre (昆山市土地開發中心)	7,500,000	RMB-denominated ordinary shares
Jiangsu Power Company (江蘇省電力公司)	6,534,627	RMB-denominated ordinary shares
Jiangsu High Technology Investment Group Co., Ltd (江蘇高科技投資集團有限公司)	4,800,000	RMB-denominated ordinary shares
China Communications Construction Company Limited (中國交通建設股份有限公司)	3,000,000	RMB-denominated ordinary shares
Pictet Assets Management Company Limited-Pictet Fund (Lux) (百達資產管理有限公司—百達基金(盧森堡))	3,000,000	RMB-denominated ordinary shares
GEAM Trust China A Share Fund (GEAM 信託基金中國 A 股基金)	2,679,189	RMB-denominated ordinary shares
Guotai Jinding Value Selection Hybrid Securities Investment Fund (國泰金鼎價值精選混合型證券投資基金)	2,361,960	RMB-denominated ordinary shares
Changzhou Wujin Investment Company (常州市武進投資公司)	2,288,800	RMB-denominated ordinary shares

II. Changes in Share Capital and Shareholders



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

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 tradeable shares	
1	Jiangsu Communications Holdings Company Ltd.	2,742,578,825	16 May 2011	0	Note 1
2	Huajian Transportation Economic Development Centre	589,059,077	16 May 2011	0	Note 1
3	Other public legal person share	60,371,618	16 May 2007	60,371,618	Note 2

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

Note 2: Circulation rights for other public legal person shares were obtained on 16 May 2007 but prior consent shall be obtained from the Non-circulating Shareholders who have advanced the consideration on behalf of the relevant shareholders and that the consideration so advanced shall be repaid by the relevant non-circulating 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.

- iv. As at 30 June 2009, as far as the Company is aware, the following individuals held 5% or more of the interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under the Securities and Futures Ordinance of Hong Kong ("SFO"):

Name	Capacity	Direct Interest	Number of H shares held	Percentage in 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(1) (招商局集團有限公司 華建交通經濟開發中心(1))	Others	Yes	589,059,077	(11.69%)
Capital Research and Management Company(2)	Investment manager	Yes	146,644,000 (L)	12% (2.91%)
FIL Limited	Investment manager	Yes	73,219,838 (L)	5.99% (1.45%)
Bank of America Corporation/ Columbia Wanger Asset Management, L.P(3)	Interests in controlled corporation	No	63,878,000 (L)	5.23% (1.27%)

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

- 1) China Merchants Group Limited was deemed to hold interests by virtue of its controlling interests in Huajian Transportation Economic Development Centre.
- 2) The Capital Group Companies Inc. was deemed to hold interests by virtue of its controlling interests in Capital Research and Management Company.
- 3) Bank of America Corporation was deemed to hold interests by virtue of its 100% indirect control of Columbia Wanger Asset Management L.P.

Save as disclosed above, to the Company's best knowledge, as at 30 June 2009, there was no person who was required to make disclosure under the Securities and Futures Ordinance of Hong Kong.

(3) Others

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

For the six months ended 30 June 2009, there was no purchase, sale or redemption of any of the Company's listed shares by the Company or any of its subsidiaries.

2. Pre-emption Rights

In accordance with the laws of the People's Republic of China and the 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 2009 and 21 August 2009 (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").



(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) Appointment or removal of directors, supervisors and senior management of the Company

The Company held an election of members for the new sessions of the Board and the Supervisory Committee at the 2008 Annual General Meeting held on 17 June 2009. Mr. Shen Chang Quan, Mr. Qian Yong Xiang, Mr. Sun Hong Ning, Mr. Chen Xiang Hui, Ms. Zhang Yang, Mr. Du Wen Yi, Mr. Cui Xiao Long, Mr. Fan Cong Lai and Mr. Chen Dong Hua were elected as members of the sixth session of the Board at the meeting. Among them, Mr. Fan Cong Lai and Mr. Chen Dong Hua were elected as Independent Non-executive Directors. Mr. Yang Gen Lin, Mr. Zhang Cheng Yu and Ms. Hu Yu were elected as members of the sixth session of the Supervisory Committee at the meeting; and Mr. Yan Shi Min and Ms. Shao Li were elected as Supervisors representing staff at the meeting.

Mr. Shen Chang Quan was selected as the Chairman at the First Meeting of the Sixth Session of the Board of the Company. Mr. Shen Chang Quan, Mr. Qian Yong Xiang, Mr. Chen Xiang Hui, Mr. Cui Xiao Long and Mr. Fan Cong Lai were elected as members of the Strategy Committee of the new session of the Board and Mr. Shen Chang Quan was appointed as the convener. Mr. Chen Dong Hua, Mr. Fan Cong Lai and Mr. Du Wen Yi were elected as members of the Audit Committee of the new session of the Board and Mr. Chen Dong Hua was appointed as the convener.

Mr. Yang Gen Lin was elected as the Chairman of the Supervisory Committee at the First Meeting of the Sixth Session of the Supervisory Committee of the Company.

(3) Independent non-executive directors

In view of the election of new session of the Board, all directors of the fifth session of the Board of the Company had resigned from their respective offices as directors on the date of the 2008 Annual General Meeting (that was on 17 June 2009). From 17 June 2009 to the end of the current reporting period, there were only two independent non-executive directors in the sixth session of the Board of the Company, which did not meet the minimum requirement under the Shanghai Listing Rules and rule 3.10(1) of the Hong Kong Listing Rules. The second board meeting of the sixth session of the Board has proposed resolutions to appoint Ms. Chang Yung Tsung, Alice and Mr. Fang Hung, Kenneth as independent non-executive directors. The proposed resolutions will be deliberated at 2009 Second Extraordinary General Meeting to be held on 12 October 2009.

IV. Report of the Directors



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

1. Results overview

From January to June 2009, the Group realized total operating revenues of approximately RMB2,679,272,000 in aggregate, up approximately 2.42% over the same period of 2008, of which toll revenue amounted to approximately RMB1,994,194,000, representing a decrease of approximately 2.04% as compared to the same period of 2008. Revenue from ancillary services amounted to approximately RMB510,623,000, down approximately 9.33% as compared to the same period of 2008. Revenue from other operations was approximately RMB174,455,000, up approximately 921.04% from the same period of 2008. During the reporting period, the Group's investment income increased by 22.43% year-on-year and finance expenses decreased by 27.02%, together with the contribution from other operations, enabling the Group to achieve good performance in operating results. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB1,292,241,000 during the reporting period, an increase of approximately 12.33% over the same period of 2008. Net profit attributable to owners of the Company was approximately RMB965,097,000 and earnings per share was approximately RMB0.19, an increase of approximately 14.58% over the same period of 2008. Under HKFRS, profit after taxation attributable to owners of the Company was approximately RMB984,945,000 and earnings per share was approximately RMB0.20, an increase of approximately 13.95% over the same period of the previous year.

