



Jiangsu Expressway Company Limited
(Hong Kong Stock Exchange Stock Code: 00177)

Intelligent



Seamless

2014
INTERIM REPORT

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Important Notice:

1. The board of directors (the "Board"), the supervisory committee and the directors, supervisors and senior management of the Company warrant that there are no false representations, misleading statements or material omissions in this report; and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the content of this report.
2. Ms. Chang Yung Tsung, Alice, a director of the Company, did not attend the meeting of the Board due to other business engagements and appointed Mr. Fang Hung, Kenneth, a director of the Company, to vote on her behalf.
3. The audit committee of the Company has reviewed and confirmed the full text and summary of the interim report for the six months ended 30 June 2014. The relevant financial information is prepared in accordance with the PRC Accounting Standard for Business Enterprises and is unaudited.
4. Mr. Yang Gen Lin, Chairman of the Company, Mr. Qian Yong Xiang, Director and General Manager of the Company, and Ms. Yu Lan Ying, Financial Controller of the Company, warrant the truthfulness and completeness of the financial statements in this interim report in all material respects.
5. The Board of the Company has neither recommended the payment of an interim dividend for 2014, nor increased the share capital by transferring reserve fund.
6. Forward-looking statements in this interim report including development strategies and future plans do not constitute actual commitments of the Company to investors. Investors are advised to pay attention to the investment risks involved.
7. No appropriation of funds on a non-operating basis by the controlling shareholder and its related parties was found in the Company.
8. The Company did not provide external guarantees which violates the stipulated decision-making procedures.

DEFINITIONS

Unless the context otherwise requires, the following expressions contained in this report shall have the meanings as follows:

Company	Jiangsu Expressway Company Limited
Group	the Company and its subsidiaries
Controlling Shareholder	Jiangsu Communications Holdings Company Limited
China Merchants Huajian	China Merchants Huajian Highway Investment Co., Ltd.
Network Operation Company	Jiangsu Expressway Network Operation and Management Co., Ltd.
Jiangsu Petroleum	Jiangsu Expressway Petroleum Company
Jiangsu Sundian	Jiangsu Sundian Engineering Co., Ltd.
Guangjing Xicheng	Jiangsu Guangjing Xicheng Expressway Company Limited
Sujiahang Company	Suzhou Sujiahang Expressway Co., Ltd
Ninghu Investment	Jiangsu Ninghu Investment Development Co., Ltd.
Ninghu Properties	Jiangsu Ninghu Properties Co., Ltd.
Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd.
Kuailu Company	Jiangsu Kuailu Motor Transport Co., Ltd.
Sujiayong Company	Suzhou Sujiayong Expressway Co., Ltd.
Luode Fund Company	Jiangsu Luode Equity Investment Fund Management Company Limited (江蘇洛德股權投資基金管理有限公司)
Jiangsu GCL Gas	Jiangsu GCL Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司)
Jiangsu Leasing	Jiangsu Leasing Co., Ltd. (江蘇金融租賃有限公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd.
Far East Shipping	Jiangsu Far East Shipping Co., Ltd.
Group Finance Co., Ltd.	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Shanghai-Nanjing Expressway	Jiangsu Section of Shanghai-Nanjing Expressway
G312	Shanghai-Nanjing Section of G312
Nanjing-Lianyungang Highway	Nanjing Section of Nanjing-Lianyungang Highway
Guangjing Expressway	The north connection of Jiangyin Yangtze Bridge, Guangling-Jingjiang Section
Xicheng Expressway	The south connection of Jiangyin Yangtze Bridge, Jiangyin-Wuxi Section
Guangjing Xicheng Expressway	Guangjing Expressway and Xicheng Expressway
Jiangyin Bridge	Jiangyin Yangtze River Bridge
Sujiahang Expressway	Jiangsu Section of Suzhou-Jiaxing-Hangzhou Expressway
Yanjiang Expressway	Changzhou-Taicang Expressway
Changjia Expressway	Kunshan-Wujiang Section of Changshu-Jiaxing Expressway
Zhendan Expressway	Zhenjiang-Danyang Expressway
Reporting Period	the period of six month from 1 January 2014 to 30 June 2014
Year-on-year	as compared with the same period of 2013
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Shares	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	overseas-listed foreign shares issued by the Company and listed on the Stock Exchange
ADR	level-1 depositary receipts of the Company listed and traded in the over-the-counter market of the United States
Listing Rules	listing rules of the SSE and/or the Stock Exchange
Listing Rules of SSE	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	"Accounting Standards for Business Enterprises of the People's Republic of China 2006"
Deloitte	Deloitte Touche Tohmatsu Certified Public Accountants LLP

COMPANY PROFILE

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
Abbreviated Chinese Name and English Name	寧滬高速 Jiangsu Expressway
Legal Representative of the Company	Yang Gen Lin

2. Contact person and contact information

	Secretary to the Board/Company Secretary	Representatives of Securities Officers
Name	Yao Yong Jia	Jiang Tao, Lou Qing
Address	6 Xianlin Avenue, Nanjing, Jiangsu, the PRC	
Telephone	8625-8446 9332	8625-84362700-301835, 301836
Fax	8625-8446 6643	
Email Address	jsnh@jsexpwy.com	

3. Basic information

Registered Office and Place of Business	6 Xianlin Avenue, Nanjing, Jiangsu, the PRC
Postcode	210049
Website of the Company	http://www.jsexpressway.com
Email Address of the Company	jsnh@jsexpwy.com

4. Disclosure of Information and place for inspection

Newspapers for Disclosure of Information	Shanghai Securities News, China Securities Journal
Website Designated for Disclosure of Information	www.sse.com.cn , www.hkexnews.hk , www.jsexpressway.com
Periodic Reports Available at	<ul style="list-style-type: none"> Shanghai Stock Exchange, 528 Pudong Road South, Shanghai, the PRC Hong Kong Registrars Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong Reed Smith Richards Butler, 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong Jiangsu Expressway Company Limited, 6 Xianlin Avenue, Nanjing, Jiangsu, the PRC

5. Information on the Company's shares

Type of shares	Stock Exchanges where the Company's shares are listed	Stock name	Stock code
A Shares	Shanghai Stock Exchange	寧滬高速	600377
H Shares	The Stock Exchange of Hong Kong Limited	Jiangsu Express	00177
ADR	The United States of America	JEXYY	477373104

6. Information on the Company's registration

Date of Registration	1 August 1992
Place of Registration	No.16 Shengzhou Road, Nanjing, Jiangsu Province
SAIC Registration Number of the Company	320000000004194
Tax Registration Number of the Company	320003134762764
Company Organization Code	13476276-4

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

1. Major accounting data

Unit: RMB'000

	The reporting period (January- June 2014)	Corresponding period of the previous year (January- June 2013)	Increase/decrease in the reporting period as compared to the corresponding period of the previous year (%)
Operating income	3,926,767	3,668,473	7.04
Net profit attributable to shareholders of the Company	1,344,011	1,435,272	-6.36
Net profit attributable to shareholders of the Company after non-recurring profit or loss	1,344,141	1,370,124	-1.90
Net cash flow from operating activities	1,642,610	1,486,120	10.53
	As at the end of the reporting period	As at the end of the previous year	Increase/decrease at the end of the reporting period as compared to the end of the previous year (%)
Net assets attributable to shareholders of the Company	18,998,381	19,596,484	-3.05
Total Assets	26,767,645	26,833,912	-0.25

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

2. Major financial indicators

	The reporting period (January-June 2014)	Corresponding period of the previous year (January- June 2013)	Increase/decrease in the reporting period as compared to the corresponding period of the previous year (%)
Basic earnings per share (<i>RMB/share</i>)	0.27	0.28	-6.36
Diluted earnings per share (<i>RMB/share</i>)	N/A	N/A	N/A
Basic earnings per share after non-recurring profit/loss (<i>RMB/share</i>)	0.27	0.27	-1.90
Weighted average return on net assets (%)	6.64	7.40	Decreased by 0.76 percentage point
Weighted average return on net assets after non-recurring profit/loss (%)	6.64	7.07	Decreased by 0.43 percentage point

3. Non-recurring profit/loss and the amounts

Unit: RMB'000

Item	The first half of 2014	Notes
Gain (loss) from disposal of non-current assets	-796	
Gain from disposal of available-for-sale financial assets	2,773	Gain from short-term wealth management of the Company's funds
Gain (loss) from change in fair value	2,384	Gain from changes in fair value of held-for-trading financial assets
Other non-operating income and expenses, net	-5,576	
Effects of income tax	900	
Effects of minority interests' profit/loss	185	
Total	-130	

REPORT OF THE BOARD OF DIRECTORS

I. Discussion and Analysis on the Overall Operating Performance during the Reporting Period

(I) Business Review and Analysis on Operating Performance

1. Business Overview

The Group is principally engaged in the investment, construction, operation and management of toll roads and bridges in Jiangsu Province as well as the provision of ancillary operations at service areas along such highways. The Group is also actively exploring and venturing into new business fields, such as property investment and development, distribution of advertising media along expressways and other financial and industrial investment with the aim to explore new revenue growth opportunities and achieve the sustainable development of the Group.

During the Reporting Period, the Group realized a total operating revenue of approximately RMB3,926,767,000, representing an increase of approximately 7.04% year-on-year. In particular, toll revenue amounted to approximately RMB2,643,468,000, representing an increase of approximately 3.25% year-on-year; revenue from ancillary businesses amounted to approximately RMB1,098,651,000, representing an increase of approximately 4.89% year-on-year; revenue from property sales amounted to approximately RMB162,953,000, representing an increase of approximately 290.71% year-on-year; and revenue from advertising and other non-core operations amounted to approximately RMB21,695,000, representing an increase of approximately 13.35% year-on-year. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB1,807,906,000 during the Reporting Period, representing a year-on-year decrease of approximately 1.45%. Net profit attributable to shareholders of the Company was approximately RMB1,344,011,000 and earnings per share was approximately RMB0.27, representing a year-on-year decrease of approximately 6.36%. Net profit attributable to shareholders of the Company after non-recurring items was approximately RMB1,344,141,000, representing a year-on-year decrease of approximately 1.90%. The development and operating performance of each business are set out as follows:

2. Toll road and bridge operations

During the Reporting Period, the Group recorded a toll revenue of approximately RMB2,643,468,000, representing an increase of approximately 3.25% year-on-year. Toll revenue accounted for approximately 67.32% of the Group's total operating income, representing a decrease of approximately 2.47 percentage points year-on-year. From this year onwards, due to the fact that the year-on-year difference arising from the free use of highways by passenger cars during major festivals was eliminated, the changes in toll revenue and traffic volume are basically consistent.

REPORT OF THE BOARD OF DIRECTORS

Operating performance of roads and bridges in the first half of 2014 was as follows:

Road/Bridge	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	Reporting Period	Corresponding period of the previous year	Change %	Reporting Period	Corresponding period of the previous year	Change %
	Shanghai-Nanjing Expressway	74,512	71,682	3.95	12,247.01	11,972.1
Shanghai-Nanjing Section of G312	9,046	8,967	0.88	145.63	141.4	3.01
Nanjing Section of Nanjing-Lianyungang Highway	4,582	4,769	-3.92	88.30	91.5	-3.53
Guangjing Expressway	55,662	51,437	8.21	753.31	688.3	9.44
Xicheng Expressway	59,367	54,613	8.70	1,370.55	1,251.6	9.50
Jiangyin Bridge	66,263	61,146	8.37	2,577.16	2,363.0	9.06
Sujiahang Expressway	50,931	46,248	10.13	2,963.47	2,693.6	10.02

Proportion of average daily traffic volume of passenger vehicles/trucks on our roads and bridges in the first half of the year

Road/Bridge	Vehicle type	Average daily traffic volume of passenger vehicles/ trucks (vehicle/day)				Average daily full-trip revenue per vehicle (RMB/day)			
		Reporting Period		Corresponding period of the previous year		Year-on-year change	Corresponding period of the previous year		Change
		Traffic volume	Proportion	Traffic volume	Proportion		Reporting Period	previous year	
Shanghai-Nanjing Expressway	Passenger vehicles	55,401	74.35%	52,645	73.44%	5.24%	164.4	167.0	-1.55%
	Trucks	19,111	25.65%	19,037	26.56%	0.39%			
Shanghai-Nanjing Section of G312	Passenger vehicles	5,520	61.02%	5,389	60.10%	2.43%	16.1	15.8	1.90%
	Trucks	3,526	38.98%	3,578	39.90%	-1.45%			
Nanjing Section of Nanjing- Lianyungang Highway	Passenger vehicles	2,522	55.04%	2,639	55.33%	-4.43%	19.3	19.2	0.52%
	Trucks	2,060	44.96%	2,130	44.67%	-3.29%			
Guangjing Expressway	Passenger vehicles	40,743	73.20%	37,665	73.23%	8.17%	13.5	13.4	0.75%
	Trucks	14,919	26.80%	13,772	26.77%	8.33%			
Xicheng Expressway	Passenger vehicles	44,974	75.75%	41,219	75.48%	9.11%	23.1	22.9	0.87%
	Trucks	14,393	24.25%	13,394	24.52%	7.46%			
Jiangyin Bridge	Passenger vehicles	48,657	73.43%	44,892	73.42%	8.39%	38.9	38.6	0.78%
	Trucks	17,606	26.57%	16,254	26.58%	8.32%			
Sujiahang Expressway	Passenger vehicles	32,334	63.49%	28,945	62.59%	11.71%	58.2	58.2	—
	Trucks	18,597	36.51%	17,303	37.41%	7.48%			

REPORT OF THE BOARD OF DIRECTORS

In terms of the operating performance of various items set out in the table, in the first half of this year, the average daily traffic volume of Shanghai-Nanjing Expressway increased by approximately 3.95% year-on-year, among which the increase of passenger vehicles was approximately 5.24%, while the increase of trucks was only approximately 0.39%, representing a weak performance as compared with other expressways of the Group in the toll road network. This was mainly attributed to the opening of Lima Expressway (Lishui to Ma'anshan) at the end of 2013 which gradually diverted the vehicles in the areas along Anhui to southern Jiangsu to Nanjing-Changzhou Expressway. On the other hand, the rationing restrictions on non-local passenger vehicles and trucks which were imposed within the ring road of Nanjing slowed the year-on-year increase in the traffic volume of west section of Shanghai-Nanjing Expressway this year, and the average daily traffic volume of trucks decreased by 4.24%. In the first half of this year, the year-on-year increase of average daily traffic volume of west section was only 2.26%, which was 3.38 percentage points lower than the 5.64% growth of the east section. The above issues affected the overall performance of traffic volume of Shanghai-Nanjing Expressway. During the Reporting Period, the proportion of passenger vehicles and trucks on Shanghai-Nanjing Expressway were 74.35% and 25.65%, respectively. The traffic volume of trucks decreased by 0.91 percentage point year-on-year, while the average daily toll revenue was RMB12,247,010, representing a year-on-year increase of 2.30%. The revenue per vehicle declined slightly, and the overall performance was slightly lower than the expectation at the beginning of the year.

In the first half of this year, the downtrend in the traffic volume of Shanghai-Nanjing section of G312 was stabilized, however it still takes time to see if the improvement can continue. Since 1 April, rationing restrictions concerning the traffic on Second Nanjing Bridge were imposed on non-local trucks, which significantly lowered the traffic volume of Nanjing Section of Nanjing-Lianyungang Highway. The decrease of average daily traffic volume in the second quarter 14.08%, resulting in the year-on-year decrease of 3.92% and 3.53% in the average daily traffic volume and revenue in the first half of this year.

As for other roads and bridges including Guangjing Xicheng Expressway, Jiangyin Bridge and Sujiahang Expressway, the traffic volume and toll revenue continued to enjoy rapid growth, and the traffic flow structure of passenger vehicles/trucks and revenue per vehicle remained stable on a year-on-year basis.

3. Ancillary Services

Ancillary services including sales of petroleum product, food and beverage, retail service and other related operations were provided at the six service areas along the Shanghai-Nanjing Expressway. The change in revenue from ancillary services was mainly attributed to a change in customer flow at the service areas, which closely correlate to the change in traffic volume of Shanghai-Nanjing Expressway.

During the Reporting Period, the Company's revenue from ancillary services amounted to approximately RMB1,098,651,000, representing a year-on-year increase of approximately 4.89%. In particular, the sales of petroleum products amounted to approximately RMB1,000,489,000, accounting for approximately 91.07% of the total revenue from ancillary services and representing an increase of approximately 4.84% year-on-year. Revenue from other businesses including food and beverage, retail service and hindrance clearing services amounted to approximately RMB98,162,000, representing a year-on-year increase of approximately 5.48%.

REPORT OF THE BOARD OF DIRECTORS

4. Real Estate Development and Sales Business

In the first half of this year, Ninghu Properties, the subsidiary of the Company, continued to push forward the development and sales of “One City” (同城) series products. However, due to the dual impacts from the market environment and the tightened bank loan policies, the actual sales of each projects was not satisfactory. Ninghu Properties has been readjusting the development progress and sales strategy in accordance with the changes in the market. In the first half of the year, “Pujiang Mansion, One City” (同城·浦江大廈) in Huaqiao, “Qingyuan”(慶園) in Suzhou and “Shijia, One City” (同城世家) Phase I in Jurong were completed and delivered successively. During the Reporting Period, the real estate business of the Group recorded a revenue of approximately RMB141,251,000 from pre-sales, while the carry-over revenue from sales of delivered products amounted to approximately RMB162,953,000, representing a year-on-year increase of approximately 290.71%. Currently, due to the fact that there are a number of projects under development and sales, the costs are more concentrated. At the same time, despite the relevant marketing expenditure continued to aggregate, Qingyuan and Pujiang Mansion, One City have yet to make progress in sales, therefore diluting profits from these new projects. As a result, the real estate business failed to deliver earning despite continued to generate revenue during the Reporting Period.