Operating status of each operation is as follows:

Unit: RMB'000

Item	Operating revenue		Operating costs		Gross margin (%)	
	2009 RMB'000	Year-on -year change (%)	2009 RMB'000	Year-on -year change (%)	2009	Year-on-year change
Toll road	1,994,194	-2.04	528,514	-8.24	73.50	Up 1.79 percentage points
Shanghai-Nanjing Expressway	1,635,553	1.36	337,899	-0.10	79.34	Up 0.3 percentage point
Shanghai-Nanjing Section of G312	66,278	-28.13	119,007	-5.45	-79.56	Down 43.07 percentage points
Nanjing Section of Nanjing-Lianyungang Highway	17,010	-25.49	8,555	-32.64	49.71	Up 5.34 percentage points
Guangjing Xicheng Expressways	275,353	-10.34	63,053	-36.42	77.10	Up 9.39 percentage points
Ancillary services	510,623	-9.33	488,443	-10.77	4.34	Up 1.54 percentage points
Other operations	174,455	921.04	126,880	2,121.29	27.27	Down 39.3 percentage points
Total	2,679,272	2.42	1,143,837	1.31	57.31	Up 0.47 percentage point



2. Analysis of operations

i. Toll road and bridge operations

In the first half of 2009, boosted by a series of economic stimulus plans implemented by the State and the proactive fiscal policies and moderately loose monetary policies, the economic operation in China was better than expected, achieving a GDP growth rate of 7.1% year-on-year. Meanwhile, the economic operation in Jiangsu Province has gradually improved. In the first half of the year, the provincial GDP saw a growth of 11.2% year-on-year, being 4.1 percentage points higher than the national average. Currently, an economic trend of stabilization and rebound has been emerging, and demand for transportation has bottomed out and re-climbed.

Although economic indices and operating data have seen quarter-on-quarter improvements, the real economy continued to be impacted by the economic crisis in the first half of the year. Demand for road transportation, especially cargo transportation, was lower than the previous year, which was reflected in the decreases to various degrees in the proportion of traffic volume of trucks along the Company's toll roads. As considerably impacted by the macro-economic environment, the Group realized a total toll revenue from roads and bridges of approximately RMB1,994,194,000 during the reporting period, representing a decrease of 2.04% as compared to the same period of 2008. Total toll revenue represented 74.43% of the Group's total operating revenue, a year-on-year drop of 3.39 percentage points. The operating performance of each road and bridge project is as follows:

Comparison of average daily traffic volumes and toll revenues

Road/Bridge	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	Reporting period	Same period of the previous year	Change (%)	Reporting period	Same period of the previous year	Change (%)
Shanghai-Nanjing Expressway	49,348	46,377	6.41	9,036.2	8,865.6	1.92
Shanghai-Nanjing Section of G312	22,342	29,879	-25.22	366.2	506.7	-27.73
Nanjing Section of Nanjing-Lianyungang Highway	4,872	6,773	-28.06	94.0	125.4	-25.04
Guangjing Expressway	33,994	38,252	-11.13	541.7	624.4	-13.24
Xicheng Expressway	35,913	38,554	-6.85	979.6	1,063.0	-7.85
Jiangyin Yangtze Bridge	39,408	42,900	-8.14	1,860.7	2,143.2	-13.18
Sujiahang Expressway	28,481	24,784	14.92	2,001.1	1,717.2	16.53



Percentage of traffic volume and toll revenue structures of passenger vs. cargo vehicles

Road/Bridge	Percentage of traffic volume of passenger vs. cargo vehicles		Percentage of toll revenue of passenger vs. cargo vehicles		Average daily full-trip revenue per vehicle (RMB/Vehicle)		
	January to June 2009	January to June 2008	January to June 2009	January to June 2008	January to June 2009	January to June 2008	Change (%)
Shanghai-Nanjing Expressway	70.8:29.2	66.7:33.3	51.5:48.5	46.7:53.3	183.1	191.2	-4.24
Shanghai-Nanjing Section of G312	54.2:45.8	52.5:47.5	35.2:64.8	34.5:65.5	16.4	17	-3.53
Nanjing Section of Nanjing-Lianyungang Highway	54:46	50:50	33.8:66.2	28.2:71.8	19.3	18.5	4.32
Guangjing Expressway	68.5:31.5	64.1:35.9	47.9:52.1	44:56	15.9	16.3	-2.45
Xicheng Expressway	70.4:29.6	67.2:32.8	52.5:47.5	49:51	27.3	27.6	-1.09
Jiangyin Yangtze Bridge	69.9:30.1	65.9:34.1	44.3:55.7	40:60	48	50	-4.0
Sujiahang Expressway	60.7:39.3	56.4:43.6	42:58	38.9:61.1	70.3	69.3	1.44

Despite being affected by the general economic environment, Shanghai-Nanjing Expressway still posted a growth of 6.41% on its traffic volume during the reporting period, mainly due to: the negative impact on traffic volume arising from the expansion project of the Shanghai Section has been eliminated following completion in early 2009; the snowstorms during the period of the end of January to the beginning of February 2008 led to a lower operating comparison basis for the period of the previous year; and the production and sales of civil vehicles were buoyant in the first half of 2009 boosted by the "Revival Plan for the Car Industry" implemented by the State. Accordingly, traffic volume of passenger vehicles along Shanghai-Nanjing Expressway between the period of January to June recorded a growth of 12.95%. Nevertheless, affected by the economic crisis, traffic volume of trucks decreased by 6.74% year-on-year during the same period. The average daily truck traffic accounted for approximately 29.2% of the average daily traffic volume, a decrease of 4.1 percentage points year-on-year. Average daily toll revenue from trucks accounted for 48.5% of the average daily toll revenue, a decrease of 4.8 percentage points. Accordingly, average daily toll full-trip revenue per vehicle amounted to approximately RMB183.1, a decrease of RMB8.1 year-on-year. Benefiting from the growth in traffic volume of passenger vehicles, coupled with a considerable positive effect brought by the adjustment to toll standards for overloaded trucks along expressways throughout the province since 1 March 2009, the average daily traffic volume and average daily toll revenue along Shanghai - Nanjing Expressway saw slight growths. As a result, the expressway achieved a better overall performance than expected at the beginning of the year.

As a result of closures of highways due to the snowstorms at the beginning of 2008, G312 took over a large portion of traffic diversions during that period. Accordingly, the operating comparison basis was relatively high, which led to a significant year-on-year change in traffic volume. Meanwhile, since 1 March 2009, Jiangsu Province scrapped toll tariffs on Class 2 highways for which the government repays the loans, certain Class 2 highways have diverted some traffic from G312, thereby leading to declines in traffic volume, revenue and gross profit margin of G312 during the period. Nanjing-Lianyungang Highway continued to be affected by traffic diversions from neighboring road networks which saw its traffic volume drop further. However, its overall traffic volume was basically at par with that in the fourth quarter of 2008.



In the first half of 2009, besides the impact of the economic factors, the operating performances of Guangjing Expressway, Xicheng Expressway and Jiangyin Yangtze Bridge were still affected by significant traffic diversions to Sutong Bridge which commenced operation in May 2008. Accordingly, average daily traffic volumes and average daily toll revenues generated from these three projects decreased significantly during the reporting period. On the other hand, Sujiahang Expressway continued to benefit from positive stimulating effects upon the opening of Sutong Bridge. The relevant impacts of Sutong Bridge will gradually stabilize in the second half of 2009.

ii. Ancillary services

In the first half of 2009, the Group's revenue from ancillary services in the service areas amounted to approximately RMB510,623,000, down approximately 9.33% over the same period of the previous year. Among such revenue, sales of petroleum products amounted to approximately RMB443,346,000, down approximately 10.23% year-on-year, representing 86.82% of the total revenue from ancillary services, which was mainly affected by the decreases in sales volume of oil products and in the prices of petroleum products. Other operations such as catering and retailing contributed RMB67,277,000 in revenue, representing a decrease of approximately 2.92% over the same period of the previous year. This was mainly due to a decline in traffic volumes of parked vehicles consuming at the service areas under the impact of the economic crisis.

iii. Other operations

Other businesses of the Company mainly comprise the project development and operations of two subsidiaries, Jiangsu Ninghu Properties Co., Ltd. ("Ninghu Properties") and Jiangsu Ninghu Investment Development Co., Ltd. ("Ninghu Investment"). Ninghu Investment is principally engaged in the distribution of advertising media along Shanghai-Nanjing Expressway and in other industrial investments. Ninghu Properties is principally engaged in properties development and operation. It was established in July 2008 and no substantial progress was made in the relevant business during the reporting period.