As at the end of the Reporting Period, Huaqiao C4 “Hongqiao Mansion” (虹橋公館) project recorded a sales rate of 99% and the contractual amount was recovered; Huaqiao B4 “Guangming Mansion” (光明捷座) and “Shijia, One City” (同城世家) Phase I in the Lot B of Jurong recorded the sales rate of 91.8% and 75%, respectively; the construction for Huaqiao C7 “Pujiang Mansion, One City” and “Qingyuan” project in Suzhou have been completed and were ready for sale. The two projects are readjusting the sales strategy in order to strive to achieve better sales results in the second half of the year; The development and construction of other projects are proceeding according to plan.

5. Advertising and Other Businesses

Other businesses of the Company mainly comprise of advertising operations from the Company's subsidiaries, such as Ninghu Investment, and property services provided by Ninghu Properties. During the Reporting Period, the revenue from advertising and other businesses of the Group amounted to approximately RMB21,695,000, representing a year-on-year increase of approximately 13.35%. Among which, revenue from advertising operations was approximately RMB19,206,000, representing a year-on-year increase of 7.75%; revenue from property service fees and lease of commercial properties was approximately RMB2,489,000, representing a year-on-year increase of approximately 89.91%, which was mainly contributed by the rental income from the lease of commercial properties in Kunshan by Ninghu Investment, and the property management income from managing and operating residential properties delivered by Ninghu Properties.

REPORT OF THE BOARD OF DIRECTORS

II. Financial Analysis

1. Analysis of changes in relevant items in the financial statements

Item	Reporting period RMB'000	Corresponding period of the previous year RMB'000	Changes %	Remarks on such change
Operating income	3,926,767	3,668,473	7.04	During the Reporting Period, as the traffic flow of toll roads recorded year-on-year increase, the toll revenue increased by approximately 3.25% year-on-year; with the year-on-year growth in sales volume of petroleum products, the revenue from ancillary businesses increased approximately by 4.89% year-on-year; the delivery volume of properties recorded year-on-year increase, contributing to the year-on-year increase of approximately 290.71% in the revenue from property sales. The growth in principal businesses drove up the Group's revenue by approximately 7.04% year-on-year.
Operating costs	1,958,336	1,720,193	13.84	Given the natural growth of traffic flow as well as the changes in policy for certain accounting estimates such as the adoption of a new estimated traffic flow under the new assessment for amortisation of road operation rights during the Reporting Period, the cost from depreciation and amortisation of toll road operation recorded a year-on-year increase of approximately 11.38%; with the increase in sales volume of petroleum products and delivery volume of properties, the costs of ancillary businesses and property sales businesses increased by approximately 6.03% and approximately 342.85% year-on-year respectively. All of the factors mentioned above contributed to a year-on-year growth of approximately 13.84% in the operating costs of the Group.
Selling expenses	7,558	4,205	79.71	It was mainly attributed to the growth in relevant sales cost as the sales volume of property business increased.
Administrative expenses	82,478	78,293	5.35	It was mainly due to the increase in labour cost and the year-on-year increase in cost of depreciation of certain fixed assets arising from the changes in policy for accounting estimates.
Financial expenses	153,107	118,323	29.40	During the Reporting Period, the balance of interest-bearing liabilities and the consolidated borrowing cost increased by RMB731,135,000 and 0.64 percentage point respectively as compared to the same period of last year, leading to a year-on-year growth of 29.4% in finance expenses.
Net cash flow from operating activities	1,642,610	1,486,120	10.53	During the Reporting Period, the growth in operating revenue and the proceeds from pre-sales of properties drove up the Group's net cash flow from operating activities year-on-year.
Net cash flow from investing activities	-69,945	314,657	—	During the Reporting Period, the Group's cash receipts from disposals of non-current assets recorded year-on-year decrease while the net cash outflow to external investment and cash used for intangible assets increased year on year, resulting in the year-on-year decrease in the net cash flow from investing activities.
Net cash flow from financing activities	-1,471,049	-923,182	59.35	During the Reporting Period, the Group's cash payments for distribution of dividends recorded year-on-year increase, resulting in significant year-on-year increase in the cash outflow from financing activities.

REPORT OF THE BOARD OF DIRECTORS

2. Business Segmentation

During the Reporting Period, the Group realized an aggregate operating revenue of approximately RMB3,926,767,000, representing a year-on-year increase of approximately 7.04%. Aggregate operating costs amounted to approximately RMB1,958,336,000, representing an year-on-year increase of approximately 13.84%. Due to the increase in revenue was lower than that of costs, the gross profit margin of the Group recorded a decrease of approximately 2.98 percentage points on a year-on-year basis. The components of revenues and costs are set out below:

Item	Operating revenue		Operating cost		Gross profit margin (%)	
	Reporting period RMB'000	Year-on-year increase/ decrease %	Reporting period RMB'000	Year-on-year increase/ decrease %	Reporting period	Year-on-year increase/ decrease
Toll roads	2,643,468	3.25	731,903	10.38	72.31	Decreased by 1.79 percentage points
Shanghai-Nanjing Expressway	2,216,709	2.30	505,139	2.77	77.21	Decreased by 0.11 percentage point
Shanghai-Nanjing Section of G312	26,358	3.01	134,889	100.32	-411.75	Decreased by 248.59 percentage points
Nanjing Section of Nanjing-Lianyungang Highway	15,983	-3.53	8,209	-3.17	48.64	Decreased by 0.19 percentage point
Guangjing Xicheng Expressway	384,418	9.48	83,666	-12.63	78.24	Increased by 5.51 percentage points
Ancillary services	1,098,651	4.89	1,081,133	6.03	1.59	Decreased by 1.06 percentage points
Property sales	162,953	290.71	138,809	342.85	14.82	Decreased by 10.03 percentage points
Advertising and others	21,695	13.35	6,491	6.58	70.08	Increased by 1.9 percentage points
Total	3,926,767	7.04	1,958,336	13.84	50.13	Decreased by 2.98 percentage points

* Affected by the substantial reduction in the estimated traffic flow for the future toll period, the depreciation and amortisation of Shanghai-Nanjing Section of G312 recorded year-on-year increase of approximately RMB77,929,000, resulting in a significant growth of 100.32% in operating costs and a decrease of 248.59 percentage points in gross profit margin.

REPORT OF THE BOARD OF DIRECTORS

3. Operating Activities by Geographical Areas

Geographical area	Operating revenue (RMB'000)	Year-on-year increase/decrease %
Jiangsu Province	3,926,767	7.04

4. Structures of Costs

During the Reporting Period, aggregated operating costs amounted to approximately RMB1,958,336,000, representing an increase of approximately 13.84% year-on-year. The structures of costs of each business category are set out below:

Item of operating costs	Reporting Period RMB'000	Percentage %	Corresponding period of the previous year RMB'000	Percentage %	Year-on-year increase/ decrease %
Operating costs of the toll roads	731,903	37.37	663,083	38.55	10.38
Depreciation and amortization	472,221	24.11	423,961	24.65	11.38
Costs on toll collection operation	48,391	2.47	56,042	3.26	-13.65
Costs on roads and bridges maintenance	28,369	1.45	28,183	1.64	0.66
Costs on system maintenance	11,082	0.57	9,188	0.53	20.62
Labour costs	171,840	8.77	145,709	8.47	17.93
Costs on ancillary businesses	1,081,133	55.21	1,019,675	59.28	6.03
Raw materials	1,005,613	51.35	955,511	55.55	5.24
Depreciation and amortization	9,424	0.48	10,450	0.61	-9.82
Labour costs	54,212	2.77	41,094	2.39	31.92
Other costs	11,884	0.61	12,620	0.73	-5.83
Costs on property sales business	138,809	7.09	31,344	1.82	342.85
Costs on advertising and other business	6,491	0.33	6,091	0.35	6.58
Total	1,958,336	100	1,720,193	100	13.84

* The traffic flows of all toll roads over the remaining toll period were evaluated by the Group in 2013, the result of which has been adopted for the assessment of amortisation of road operation rights since 1 October 2013. Affected by the substantial reduction in the estimated traffic flow of G312 for the future toll period, the costs from depreciation and amortisation of toll road operation increased by approximately 11.38% year-on-year.

* The costs on system maintenance recorded a year-on-year increase of approximately 20.62% due to the modernization and renovation of communication, toll and signaling systems.

* As there was an increase in aggregate wages for employees and other social security costs during the Reporting Period as well as adjustments on accounting measures, part of the fees under costs of toll collection operation under toll roads and other costs under ancillary businesses were converted to labour costs and this led to a year-on-year increase in the labour costs of the toll road operations and ancillary businesses of 17.93% and 31.92%, respectively.

* Given the adjustment on accounting measures of certain costs, the costs on toll collection operation under the toll road business and other costs under the ancillary businesses declined year-on-year by 13.65% and 5.83%, respectively.

* The year-on-year growth in the sales volume of petroleum products resulted in a year-on-year increase of approximately 5.24% in the raw materials costs of ancillary business.

* The Group recorded year-on-year growth in the delivery volume of properties during the Reporting Period, leading to a year-on-year increase of 342.85% in the costs on property sales business.

REPORT OF THE BOARD OF DIRECTORS

5. Assets and Liabilities

Item of Assets and Liabilities	As at 30		As at 31		Change over the Reporting Period
	June 2014	Percentage	December 2013	Percentage	
	RMB'000	%	RMB'000	%	%
Cash and bank balances	510,793	1.91	409,177	1.52	24.83
Held-for-trading financial assets	38,269	0.14	20,175	0.08	89.68
Accounts receivable	92,255	0.34	51,444	0.19	79.33
Prepayments	66,954	0.25	21,029	0.08	218.39
Dividends receivable	62,268	0.23	4,990	0.02	1147.86
Inventories	2,903,806	10.85	2,844,578	10.60	2.08
Other current assets	178,276	0.67	175,082	0.65	1.82
Available-for-sale financial assets	1,290,726	4.82	1,290,726	4.81	0.00
Investment properties	34,727	0.13	35,415	0.13	-1.94
Long-term equity investment	3,801,146	14.20	3,787,360	14.11	0.36
Fixed assets	998,491	3.73	1,099,548	4.10	-9.19
Construction in progress	225,833	0.84	127,708	0.48	76.83
Short-term borrowings	3,250,000	12.14	3,220,000	12.00	0.93
Receipts in advance	398,750	1.49	412,907	1.54	-3.43
Taxes payable	110,091	0.41	155,967	0.58	-29.41
Dividends payable	114,648	0.43	62,904	0.23	82.26
Other payables	44,292	0.17	174,956	0.65	-74.68
Non-current liabilities due within one year	1,524	0.01	1,511	0.01	0.92
Other current liabilities	1,500,000	5.60	1,000,000	3.73	50.00
Long-term borrowings	270,580	1.01	271,148	1.01	-0.21
Bond payable	992,442	3.71	991,074	3.69	0.14
Shareholders' equity attributable to equity holders of the Company	18,998,381	70.98	19,596,484	73.03	-3.05
Minority interests	498,200	1.86	501,744	1.87	-0.71
Total Assets	26,767,645	100	26,833,912	100	-0.25
Total assets gearing ratio	27.16%	—	25.10%	—	Increased by 2.06 percentage points
Net assets gearing ratio	37.29%	—	33.51%	—	Increased by 3.78 percentage points

* Calculation basis for the total assets gearing ratio: liabilities/total assets;

Calculation basis for the net assets gearing ratio: liabilities/shareholders' equity.

* Held-for-trading financial assets increased by 89.68% as compared to the beginning of the year, mainly attributable to the increase in investment in spot gold by Ninghu Investment, a subsidiary of the Company, during the Reporting Period.

* Accounts receivable increased by 79.33% as compared to the beginning of the year, mainly attributable to the increase in toll receivable from road networks.

REPORT OF THE BOARD OF DIRECTORS

- * Prepayments increased by 218.39% as compared to the beginning of the year, mainly attributable to the increase in prepayments on oil procurement and property projects related construction works.
- * Dividends receivable increased by 1147.86% as compared to the beginning of the year, mainly attributable to the declaration of dividends by associated companies Yangtze Bridge and Yanjiang Company during the Reporting Period.
- * Construction in progress increased by 76.83% as compared to the beginning of the year, mainly attributable to the increased funds invested in projects such as IT construction, renovation of toll booths and renovation of interchanges.
- * Dividends payable increased by 82.26% as compared to the beginning of the year, mainly attributable to the fact that the dividends for the year of 2013 declared and paid during the Reporting Period has yet to be claimed by holders of certain non-tradable shares.
- * Other payables decreased by 74.68% as compared to the beginning of the year, mainly attributable to the decrease in certain construction payable during the Reporting Period.
- * Other current liabilities increased by 50% as compared to the beginning of the year, mainly attributable to the new issuance of private placement bonds of RMB0.5 billion.

6. Asset liquidity and financial resources

During the Reporting Period, gross cash inflow from the Group's operating activities amounted to approximately RMB4,022,745,000, and net cash inflow from operating activities amounted to approximately RMB1,642,610,000, representing a year-on-year increase of approximately 10.53%. The total assets gearing ratio remained at a relatively reasonable level at around 27.16%, representing an increase of 2.06 percentage points from the beginning of the period; and the book value of bank balances and cash amounted to approximately RMB510,793,000. As such, the management believes that the Group does not have any cash liquidity problem.

7. Financial Strategy and Financing Arrangement

During the Reporting Period, the Company actively expanded its financing channels and adjusted its debt structure. Additional direct financing in the Reporting Period amounted to RMB1,200,000,000, which was used to satisfy the funding demands for operational management and project investment and effectively control the financing costs. During the Reporting Period, the Company's consolidated borrowing costs on interest-bearing liabilities were approximately 5.53%, which represented a year-on-year increase of 0.64 percentage point and approximately 0.52 percentage points lower than the bank lending interest rate for the same period. During the first half of this year, the Company's major financing activities were as follows:

Financing categories	Issuing date	Product term	Financing Amount RMB'000	Issuing interest rate %	Prevailing bank benchmark rate %	Decrease in financing costs %
Private placement bonds	22 May 2014	1 year	500,000	5.6	6	6.67
Ultra-short-term financing bills	17 April 2014	180 days	200,000	5.08	5.6	9.29
Ultra-short-term financing bills	12 June 2014	270 days	500,000	4.89	6	18.5

REPORT OF THE BOARD OF DIRECTORS

8. Capital Expenditure

In 2014, the planned total capital expenditure of the Group was approximately RMB1,160,000,000, among which approximately RMB154,181,000 was actually incurred during the Reporting Period, representing a significant year-on-year increase of approximately 256.75%. Major capital expenditure projects are as follows:

Capital Expenditure Project	RMB'000
Final payment of the expansion works of Shanghai-Nanjing Expressway	12,183
Lighting engineering project of Shanghai-Nanjing Expressway	3,521
Renovation of toll collection points and service areas of Shanghai-Nanjing Expressway	10,911
Renovation of the three major systems of Shanghai-Nanjing Expressway	4,930
Noise barrier construction project of Shanghai-Nanjing Expressway	16,261
Renovation of the interchanges in the new area of Shanghai-Nanjing Expressway	32,670
IT construction project	22,992
Renovation of toll collection points and service areas of Guangjing Xicheng Expressway	4,826
Renovation of Jingjiang Interchange of Guangjing Xicheng Expressway	15,276
Setting up Billboards	3,234
Other construction in progress and equipment	27,377
	<hr/>
Total	154,181

9. Credit Policy

In order to minimize the credit risk, the Group has determined the credit limits, limited credit approvals and executed other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the management of the Group considers that the Group's credit risk has been significantly reduced.

10. Foreign Exchange Risks

The Group operates its businesses principally in the PRC. No major foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H shares. A loan of USD9,800,000 was secured from the Spanish Government in 1998 and will be due on 18 July 2027. As at 30 June 2014, the balance of the loan was approximately RMB22,104,000 after currency conversion, against which no foreign exchange hedge arrangements were made. Fluctuations in exchange rates will not have any material impact on the Company's results.

11. Contingent liabilities

Ninghu Properties, a subsidiary of the Company, provided guarantees with liabilities to banks for mortgage loans granted to flat buyers according to the common practice of the property industry. The liabilities began from the date on which the guarantee contract come into effect and will end on the date when the buyers complete the registration of the mortgages for the purchased properties and the housing charge certificates of the properties are passed to the banks. As at 30 June 2014, the outstanding guarantees amounted to approximately RMB187,364,000 (31 December 2013: RMB83,922,000).

12. Pledge of assets

Guangjing Xicheng, a subsidiary of the Company, obtained a commercial bank loan (balance: RMB250,000,000 as at 30 June 2014) by means of pledging its toll collection right, for a term commencing from 28 June 2012 and expiring on 28 June 2017. As at 30 June 2014, the net book value of such pledged assets was approximately RMB1,441,182,000.