Other operations merely include advertising business in the same period of the previous year. The sales of the Kun Shan Properties Project (昆山房地產項目) developed by Ninghu Investment was newly incorporated into this operation during the reporting period, leading to significant increases in operating revenue and costs as compared to the same period of the previous year. During the reporting period, revenue from other operations amounted to approximately RMB174,455,000, representing an increase of approximately 921.04% year-on-year. Of such amount, properties projects realized a sales revenue of RMB152,483,000 while the advertising business recorded a revenue of RMB21,972,000, representing an increase of 28.6% year-on-year. With the additional properties business developed by Ninghu Investment, costs of other operations jumped significantly by 2,121.29% to approximately RMB 126,880,000 during the reporting period. Gross profit margin was 27.27%, down 39.3 percentage points.



iv. Operations and results of subsidiaries

Name of Company	Scope of Business	Investment Cost (RMB'000)	Equity interests 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 in Jiangsu	2,125,000	85	2,982,872	2,916,480	159,422	16.09	1.37
Jiangsu Nanjing-Shanghai Investment Development Co., Ltd.	Investment in various infrastructure, industrial and assets investment infrastructure, industrial investment and assets investment	95,000	95	283,742	170,811	39,591	4.00	583.90 (Note)
Jiangsu Ninghu Properties Co., Ltd.	Development and operation and consultancy of properties	200,000	100	203,732	203,713	1,359	0.14	—

Note: During the reporting period, the Kun Shan Properties Project (昆山房地產項目) developed by Ninghu Investment realized sales revenue of approximately RMB152,483,000 and net profit of approximately RMB26,668,000, which accounted for 67.36% of the company's total net profit. Besides, revenue from the advertising business also saw a significant growth over the same period of the previous year, leading to a significant growth in the net profit of Ninghu Investment.



(2) Analysis of operating results and financial conditions

1. Analysis of operating results

Unit: RMB'000

Item	The reporting period	The corresponding period of the previous year	Year-on-year change (%)	Reason of Change
Operating revenue	2,679,272	2,615,942	2.42	During the reporting period, mainly affected by the economic crisis, revenues from the toll operations and the ancillary services of the Company decreased by 2.04% and 9.33% respectively over the same period of the previous year. However, as sales revenue from properties projects of Ninghu Investment was newly incorporated into the revenue from other operations, the Company's total operating revenue saw a slight increase.
Operating profit	1,292,241	1,150,347	12.33	During the reporting period, as the State moderately relaxed the monetary policies and the Company actively adjusted its financing strategy and adopted myriad financing channels, finance expenses decreased by 27.02% year-on-year. Meanwhile, associates achieved a growth in profit, leading to a growth of 22.43% year-on-year in investment income. Meanwhile, other operations contributed to the increase of net profit. Under these combined effects, operating profit increased by 12.33% year-on-year during the reporting period. Based on a growth in operating profit, net profit increased by 14.41% year-on-year.
Net profit	990,990	866,166	14.41	

— Operating costs

During the reporting period, operating costs amounted to approximately RMB1,143,837,000 in aggregate, representing an increase of 1.31% year-on-year. Of such amount, operating costs of toll road operations amounted to approximately RMB528,514,000, representing a decrease of 8.24% year-on-year. The gross profit margin increased by 1.79 percentage points. The cost structure is set out below:

Operating cost items of toll road operation	The reporting period (RMB'000)	Percentage to total operating costs (%)	The corresponding period of the previous year (RMB'000)	Percentage to total operating costs (%)	Year-on-year change (%)
Depreciation and amortization	370,451	70.09	394,371	68.47	-6.07
Costs on toll collection operation	132,343	25.04	125,451	21.78	5.49
Costs on roads and bridges maintenance	15,604	2.95	47,069	8.17	-66.85
System maintenance	10,116	1.92	9,099	1.58	11.18
Total	528,514	100	575,990	100	-8.24



During the reporting period, the cost structure of the Group's toll road operations basically remained stable, of which costs on roads and bridges maintenance decreased significantly year-on-year as a provision of RMB30,000,000 was made for the costs on road surface overhaul on Guangjing Xicheng last year. Excluding this factor, costs on roads and bridges maintenance decreased by approximately 8.58% year-on-year.

A year-on-year increase in costs of system maintenance was mainly attributable to the costs on the upgrade and reconstruction for non-stop toll collection systems on the lanes of expressways.

— *Investment Income*

In the first half of 2009, total investment income increased by 22.43% year-on-year. Among such income, the investment income contributed by associates, in which the Group had equity interests, amounted to approximately RMB91,014,000, accounting for approximately 9.18% of the Group's net profit and representing an increase of approximately 25.38% year-on-year. Operating results of major associates are as follows:

Company name	Scope of business	Investment cost (RMB'000)	Equity interest of the Company (%)	Net profit (RMB'000)	Contributions of investment income (RMB'000)	Proportion to the net profit of the Company (%)
Suzhou Sujiahang Expressway Co., Ltd.	Management and operation of the Jiangsu Section of Sujiahang Expressway	526,091	33.33	98,841	32,944	3.32
Jiangsu Kuailu Motor Transport Co., Ltd.	Road transportation, automobile repair and sales of automobiles and automobile parts and components (APC)	49,900	33.2	2,118	703	0.07
Jiangsu Yangtze Bridge Co., Ltd.	Mainly engaged in the management and operation of Jiangyin Yangtze Bridge	631,159	26.66	203,520	54,258	5.48

Explanation on changes in operations and net profits of associates:

Benefiting from the opening of Sutong Bridge and the decrease in finance expenses, the net profit of Suzhou Sujiahang Expressway Co., Ltd. ("Sujiahang Company") increased by 214% year-on-year and the proportion of investment income that it contributed to the Company's net profit increased by 2.12 percentage points.

During the reporting period, in the absence of negative factors brought by the snowstorms in early 2008 on its business operations and a considerable contribution to its profit arising from disposing the equity interest of Jiangsu Far East Shipping Co., Ltd. ("Far East Shipping"), Jiangsu Kuailu Motor Transport Co., Ltd. ("Kuailu Company") made a year-on-year profit increase of RMB7,478,000, thereby realizing a profit.

Due to traffic diversions from Sutong Bridge, the net profit of Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Company") decreased by 9.29% year-on-year during the reporting period. The proportion of contribution of its investment income to the Company's net profit decreased by 1.76 percentage points year-on-year.

IV. Report of the Directors



— Administrative expenses

During the reporting period, administrative expenses of the Group amounted to approximately RMB70,955,000 in aggregate, representing an increase of approximately 0.14% as compared to the corresponding period of 2008.