REPORT OF THE BOARD OF DIRECTORS

13. Trust deposits

As at 30 June 2014, the Company did not have any trust deposits with any financial institutions in the PRC or any fixed term deposits which would be irrecoverable upon their maturity.

14. Trust loans

As at 30 June 2014, the balance of the trust loan of the Company from its connected company, Far East Shipping, by way of a trust loan with a term of one year and at an interest rate of 6% per annum amounted to RMB190,000,000.

III. Analysis of Investment of the Company

Details of the external investment projects of the Company during the Reporting Period are set out as follows:

(I) Progress of investment projects

In June 2011, the Company's investment in the new project for the construction of the Changshu-Jiaxing Expressway was approved by the Board of the Company. Sujiayong Company, in which the Company holds 22.77% equity interest, took charge of the construction, operation and management of the Changshu-Jiaxing Expressway. The project commenced construction in September 2013 and is carrying out construction work according to schedule.

In October 2012, the Company's investment in new project of construction of the Zhenjiang-Danyang Expressway was considered and approved by the Board of the Company. The Company holds 70% interests in the project with an aggregate investment not exceeding RMB400 million. As at the end of the Reporting Period, the Company was actively progressing the preliminary work for the construction of Zhenjiang-Danyang Expressway.

In August 2013, the Company's joint establishment of Jiangsu GCL Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司) with Jiangsu GCL Oil and Gas Co., Ltd. (江蘇協鑫石油天然氣有限公司) was considered and approved by the Board of the Company. The preliminary pilot plan was to set up joint-venture LNG gas stations in the service areas along Shanghai-Nanjing Expressway. In January 2014, Jiangsu GCL Gas completed all the business registration procedures and obtained the business license. The pilot project of 4 gas stations has been approved, and Jiangsu GCL Gas is currently applying for the permit for construction while relevant preparation work is underway.

In December 2013, negotiations were carried out between the Company and Suzhou Municipal Transportation Department (蘇州市交通局) in relation to the reconstruction and extension of Shanghai-Nanjing Expressway's interchange ramp and toll collection junction at Suzhou New Area. The estimated total investment for contraction works amounted to approximately RMB108.9 million. As at the end of the Reporting Period, such reconstruction and extension project has completed 60% of the total investment, and is expected to be completed at the end of 2014.

(II) Equity investment in financial enterprises

Name of investee	Amount of initial investment (RMB'000)	Number of shares held	Shareholding at the end of the period	Carrying Value at the end of the period (RMB'000)	Profit or loss during the Reporting Period (RMB'000)	Change in owners' equity during the Reporting Period (RMB'000)	Accounting item	Source of shares
Jiangsu Luode Equity Investment Fund Management Co., Ltd.	5,850	11.70 million shares	39%	3,523	-996	-996	Long-term equity investment	Established by means of promotion
Bank of Jiangsu	1,000,000	200 million shares	1.92%	1,000,000	0	0	Available-for-sale financial assets	Share capital enlargement
Financial Leasing Company (金融租賃公司)	234,000	234 million shares	10.66%	270,898	17,550	17,550	Available-for-sale financial assets	Established by means of promotion

REPORT OF THE BOARD OF DIRECTORS

(III) Analysis of Major Subsidiaries and the Companies in which the Company has equity investment

1. Operations of Major Subsidiaries

Name of company	Principal business	Investment cost (RMB'000)	Equity interest attributable to the Company (%)	Total assets (RMB'000)	Net assets (RMB'000)	Net profit (RMB'000)	Percentage over the Company's net profit (%)	Year-on-year increase/decrease in 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	3,991,425	3,339,760	282,838	20.40	9.85
Jiangsu Ninghu Investment Development Co., Ltd.	Investment in various infrastructure, industrial and assets investment	110,100	100	320,526	304,194	11,499	0.83	34.04
Jiangsu Ninghu Properties Co., Ltd.	Development and operation of properties and properties related consultancy service	500,000	100	3,025,356	534,523	-1,131	—	-56.83

* During the Reporting Period, Guangjing Xicheng recorded an operating income of approximately RMB398,137,000, a increase of approximately 9.19% year-on-year, and accumulated operating costs of approximately RMB96,238,000, a year-on-year decline of approximately 11.55%. Such decline was mainly attributable to the following reasons, namely that the costs generated from the partial modification of the highway for previous years has been amortized, resulting in a significant decrease in costs during the Reporting Period; the income from investment recorded during the Reporting Period decreased to RMB82,724,000, representing a year-on-year reduction of approximately 15.08% as the dividends from Jiangsu Financial Leasing calculated in the available-for-sale equity instruments decreased on a year-on-year basis; and the financial expenses decreased by approximately 37.26% on a year-on-year basis due to the decrease in interest-bearing debts. Given the aforesaid factors, the net profit of Guangjing Xicheng during the Reporting Period increased by approximately 9.85% year-on-year to RMB282,838,000.

* The book value of the net profit of Ninghu Investment increased year-on-year by approximately 34.04%, mainly because of the year-on-year increase of 13.32% in the operating revenue during the Reporting Period and the increase in the fair value of held-for-trading financial assets.

* Please refer to the section headed "Business Review and Analysis of Operations" in this report for the operational performance and change in results for Ninghu Properties.

REPORT OF THE BOARD OF DIRECTORS

2. Operations of Major Associates

During the Reporting Period, the profit of some joint ventures in which the Group had a participating interest increased. As a result, the investment income of the Group amounted to approximately RMB192,384,000, representing a year-on-year increase of approximately 5.94%, which accounted for 13.88% of the Group's net profit. Operating results of major companies in which the Group had equity investments are set out below:

Company name	Principal business	Investment cost (RMB'000)	Equity interest attributable to the Company (%)	Net profit attributable to the shareholders of the associates (RMB'000)	Investment income contribution (RMB'000)	Percentage over the Company's net profit (%)	year-on-year Change (%)
Suzhou Sujiahang Expressway Co., Ltd.	Management and operation of the Jiangsu Section of Sujiahang Expressway	526,091	33.33	185,344	61,775	4.46	30.16
Jiangsu Kuailu Motor Transport Co., Ltd.	Road transportation, automobile repair and sales of automobiles and automobile parts and components	49,900	33.2	-973	-323	-0.02	-78.16
Jiangsu Yangtze Bridge Co., Ltd.	Mainly engaged in the management and operation of Jiangyin Bridge	631,159	26.66	171,320	45,674	3.29	26.91
Jiangsu Yanjiang Expressway Co., Ltd.	Mainly engaged in the management and operation of Yanjiang Expressway	1,466,200	29.81	202,309	65,265	4.71	23.49

* Sujiahang Company saw a relatively significant year-on-year increase in its net profit as a result of the year-on-year increase in toll revenue boosted by increased traffic volumes of Sujiahang Expressway, coupled with a year-on-year fall in financial expenses arising from the adjustment of loan structures. As a result, the contribution towards investment income increased by approximately 30.16% year-on-year.

* As Kuailu Company was affected by factors such as the traffic diversions by the high-speed rail, the net profit attributable to the Company continued to record a loss during the Reporting Period, but the amount of loss recorded continued to reduce on a year-on-year basis.

* During the Reporting Period, due to the increase in traffic flow, the toll revenue of Jiangyin Bridge increased accordingly. Combined with the decrease in financial expense on a year-on-year basis arising from the decrease in interest-bearing debts, the net profit during the Reporting Period increased on a year-on-year basis, and the contribution towards investment income recorded a year-on-year increase of 26.91%.

* The increase in traffic flow of Yanjiang Expressway resulted in a year-on-year increase in its operating income, and its net profit achieved a year-on-year increase. The contribution towards investment income by Yanjiang Expressway increased by 23.49%.

IV. Staff Salary and Trainings

As at 30 June 2014, the Group (including controlled subsidiaries) had 4,365 staff (30 June 2013: 4,397 staff), comprising 445 managerial staff and 3,920 manufacturing staff (30 June 2013: 474 managerial staff and 3,923 manufacturing staff).

The Company adopts a position-based salary system with working performance being the motivating factor. Staff salary comprises of 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 accordance with statutory regulations, the Company provides its employees with basic old age insurance, as well as arranges a number of social security protection scheme such as medical insurance, work injury insurance, maternity insurance, unemployment insurance and enterprise annuity.

REPORT OF THE BOARD OF DIRECTORS

In order to further reform its remuneration system, better motivate staff and widen the career paths of employees, the Company entrusted professional organizations to assess and advise on the Company's wage band system and competency benchmark for positions in 2013. At present, the scheme has been prepared in general. The Human Resources Department is conducting the preliminary trial work steps by steps in a proactive manner to fully utilize the incentive function of the remuneration system. Meanwhile, the Company also worked to provide more opportunities for employees to compete for internal recruitment and promotion. During the first half of the year, nine persons were newly appointed to the middle management level and four persons were appointed as business supervisors. In addition, the Company conducted recruitment and selection by combining both internal screening and external recruitment in accordance with the shortage of professional technical staff in the business departments of the Company.

In terms of staff training, in the first half of the year, the Company provided different levels of training schemes for various staff focusing on different professional skills, such as the training of internal trainers by training staff to become part-time internal lecturers. Furthermore, the Company cooperated with the Psychology Research Institution of Nanjing Normal University (南京師範大學心理研究院) to conduct the training project on psychological consultant certification level 3 in order to promote the development of a staff psychological counseling system. Moreover, the Company organized psychological crisis intervention lecture for staff working in special, high-risk and stressful posts to release their psychological pressure. The Company organized 892 trainings which focus on improving various comprehensive management capability, studying policy and regulations as well as business training. These training continuously improved the business capability and competitiveness of staff, and actively facilitated the value-adding in human resources.

V. Analysis of Core Competitiveness

The major business of the Group is the operation of basic transport infrastructure. Our operations are located in one of the most vibrant economic regions in the PRC, being the Yangtze River Delta. The roads and bridges owned or invested by the Group are key land transport corridors of the two important industrial belts along the Yangtze River and Shanghai-Nanjing in the southern part of Jiangsu, putting us in a leading position in the expressway network in southern Jiangsu. Unique geographical advantage, quality road assets network and efficient service operating system are distinct core competitive edges of the Group. During the Reporting Period, although Ninghu Expressway, the core asset of the Company, was affected by the bypass flow of other newly constructed roads, the actual impact on traffic flow and toll revenue was minimal. Therefore, the major business of the Group remains safe and sound.

VI. Outlook and Plans

(I) Analysis of Operating Environment

In the second half of this year, the policies on macro-economy and toll roads are expected to be stable. The external business environment of the Group's major business of the toll road will continue to look promising. Except for Shanghai-Nanjing Expressway, the business of major roads and bridges are expected to maintain the growth momentum as in the first half of the year. Affected by the opening of Lima Expressway and the traffic control on non-local lorries of Nanjing Ring Road and the Second Nanjing Bridge, the growth of traffic flow of the western part of Shanghai-Nanjing Expressway, being the core asset of the Group, decreased gradually in the first half of 2014, particularly the traffic flow of lorries which recorded a slight year-on-year decrease. As the overall performance of Shanghai-Nanjing Expressway was less than expected at the beginning of the year, there is certainly pressure on reaching the targeted toll revenue for the whole year. In the second half of the year, the influence of the bypass flow will linger, and possibly may expand further. Save as disclosed above, other business of the Group proceeded orderly as planned in the year-opening plan.

REPORT OF THE BOARD OF DIRECTORS

(II) Highlights of Work in the Second Half of This Year

Considering the overall business environment in the second half, the Group will focus on the following business development priorities to ensure the fulfillment of the year-round profit target and prepare for future strategic development:

- (1) **Actively seek expansion opportunities of toll roads.** The Company will continue to pay attention to and research on the investment opportunities of toll roads and other traffic infrastructure in the area and fully utilize the financing platform and financial leverage effect of the Company. By seeking opportunities, the Company will further consolidate and expand its leading position in the South Jiangsu road network. Meanwhile, the Company will strengthen its monitoring on new investment projects and foster the investment and construction of the two new projects of Changjia and Zhendan.
- (2) **Push forward diversified and balance business expansion in a stable manner.** The Company will accelerate on the development and sales in real estate projects and be aware of the market dynamics. The Company will increase investment opportunities in land reserve and commercial real estate in an appropriate manner to strive for substantial progress of its investments in the area of commercial real estate. In addition, the Company will proactively promote the issuance of real estate fund and the development of project management. Accordingly, the Company will endeavor to complete the raising of its first real estate fund to explore a successful operating model.
- (3) **Actively work on innovative financing to meet funding needs.** The Company would use modern financial derivatives to proactively innovate means of financing to seek for more convenient financing channels and financing products with lower costs. The Company will aim to broaden its financing channels and increase the proportion of direct financing, and to further optimize its debt structure providing that financial security is guaranteed. Through its reasonably controlling the cost of funding, the Group aims to secure adequate funding for the Group's strategic development.
- (4) **Accelerate the integration and trial operation of the information technology system.** The Company will promote the integration of various models of the information technology construction to activate the comprehensive application of public service, intelligent supervision, commanding, redeployment and other business systems. In addition, the Company will reinforce the construction of information disclose management and system to ensure the effectiveness of the processes of event and information processing, delivery and disclose. Through information technology, the Company will increase its working efficiency and improve the service standards to support the fulfillment of the modern indicators of the Company.
- (5) **Promote the establishment of talent teams and reform the remuneration system.** Focusing on the allocation requirements on human resources management by the Company's "Twelfth Five-Year" Plan, the Company will strengthen the establishment of talent teams and systems to establish the training mechanism of back-up middle management staff. It will also accelerate the promotion of the preliminary trial work on the implementation of the broad remuneration system to fully utilize the incentive function of the remuneration system. Moreover, the Company will gradually establish the the design and operation of the job rotation system to build diversified developmental routes for staff in management, techniques, skills and other aspects.

VII. Profit Distribution and its Implementation

1. For the Reporting Period, the Board of the Company has neither recommended the payment of an interim dividend for the six months ended 30 June 2014 (corresponding period of 2013: Nil), nor increased the share capital by transferring reserve fund.
2. As approved at the 2013 annual general meeting, the Company distributed a cash dividend of RMB0.38 (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 2013, representing a payout ratio of 70.70%. Such profit distribution scheme was implemented on 27 June 2014.

SIGNIFICANT MATTERS

I. Material Litigation, Arbitration and Generally Questioned Issues by the Media

The Company or its subsidiaries were neither involved in any material litigation, arbitration or issues generally questioned by the media during the Reporting Period, nor was the Company or its subsidiaries involved in any material litigation or arbitration subsisting into the Reporting Period.

II. Bankruptcy and Restructuring

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

III. Asset Transactions and Consolidations

The Company was not involved in any asset transactions and consolidations during the Reporting Period.

IV. Implementation of Share Incentive Scheme

The Company does not implement any share incentive scheme at the moment.

V. Material Related Party/Connected Transactions

(I) Continuing Related Party/Connected Transactions Relating to Day-to-Day Operation

During the Reporting Period, the continuing related party/connected transactions relating to day-to-day operations of the Company were as follows:

1. Road Maintenance Service Contracts with Jiangsu Sundian

On 21 March 2014, the Company and its subsidiary, Guangjing Xicheng, entered into separate maintenance service contracts with Jiangsu Sundian in respect of the repair and maintenance services of Shanghai-Nanjing Expressway, and Guangjing Expressway and Xicheng Expressway respectively, for a term commencing on 21 March 2014 and ending on 31 December 2014. The maximum contractual maintenance service fees of the two contracts were estimated to be no more than RMB60 million and RMB37.5 million, respectively.

Please refer to the announcement on related party/connected transaction of the Company published on the websites of the SSE (www.sse.com.cn) and the Stock Exchange (<http://www.hkexnews.hk>) on 24 March 2014 for details of the transaction. During the Reporting Period, the actual amount of the two maintenance contracts was RMB7,170,000 and RMB1,977,000, respectively.

2. Technical Services Provided by Network Operation Company

During the Reporting Period, the Company and Guangjing Xicheng continued to perform the technical services agreement with Network Operation Company. The term of the agreement commenced on 1 January 2012 and will end on 31 December 2014. The service fee payable to Network Operation Company shall be based on the standards as approved by the Jiangsu Price Bureau. A fee standard of 0.2% was applied to toll income from highways and bridges received in cash, while 2% was applied to non-cash income. Based on the fees actually paid in 2011 and the forecast for the toll income and the toll income mix of Shanghai-Nanjing Expressway, Guangjing Expressway and Xicheng Expressway for the next three years, it is estimated that the maximum annual technical service fee for 2012, 2013 and 2014 will not exceed RMB34 million, RMB46 million and RMB64 million, respectively.

Please refer to the announcement on continuing related party/connected transaction of the Company published on the websites of the SSE (www.sse.com.cn) and the Stock Exchange (<http://www.hkexnews.hk>) on 31 December 2011 for details of the transaction. During the Reporting Period, the Group paid in aggregate RMB13,701,000 of service fees to Network Operation Company.