— Finance Costs

As at 30 June 2009, total interests bearing liabilities of the Group amounted to approximately RMB7,274,676,000, representing decreases of RMB289,002,000 and RMB1,328,972,000 as compared to the beginning of 2009 and corresponding period of 2008, respectively. As the State lowered the basic interest rates of bank loans in the second half of 2008, the Company actively implemented financing initiatives so as to reduce finance costs and the decrease in the total interests bearing liabilities, finance costs of the Group during the reporting period amounted to approximately RMB195,122,000 in aggregate, representing a decrease of 27.02% year-on-year.

— Tax policy

The Group's income tax is payable at a statutory rate of 25% while the business tax for toll revenues from expressways is payable at a rate of 3%. From January to June 2009, income tax expense of the Group amounted to RMB301,463,000 in aggregate, representing an increase of approximately 8.39% as compared to the corresponding period in 2008.

2. Analysis of financial conditions

Under PRC Accounting Standards, the capital structure of the Group as at 30 June 2009 and the comparative figures as at 31 December 2008 are as follows:

Item	30 June 2009		31 December 2008	
	RMB'000	%	RMB'000	%
Current liabilities	3,705,254	15.08	3,654,733	14.75
Long-term liabilities	4,714,844	19.18	4,712,959	19.02
Equity attributable to owners of the Company	15,709,644	63.92	15,968,921	64.46
Minority interests	446,013	1.82	438,816	1.77
Total assets	24,575,755	100	24,775,429	100
Gearing ratio:	—	34.26	—	33.77

Under the HKFRS, the capital structure of the Group as at 30 June 2009 and the comparative figures as at 31 December 2008 are as follows:

Item	30 June 2009		31 December 2008	
	RMB'000	%	RMB'000	%
Current liabilities	3,705,254	15.93	3,654,732	15.59
Long-term liabilities	4,714,844	20.27	4,712,959	20.10
Equity attributable to owners of the Company	14,395,919	61.88	14,635,347	62.43
Minority interests	446,014	1.92	438,816	1.88
Total assets	23,262,031	100	23,441,854	100
Gearing ratio:	—	31.27	—	32.27

Gearing ratio: Interest bearing liabilities / total assets



— *Asset liquidity and financial resources*

During the reporting period, cash inflow from the Group's operating activities amounted to approximately RMB2,640,769,000; net cash inflow from operating activities amounted to approximately RMB1,386,118,000. The gearing ratio was at a reasonable level of 34.26%. Monetary capital at book value amounted to approximately RMB546,247,000. As at 30 June 2009, the undrawn bank credit facility of the Group amounted to approximately RMB12,310,000,000. As such, the management believes that the Group does not have any cash liquidity problem.

— *Capital expenditures*

From January to June 2009, the Group's planned capital expenditures amounted to approximately RMB140,543,000, representing a decrease of approximately RMB544,539,000 or 79.49% from the same period of 2008. The main composition of the capital expenditures is as follows:

Capital Expenditure	RMB'000
Remaining project fee for the expansion of the Shanghai-Nanjing Expressway	18,089
Remaining project fee for the broadening renovation of G312	90,000
Others	32,454
Total	140,543

— *Financing activities and financial costs*

During the reporting period, supported by the State's moderately relaxed monetary policies and based on sound financial conditions, steady cash flows and good credit track records of the Company and a fine reputation in the industry, the Company continued to be entitled to the prime rate of commercial loans under the interest rate policy of the People's Bank of China, thereby continually enjoying lower financing costs. Meanwhile, the Company actively expanded its financing channels and adjusted its debt structure, with a view to lowering finance costs. With the arrangement of an array of effective financing activities, the consolidated borrowing cost of the Company was approximately 5.06%, down 1.26 percentage points over the same period of the previous year, being 0.36 percentage point lower than the prevailing bank's borrowing rates.

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

Financing category	Financing date	Term	Financing amount (RMB100 million)	Issuing interest rate (%)	Prevailing bank basic rate (%)	Percentage gain in financing costs (%)
Huarong Trust	2009-01-14	3 months	2	4.37	4.86	10.08
Guoyuan Trust	2009-01-14	3 months	3	4.37	4.86	10.08
Guoyuan Trust	2009-04-10	3 months	5	4.131	4.86	15
Guoxin Trust	2009-06-17	6 months	5	4.131	4.86	15



As at 30 June 2009, cash and cash equivalents and loans are indicated in the table below:

Item	As at 30 June 2009 The Group (RMB'000)	As at 31 December 2008 The Group (RMB'000)
Cash and cash equivalents		
Cash on hands	463	405
Bank deposits	545,784	460,188
Total:	546,247	460,593
Loans		
Short-term bank loans	2,360,000	2,650,000
Long-term loans due within one year	201,693	201,693
Long-term bank loans	3,621,314	3,622,174
Long-term bonds	1,091,669	1,089,811
Total:	7,274,676	7,563,678

— *Foreign exchange risks*

The Group operates its businesses principally in China. No major foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H shares. The Company obtained a loan of US\$9,800,000 from the Spanish Government in 1998, which was due on 18 July 2027. As at 30 June 2009, the balance of the loan was approximately RMB33,007,000, against which no foreign exchange hedge was made. Fluctuations in exchange rates did not have any material impact on the Company's results.

— *Contingent liabilities*

As at 30 June 2009, the Company did not have any contingent liabilities.

— *Pledge of assets*

As at 30 June 2009, the Company did not have any pledge of assets.

— *Trust deposits*

As at 30 June 2009, the Company did not have any trust deposits with any financial institutions in China or any fixed term deposits which were irrecoverable upon their maturity.

— *Trust loans*

During the reporting period, the Company secured a loan of RMB500,000,000 from its subsidiary Guangjing Xicheng by way of a trust loan with a term of one year at an annual interest rate of 4%. The Company also secured a loan of RMB170,000,000 from its connected company Far East Shipping by way of a trust loan with a term of one year and carry an annual interest rate according to prevailing bank basic rate. As at 30 June 2009, the balance of the trust loan with related companies amounted to RMB960,000,000.



3. Staff salary and training

The Company adopts a position-based salary system with performance being a motivating factor. Staff salary comprises three parts, namely monthly salary, performance bonus and fringe benefits. Salaries are determined in accordance with the comprehensive performance appraisal results of each staff, with reference to the principle of “salary by position, award by performance”, thereby raising the fairness and competitiveness of the salary system. In the first half of 2009, staff salaries totaled RMB138,820,000, representing a growth of 25.83% year-on-year, mainly attributable to a rise in staff costs arising from the implementation of the “Labor Contract Law”.

In the first half of 2009, the Company actively organized and embarked on the accreditation of vocational skills for positions in relation to toll collection monitoring. There were 529 and 281 candidates entering the Skills Assessment and Accreditation (Intermediary Level) and the Skills Assessment and Accreditation (Advanced Level) respectively. Meanwhile, there were 717 candidates having passed the Skills Assessment and Accreditation (Junior Level) and obtained the certificate (junior level) for vocation with specific skills in the transportation industry.



(1) Corporate Governance

1. Corporate Governance Status

The Company abides by the Code on Corporate Governance for Listed Companies and fully complies with all code provisions of the Code on Corporate Governance Practices (the “Code”) in Appendix 14 of the Hong Kong Listing Rules. During the reporting period, the Company made continued improvements on the corporate governance system and the operating procedures according to the requirements of regulatory authorities and latest rules and regulations, with a view to enhancing corporate governance standards.

In order to thoroughly eliminate and prevent misappropriation of funds by connected parties, the Company has established long-lasting mechanisms to prevent misappropriation of funds and has specifically incorporated the relevant measures in the relevant documents such as the Articles of Association of the Company. As such, the limit of authority of approval for payment and management of monetary capital is specified; and the stringent execution of the review and approval procedures for connected transactions is specified. Meanwhile, pursuant to the requirement of CSRC, the minimum amount for profit distribution is also specified in the Articles of Association of the Company, so as to safeguard the lawful interests of investors.

During the reporting period, the election of members for the new session of the Board was held. Due to a lack of choice of candidates, there have been temporary vacancies for two Independent Non-executive Directors at the Board from the date when the election of members for the new session of the Board was held. The Second Meeting of the Sixth Session of the Board has proposed resolutions to appoint Ms. Chang Yung Tsung, Alice and Mr. Fang Hung, Kenneth as Independent Non-executive Directors. The proposed resolutions will be deliberated at 2009 Second Extraordinary Meeting to be held on 12 October 2009, so as to meet the minimum number as required by the Listing Rules of the Shanghai Stock Exchange and Hong Kong Listing Rules.

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

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

3. Audit Committee

During the reporting period, a re-election was held for the new session of the Audit Committee. Members of the new Audit Committee comprise Mr. Chen Donghua, Mr. Fan Cong Lai and Mr. Du Wen Yi and they have extensive experiences in financial and economic management. Among these members, Mr. Chen Donghua and Mr. Fan Cong Lai are Independent Non-executive Directors. 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 2009 and had sufficient communication with the Company’s external auditors in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2009.



(2) Profit Distribution and its Implementation

1. As approved at the 2008 annual general meeting, the Company distributed a cash dividend of RMB0.27 (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 2008. Such profit distribution scheme was implemented on 10 July 2009.
2. During the reporting period, the Board of the Company neither recommended the payment of an interim dividend for the six months ended 30 June 2009, nor did the Board increase share capital by transferring reserve fund.

(3) Material Litigation or Arbitration

The Company neither involved in any material litigation or arbitration during the reporting period, nor did the Company involved in any material litigation or arbitration before and until the reporting period.

(4) Asset Transfer

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

(5) 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. *Jiangsu Sundian Road Maintenance Service*

On 27 March 2009, the Company and its subsidiary, Guangjing Xicheng, entered into maintenance service contracts 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 April 2009 and ending on 31 December 2009. The maximum contractual maintenance service fees of the two contracts were estimated to be no more than RMB10 million and RMB50 million, respectively.

2. *Network Operation Company Technical Services*

Jiangsu Expressway Network Operation and Management Co., Ltd. (the “Network Operation Company”) provides relevant data audit, statistical and analytical services and consultation services on inter-network tolling technology upgrade for the road and bridge projects of the Company. The fee standards on which the Network Operation Company provided services to the Company were examined by the Jiangsu Price Bureau. A fee standard of no more than 0.2% was applied to toll revenue from highways and bridges received in cash, while no more than 2% was applied to non-cash revenue. During the reporting period, the Company has paid service fees to Network Operation Company amounting to approximately RMB3,688,000 in aggregate, which were below reporting and disclosure requirements.

V. Significant Matters



3. Leasing of Operation of Petroleum Products Sales Business

During the reporting period, Guangjing Xicheng, the Company's subsidiary, renewed a leasing agreement in respect of the operation 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.

During the reporting period, Jiangsu Petroleum Company paid leasing fees to Guangjing Xicheng amounting to RMB1,263,000 in aggregate, which were 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.

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.

— 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
Jiangsu Guangjing Xicheng Expressway Co., Ltd.	0	0	500,000	500,000
Jiangsu Ninghu Properties Company Limited	0	0	0	190,000
Far East Shipping	0	0	170,000	270,000
Total	0	0	670,000	960,000

During the reporting period, the Company secured a loan of RMB500,000,000 from its subsidiary Guangjing Xicheng by way of a trust loan with a term of one year at an annual interest rate of 4%. The Company also secured a loan of RMB170,000,000 from its connected company Far East Shipping by way of a trust loan with a term of one year and carry an annual interest rate according to prevailing bank basic rate. As at 30 June 2009, the balance of the trust loan with connected company amounted to RMB960,000,000.



— **Confirmation Opinion by Independent Non-executive Directors on Connected Transactions**

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 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.

(6) 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 Petroleum Company, and the leasing of offices to Jiangsu Sudian 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 party 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 for the contracts disclosed above, the Company did not enter into any material service or management contract with any person, enterprise or legal entity.



(7) 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 shares in the Company, 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	Undertakings made by the Board of the Company regarding the profit distribution for 2008: Cash dividend will be distributed once in 2008 and the distribution ratio shall not be less than 85% of the distributable profit for the year.	Fulfilled

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

(8) Appointment of Auditors

At the 2008 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 2009. Audit 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 audit firms have been providing audit services to the Company for seven consecutive years since 2003.

(9) 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, shareholders and de facto controllers by CSRC.



(10) Implementation of Incentive Stock Option and its Impact

The Company did not implement any incentive stock option scheme.

(11) Other Information Sources

The Company published its announcements in the China Securities Journal, the Shanghai Securities News, the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) or the website of the Company (www.jsexpressway.com).

Shanghai Stock Exchange Announcement code	Publication Date	Particulars
臨 2009-001	2009-1-7	Announcement on the Twenty-first Meeting of the Fifth Session of the Board of Directors
臨 2009-002	2009-1-7	Announcement of the Supervisory Committee and Change of Supervisor
臨 2009-003	2009-1-19	Announcement on Interest Payment of Corporate Bonds
臨 2009-004	2009-1-21	Supplemental Announcement on Interest Payment of Corporate Bonds
臨 2009-005	2009-1-21	Notice of 2009 First Extraordinary General Meeting and circular
臨 2009-006	2009-3-11	Announcement on the Resolution of the 2009 First Extraordinary General Meeting
臨 2009-007	2009-3-11	Announcement of the Fourteenth Meeting of the Fifth Session of the Supervisory Committee
臨 2009-008	2009-3-18	Announcement on the Twenty-second Meeting of the Fifth Session of Board of Directors
臨 2009-009	2009-3-27	Announcement on the Twenty-third Meeting of the Fifth Session of the Board of Directors Meeting
臨 2009-010	2009-3-27	Announcement of the Fifteenth Meeting of the Fifth Session of the Supervisory Committee Meeting
臨 2009-011	2009-3-27	Road Maintenance Service Contract with Jiangsu Sundian Engineering Co., Ltd.
臨 2009-012	2009-4-24	Announcement on First Quarterly Report
臨 2009-013	2009-4-24	Announcement on Change in Director
臨 2009-014	2009-4-24	Announcement on the Supervisory Committee Meeting and on Change of Supervisors
臨 2009-015	2009-4-30	Notice of 2008 Annual General Meeting and Circular
臨 2009-016	2009-6-2	Announcement on the Sixth Listing of Circulating Shares with Selling Restrictions
臨 2009-017	2009-6-17	Announcement of the Resolutions of the 2008 Annual General Meeting
臨 2009-018	2009-6-17	Announcement of the First Meeting of the Sixth Session of the Board of Directors/The Appointment of the Specialized Committee Members
臨 2009-019	2009-6-17	Announcement of the First Meeting of the Sixth Session of the Supervisory Committee
臨 2009-020	2009-6-29	Announcement on Rectification of Unreasonable Discrepancies of Toll-by-Weight Standards along Expressways