SIGNIFICANT MATTERS

3. Leasing of Petroleum Products Sales Business

During the Reporting Period, Guangjing Xicheng, the Company's subsidiary, continued to fulfill the leasing agreement in respect of its petroleum products sales business entered into with Jiangsu Petroleum for a period of three years from 1 January 2012 to 31 December 2014. 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 payable to Guangjing Xicheng by Jiangsu Petroleum amounting to RMB500,000 per annum. Jiangsu Petroleum is a related/connected company which is held as to 51.17% by the Company's Controlling Shareholder. Such transaction constituted a continuing related party/connected transaction relating to day-to-day operations.

During the Reporting Period, the leasing fees paid to Guangjing Xicheng by Jiangsu Petroleum amounted to RMB2,199,000, which was exempted from reporting and disclosure requirements.

4. Leasing of Offices

During the Reporting Period, the Company continued to fulfill the property leasing agreement entered into with its related party Jiangsu Sundian, leasing the office located in No. 2 Xianlin Avenue for Jiangsu Sundian's use, with leasing term commencing on 1 September 2011 and ending on 31 August 2014, at the annual rental of RMB1.69 million. During the Reporting Period, the Group has included in its operating revenue the relevant office rental of RMB845,000 received from Jiangsu Sundian.

The Company and Network Operation Company entered into a property leasing agreement in 2011, leasing the Maqun Monitor Center located in No. 189 Maqun New Street, Nanjing City for Network Operation Company's use, with leasing term commencing on 1 September 2011 and ending on 31 August 2014, at the annual rental of RMB4.46 million. During the Reporting Period, Network Operation Company planned to adjust the layout of Maqun Monitor Center for its operation and management needs. Pursuant to negotiation with the Company, wing buildings and equipment therein including canteen, dormitory, guard room and ETC customer service hall shall be removed, covering an area of approximately 2,205.06 m². The matter was considered and approved at the 14th meeting of the seventh session of the Board of the Company. The Company and Network Operation Company entered into a compensation agreement regarding the removal of part of the property and equipment of Maqun Monitor Center and an amendment agreement to tenancy agreement. Both parties agreed that Network Operation Company would assume the appraised value of the to-be-removed assets of Maqun Monitor Center to be RMB6,258,000 and tax payable incurred from the transaction to be RMB1,245,000, totaling RMB7,503,000, and Network Operation Company would continue to lease the remaining property for office use, covering an area of approximately 4,024 m², with leasing term commencing on 1 May 2014 and ending on 30 April 2017, at the adjusted annual rental of RMB3,612,000. Network Operation Company made an one-off payment for the remaining rental of RMB1,487,000 regarding the period from 1 January 2014 to 30 April 2014 under the original agreement to the bank account as designated by the Company within one month from the contract coming into effect. Please refer to the announcement on continuing related party/connected transaction of the Company published on the websites of the SSE (www.sse.com.cn) and the Stock Exchange (www.hkexnews.hk) on 26 April 2014 for details of the transaction. During the Reporting Period, the Group has included in its operating revenue the relevant office rentals received from Network Operation Company of RMB2,089,000.

SIGNIFICANT MATTERS

(II) Debenture and Debt Dealings with Related Parties

Unit: RMB'000

Related Parties	Provide funding to related parties			Related parties provide funding to the Company		
	Opening balance	Amount	Closing balance	Opening balance	Amount	Closing balance
Far East Shipping	0	0	0	190,000	0	190,000
Finance Company	0	0	0	80,000	17,000	250,000
Total	0	0	0	270,000	17,000	440,000

(1) Entrusted loan from Far East Shipping

During the Reporting Period, the Company continued to hold a loan of RMB190,000,000 from Far East Shipping, a connected company, by way of entrusted loan with a term of one year at an annual interest rate of 6%. As the entrusted loan constitutes financial assistance which is provided on normal commercial terms and no security over the assets of the Company is granted in respect of the financial assistance, the transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14.65(4) of the Hong Kong Listing Rules.

(2) Loan from Group Finance Co., Ltd. (集團財務公司)

In order to supplement the liquidity of Guangjing Xicheng, a controlling subsidiary of the Company, improve its capital efficiency and reduce its cost of funds, at the eighth meeting of the seventh session of the Board of the Company, it is resolved that Guangjing Xicheng can obtain the grant of a loan facility amounting to RMB300,000,000 from Group Finance Co., Ltd., a connected person of the Company with a term of 3 years, to be guaranteed by Guangjing Xicheng by way of credit guarantee. Please refer to the announcement on related party/connected transaction of the Company published on the websites of the SSE (www.sse.com.cn) and the Stock Exchange (www.hkexnews.hk) on 9 July 2013 for details of the transaction.

During the Reporting Period, Guangjing Xicheng repaid previous loans of RMB80,000,000 and continued to borrow RMB200,000,000 and RMB50,000,000 from Group Finance Co., Ltd., by way of credit guarantee, with terms of one year and six months, carrying the interest rates equivalent to the prevailing bank benchmark interest rate at a discount of 5% and the bank benchmark interest rate, respectively. The interest rate will remain the same during the term of the loan, and remaining loan facility will be drawn down, within the total grant and the maturity, from time to time as necessary and when appropriate.

(III) Confirmation Opinion by Independent Directors on Related Party/Connected Transactions

The independent directors of the Company have reviewed all related party/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 no less favorable 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 governing relevant transactions. The transaction terms were fair and reasonable and in the interests of the Company's shareholders as a whole.

SIGNIFICANT MATTERS

VI. 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 leases of the Company mainly included the leasing of operation of the petroleum products sales business to Jiangsu Petroleum and the leasing of offices to Jiangsu Sudian and Network Operation Company. For details, please refer to “Material Related Party/Connected Transactions” of this Section.

2. Guarantees

Ninghu Properties, a subsidiary of the Company, provided guarantees with liabilities to banks for mortgage loans granted to flat buyers according to the common practice of the property industry. The liabilities began from the date on which the guarantee contract come into effect and will end on the date when the buyers complete the registration of the mortgages for the purchased properties and the housing charge certificates of the properties are passed to the banks. As at 30 June 2014, the outstanding guarantees amounted to approximately RMB187,364,000 (31 December 2013: RMB83,922,000).

3. 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 related parties. Save for the contracts disclosed above, the Company did not enter into any service or management contract with any individual, firm or body corporate.

VII. Undertakings and Fulfillment of Undertakings

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, neither the Company nor shareholders holding more than 5% of the shares of the Company had any unfulfilled undertaking in respect of asset injection or asset integration.

VIII. Appointment of Auditors

The reappointment of Deloitte Touche Tohmatsu CPA LLP as the domestic auditor of the Company for 2014 was approved at the Company's 2013 Annual General Meeting. The audit fees amount to RMB2,100,000 for the year. Deloitte, a practicing certified public accountants firm approved by the Ministry of Finance and the China Securities Regulatory Commission to act as a reporting accountant and/or an auditor for Mainland incorporated companies listed in Hong Kong, has been engaged to audit the financial statements of the Company for the fiscal year ending 31 December 2014 prepared under the PRC Accounting Standards and to undertake the duties required to be performed by international auditors in accordance with the Hong Kong Listing Rules.

Deloitte was also appointed as the internal control auditor of the Company for 2014 at the general meeting. The audit fee is RMB680,000.

Deloitte has been providing audit services to the Company for 12 consecutive years since 2003. In 2008, 2010 and 2013, they changed the partner responsible for the audit services provided to the Company.

IX. Regulatory Sanctions by Regulatory Authorities

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 and de facto controllers by regulatory authorities.

SIGNIFICANT MATTERS

X. Corporate Governance

1. Corporate Governance Status

The Company made continued improvements on the corporate governance system and the operating procedures according to the requirements of regulatory authorities and latest rules and regulations, with a view to enhancing the corporate governance standards of the Company. The actual governance situation of the Company did not deviate from the Governance Standards for Listed Companies stipulated by the CSRC and the requirements of the relevant laws and regulations; and the Company fully complied with all code provisions of the Corporate Governance Code in Appendix 14 of the Hong Kong Listing Rules. For details of the Company's governance practices, please refer to the relevant sections in the Company's 2013 Annual Report.

During the Reporting Period, the Company guaranteed the effectiveness of corporate governance through standardizing and implementing the "three-meeting" decision-making mechanism (「三會」決策機制). By further enhancing the awareness on standardized operation, being better adapted to the transformation in supervision, strengthening the implementation of latest regulatory requirements, strictly implementing the various existing governance rules and improving internal responsibility mechanism, the Company aims to ensure proper execution of the system so as to further raise the Company's independent governance capability. The Company increased efforts on self-inspection over key regulatory fields, including insider trading, misappropriation of funds, related party/connected transactions and so forth, as well as ensured the carrying out of necessary legal approval procedures for all significant events, strictly controlled violation risks of all kinds and further improved the Company's standard operational ability.

2. Compliance with the Corporate Governance Code

As at the publishing date of this report, the Board, having reviewed the day-to-day governance practices of the Company according to the Corporate Governance Code, was of the opinion that the Company fully adopted all code provisions in the new Corporate Governance Code and strove to comply with the recommended best practices and that no deviation or breach was found.

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

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

4. Audit Committee

The seventh session of the Board of the Company elected Mr. Chen Donghua, Mr. Zhang Erzhen and Mr. Du Wenyi as the members of the Audit Committee and elected Mr. Chen Donghua as the chairman of the committee. Mr. Chen Donghua and Mr. Zhang Erzhen, being independent non-executive directors of the Company, have extensive experiences in financial and economic management, as well as appropriate professional qualifications as stipulated by Rule 3.10(2) of the Hong Kong Listing Rules. Members of the Audit Committee are not connected with the current or former auditors of the Company.

The Audit Committee has reviewed the interim financial report of the Company for the six months ended 30 June 2014 and had sufficient communication with the Company's management in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2014.

SIGNIFICANT MATTERS

XI. OTHER SIGNIFICANT EVENTS

1. Changes in accounting policies:

The Company adopts the Accounting Standard for Business Enterprises (“ASBE”) issued by the Ministry of Finance (“MOF”), and has applied in advance the Amendment to ASBE No. 2 - Long-term equity investment, Amendment to ASBE No. 9 - Employee benefits, Amendment to ASBE No. 30 - Presentation of financial statements, ASBE No. 39 - Fair value measurement, ASBE No. 40 - Joint arrangements and Amendment to ASBE No. 33 - Consolidated financial statements that were issued by the MOF from January to March 2014 in its financial statements for 2013. The Company had made adjustments to the financial statements of the Company as at 30 June 2014 in accordance with ASBE No. 41 - Disclosure of Interests in Other Entities. These adjustments constitute changes in accounting policy, and retrospective adjustments are made. The effects of the change in accounting policy on the financial statements are as follows:

Unit: RMB'000

	Before adjustment		After adjustment	
	Balance at the end of the period	Balance at the beginning of the period	Balance at the end of the period	Balance at the beginning of the period
Consolidated financial statements:				
Available-for-sale financial assets	1,000,000	1,000,000	1,290,726	1,290,726
Long-term equity investment	4,091,872	4,078,086	3,801,146	3,787,360
Financial statements of the Company:				
Available-for-sale financial assets	1,000,000	1,000,000	1,008,916	1,008,916
Long-term equity investment	4,750,976	4,772,186	4,742,060	4,763,270

The management of the Company is of the view that the above changes in the accounting policy will not have material impact on the financial statements of the Group.

SIGNIFICANT MATTERS

2. Changes in accounting estimates:

According to the progress of the Company's modernization and the judgments on the future use of relevant ancillary facilities of expressway, the original categories of fixed assets of the Company cannot meet the requirements of assets management, and the expected use life and residuals rate of certain categories of fixed assets changed. As approved by the 14th meeting of the seventh meeting of the Board of the Group on 25 April 2014, the Company adopted prospective application method to make adjustments to the categories, use life and residuals rate of certain fixed assets since 1 January 2014. Impact of the changes in accounting estimates upon the items in the accounting statement for the period is as follows:

Unit: RMB

Impact on items in accounting statements	Consolidated financial statements	Financial statements of the Company
Decrease in fixed assets	15,170,933	13,590,973
Increase in costs and expenses	15,170,933	13,590,973
Decrease in taxes payable	3,792,733	3,397,743
Decrease in income taxes	3,792,733	3,397,743
Decrease in profit or loss of minority shareholders	177,745	0
Decrease in interests of minority shareholders	177,745	0
Decrease in net profit attributable to the Holding Company	11,200,455	10,193,230
Decrease in net assets attributable to the Holding Company	11,200,455	10,193,230

The management of the Company is of the view that the above changes in accounting estimates will not have significant impact on the financial conditions and operating results of the Group.

3. Change in scope of consolidation for financial statements:

During the Reporting Period, Ninghu Properties, a subsidiary of the Company, established a new wholly-owned subsidiary, Ninghu Properties (Suzhou) Co., Ltd., and as a result there is change in the scope of consolidation for the financial statements of the Group.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

I. Changes in Share Capital

(I) Changes in share capital

During the Reporting Period and as at the disclosure date of the report, there has been no change to the total number of shares and share capital structure of the Company.

(II) Changes in shares with selling restrictions

During the Reporting Period and as at the disclosure date of the report, there has been no change in the Company's tradable shares with selling restrictions.

II. Shareholders

1. Total number of shareholders

Total number of shareholders as at the end of the Reporting Period	39,689
Total number of holders of preferred shares with recovered voting rights as at the end of the Reporting Period	0

2. Major Shareholders

(1) As at 30 June 2014, 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 (shares)
Jiangsu Communications Holdings Company Ltd.	0	2,742,578,825	54.44	0	0	State-owned legal person
China Merchants Huajian Highway Investment Co., Ltd.	0	589,059,077	11.69	0	0	State-owned legal person
Mondrian Investment Partners Limited	0	98,190,000	1.95	0	Unknown	Foreign legal person
JPMorgan Chase & Co.	+20,837,881	98,124,732	1.95	0	Unknown	Foreign legal person
Blackrock, Inc.	-45,584,142	91,133,787	1.81	0	Unknown	Foreign legal person
Matthews International Capital Management, LLC	-24,826,000	73,020,000	1.45	0	Unknown	Foreign legal person
Deutsche Bank Aktiengesellschaft	-14,172,640	61,600,350	1.22	0	Unknown	Foreign legal person
The Bank of New York Mellon Corporation	-10,409,175	53,265,127	1.06	0	Unknown	Foreign legal person
Jiantou Zhongxin Asset Management Co., Ltd.	0	21,410,000	0.42	0	Unknown	Others
Guotai Junan Securities Co., Ltd.	0	18,198,391	0.36	0	Unknown	Others

Notes: About shareholdings of the top ten shareholders:

- The Company is not aware of the above shareholders who are connected to each other or acting in concert;
- During the Reporting Period, no connected persons, strategic investors or general legal persons became one of the top ten shareholders of the Company as a result of the placement of new shares.
- Number of shares held by shareholders of H Shares was based on the register required to be maintained under the Securities and Futures Ordinance of Hong Kong.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

- (2) As at 30 June 2014, the shareholdings of the top ten A shareholders not subject to selling restrictions were as follows:

Name of shareholder	Number of shares as at the end of the Reporting Period (shares)	Type of shares
Jiangsu Communications Holdings Company Ltd.	2,742,578,825	RMB-denominated ordinary shares
China Merchants Huajian Highway Investment Co., Ltd.	589,059,077	RMB-denominated ordinary shares
Mondrian Investment Partners Limited	98,190,000	Foreign-owned shares listed overseas
JPMorgan Chase & Co.	98,124,732	Foreign-owned shares listed overseas
Blackrock, Inc.	91,133,787	Foreign-owned shares listed overseas
Mathews International Capital Management, LLC	73,020,000	Foreign-owned shares listed overseas
Deutsche Bank Aktiengesellschaft	61,600,350	Foreign-owned shares listed overseas
The Bank of New York Mellon Corporation	53,265,127	Foreign-owned shares listed overseas
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	RMB-denominated ordinary shares
Guotai Junan Securities Co., Ltd.	18,198,391	RMB-denominated ordinary shares

- (3) Shareholdings of shareholders subject to selling restrictions and their selling restrictions

No.	Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading date	Number of additional listed and tradable shares	Selling restrictions
1	Other public legal person shares	22,992,145	16 May 2007	0	Note 1

Note 1: Circulation rights for other public legal person shares were obtained on 16 May 2007 but prior consent shall be obtained from the non-tradable 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-tradable shareholders. For repayment, the relevant (advancee) shareholders may opt to transfer the amount of shares being advanced or to pay in cash in an amount calculated in accordance with the average closing price of the five trading days following the implementation date of the Company's Share Segregation Reform for the consideration shares. Application for the listing of such shares shall then be submitted by the Company to the stock exchange.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

- (4) As at 30 June 2014, as far as the Company is aware, the following individuals held 5% or more of the interests or short positions in the shares, or underlying shares or debentures of the Company as recorded in the register required to be maintained under the Securities and Futures Ordinance of Hong Kong:

Number of A Shares

Name	Capacity	Direct interests	Number of A shares held	Percentage of A Shares (total shares)
Jiangsu Communications Holdings Company Limited.	Others	Yes	2,742,578,825(L)	71.46% (54.44%)
China Merchants Group Limited/ China Merchants Huajian Highway Investment Co., Ltd (1)	Others	Yes	589,059,077(L)	15.35% (11.69%)

Number of H Shares

Name	Capacity	Direct interests	Number of H shares held	Percentage of H Shares (total shares)
Mondrian Investment Partners Limited	Investment Manager	No	98,190,000(L)	8.04% (1.95%)
JPMorgan Chase & Co.	Interest of controlled corporation	No	98,124,732 (L) 3,054,000(S)	8.02% (1.95%)(L) 0.24 (0.06%)(S)
			65,416,470(P)	5.35% (1.30%)(P)
Blackrock, Inc.	Interest of controlled corporation	No	91,133,787 (L) 1,114,000(S)	7.46% (1.81%)(L) 0.09% (0.02%)(S)
Matthews International Capital Management, LLC	Investment Manager	No	73,020,000 (L)	5.97% (1.45%)
Deutsche Bank Aktiengesellschaft	Interest of controlled corporation	No	61,600,350 (L) 7,318,000 (S)	5.04% (1.22%)(L) 0.60% (0.15%)(S)
			1,220,000 (P)	0.10% (0.02%)(P)

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

(1) China Merchants Group Limited was deemed to hold interests by virtue of its controlling interests in its subsidiary, China Merchants Huajian Highway Investment Co., Ltd.