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 29 to 48 which comprises the condensed consolidated statement of financial position of Jiangsu Expressway Company Limited as of 30 June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 August 2009



Condensed Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	NOTES	Six months ended	
		30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited & Restated)
Revenue	4	2,608,191	2,542,982
Cost of sales		(1,155,773)	(1,139,639)
Gross profit		1,452,418	1,403,343
Other income	6	10,541	11,358
Administrative expenses		(47,882)	(55,016)
Finance costs	7	(197,334)	(268,587)
Share of profits of associates		91,013	72,593
Changes in fair value of held-for-trading investments		3,545	1,634
Gain on disposal of a subsidiary	8	—	1,072
Profit before tax		1,312,301	1,166,397
Income tax expense	9	(301,463)	(278,129)
Profit for the period	10	1,010,838	888,268
Attributable to:			
Owners of the Company		984,945	864,391
Minority interests		25,893	23,877
		1,010,838	888,268
Earnings per share			
-Basic (RMB per share)	12	0.20	0.17



Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended	
	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited)
Profit for the period	1,010,838	888,268
<i>Other comprehensive income</i>		
Share of an associate's reserve arising from the fair value change of the associate's available-for-sale financial assets	135,819	—
Total comprehensive income for the period	1,146,657	888,268
Total comprehensive income attributable to:		
Owners of the Company	1,120,764	864,391
Minority interests	25,893	23,877
	1,146,657	888,268

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2009

	NOTES	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	13	1,427,995	1,501,952
Concession Intangible assets	14	17,927,878	18,214,241
Prepaid lease payments		1,062,622	1,095,262
Interests in associates		1,841,902	1,870,764
Available-for-sale financial assets	15	150,567	13,668
Deferred tax assets		5,336	5,336
		22,416,300	22,701,223
Current assets			
Inventories		11,694	9,951
Properties under development		—	106,950
Completed properties held for sale		66,758	—
Prepayments and other receivables	16	107,800	57,890
Prepaid lease payments		65,280	65,280
Held-for-trading investments		47,952	39,967
Bank balances and cash		546,247	460,593
		845,731	740,631
Current liabilities			
Other payables	17	195,622	334,364
Construction costs payable		151,878	279,184
Tax liabilities		84,439	156,756
Dividend payable		711,622	32,735
Long-term borrowings - due within one year	18	201,693	201,693
Short-term borrowings	19	2,360,000	2,650,000
		3,705,254	3,654,732
Net current liabilities		(2,859,523)	(2,914,101)
Total assets less current liabilities		19,556,777	19,787,122
Non-current liabilities			
Deferred tax liabilities		1,861	974
Long-term borrowings - due after one year	18	4,712,983	4,711,985
		4,714,844	4,712,959
Net assets		14,841,933	15,074,163
Capital and reserves			
Share capital	20	5,037,748	5,037,748
Share premium and reserves		9,358,171	9,597,599
Equity attributable to owners of the Company		14,395,919	14,635,347
Minority interests		446,014	438,816
Total equity		14,841,933	15,074,163



Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Attributable to owners 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	Investment revaluation reserve RMB'000	Retained profits RMB'000			
At 1 January 2008 (audited)	5,037,748	5,730,454	1,350,008	—	2,218,404	14,336,614	429,335	14,765,949
Profit and total comprehensive income for the period	—	—	—	—	864,391	864,391	23,877	888,268
Dividends recognised as distribution	—	—	—	—	(1,360,192)	(1,360,192)	(15,551)	(1,375,743)
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>—</u>	<u>1,725,127</u>	<u>13,840,813</u>	<u>437,661</u>	<u>14,278,474</u>
At 1 January 2009 (audited)	<u>5,037,748</u>	<u>5,730,454</u>	<u>1,524,823</u>	<u>66,716</u>	<u>2,275,606</u>	<u>14,635,347</u>	<u>438,816</u>	<u>15,074,163</u>
Profit for the period	—	—	—	—	984,945	984,945	25,893	1,010,838
Share of an associate's reserve arising from the fair value change of the associate's available-for-sale financial assets	—	—	—	135,819	—	135,819	—	135,819
Total comprehensive income for the period	—	—	—	135,819	984,945	1,120,764	25,893	1,146,657
Dividends recognised as distribution	—	—	—	—	(1,360,192)	(1,360,192)	(18,695)	(1,378,887)
At 30 June 2009 (unaudited)	<u>5,037,748</u>	<u>5,730,454</u>	<u>1,524,823</u>	<u>202,535</u>	<u>1,900,359</u>	<u>14,395,919</u>	<u>446,014</u>	<u>14,841,933</u>



Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	NOTE	Six months ended	
		30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited)
Net cash from operating activities		1,386,118	1,256,837
Investing activities			
Purchase of property, plant and equipment		(50,544)	(629,529)
Payment for acquisition of concession intangible assets		(90,000)	—
Purchase of intangible assets		—	(55,552)
Dividends received from associates		79,678	88,480
Disposal of a subsidiary	8	—	(29,787)
Proceeds on disposal of property, plant and equipment		206	—
Other investing cash flows		(4,440)	3,299
Net cash used in investing activities		(65,100)	(623,089)
Financing activities			
New borrowings raised		3,060,000	5,619,660
Dividends paid		(700,000)	(1,177,883)
Dividends paid to minority shareholders		—	(15,551)
Interest paid		(244,517)	(243,789)
Repayment of borrowings		(3,350,847)	(5,256,137)
Net cash used in financing activities		(1,235,364)	(1,073,700)
Net increase (decrease) in cash and cash equivalents		86,654	(439,952)
Cash and cash equivalents at 1 January		460,593	1,128,947
Cash and cash equivalents at 30 June			
Bank balances and cash		546,247	688,995



Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. GENERAL

The Company was incorporated in the People's Republic of China (the "PRC") on 1 August 1992 as a joint stock limited company and its H shares and A shares are listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange, respectively. Its ultimate holding company is Jiangsu Communications Holding Company Limited 江蘇交通控股有限公司 ("Jiangsu Communications Holding"), a state-owned enterprise incorporated in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in its 2008 annual report.

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

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

2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

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

The Group continues to raise long-term borrowings to replace those short-term borrowings. As at 30 June 2009, the Group's long-term borrowings were approximately RMB4,713,000,000 (at 31 December 2008: RMB4,712,000,000).

The Group closely monitors its cash position from its operation and the directors consider that the Group has sufficient liquid assets generated from its operations and sufficient available undrawn long-term and short-term borrowing facilities at 30 June 2009 of approximately RMB12,310,000,000 (at 31 December 2008: RMB12,960,000,000) to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, although the Group had net current liabilities of RMB2,859,523,000 (31 December 2008: RMB2,914,101,000) at the end of reporting period, the Group has well managed the liquidity risk and the condensed consolidated financial statements are accordingly prepared on a going concern basis.



3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008 except for the application of the following revenue recognition policy in relation to sales of properties:

Sales of properties

Income from sales of properties is recognised upon the relevant properties have been completed and delivered to the purchasers pursuant to the sale agreements. Deposits received from pre-sale activities of properties are recognised as pre-sale deposits and included as other payables.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009:

HKFRS 8 Operating Segments

(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, no segment information was presented, as the Group had only single business and geographical segment respectively. The application of HKFRS 8 has resulted in presentation of the Group's operating segment information for the first time (see note 5).

HKAS 1 (revised 2007) Presentation of Financial Statements

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.



Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

4. REVENUE

	Six months ended	
	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited & Restated)
Turnover comprises:		
Toll revenue	1,925,692	1,965,809
Ancillary Services	508,044	560,088
Sale of properties	152,483	—
Others	21,972	17,085
	2,608,191	2,542,982

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel's serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments has changed.

In prior years, as all the Group's operations are located and carried out in the PRC, and the principal activities of the Group is solely the operation and management of toll roads, accordingly, no segment information by business and geographical segment was presented.

However, information reported to the Group's chief operating decision makers for the purposes of resources allocation and assessment of performance focuses more specifically on the respective toll roads. The Group's reportable segments under HKFRS 8 are therefore as follows:

Toll roads

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

Ancillary services

Others

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

Information regarding the Group's operating segments is presented below.



5. SEGMENT INFORMATION (Continued)

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

	Revenue		Segment profit	
	Six months ended		Six months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited & Restated)	(Unaudited)	(Unaudited)
Toll roads				
- Ninghu Expressway	1,580,761	1,559,760	1,230,927	1,210,978
- 312 National Highway	62,653	87,104	(56,354)	(38,769)
- Nanjing-Lianyungang Highway	16,444	22,068	7,889	9,368
- Guangjing Xicheng Expressway	265,834	296,877	202,782	197,704
Ancillary Services	508,044	560,088	19,601	12,690
Others	174,455	17,085	47,573	11,372
Total	2,608,191	2,542,982	1,452,418	1,403,343
Other income			10,541	11,358
Administrative expenses			(47,882)	(55,016)
Finance costs			(197,334)	(268,587)
Share of profits of associates			91,013	72,593
Changes in fair value of held-for-trading investments			3,545	1,634
Gain on disposal of a subsidiary			—	1,072
Profit before tax			1,312,301	1,166,397
Income tax expense			(301,463)	(278,129)
Profit for the period			1,010,838	888,268

Segment profit represents the profit earned by each segment without allocation of other income, central administrative expenses, finance costs, share of profits of associates and investment income. This is the measure reported to the Group's Chief Executive Office for the purpose of resource allocation and assessment of segment performance.



Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

5. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets by operating segments:

	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Audited)
Toll roads		
- Ninghu Expressway	14,606,364	14,710,402
- 312 National Highway	2,922,282	3,013,160
- Nanjing-Lianyungang Highway	370,665	376,330
- Guangjing Xicheng Expressway	1,841,222	1,878,154
Ancillary Services	367,064	334,826
Others	304,409	329,792
Total segment assets	20,412,006	20,642,664
Unallocated corporate assets	2,850,025	2,799,190
Consolidated total assets	23,262,031	23,441,854

6. OTHER INCOME

	Six months ended	
	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited & Restated)
Interest on bank deposits	2,535	4,012
Dividend income from available-for-sale financial assets	—	200
Others	8,006	7,146
	10,541	11,358

7. FINANCE COSTS

	Six months ended	
	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited)
Interest on bank and other borrowings wholly repayable:		
Within five years	181,728	227,915
Over five years	15,606	40,672
	197,334	268,587



8. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2007, the Group entered into an agreement to dispose of a subsidiary, Jiangsu Sundian Engineering Co., Ltd. ("Sundian"), which the Group had an effective 95.5% equity interest, to Jiangsu Communications Holding and other entities associated with Jiangsu Communications Holding (the "Jiangsu Communication Holding Group"). 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 was diluted and reduced to approximately 15% with investment cost of RMB 7,368,000, which was transferred to available for sale financial assets.

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

	At 1.1.2008 RMB'000
Net assets disposed	51,286
Retained investment cost	(7,368)
Gain on disposal	1,072
Total consideration	<u>44,990</u>
Net cash outflow arising on disposal in previous period:	
Cash consideration	44,990
Consideration receivable	(5,100)
Bank balances and cash disposed of	(29,787)
Cash received in advance in the year of 2007	(39,890)
	<u>(29,787)</u>

9. INCOME TAX EXPENSE

	Six months ended	
	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	300,576	277,840
Deferred tax:		
Current year charge	<u>887</u>	<u>289</u>
Income tax expense	<u>301,463</u>	<u>278,129</u>

The Group is located in the PRC and subject to PRC Enterprise Income Tax rate at 25% (six months ended 30 June 2008: 25%) pursuant to the relevant PRC Enterprise Income Tax laws.



Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

10. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging the following items:		
Staff costs including directors' remuneration	104,592	89,228
Retirement benefits scheme contributions	34,228	21,844
Total staff costs	138,820	111,072
Depreciation of property, plant and equipment	85,230	86,745
Amortisation of toll roads operation right	286,363	302,978
Loss on disposal of property, plant and equipment	1,759	6
Amortisation of prepaid lease payments (included in cost of sales)	32,640	32,640
Cost of properties recognised as an expense	109,103	—
Cost of inventories recognised as an expense	444,244	531,792

11. DIVIDENDS

	Six months ended	
	30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited)
Dividend recognised as distribution during the period:		
Final 2008-RMB 0.27 (six months ended 30 June 2008: final 2007-RMB 0.27) per share	1,360,192	1,360,192

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).



12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profit attributable to owners of the Company for the six months ended 30 June 2009 of RMB984,945,000 (six months ended 30 June 2008: RMB864,391,000) and 5,037,747,500 (six months ended 30 June 2008: 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 2009 and 30 June 2008.

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB5,520,000 (six months ended 30 June 2008: RMB18,747,000) on construction in progress, RMB979,000 (six months ended 30 June 2008: RMB870,000) on its toll stations and ancillary equipment, and RMB6,739,000 (six months ended 30 June: RMB2,655,000) on its other machinery and equipment in order to cope with the increasing traffic volume.



Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

14. CONCESSION INTANGIBLE ASSETS

	Toll road operation rights RMB'000
COST	
At 1 January 2008 and 30 June 2008	21,584,928
Addition	62,307
Adjustment	1,764
	<u>21,648,999</u>
At 31 December 2008 and 30 June 2009	<u>21,648,999</u>
AMORTISATION	
At 1 January 2008	2,791,641
Provided for the period	302,978
	<u>3,094,619</u>
At 30 June 2008	<u>3,094,619</u>
Provided for the period	340,139
	<u>3,434,758</u>
At 31 December 2008	<u>3,434,758</u>
Provided for the period	286,363
	<u>3,721,121</u>
At 30 June 2009	<u>3,721,121</u>
CARRYING VALUES	
At 30 June 2009	<u>17,927,878</u>
At 31 December 2008	<u>18,214,241</u>
At 30 June 2008	<u>18,490,309</u>
At 1 January 2008	<u>18,793,287</u>

The toll roads infrastructures are all located in the PRC. The Group has been granted by the relevant local government authorities the rights to operate the respective toll roads for periods ranging from 27 to 36 years. According to the relevant governments' approval documents and the relevant regulations, the Group is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment and it is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected during the operating periods is attributable to the Group. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any payments to be made to the Group.