Save as disclosed above, to the Company's best knowledge, as at 30 June 2014, there was no person who was required to make disclosure under the Securities and Futures Ordinance of Hong Kong.

III. Others

1. Purchase, Sale and Redemption of Shares of the Company: For the six months ended 30 June 2014, there was no purchase, sale or redemption of any of the Company's listed shares by the Company or any of its subsidiaries.
2. Pre-emption Rights: In accordance with the laws of the PRC and the Company's Articles of Association, the Company did not grant any pre-emption rights pursuant to which the Company would be required to offer new shares to the existing shareholders in proportion to their shareholdings.
3. Public Float: As at 30 June 2014 and the disclosure date of this report, the Company had complied with the 25% public float requirement under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

PREFERRED SHARES

The Company had no preferred shares during the Reporting Period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Shareholding of Directors, Supervisors and Senior Management

During the Reporting Period, upon specific enquiries made to all the directors, there was no record showing that any directors, supervisors, key senior management of the Company or any of their associates had any interests in the share capital, underlying shares or debentures of the Company, its subsidiaries or associated companies that were required to be disclosed pursuant to the Securities and Futures Ordinance or the Model Code for Securities Transactions by Directors, Supervisors and Other Senior Management of Listed Companies.

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

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

As at the disclosure date of this report, Mr. Zhao Jia Jun, a deputy general manager of the Company, resigned his management duties in the Company due to other work arrangement; and Mr. Wu Weiping, deputy secretary of Party Committee, resigned his management duties in the Company due to his retirement.

At the 15th meeting of the seventh session of the Board, the reappointment procedures were fulfilled for Ms. Shang Hong, a deputy general manager, as her term of office expired, and Mr. Li Jie and Mr. Wang Hongwei were newly appointed as deputy general manager of the Company and assistant to general manager, respectively.

The Company appointed Mr Wu Yi Yong as the Secretary of the Commission for Discipline Inspection, a position which is a managerial member of the Company.

(III) Independent Non-executive Directors

The Company has appointed sufficient number of independent non-executive directors. Mr. Xu Changxin, Mr. Gao Bo, Mr. Chen Donghua and Mr. Zhang Erzhen were appointed as independent non-executive directors of the seventh session of the Board of the Company, accounting for more than one-third of the members of the Board. Four independent non-executive directors are currently serving at renowned universities in the PRC and are senior experts in the fields of currency finance, financial accounting, economic management and real estate studies and are well-versed with academic theories and management experience. Independent directors were appointed as members of various committees of the Board. Independent non-executive directors accounted for a majority in the Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, and an independent non-executive director acted as the Chairman at each of these committees.

FINANCIAL REPORT

Consolidated Balance Sheet

AT 30 JUNE 2014

Unit:RMB

Item	Notes	Closing balance	Opening balance	Item	Notes	Closing balance	Opening balance
Current assets:				Current liabilities:			
Cash and bank balances	(VI)1	510,793,177	409,176,746	Short-term borrowings	(VI)18	3,250,000,000	3,220,000,000
Held-for-trading financial assets	(VI)2	38,269,283	20,175,395	Accounts payable	(VI)19	455,015,416	371,663,489
Notes receivable		1,000,000	149,843	Receipts in advance	(VI)20	398,749,924	412,906,626
Accountants receivable	(VI)3	92,255,362	51,443,626	Employee benefits payable	(VI)21	1,116,477	902,085
Prepayments	(VI)4	66,953,544	21,028,742	Taxes payable	(VI)22	110,090,743	155,966,927
Dividends receivable	(VI)6	62,267,777	4,989,960	Interest payable	(VI)23	131,082,974	71,283,765
Other receivables	(VI)5	1,217,203,530	1,227,304,888	Dividends payable	(VI)24	114,647,955	62,903,610
Inventories	(VI)7	2,903,805,997	2,844,577,736	Other payables	(VI)25	44,292,056	174,955,870
Other current assets	(VI)8	178,275,597	175,082,464	Non-current liabilities due within one year	(VI)26	1,524,424	1,510,574
				Other current liabilities	(VI)27	1,500,000,000	1,000,000,000
Total Current Assets		5,070,824,267	4,753,929,400	Total Current liabilities		6,006,519,969	5,472,092,946
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets	(VI)9	1,290,725,956	1,290,725,956	Long-term borrowings	(VI)28	270,579,725	271,148,039
Long-term equity investment	(VI)10.11	3,801,146,008	3,787,359,931	Deferred tax liabilities	(VI)17	1,522,062	1,369,249
Investment properties	(VI)12	34,727,349	35,415,146	Bonds payable	(VI)29	992,442,352	991,074,397
Fixed assets	(VI)13	998,491,479	1,099,548,420				
Construction in progress	(VI)14	225,833,018	127,708,416	Total Non-current liabilities		1,264,544,139	1,263,591,685
Intangible assets	(VI)15	15,313,962,890	15,721,750,642				
Long-term prepaid expenses	(VI)16	1,613,471	1,166,864	TOTAL LIABILITIES		7,271,064,108	6,735,684,631
Deferred tax assets	(VI)17	30,320,640	16,307,595				
Total Non-current Assets		21,696,820,811	22,079,982,970	Shareholders' Equity:			
				Share capital	(VI)30	5,037,747,500	5,037,747,500
				Capital reserve	(VI)31	7,551,642,790	7,579,412,509
				Surplus reserve		2,833,298,081	2,833,298,081
				Retained profits	(VI)32	3,575,692,403	4,146,025,799
				Total shareholders' equity attributable to equity holders of the Company		18,998,380,774	19,596,483,889
				Minority interests		498,200,196	501,743,850
				TOTAL SHAREHOLDERS' EQUITY		19,496,580,970	20,098,227,739
TOTAL ASSETS		26,767,645,078	26,833,912,370	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		26,767,645,078	26,833,912,370

The accompanying notes form part of the financial statements.

The financial statements on pages 33 to 113 were signed by the following:

Legal Representative
Yang Gen Lin

Person in Charge of the Accounting Body
Qian Yong Xiang

Chief Accountant:
Yu Lan Ying

FINANCIAL REPORT

Balance Sheet of the Company

AT 30 JUNE 2014

Unit: RMB

Item	Notes	Closing balance	Opening balance	Item	Notes	Closing balance	Opening balance
Current assets:				Current liabilities:			
Cash and bank balances		241,961,502	220,826,123	Short-term borrowings		2,950,000,000	3,060,000,000
Accounts receivable	(XII)1	68,318,164	45,802,206	Accounts payable		113,325,649	76,808,330
Prepayments	(XII)2	40,596,514	15,691,980	Receipts in advance		13,103,332	3,972,672
Interest receivable		2,887,084	3,175,792	Employee benefits payable		891,300	760,992
Dividends receivable		33,481,743	4,989,960	Taxes payable		90,805,740	135,218,453
Other receivables	(XII)3	1,299,121,656	1,216,288,925	Interest payable		130,286,863	70,414,988
Inventories		19,326,497	20,374,149	Dividends payable		68,678,625	62,903,610
				Other payables		16,718,407	145,258,608
				Non-current liabilities due within one year		1,524,424	1,510,574
				Other current liabilities		1,500,000,000	1,000,000,000
Total Current Assets		1,705,693,160	1,527,149,135	Total Current Liabilities		4,885,334,340	4,556,848,227
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets		1,008,915,500	1,008,915,500	Long-term borrowings		20,579,725	21,148,039
Long-term equity investment	(XII)4	4,742,060,486	4,763,269,798	Bonds payable		992,442,352	991,074,397
Fixed assets		817,092,947	902,823,903				
Construction in progress		177,553,770	103,702,042				
Intangible assets		13,862,919,513	14,228,288,066				
Deferred tax assets		4,048,559	4,048,559				
Other non-current assets		1,690,000,000	1,690,000,000	Total Non-current liabilities		1,013,022,077	1,012,222,436
Total Non-current Assets		22,302,590,775	22,701,047,868	TOTAL LIABILITIES		5,898,356,417	5,569,070,663
				Shareholders' Equity:			
				Share capital		5,037,747,500	5,037,747,500
				Capital reserve		7,534,202,368	7,561,972,087
				Surplus reserve		2,470,793,441	2,470,793,441
				Retained profits		3,067,184,209	3,588,613,312
				Total Shareholders' Equity		18,109,927,518	18,659,126,340
TOTAL ASSETS		24,008,283,935	24,228,197,003	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,008,283,935	24,228,197,003

The accompanying notes form part of the financial statements.

FINANCIAL REPORT

Consolidated Income Statement

FOR THE PERIOD ENDED 30 JUNE 2014

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Total operating income	(VI)33	3,926,767,168	3,668,472,778
Including: Operating income		3,926,767,168	3,668,472,778
Less: operating costs		2,313,628,877	2,016,182,757
Including: Operating costs	(VI)33	1,958,335,603	1,720,192,905
Business taxes and levies	(VI)34	112,150,118	95,168,956
Selling expenses		7,557,685	4,205,384
Administrative expenses		82,478,316	78,292,929
Financial expenses	(VI)35	153,107,155	118,322,583
Impairment losses of assets		0	0
Add: Gains from changes in fair values (Loss is indicated by “—”)	(VI)36	2,383,650	669,980
Investment income	(VI)37	192,383,746	181,600,702
Including: Income from investments in associates and joint ventures		169,417,396	134,456,977
II. Operating profit		1,807,905,687	1,834,560,703
Add: Non-operating income	(VI)38	3,600,042	93,818,622
Less: Non-operating expenses	(VI)39	9,972,755	10,030,810
Including: Losses from disposal of non-current assets		899,218	699,289
III. Total profit		1,801,532,974	1,918,348,515
Less: Income tax expenses	(VI)40	415,096,645	444,026,304
IV. Net profit		1,386,436,329	1,474,322,211
Net profit attributable to owners of the Company		1,344,010,654	1,435,271,562
Profit or loss attributable to minority interests		42,425,675	39,050,649
V. Earnings per share:	(VI)41		
(I) Basic earnings per share		0.2668	0.2849
(II) Diluted earnings per share		N/A	N/A
VI. Other comprehensive income (loss)	(VI)42	-27,769,719	-11,107,350
Items that may be reclassified subsequently to profit or loss:		-27,769,719	-11,107,350
Share of gains on available-for-sale financial assets of associates		-27,769,719	-11,107,350
Items that will not be reclassified to profit or loss:		0	0
VII. Total comprehensive income		1,358,666,610	1,463,214,861
Total comprehensive income attributable to owners of the Company		1,316,240,935	1,424,164,212
Total comprehensive income attributable to minority interests		42,425,675	39,050,649

The accompanying notes form part of the financial statements.

FINANCIAL REPORT

Income Statement of the Company

FOR THE PERIOD ENDED 30 JUNE 2014

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Total operating income	(XII)5	3,345,885,153	3,244,607,667
Less: Operating costs	(XII)5	1,716,797,764	1,574,119,436
Business taxes and levies		83,650,452	78,898,996
Administrative expenses		69,381,690	64,122,274
Financial expenses		141,521,670	98,266,176
Impairment loss of assets		0	0
Add: Investment income	(XII)6	420,632,111	187,787,302
Including: Income from investments in associates and joint ventures		105,635,973	81,965,786
II. Operating profit		1,755,165,688	1,616,988,087
Add: Non-operating income		3,200,577	93,456,817
Less: Non-operating expenses		7,473,900	7,772,733
Including: Losses from disposal of non-current assets		226,135	23,510
III. Total profit		1,750,892,365	1,702,672,171
Less: Income tax expenses		357,977,418	386,037,067
IV. Net profit		1,392,914,947	1,316,635,104
V. Earnings per share:			
(I) Basic earnings per share		0.2765	0.2614
(II) Diluted earnings per share		N/A	N/A
VI. Other comprehensive income(loss)		-27,769,719	-11,107,350
Items that may be reclassified subsequently to profit or loss:		-27,769,719	-11,107,350
Share of gains on available-for-sale financial assets of associates		-27,769,719	-11,107,350
Items that will not be reclassified to profit or loss:		0	0
VII. Total comprehensive income		1,365,145,228	1,305,527,754

The accompanying notes form part of the financial statements.

FINANCIAL REPORT

Consolidated Cash Flow Statement

FOR THE PERIOD ENDED 30 JUNE 2014

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		4,001,464,881	3,968,814,958
Other cash receipts relating to operating activities	(VI)43(1)	21,280,412	21,135,135
Sub-total of cash inflows from operating activities		4,022,745,293	3,989,950,093
Cash payments for goods purchased and services received		1,490,188,618	1,604,722,846
Cash payments to and on behalf of employees		240,685,458	214,327,317
Payments of various types of taxes		622,255,532	649,235,804
Other cash payments relating to operating activities	(VI)43(2)	27,005,523	35,543,999
Sub-total of cash outflows from operating activities		2,380,135,131	2,503,829,966
Net Cash Flow from Operating Activities		1,642,610,162	1,486,120,127
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		1,371,020,495	384,000,000
Cash receipts from investment income		90,777,078	75,839,068
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		10,195,634	84,035,794
Net cash receipts from disposals of subsidiaries and other business units		0	0
Other cash receipts relating to investing activities	(VI)43(3)	0	0
Sub-total of cash inflows from investing activities		1,471,993,207	543,874,862
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		154,180,686	37,368,130
Cash payments to acquire investments		1,387,757,679	191,850,000
Other cash payments relating to investing activities	(VI)43(4)	0	0
Sub-total of cash outflows from investing activities		1,541,938,365	229,218,130
Net Cash Flow from Investing Activities		-69,945,158	314,656,732
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		310,000,000	1,555,000,000
Cash receipts from issue of bonds		1,196,100,000	991,500,000
Other cash receipts relating to financing activities	(VI)43(5)	0	0
Sub-total of cash inflows from financing activities		1,506,100,000	2,546,500,000
Cash repayments of borrowings		980,751,571	2,965,772,370
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,990,462,516	500,877,774
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		0	0
Other cash payments relating to financing activities	(VI)43(6)	5,934,486	3,032,252
Sub-total of cash outflows from financing activities		2,977,148,573	3,469,682,396
Net Cash Flow from Financing Activities		-1,471,048,573	-923,182,396
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		0	0
V. Net Increase (decrease) in Cash and Cash Equivalents			
Add: Opening balance of Cash and Cash Equivalents		101,616,431	877,594,463
		409,176,746	686,484,787
VI. Closing Balance of Cash and Cash Equivalents			
		<u>510,793,177</u>	<u>1,564,079,250</u>

The accompanying notes form part of the financial statements.

FINANCIAL REPORT

Cash Flow Statement of the Company

FOR THE PERIOD ENDED 30 JUNE 2014

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,455,800,322	3,520,526,846
Other cash receipts relating to operating activities	(XII)7(1)	4,192,821	3,313,954
Sub-total of cash inflows from operating activities		3,459,993,143	3,523,840,800
Cash payments for goods purchased and services received		1,288,856,013	1,338,513,638
Cash payments to and on behalf of employees		203,955,203	174,825,130
Payments of various types of taxes		510,433,952	546,642,902
Other cash payments relating to operating activities	(XII)7(2)	19,968,770	29,056,747
Sub-total of cash outflows from operating activities		2,023,213,938	2,089,038,417
Net Cash Flow from Operating Activities		1,436,779,205	1,434,802,383
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		850,000,000	200,000,000
Cash receipts from investment income		385,252,536	152,823,771
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		10,121,050	84,034,394
Other cash receipts relating to investing activities	(XII)7(3)	120,000,000	0
Sub-total of cash inflows from investing activities		1,365,373,586	436,858,165
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		123,685,365	31,083,610
Cash payments to acquire investments		850,000,000	0
Other cash payments relating to investing activities	(XII)7(4)	210,000,000	220,000,000
Sub-total of cash outflows from investing activities		1,183,685,365	251,083,610
Net Cash Flow from Investing Activities		181,688,221	185,774,555
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		10,000,000	1,305,000,000
Cash receipts from issue of bonds		1,196,100,000	991,500,000
Other cash receipts relating to financing activities	(XII)7(5)	0	0
Sub-total of cash inflows from financing activities		1,206,100,000	2,296,500,000
Cash repayments of borrowings		820,751,571	2,615,772,370
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,976,745,990	479,060,038
Other cash payments relating to financing activities	(XII)7(6)	5,934,486	3,032,252
Sub-total of cash outflows from financing activities		2,803,432,047	3,097,864,660
Net Cash Flow from Financing Activities		-1,597,332,047	-801,364,660
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		0	0
V. Net Increase (decrease) in Cash and Cash Equivalents			
Add: Opening balance of Cash and Cash Equivalents		21,135,379	819,212,278
		220,826,123	400,877,755
VI. Closing Balance of Cash and Cash Equivalents			
		241,961,502	1,220,090,033

The accompanying notes form part of the financial statements.

FINANCIAL REPORT

Consolidated Statement of Changes in Owners' Equity FOR THE PERIOD ENDED 30 JUNE 2014

Unit: RMB

ITEM	Amount for the current period										Amount for the corresponding period of last period									
	Attributable to owners of the Company					Total owner's equity	Attributable to owners of the Company					Total owner's equity								
	Share capital	Capital reserve	Treasury shares	Special reserve	Surplus reserve		General reserve	Retained profits	Others	Minority interests	Share capital		Capital reserve	Treasury shares	Special reserve	Surplus reserve	General reserve	Retained profits	Others	Minority interests
I. Closing balance of the preceding year	5,037,747,500	7,579,412,589		2,833,290,081		4,146,025,799		501,743,950	20,098,227,739	5,037,747,500	7,565,944,387		2,550,126,797		3,355,043,036		465,614,044	19,156,475,744		
II. Changes for the period																				
(I) Net profit					1,344,010,654		42,425,675	1,386,436,329							1,435,271,592		39,050,649	1,474,322,211		
(II) Other comprehensive income/(loss)																				
Subtotal of (I) and (II)					1,344,010,654		42,425,675	1,386,436,329							1,435,271,592		39,050,649	1,463,214,861		
(III) Owners' contributions and reduction in capital																				
1. Capital contribution from owners																				
2. Share-based payment recognised in owners' equity																				
3. Others																				
(IV) Profit distribution																				
1. Transfer to surplus reserve																				
2. Transfer to general reserve																				
3. Distributions to shareholders																				
4. Others																				
(V) Transfers within owners' equity																				
1. Capitalisation of capital reserve																				
2. Capitalisation of surplus reserve																				
3. Loss offset by surplus reserve																				
4. Others																				
(VI) Special reserve																				
1. Transfer to special reserve in the period																				
2. Amount utilised in the period																				
III. Closing balance of the current period	5,037,747,500	7,551,642,730		2,833,290,081	3,575,992,403		499,200,196	19,446,390,970	5,037,747,500	7,564,437,017		2,550,126,797		3,155,725,438		487,025,956	18,796,462,798			

FINANCIAL REPORT

Statement of Changes in Owners' Equity of the Company FOR THE PERIOD ENDED 30 JUNE 2014

Unit: RMB

ITEM	Amount for the current period					Amount for the last period					Total owners' equity				
	Share capital	Capital reserve	Treasury shares	Special reserve	Surplus reserve	General reserve	Retained profits	Share capital	Capital reserve	Treasury shares		Special reserve	Surplus reserve	General reserve	Retained profits
I. Closing balance of the preceding year	5,037,747,500	7,561,972,087		2,470,793,441	2,470,793,441	3,888,613,312	18,659,126,340	5,037,747,500	7,547,519,135		2,229,960,683	2,229,960,683	3,234,707,681	18,049,935,009	
II. Changes for the period															
(I) Net profit						1,392,914,947	1,392,914,947							1,316,635,104	1,316,635,104
(II) Other comprehensive income(loss)						(27,769,719)	(27,769,719)		(11,107,350)					(11,107,350)	(11,107,350)
Subtotal of (I) and (II)						1,365,145,228	1,365,145,228		(11,107,350)					1,316,635,104	1,305,527,754
(III) Owners' contributions and reduction in capital															
1. Capital contribution from owners															
2. Share-based payment recognised															
3. Others															
(IV) Profit distribution															
1. Transfer to surplus reserve															
2. Transfer to general reserve															
3. Distributions to shareholders															
4. Others															
(V) Transfers within owners' equity															
1. Capitalisation of capital reserve															
2. Capitalisation of surplus reserve															
3. Loss offset by surplus reserve															
4. Others															
(VI) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilised in the period															
III. Closing balance of the current period	5,037,747,500	7,534,202,368		2,470,793,441	2,470,793,441	3,067,184,209	18,109,927,518	5,037,747,500	7,536,411,785		2,229,960,683	2,229,960,683	2,737,753,685	17,541,673,663	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

I. BASIC INFORMATION ABOUT THE COMPANY

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

The Company issued 1,222,000,000 shares on The Stock Exchange of Hong Kong Limited (“H shares”) and 150,000,000 shares on the Shanghai Stock Exchange (“A shares”) with par value of RMB1 in June 1997 and December 2000 respectively.

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

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

1. Basis of preparation of financial statements

The Group has adopted the Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance (“MOF”), and has early applied the new and revised ASBE in 2013 that has been issued from January to March in 2014 which is Amendment to ASBE No.2- Long-term equity investment, Amendment to ASBE No.9- Employee benefits, Amendment to ASBE No.30- Presentation of financial statements, ASBE No.39- Fair value measurement, ASBE No.40- Joint arrangements, Amendment to ASBE No.33- Consolidated financial statements. The Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15— General Provisions on Financial Reporting (Revised in 2010). In addition, the Group also disclosed relevant disclosure in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules of The Stock Exchange of Hong Kong Limited.

Basis of accounting and principle of measurement

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

2. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company’s and consolidated financial position as of 30 June 2014, and the Company’s and consolidated results of operations and cash flows for the period then ended.

3. Accounting period

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

4. Functional currency

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

The Group adopts RMB to prepare its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

5. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

6. Recognition criteria of cash and cash equivalents

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

7. Translation of transactions denominated in foreign currencies

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

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

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

8. Financial instruments

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

8.1. Determination of fair value

Fair value is the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

8.2. Effective interest method

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

8. Financial instruments *(continued)*

8.2. Effective interest method *(continued)*

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

8.3. Classification, recognition and measurement of financial assets

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

The Group has no held-to-maturity investments.

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

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

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

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis. (3) it forms part of a contract containing one or more embedded derivatives, and ASBE No.22 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

8. Financial instruments *(continued)*

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

8.3.2. Loans and receivables

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

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

8.3.3. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

8.4. Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

8. Financial instruments *(continued)*

8.4. Impairment of financial assets *(continued)*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

8. Financial instruments *(continued)*

8.4. Impairment of financial assets *(continued)*

(9) Other objective evidence indicating there is an impairment of a financial asset. *(continued)*

— Impairment of financial assets measured at amortised cost *(continued)*

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

— Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

— Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognized as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

8. Financial instruments *(continued)*

8.5. Transfer of financial assets

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

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

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

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

8.6. Classification, recognition and measurement of financial liabilities

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

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group has no financial liabilities classified into financial liabilities at fair value through profit or loss at present.

8.6.1. Other financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

8. Financial instruments *(continued)*

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

8.6.2. Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with ASBE No. 13 - Contingencies; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in ASBE No. 14 - Revenue.

8.7. Derecognition of Financial Liabilities

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

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

8.8. Offsetting financial assets and financial liabilities

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

8.9. Equity instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

9. Receivables

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

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

Basis for determining a portfolio

Portfolio 1	The Group classifies the receivables that are not individually significant and aged within 2 years, not individually significant and aged over 2 years with no indicator of impairment, and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment. This portfolio includes the accounts receivables which has no record of bad debt and with high credit level.
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Bad debt provision method for a portfolio	Percentage of total receivables outstanding
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- 9.2.1. Portfolios that percentage of total receivables outstanding is used for bad debt provision:

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

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

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

FOR THE PERIOD ENDED 30 JUNE 2014

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

10. Inventories

10.1. Categories of inventories

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

10.2. Valuation method of inventories upon delivery

The actual cost of real estate under development is calculated using the specific identification method. Other inventories are calculated using the first-in-first-out method.

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

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

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

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

10.4. Inventory count system

The perpetual inventory system is maintained for stock system.

11. Long-term equity investments

11.1. Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

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

11.2. Subsequent measurement and recognition of profit or loss

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

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

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

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

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

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

Under the equity method, the Group recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture, and the book value of long-term equity investments can be adjusted; the Group recognize the share of the distributed profit the investee declared or the calculated cash dividend, the book value of long-term equity investments can be decreased accordingly; For the changes in the owner's equity of the investee apart from changes in the profit or loss, other comprehensive income and profit distribution, the book value of long-term equity investments can be adjusted and included in the Group's shareholder's equity. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other comprehensive income which is included in the capital reserve.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

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

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

11.2.3. Disposal of long-term equity investments

On disposal of a long-term equity investment, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

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

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

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

12. Investment properties

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

13. Fixed assets

13.1. Recognition criteria for fixed assets

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

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

13.2. Depreciation of each category of fixed assets

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

Category	Depreciation period (years)	Residual rate (%)	Depreciation rate (%)
Buildings	10-30	0	3.33-10
Safety equipment	10	3	9.7
Communication and surveillance equipment	8	3	12.1
Toll stations and ancillary equipment	8	3	12.1
Machinery	10	3	9.7
Electronical equipment	5	3	19.4
Motor vehicles	8	3	12.1
Furniture and others	5	3	19.4

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

13. Fixed assets *(continued)*

13.4. Other explanations

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

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

14. Construction in progress

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

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

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

15. Borrowing Costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

16. Intangible assets

16.1. Intangible assets

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

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

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

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

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

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

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

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

17. Long-term prepaid expenses

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

18. Revenue

18.1. Toll revenue

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

18.2. Revenue from rendering of services

Revenue from rendering of services of the Group include: ancillary services and emergency assistance, advertising income etc. The revenue from rendering of services are recognised when (1) services are rendered, (2) the amount of revenue can be measured reliably, and (3) it is probable that the associated economic benefits will flow to the Group.

18.3. Revenue from sale of goods

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

18.4. Revenue from sales of properties

Revenue from sales of properties are recognised when the relevant procedures of properties are completed and the properties are transferred to buyer of real estate. Amount received of pre-sales of properties are recorded in the accounts of receipts in advance.

18.5. Interest income

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

19. Government grants

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

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period. Government grants are classified into a government grant related to an asset and a government grant related to income according to the subsidy objects which have been clearly defined in the government documents.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

20. Deferred tax assets/deferred tax liabilities

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

20.1. Current income tax

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

20.2. Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

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

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

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

21. Operating leases and finance leases

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

21.1. The Group as lessee under operating leases

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

21.2. The Group as lessor under operating leases

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

22. Changes in significant accounting policies and accounting estimates

22.1. Changes in accounting policies

The Group has applied the new ASBE No.41 - disclosure of interests in other entity that has been issued by MOF in March 2014. The policies prescribe and make amendments to the related disclosure requirements of the interests in the subsidiaries, joint venture, associates and the entity not included in the consolidation scope. Details refer to V2 and VI 10.

The Group's management believes that the policies will not have a significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

22. Changes in significant accounting policies and accounting estimates (continued)

22.2. Changes in accounting estimates

22.2.1 The content and reason of accounting estimates

According to the progress of the Company's modernization and the judgments on the future use of relevant ancillary facilities of expressway, the original categories of fixed assets of the Company cannot meet the requirements of assets management, and the expected use life and residuals rate of certain categories of fixed assets changed. As approved by the 14th meeting of the seventh meeting of the Board of the Group on 25 April 2014, the Company adopted prospective application method to make adjustments to the categories, use life and residuals rate of certain fixed assets since 1 January 2014. Impact of the changes in accounting estimates upon the items in the accounting statements for the period is as follows:

The category, depreciation period, residual rate and depreciation rate of the Group's fixed assets are as follows before the change in accounting estimates:

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

The category, depreciation period, residual rate and depreciation rate of the Group's fixed assets are as follows after the change in accounting estimates:

Category	Depreciation period (year)	Residual rate (%)	Depreciation rate (%)
Buildings	10-30	0	3.33-10
Safety equipment	10	3	9.7
Communication and surveillance equipment	8	3	12.1
Toll stations and ancillary equipment	8	3	12.1
Machinery	10	3	9.7
Electronical equipment	5	3	19.4
Motor vehicles	8	3	12.1
Furniture and others	5	3	19.4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

22. Changes in significant accounting policies and accounting estimates (continued)

22.2. Changes in accounting estimates (continued)

22.2.2 The impact of the changes in accounting estimates on current period financial statements

RMB

Impact on items of financial statements	Consolidated financial statements	The company financial statements
Decrease in fixed assets	15,170,933	13,590,973
Increase in operation costs and expenses	15,170,933	13,590,973
Decrease in taxes payables	3,792,733	3,397,743
Decrease in income tax expenses	3,792,733	3,397,743
Decrease in profit or loss attributable to minority interests	177,745	0
Decrease in minority equity	177,745	0
Decrease in net profit attribute to owners of the Company	11,200,455	10,193,230
Decrease in shareholders' equity attribute to equity holders of the Company	11,200,455	10,193,230

The Group's management believes that the changes in accounting estimates above will not have a significant impact on the Group's financial position and operating results.

23. Other significant accounting policies, accounting estimates and preparation of financial statements

23.1. Employee benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

III. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note II, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that can not be measured accurately due to the internal uncertainty of the operating activities. These judgments, estimation and assumption are made based on the past experience and other relevant factors of management of the Group. The actual consequent result may vary from the estimation.

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

— Key sources of estimation uncertainty

Amortisation of toll road operation rights

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

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

Estimated impairment of toll road operation rights

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

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

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

IV. TAXES

Major categories of taxes and tax rates

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

V. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Information of subsidiaries

Subsidiaries established or acquired through investments

Unit: RMB

Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Business scope	Actual capital contribution at the end of the period	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Consolidated or not consolidated	Minority interests	Amount of the minority interests used to absorb profits or losses attributable to minority interests	The balance after the amount of minority's share of current loss which is deducted from parent company's shareholders' equity exceeds the amount that the minority share the subsidiary's operating shareholders equity
Jiangsu Guangjing Xicheng Co., Ltd. (Guangjing Xicheng)	Limited liability company	Nanjing	Service	850,000,000	Construction and operation of expressway	2,255,000,000	0	85	Yes	488,201,195	0	0
Wuxi Jingcheng Advertising Co., Ltd. (note 1)	Limited liability company	Wuxi	Service	1,000,000	Management and operation of advertising services	1,000,000	0	85	Yes	0	0	0
Jiangsu Ninghu Investment Development Co., Ltd. (Ninghu Investment)	Limited liability company	Nanjing	Investment and Service	100,000,000	Investment on infrastructure, advertising services, and real estate development	110,100,000	0	100	Yes	0	0	0
Kunshan Fen Yuan Real Estate Development Co., Ltd. ("Kunshan Fengyuan") (note 2)	Limited liability company	Kunshan	Real estate development	42,000,000	Real estate development	42,000,000	0	100	Yes	0	0	0
Jiangsu Ninghu Properties Co., Ltd. (Ninghu Properties)	Limited liability company	Nanjing	Real estate development	500,000,000	Real estate development, and consulting	500,000,000	0	100	Yes	0	0	0
Ninghu Properties (Kunshan) Co., Ltd. (Kunshan Properties) (note 3)	Limited liability company	Kunshan	Real estate development	200,000,000	Real estate development, and consulting	200,000,000	0	100	Yes	0	0	0
Ninghu Properties Suzhou Co., Ltd. (Suzhou Properties) (note 4)	Limited liability company	Suzhou	Real estate development	100,000,000	Real estate development, and consulting	5,000,000	0	100	Yes	0	0	0

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

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

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

Note 4: Suzhou Properties is the wholly owned subsidiary of Ninghu Properties, a newly established subsidiary of the Group in the first half of the year 2014.