15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Unlisted equity securities, at cost	150,567	13,668

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

During this period, Jiangsu Leasing Co., Ltd, an associate which the Group owned a 20% effective interest, increased the registered capital. On completion of the capital increase, the Group's effective interest in Jiangsu Leasing Co., Ltd was diluted and reduced to approximately 13% with a deemed investment cost of RMB136,899,000, which was transferred from interest in associates into available-for-sale financial assets.

16. PREPAYMENTS AND OTHER RECEIVABLES

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Toll road fee	38,957	31,662
Dividend receivable from an associate	42,117	3,000
Prepayments	12,226	6,860
Receivable from liquidation of a former joint venture	17,312	17,812
Others	18,338	19,706
	128,950	79,040
Less: Accumulated impairment losses	(21,150)	(21,150)
	107,800	57,890

At 30 June 2009, included in the balance of prepayments and other receivables are RMB68,361,000 (at 31 December 2008: RMB29,690,000) being due from related companies. The balances mainly represent dividend receivable, rental receivable, receipt of toll fees collected and deposit of petrol, which are unsecured, interest free and repayable within one year.



Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

17. OTHER PAYABLES

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Interest payables	37,627	86,668
Other tax payables	19,954	12,868
Payroll and welfare payables	15,541	25,644
Advance from customers	16,751	21,330
Pre-sale deposits	21,455	138,747
Others	84,294	49,107
	195,622	334,364

At 30 June 2009, included in the balance of other payables is RMB 6,654,000 (at 31 December 2008: RMB5,811,000) being due to related companies. The balance mainly represents expenses paid on behalf of the Group which are unsecured, interest free and repayable within one year.

18. LONG-TERM BORROWINGS

	Maturity date		Effective interest rate		Carrying amount	
	30.6.2009	31.12.2008	30.6.2009	31.12.2008	30.6.2009	31.12.2008
					RMB'000	RMB'000
					(Unaudited)	(Audited)
Variable-rate						
Unsecured bank loans	2009-2014	2009-2016	5.69%	5.84%	3,790,000	3,790,000
USD denominated Spanish government loans (Note1)	2009-2026	2009-2026	2.00%	2.00%	33,007	33,86
Fixed-rate						
Long-term bond (Note 2)	2011	2011	5.79%	5.79%	1,091,669	1,089,811
					4,914,676	4,913,678

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

Note 2: In the year of 2008, the Group issued long-term bond of RMB 1,100,000,000 due 2011, carrying fixed interest rate at 5.4% per annum.



18. LONG-TERM BORROWINGS (Continued)

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

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Within one year	201,693	201,693
More than one year but not exceeding two years	301,693	201,693
More than two years but not exceeding three years	1,433,361	1,331,504
More than three years but not exceeding four years	1,101,693	501,693
More than four years but not exceeding five years	1,401,693	2,101,695
More than five years	474,543	575,400
	4,914,676	4,913,678
Less: Amount due within one year included in current liabilities	(201,693)	(201,693)
Amount due after one year	4,712,983	4,711,985

At 30 June 2009, the Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are US\$4,831,000, equivalent to approximately RMB33,007,000 (at 31 December 2008: US\$4,955,000, equivalent to approximately RMB33,867,000).

19. SHORT-TERM BORROWINGS

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Unsecured bank loans	1,090,000	1,500,000
Unsecured other loans	1,270,000	150,000
Short-term bond	—	1,000,000
	2,360,000	2,650,000

The short-term loans from banks and other financial institutions are unsecured, repayable within one year and are arranged at fixed interest rates at the range of 4.13 % to 7.20% (at 31 December 2008: 4.65% to 7.47%) per annum.

During the period, the Company repaid short-term bond of RMB 1,000,000,000 on 17 January 2009.



Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

20. SHARE CAPITAL

	1.1.2009		Transfer		30.6.2009	
	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	3,394,861,420	3,394,862	(2,851,900)	(2,852)	3,392,009,520	3,392,010
2. Tradable shares						
H shares	1,222,000,000	1,222,000	—	—	1,222,000,000	1,222,000
A shares	420,886,080	420,886	2,851,900	2,852	423,737,980	423,738
Total	<u>5,037,747,500</u>	<u>5,037,748</u>	<u>—</u>	<u>—</u>	<u>5,037,747,500</u>	<u>5,037,748</u>

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

Since the adoption of the Share Reform Proposal in 2006 and up to 31 December 2008, an aggregate of 222,886,080 restricted tradable shares out of the total 3,617,747,500 restricted tradable shares were granted trading status and reclassified into and included as tradable A shares at 31 December 2008. In current period, a further 2,851,900 restricted tradable shares have been granted trading status and accordingly are reclassified into and included in the balance of tradable A shares at 30 June 2009.

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

21. CAPITAL COMMITMENTS

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Commitments for the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>28,213</u>	<u>42,790</u>



22. OTHER COMMITMENTS

At 30 June 2009, the Group is committed to pay Ninglian Ningtong Management Office, an independent third party, a management service charge calculated at a fixed rate of 17% of the total toll revenue collected on Nanjing-Lianyungang Highway per annum for a term of 30 years from 1 January 2000. Management service charge for the six months ended 30 June 2009 amounted to RMB2,891,716 (six months ended 30 June 2008: RMB3,880,821).

23. RELATED PARTY TRANSACTIONS

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

Name	Relationship	Nature of transactions	Six months ended	
			30.6.2009 RMB'000 (Unaudited)	30.6.2008 RMB'000 (Unaudited)
Jiangsu Kuailu Motor Transport Co., Ltd.	Associate	Toll fee received		4,800
		Sales of petrol	4,800	15,694
			11,241	15,694
Jiangsu Yangtze Bridge Co., Ltd.	Associate	Toll service expenses	707	510
Jiangsu Expressway Petroleum Development Co., Ltd.	Same ultimate holding company	Rental income received	1,263	1,693
Jiangsu Expressway Network Operation and Management Co., Ltd.	Investee of the Company	Rental income received Technology advisory fee expenses	2,230 3,688	— 2,505
Jiangsu Sundian Engineering Co., Ltd.	Investee of the Company	Rental income received Maintenance fee expenses	845 719	— 1,362
Jiangsu Communications Holding Group	Ultimate holding company and its associates	Gain on disposal of a subsidiary	—	1,072



Notes to the Condensed Consolidated Financial Statements (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

23. RELATED PARTY TRANSACTIONS (Continued)

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

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

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

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

24. COMPARATIVE FIGURES

During the period, advertising income of RMB18,520,000 and related cost of RMB5,712,000 previously included net in other income in prior period were reclassified to as the Group's revenue and cost of sales in the condensed consolidated income statement to give a fairer presentation and to conform with current period's presentation.

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) Originals of all documents and announcements as required by CSRC to be disclosed 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

21 August 2009
Nanjing, the PRC

VIII. Confirmation Opinion on 2009 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

Qian Yong Xiang

Zhang Yang

Sun Hong Ning

Chen Xiang Hui

Du Wen Yi

Cui Xiao Long

Chang Yung Tsung

Fang Hung, Kenneth

Fan Cong Lai

Chen Dong Hua

Senior Management Members

Liu Wei

Zhao Jia Jun

Shang Hong

Yao Yong Jia

Jiangsu Expressway Company Limited
21 August 2009