Note 5: None of the subsidiaries had issued any debt securities at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

V. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(continued)

2. Material minority interest

Items	GuangjingXicheng	Total
<i>RMB</i>		
As at 30 June 2014		
Proportion of Minority interest	15%	
Current assets	269,732,387	269,732,387
Non-current assets	3,721,693,027	3,721,693,027
Current liabilities	401,665,548	401,665,548
Non-current liabilities	250,000,000	250,000,000
Total shareholders' equity attributable to equity holders of the company	3,339,759,866	3,339,759,866
Minority interest	498,200,196	498,200,196
Six months ended 30 June 2014		
Operating income	398,136,994	398,136,994
Net profit	282,837,832	282,837,832
Total comprehensive income	282,837,832	282,837,832
Net profit or loss attributable to minority interests	42,425,675	42,425,675
Other comprehensive income attributable to minority interests	0	0
Net cashflow from operating activities	339,448,291	339,448,291
Net cashflow from investing activities	-6,927,153	-6,927,153
Net cashflow from financing activities	-204,268,411	-204,268,411
Net Increase (decrease) in Cash and Cash Equivalents	128,252,727	128,252,727
Payments for distribution of dividends or profits to minority owners	0	0
As at 31 December 2013		
Proportion of Minority interest	15%	
Current assets	167,614,598	167,614,598
Non-current assets	3,719,923,727	3,719,923,727
Current liabilities	274,154,092	274,154,092
Non-current liabilities	250,000,000	250,000,000
Total shareholders' equity attributable to equity holders of the company	3,363,384,233	3,363,384,233
Minority interest	501,743,850	501,743,850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

V. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(continued)

2. Material minority interest (continued)

Items	GuangjingXicheng	Ninghu Investment	Total
As at 30 June 2013			
Proportion of Minority interest	15%	5%	
Six months ended 30 June 2013			
Operating income	364,616,568	17,753,523	382,370,091
Net profit	257,478,021	8,578,910	266,056,931
Total comprehensive income	257,478,021	8,578,910	266,056,931
Net profit or loss attributable to minority interests	38,621,703	428,946	39,050,649
Other comprehensive income attributable to minority interests	0	0	0
Net cashflow from operating activities	227,920,363	5,691,880	233,612,243
Net cashflow from investing activities	40,193,678	-6,230,408	33,963,270
Net cashflow from financing activities	-245,744,156	0	-245,744,156
Net Increase (decrease) in Cash and Cash Equivalents	22,369,885	-538,528	21,831,357
Payments for distribution of dividends or profits to minority owners	0	0	0

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			568,186			353,222
Bank balances:						
RMB			494,322,414			374,710,977
USD	1,371	6.0416	8,283	1,371	6.0969	8,359
HKD	1,327,016	0.77871	1,033,360	1,327,050	0.7862	1,043,327
Other currency funds:						
RMB			14,860,934			33,060,861
Total			510,793,177			409,176,746

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

2. Held-for-trading financial assets

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

Unit: RMB

Item	Closing fair value	Opening fair value
Gold investments	15,767,958	0
Fund investments	22,501,325	20,175,395
Total	38,269,283	20,175,395

The cost of gold investment is RMB15,710,238, the closing fair value is RMB15,767,958. The cost of fund investment is RMB20,000,000, the closing fair value is RMB22,501,325. The above information of closing market price was quoted by relevant open sourced information of the gold exchange and the fund.

3. Accounts receivable

- (1) Aging analysis of accounts receivables is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	91,876,797	100	0	91,876,797	51,443,626	100	0	51,443,626
More than 1 year but not exceed 2 years	378,565	0	0	378,565	0	0	0	0
More than 2 years but not exceeding 3 years	0	0	0	0	0	0	0	0
More than 3 years	0	0	0	0	0	0	0	0
Total	92,255,362	100	0	92,255,362	51,443,626	100	0	51,443,626

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

3. Accounts receivable (continued)

(3) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	75,088,465	81	0	0	29,516,460	57	0	0
Accounts receivable for which bad debt provision has been assessed by portfolios	17,166,897	19	0	0	21,927,166	43	0	0
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	0	0	0	0	0	0	0	0
Total	92,255,362	100	0	0	51,443,626	100	0	0

Majority of the toll road and ancillary services income are settled by cash, others are settled by receipt in advance. The accounts receivable mainly represent the receivables due from other toll operation companies by toll network internal income reallocation.

4. Prepayments

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	55,164,257	82	16,157,355	77
1-2 year	11,789,287	18	4,871,387	23
Total	66,953,544	100	21,028,742	100

(2) No prepayments to shareholders holding at least 5% of the Company's shares with voting power in the Reporting Period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

4. Prepayments (continued)

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

Unit: RMB

Category	Closing balance	Opening balance
Individually significant prepayments	62,234,943	15,457,678
Other insignificant prepayments	4,718,601	5,571,064
Total	66,953,544	21,028,742

5. Other receivables

(1) Aging analysis of other receivables is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	12,503,342	1	371,300	12,132,042	97,815,540	8	371,300	97,444,240
1-2 year	1,200,870,642	97	0	1,200,870,642	1,124,652,998	90	0	1,124,652,998
2-3 year	155,100	0	0	155,100	157,650	0	0	157,650
More than 3 years	19,869,515	2	15,823,769	4,045,746	20,873,769	2	15,823,769	5,050,000
Total	1,233,398,599	100	16,195,069	1,217,203,530	1,243,499,957	100	16,195,069	1,227,304,888

(2) No other receivables due from shareholders holding at least 5% of the Company's shares with voting power in the Reporting Period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

5. Other receivables (continued)

(3) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision has been assessed individually	1,223,119,475	99	15,812,140	98	1,233,172,551	99	15,812,140	98
Other receivable for which bad debt provision has been assessed by portfolios	10,279,124	1	382,929	2	10,327,406	1	382,929	2
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	0	0	0	0	0	0	0	0
Total	1,233,398,599	100	16,195,069	100	1,243,499,957	100	16,195,069	100

(4) Nature or content of significant other receivables

The Company recognized at the end of 2012 RMB1,124,177,798 in compensation receivables from Jiangsu Provincial Government for losses arising from the removal of the toll stations along the Shanghai-Nanjing Section of G312.

The Company recognized in 2013 disposal receivable from Zhenjiang Transport Investment Construction Development Company (鎮江市交通投資建設有限公司) for disposing of the operating right of the toll roads along Zhenjiang branch of Shanghai-Nanjing Expressway (Jiangsu section). As at the end of the Reporting Period, RMB74,033,640 remains outstanding.

As at the signing date of this financial report, the Management of the Company has been actively negotiating and communicating with the relevant parties in order to facilitate the collection of the aforementioned sums.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

6. Dividends Receivable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons for uncollected amounts	Whether the amount is impaired
Dividends receivable aged within 1 year	0	145,411,600	88,133,783	57,277,817	N/A	No
Including: Jiangsu Leasing Co., Ltd.	0	17,550,000	17,550,000	0	N/A	No
Jiangsu Yangtze Bridge Co., Ltd.	0	28,786,034	0	28,786,034	N/A	No
Jiangsu Kuailu Motor Transport Co., Ltd.	0	56,983,566	28,491,783	28,491,783	N/A	No
Suzhou Sujiahang Expressway Co., Ltd.	0	42,092,000	42,092,000	0	N/A	No
Dividends receivable aged over 1 year	4,989,960	0	0	4,989,960	Declared but not distributed yet	No
Including: Jiangsu Kuailu Motor Transport Co., Ltd.	4,989,960	0	0	4,989,960	Declared but not distributed yet	No
Total	4,989,960	145,411,600	88,133,783	62,267,777		

7. Inventories

Categories of inventories

Unit: RMB

Item	Gross carrying amount	Closing balance Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Opening balance Provision for decline in value of inventories	Net carrying amount
Properties under development	1,627,409,161	0	1,627,409,161	2,204,581,864	0	2,204,581,864
Properties for sale	1,256,027,303	0	1,256,027,303	618,421,379	0	618,421,379
Spare parts for repair and maintenance	10,927,041	0	10,927,041	11,926,629	0	11,926,629
Petrol	9,442,492	0	9,442,492	9,647,864	0	9,647,864
Total	2,903,805,997	0	2,903,805,997	2,844,577,736	0	2,844,577,736

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

7. Inventories (continued)

Details of properties under development are as follows:

Unit: RMB

Project name	Commencement date	Estimated completion date	Estimated total investment amount	Opening balance	Closing balance
Huaqiao Project	November 2010	May 2018	2,026,000,000	659,191,220	388,663,722
Suzhou Nanmen Road					
G25 Project	October 2014	March 2017	1,146,300,000	568,550,495	569,316,668
Baohua Hongyan Community					
AB Project	July 2012	April 2019	3,624,000,000	941,557,444	634,116,317
Huaqiao Urban Core					
B3 Guangmingjiezuo Project	December 2014	July 2017	353,000,000	35,282,705	35,312,454
Total			7,149,300,000	2,204,581,864	1,627,409,161

Details of properties for sale are as follows:

Project name	Completion date	Opening balance	Addition	Decrease	Closing balance
Huaqiao C4 Tongcheng					
Hongqiao Mansion	August 2012	19,237,762	28,792	3,850,396	15,416,158
Suzhou Qingyuan	December 2013	599,183,617	25,785,654	0	624,969,271
Huaqiao C7 Tongcheng					
Pujiang Mansion	May 2014	0	392,907,259	0	392,907,259
Baohua Hongyan Community					
B Project 1st Tongcheng	May 2014	0	357,692,983	134,958,368	222,734,615
Total		618,421,379	776,414,688	138,808,764	1,256,027,303

8. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Financial management product	150,800,000	147,000,000
Business taxes and levies related to real estate sales paid in advance	27,475,597	28,082,464
Total	178,275,597	175,082,464

Financial management product represents “鼎鼎成金” series No.1299 product and “歲月流金” series No.54043 and No.54044 products issued by China Merchants Bank GoFortune Co., “廣贏安薪” series issued by China Guangfa Bank and “聚寶財富” series No.95 product issued by Bank of Jiangsu. These products are non-capital preservation with floating income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

9. Available-for-sale financial assets

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Available-for-sale debt instruments	0	0
Available-for-sale equity instruments	1,290,725,956	1,290,725,956
Others	0	0
Total	1,290,725,956	1,290,725,956

Classify	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Equity instruments cost/debt instruments				
at amortized cost	1,290,725,956	0	0	1,290,725,956
Closing fair value	N/A	0	0	N/A
Fair value change have been charged in				
the accumulated other comprehensive income	0	0	0	0
Impairment amount	0	0	0	0

At 30 June 2014 and 31 December 2013, the available-for-sale equity instruments of the Group is the investment amounting RMB1,000,000,000 on Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu") which is established in China and non-listed, and the investment ratio of which is 1.92%, as well as the investment amounting RMB2,000,000 on Shenzhen Ruijin Co., Ltd. ("Shenzhen Ruijin") at the investment ratio of 17.24%, the investment amounting RMB270,898,456 on Jiangsu Leasing Co., Ltd. ("Jiangsu Leasing") at the investment ratio of 10.66%, the investment amounting RMB7,367,500 on Jiangsu Sundian Engineering Co., Ltd. ("Sundian") at the investment ratio of 15.00% and the investment amounting RMB10,460,000 on Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company") at the investment ratio of 7.24%.

For the above available-for-sale equity instruments, since they have not quoted in an active market and the fair value could not be reliably measured, nor did they have any significant influence over the investee companies, the Group measures them based on the cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

10. Investments in joint ventures and associates

(1) Basic information of material associates of the Group are as follows:

Unit: RMB

Name of investee	Type of the entity	Place of incorporation	Nature of business	Registered capital
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge")	State owned	Nanjing	service	2,137,248,000
Suzhou Sujiahang Expressway Co., Ltd. ("Sujiahang")	State owned	Suzhou	service	1,578,600,000
Suzhou Sujaiyong Expressway Co., Ltd. ("Sujaiyong")	State owned	Suzhou	service	100,000,000
Jiangsu Yanjiang Expressway Co., Ltd. ("Yanjiang")	State owned	Suzhou	service	3,355,000,000

(2) Summarized financial information in respect of each of the Group's material associates is set out below. (The summarized financial information below represents amounts shown in the associate's financial statements prepared after equity method adjustment.) Reconciliation of the below summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

Unit: RMB

Associates	Yangtze Bridge		Sujiahang		Sujaiyong		Yanjiang	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Current assets	236,615,788	238,081,243	544,166,883	348,057,474	749,532,209	879,433,718	895,960,689	774,780,522
Non-current assets	8,565,398,229	8,766,391,087	3,538,331,155	3,679,274,531	741,326,605	187,905,081	7,320,725,122	6,796,047,824
Current liabilities	648,475,181	1,027,499,699	459,879,312	463,536,546	165,290,419	59,529,509	823,195,595	803,643,327
Non-current liabilities	4,746,899,546	4,423,766,261	1,330,000,000	1,330,000,000	500,000,000	330,000,000	2,602,600,000	2,171,000,000
Net assets	3,406,639,290	3,553,206,370	2,292,618,726	2,233,795,459	825,568,395	677,809,290	4,790,890,216	4,596,185,019
Including: attribute to associate's shareholders	3,406,639,290	3,553,206,370	2,288,580,429	2,229,524,467	825,568,395	677,809,290	4,532,734,507	4,419,656,674
attribute to associate's minority	0	0	4,038,297	4,270,992	0	0	258,155,709	176,528,345
Period	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2014	Six months ended 30 June 2013
Revenue	543,684,588	493,304,710	561,662,012	507,389,700	0	0	710,324,528	624,471,960
Net profit attribute to associate's shareholders	171,320,208	134,994,127	185,343,959	142,389,855	-4,277,471	-11,503	202,309,185	163,830,580
Other comprehensive income(loss) attribute to associate's shareholders	-104,162,485	-41,662,979	0	0	0	0	0	0
Total comprehensive income attribute to associate's shareholders	67,157,723	93,331,148	185,343,959	142,389,855	-4,277,471	-11,503	202,309,185	163,830,580
Dividends received from associates	56,983,566	56,983,566	42,092,000	42,092,000	0	0	28,786,034	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

10. Investments in joint ventures and associates (continued)

- (2) Summarized financial information in respect of each of the Group's material associates is set out below. (The summarized financial information below represents amounts shown in the associate's financial statements prepared after equity method adjustment.) Reconciliation of the below summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements: (continued)

Date	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2014	2013	2014	2013	2014	2013	2014	2013
Adjusted to account for the associates' share:								
Net assets attributable to shareholders of associates	3,406,639,290	3,553,206,370	2,288,580,429	2,229,524,467	825,568,395	677,809,290	4,532,734,507	4,419,656,674
The shareholding ratio of the associates	26.66%	26.66%	33.33%	33.33%	22.77%	22.77%	29.81%	29.81%
The Company's equity share attribute to associate's shareholders	908,210,035	947,284,818	762,783,857	743,100,505	187,981,924	154,337,175	1,351,208,158	1,317,499,655
Effect of adjustment	53,174,433	53,178,967	28,607,014	28,607,224	-18,686	34,600,044	270,582,679	267,812,273
The carrying amount of the consolidated financial statements	961,384,468	1,000,463,785	791,390,871	771,707,729	187,963,238	188,937,219	1,621,790,837	1,585,311,928

- (3) Aggregate information of associates that are not individually material: not significant associates using equity method, the total of the respective items which are calculated according to the corresponding shareholding in the associates are as follows:

Unit: RMB

Date	30 June 2014	31 December 2013
The carrying amount of the consolidated financial statements	238,616,594	240,939,270
Period	Six months ended 30 June 2014	Six months ended 30 June 2013
The Group accounted for the carrying amount of the associate:		
Net profit attribute to associates' shareholder	-2,322,676	-1,839,290
The comprehensive income attribute to associates' shareholder	-2,322,676	-1,839,290

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

11. Long-term equity investments

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

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee (%)	Proportion of voting interest in the investee (%)	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Kuailu Co., Ltd.	Equity Method	49,899,600	64,181,065	-323,069	63,857,996	33.20	33.20	0	0	0
Yangtze Bridge	Equity Method	631,159,243	1,000,463,785	-39,079,317	961,384,468	26.66	26.66	0	0	56,983,566
Sujiahang	Equity Method	526,090,677	771,707,729	19,683,142	791,390,871	33.33	33.33	0	0	42,092,000
Sujiayong	Equity Method	189,027,432	188,937,219	-973,981	187,963,238	22.77	22.77	0	0	0
Xiexin	Equity Method	2,880,000	2,880,000	-516,087	2,363,913	48	48	0	0	0
Nanlin Hotel	Equity Method	160,000,000	169,359,421	-487,421	168,872,000	34.91	34.91	0	0	0
Yanjiang	Equity Method	1,466,200,000	1,585,311,928	36,478,909	1,621,790,837	29.81	29.81	0	0	28,786,034
Jiangsu Luode	Equity Method	5,850,000	4,518,784	-996,099	3,522,685	39	39	0	0	0
Total		3,031,106,952	3,787,359,931	13,786,077	3,801,146,008			0	0	127,861,600

Note: The foregoing companies are all unlisted company registered in PRC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

12. Investment properties

(1) Investment properties measured at cost

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount				
1. Buildings	39,378,877	0	0	39,378,877
2. Land use rights	0	0	0	0
II. Total accumulated depreciation and amortisation				
1. Buildings	3,963,731	687,797	0	4,651,528
2. Land use rights	0	0	0	0
III. Total net book value of investment properties				
1. Buildings	35,415,146	0	687,797	34,727,349
2. Land use rights	0	0	0	0
IV. Total accumulated provision for impairment losses of investment properties				
1. Buildings	0	0	0	0
2. Land use rights	0	0	0	0
V. Total carrying amounts of investment properties				
1. Buildings	35,415,146	0	687,797	34,727,349
2. Land use rights	0	0	0	0

Depreciation and amortisation for the current period is RMB687,797.

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

The investment properties represent the Zhongshan Meilu villa, shops in Kunshan Huijie Yanyuan and Kunshan Huijie office building held by the Group and rented out.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

13. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Opening carrying amount(restated)	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	2,442,739,255	13,919,685	18,308,000	2,438,350,940
Including: Buildings	881,637,702	388,880	969,672	881,056,910
Safety equipment	427,697,056	379,062	789,989	427,286,129
Communication and surveillance equipment	269,766,623	2,591,410	3,756,652	268,601,381
Toll stations and ancillary equipment	287,273,026	3,035,397	1,295,257	289,013,166
Machinery	390,359,368	4,390,605	7,627,440	387,122,533
Electronical equipment	42,954,608	804,903	255,107	43,504,404
Motor vehicles	70,152,686	472,136	642,534	69,982,288
Furniture and others	72,898,186	1,857,292	2,971,349	71,784,129
II. Total accumulated depreciation	1,343,190,835	111,700,066	15,031,440	1,439,859,461
Including: Buildings	330,200,514	18,695,255	47,951	348,847,818
Safety equipment	316,853,903	17,770,934	0	334,624,837
Communication and surveillance equipment	173,095,298	35,945,762	3,128,557	205,912,503
Toll stations and ancillary equipment	155,659,079	11,585,425	1,249,727	165,994,777
Machinery	265,942,340	14,413,886	7,333,642	273,022,584
Electronical equipment	24,773,263	4,905,236	247,533	29,430,966
Motor vehicles	30,297,976	5,056,818	607,999	34,746,795
Furniture and others	46,368,462	3,326,750	2,416,031	47,279,181
III. Total net book value of fixed assets	1,099,548,420			998,491,479
Including: Buildings	551,437,188			532,209,092
Safety equipment	110,843,153			92,661,292
Communication and surveillance equipment	96,671,325			62,688,878
Toll stations and ancillary equipment	131,613,947			123,018,389
Machinery	124,417,028			114,099,949
Electronical equipment	18,181,345			14,073,438
Motor vehicles	39,854,710			35,235,493
Furniture and others	26,529,724			24,504,948

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

13. Fixed assets (continued)

(1) Fixed assets (continued)

Item	Opening carrying amount(restated)	Increase in the current period	Decrease in the current period	Closing carrying amount
IV. Total provision for impairment losses	0	0	0	0
Including: Buildings	0	0	0	0
Safety equipment	0	0	0	0
Communication and surveillance equipment	0	0	0	0
Toll stations and ancillary equipment	0	0	0	0
Machinery	0	0	0	0
Electrical equipment	0	0	0	0
Motor vehicles	0	0	0	0
Furniture and others	0	0	0	0
V. Total carrying amount of fixed assets	1,099,548,420			998,491,479
Including: Buildings	551,437,188			532,209,092
Safety equipment	110,843,153			92,661,292
Communication and surveillance equipment	96,671,325			62,688,878
Toll stations and ancillary equipment	131,613,947			123,018,389
Machinery	124,417,028			114,099,949
Electrical equipment	18,181,345			14,073,438
Motor vehicles	39,854,710			35,235,493
Furniture and others	26,529,724			24,504,948

The depreciation for the current period is RMB111,700,066.

Original amount of construction in progress transferred to fixed assets during the period is RMB6,297,392.

As at 30 June 2014, no fixed assets were restricted.

(2) Fixed assets leased out under operating leases

Unit: RMB

Item	Closing balance	Opening balance
Buildings	58,810,234	68,355,884

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

14. Construction in progress

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

Unit: RMB

Item	Carrying amount	Closing balance		Net carrying amount	Opening balance		Net carrying amount
		Provision for impairment losses			Carrying amount	Provision for impairment losses	
Information project	71,800,789	0	71,800,789	48,808,601	0	48,808,601	
Housing projects of Toll stations and service areas	44,490,227	0	44,490,227	35,220,028	0	35,220,028	
Jingjiang interchange expansion project	34,975,500	0	34,975,500	19,700,000	0	19,700,000	
Noise barrier construction project	14,170,387	0	14,170,387	9,044,736	0	9,044,736	
Three big system construction project	9,172,336	0	9,172,336	4,242,800	0	4,242,800	
Employees activity centre	1,315,000	0	1,315,000	515,000	0	515,000	
Lighting system construction project	2,068,393	0	2,068,393	0	0	0	
Suzhou new district interchange expansion project	32,670,000	0	32,670,000	0	0	0	
Others	15,170,386	0	15,170,386	10,177,251	0	10,177,251	
Total	225,833,018	0	225,833,018	127,708,416	0	127,708,416	

(2) Changes in significant construction in progress:

Unit: RMB

Item	Opening balance	Increase in			Closing balance
		current period	Transfer to fixed assets	Other decreases	
Total	127,708,416	104,421,994	6,297,392	0	225,833,018

(3) The Group did not note any indicators of impairment; therefore there is no provision for impairment losses for construction in progress.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

15. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	23,404,915,754	0	0	23,404,915,754
Toll road operation rights	21,684,707,798	0	0	21,684,707,798
Land use right of Shanghai-Nanjing Expressway	1,681,281,002	0	0	1,681,281,002
Other land use rights	38,926,954	0	0	38,926,954
II. Total accumulated amortisation	7,683,165,112	407,787,752	0	8,090,952,864
Toll road operation rights	6,784,637,332	376,195,679	0	7,160,833,011
Land use right of Shanghai-Nanjing Expressway	883,309,212	30,736,409	0	914,045,621
Other land use rights	15,218,568	855,664	0	16,074,232
III. Total net book value of intangible assets	15,721,750,642			15,313,962,890
Toll road operation rights	14,900,070,466			14,523,874,787
Land use right of Shanghai-Nanjing Expressway	797,971,790			767,235,381
Other land use rights	23,708,386			22,852,722
IV. Total provision for impairment	0	0	0	0
Toll road operation rights	0	0	0	0
Land use right of Shanghai-Nanjing Expressway	0	0	0	0
Other land use rights	0	0	0	0
Total carrying amount of intangible assets	15,721,750,642			15,313,962,890

The amortisation for the current period is RMB407,787,752.

Description of intangible assets:

- (1) At 30 June 2014, bank loans amounting to RMB250,000,000 were secured by certain of the Group's toll road operation rights of approximately RMB1,441,181,795. The amortisation of such toll road operation rights was RMB42,020,618.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

16. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase in the year	Amortization for the year	Other reductions	Closing balance	Reasons for other reductions
Decorations for buildings	1,166,864	841,347	394,740	0	1,613,471	N/A

17. Deferred tax assets/deferred tax liabilities

- (1) Deferred tax assets or liabilities after offset, and the corresponding deductible or taxable temporary differences after offset

Unit: RMB

Item	Deferred tax assets or liabilities after offset at the end of the Reporting Period	Deductible or taxable temporary differences after offset at the end of the Reporting Period	Deferred tax assets or liabilities after offset at the beginning of the Reporting Period	Deductible or taxable temporary differences after offset at the beginning of the Reporting Period
Deferred tax assets:				
Deductible losses	7,393,935	29,575,742	6,444,943	25,779,771
Provision for impairment losses of assets	4,048,767	16,195,069	4,048,767	16,195,069
Valuation of financial instruments held for trading and derivatives	0	0	0	0
Prepayment of Enterprise business tax and land appreciation tax for real estate pre-sale and so on	0	0	0	0
Unrealized profits	18,877,938	75,511,750	5,813,885	23,255,542
Total	30,320,640	121,282,561	16,307,595	65,230,382
Deferred tax liabilities:				
Valuation of financial instruments held for trading and derivatives	639,761	2,559,044	43,849	175,396
Prepayment of Enterprise business tax and land appreciation tax for real estate pre-sale and so on	882,301	3,529,204	1,325,400	5,301,600
Total	1,522,062	6,088,248	1,369,249	5,476,996

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

18. Short-term borrowings

- (1) Categories of short-term borrowings:

Unit: RMB

Item	Closing balance	Opening balance
Unsecured loans	550,000,000	1,220,000,000
Including: Bank loans	360,000,000	1,030,000,000
Entrusted loans	190,000,000	190,000,000
Short-term bonds	2,000,000,000	2,000,000,000
Super short-term bonds	700,000,000	0
Total	3,250,000,000	3,220,000,000

Note: Short-term bonds represent the bonds issued on 17 October 2013 and 18 November 2013, bear interest at 5.32% and 5.69% per annum respectively. And Super short-term bonds represent the bonds issued on 17 April 2014 and 12 June 2014, which are of 180 days' and 270 days' holding period, with code of 011484001 and 011484002, bear interest at 5.08% and 4.89% per annum respectively.

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

19. Accounts payable

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

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	388,298,657	253,944,705
1-2 years	42,599,403	56,854,497
2-3 years	205,419	26,363,883
Over 3 years	23,911,937	34,500,404
Total	455,015,416	371,663,489

Description of significant accounts payable aged more than one year:

As at 30 June 2014, the accounts payable aged over 1 year of the Group mainly represents the construction payable amounting to RMB40,472,957 and the construction payable for real estate amounting to RMB26,243,802. The amount keeps unpaid because the construction settlement procedure is long.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

19. Accounts payable (continued)

(2) Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Construction payable	68,059,622	34,500,404
Construction payable for real estate project	326,943,835	291,549,972
Toll road fee payable	26,780,786	19,486,421
Daily purchase payable for service zones	9,627,546	23,444,457
Others	23,603,627	2,682,235
Total	455,015,416	371,663,489

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

20. Receipts in advance

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

Unit: RMB

Item	Closing balance	Opening balance
Rental deposit received in advance	12,806,359	4,274,926
Advertising service fee received in advance	9,817,761	11,598,617
Income from properties for sales received in advance	375,234,502	396,937,132
Others	891,302	95,951
Total	398,749,924	412,906,626

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

21. Employee benefits payable

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Wages or salaries, bonuses, allowances and subsidies	0	135,455,225	135,455,225	0
II. Staff welfare	0	11,889,774	11,889,774	0
III. Social security contributions	0	67,783,293	67,783,293	0
Including: Medical insurance	0	26,296,724	26,296,724	0
Basic pension insurance	0	24,413,211	24,413,211	0
Supplemental pension	0	13,005,453	13,005,453	0
Unemployment insurance	0	1,843,068	1,843,068	0
Compo insurance	0	1,177,120	1,177,120	0
Bearing insurance	0	1,047,717	1,047,717	0
IV. Housing funds	0	13,886,517	13,886,517	0
V. Termination benefits	0	384,073	384,073	0
VI. Others	902,085	24,948,759	24,734,367	1,116,477
Outlay for Labour union and employees education	902,085	3,573,456	3,359,064	1,116,477
Non-monetary welfare	0	12,482,605	12,482,605	0
Others	0	8,892,698	8,892,698	0
Total	902,085	254,347,641	254,133,249	1,116,477

The overdue employee benefits payable is: N/A.

22. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	80,357,546	131,755,688
Business tax	14,819,600	15,941,345
Land appreciation tax	0	0
VAT	1,943,993	1,789,643
Property tax	703,586	497,866
Individual income tax	8,616,353	1,730,203
Others	3,649,665	4,252,182
Total	110,090,743	155,966,927

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

23. Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest payable of long-term borrowings with interest payable by installments and principal payable on maturity	444,444	454,444
Interest payable of enterprise bond	53,027,863	48,856,322
Interest payable of short-term borrowings	758,334	3,787,444
Interest payable of short-term bond	73,541,388	18,185,555
Interest payable of super short-term bond	3,310,945	0
Total	131,082,974	71,283,765

24. Dividends payable

Unit: RMB

Name of entity	Closing balance	Opening balance	Reasons dividends payable aged more than one year
Part of domestic shareholders	68,678,625	62,903,610	Some shareholders did not draw out the dividends
China Merchants Huajian Highway Investment Co., Ltd.	45,969,330	0	N/A
Total	114,647,955	62,903,610	

25. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	Closing balance	Opening balance
312 toll road operation right acquisition costs payable	10,000,000	10,000,000
Construction quality warrantee fee payable	14,121,979	117,688,410
Others	20,170,077	47,267,460
Total	44,292,056	174,955,870

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

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

As at 30 June 2014, other payables aged more than one year mainly include 312 toll road operation right acquisition costs payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

26. Non-current liabilities due within one year

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

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	1,524,424	1,510,574

(2) Long-term borrowings due within one year

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed loans	1,524,424	1,510,574
Non-guaranteed loans	0	0
Total	1,524,424	1,510,574

27. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Private Placement Bond	1,500,000,000	1,000,000,000
Total	1,500,000,000	1,000,000,000

Other current liabilities represent the private placement bonds with 12 months maturity. The bonds were issued on 29 July 2013, 27 August 2013 and 22 May 2014 with code of 031369002, 031369003 and 031490397 respectively. The par value were RMB600,000,000, RMB400,000,000 and RMB500,000,000. Nominal interest rate was 5.3%, 5.5% and 5.6% respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

28. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured loans (note 1)	250,000,000	250,000,000
Guaranteed loans (note 2)	22,104,149	22,658,613
Non-guaranteed loans	0	0
Sub-total	272,104,149	272,658,613
Less: Non-current liabilities due within one year (note VI (26))	1,524,424	1,510,574
Total long-term borrowings mature after 1 year	270,579,725	271,148,039

Description of categories of long-term borrowings:

Note 1: A subsidiary of the Company, Guangjing Xicheng obtained bank loans amounting to RMB400,000,000 from Bank of Communications Jiangsu branch in 2012 for the investment in Yanjiang. The bank loans were secured by toll road operation rights of Guangjing Xicheng. By the reporting period end, Guangjing Xicheng has repaid in advance with RMB150,000,000 in total. The interest rate is floating with the benchmark interest rate announced by the Peoples Bank of China. During current period, the annual interest rate is 6.4%.

Note 2: The Company obtained bank credit limit of USD9,800,000 from Jiangsu branch of Bank of China in 1998. The credit limit was used to import machinery and technology and guaranteed by Jiangsu Communications Holding Company Limited. The credit limits include buyer's credit loan of USD4,900,000 and Spanish government loan of USD4,900,000. The buyer's credit loan has been paid up in 2006. The Spanish government loan is paid up every half year from January 2009 to 2029 for 40 installments with annum interest rate of 2%. The USD denominated Spanish government loans were guaranteed by the Company's parent, Jiangsu Communications Holding, which is a state-owned enterprise incorporated in the PRC.

29. Bond payable

Unit: RMB

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening interest payable	Accrued interest for the period	Interest paid during the period	Closing interest payable	Closing balance
Private Placement Bond	500,000,000	18 June, 2012	3 years	495,765,250	2,092,461	27,199,295	26,500,000	2,791,756	498,557,006
Medium-term notes	500,000,000	19 June, 2013	5 years	492,500,000	716,686	25,568,660	24,900,000	1,385,346	493,885,346
Total	1,000,000,000			988,265,250	2,809,147	52,767,955	51,400,000	4,177,102	992,442,352

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

30. Share capital

Unit: RMB

	Opening balance	Change for the period				Subtotal	Closing balance
		New issue of shares	Bonus issue	Capitalisation of surplus reserve	Others		
As at 30 June 2014							
I. Restricted tradable shares							
1. State-owned shares	0	0	0	0	0	0	0
2. State-owned legal person shares	0	0	0	0	0	0	0
3. Other domestic-owned shares	22,992,145	0	0	0	0	0	22,992,145
4. Other foreign-owned shares	0	0	0	0	0	0	0
Total restricted tradable shares	22,992,145	0	0	0	0	0	22,992,145
II. Tradable shares							
1. Ordinary shares denominated in RMB	3,792,755,355	0	0	0	0	0	3,792,755,355
2. Foreign-owned shares listed domestically	0	0	0	0	0	0	0
3. Foreign-owned shares listed overseas	1,222,000,000	0	0	0	0	0	1,222,000,000
4. Others	0	0	0	0	0	0	0
Total tradable shares	5,014,755,355	0	0	0	0	0	5,014,755,355
III. Total shares	5,037,747,500	0	0	0	0	0	5,037,747,500

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 result of the share reform, 48,000,000 non-tradable shares were transferred to the 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, part of them have been transferred to the category of tradable A share upon the granting of trading status on 16 May 2007, 14 June 2007, 27 July 2007, 28 February 2008, 10 October 2008, 8 June 2009, 10 March 2010, 17 December 2010, 20 May 2011, 29 July 2011, 17 August 2012 and 6 November 2013 separately.

The Group did not purchase, sale or repurchase shares of the Company for the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

31. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
At as 30 June 2014				
Capital premium	4,800,576,953	0	0	4,800,576,953
Including: Capital contributed by investors	4,800,576,953	0	0	4,800,576,953
Other comprehensive income (note 1)	95,858,321	0	27,769,719	68,088,602
Other capital reserve	2,682,977,235	0	0	2,682,977,235
Including: Transfer from capital reserve under the previous accounting system	2,682,977,235	0	0	2,682,977,235
Total	7,579,412,509	0	27,769,719	7,551,642,790
At as 30 June 2013				
Capital premium	4,801,561,763	0	0	4,801,561,763
Including: Capital contributed by investors	4,801,561,763	0	0	4,801,561,763
Other comprehensive income	81,405,369	0	11,107,350	70,298,019
Other capital reserve	2,682,977,235	0	0	2,682,977,235
Including: Transfer from capital reserve under the previous accounting system	2,682,977,235	0	0	2,682,977,235
Total	7,565,944,367	0	11,107,350	7,554,837,017

Description of capital reserve:

note 1: During the period, other comprehensive income decreased from the fair value adjustment of the available for sale financial assets of Yangtze Bridge, one of the associates of the Group. The Group adjusted capital reserve at the share proportion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

32. Retained profits

Unit: RMB

Item	Amount	Proportion of appropriation
At as 30 June 2014		
Retained profits at the end of prior period	4,146,025,799	
Add: Net profit attributable to owners of the Company for the year	1,344,010,654	
Less: Appropriation to statutory surplus reserve		
Declaration of dividends on ordinary shares (note 1)	1,914,344,050	Cash dividends of RMB0.38 per share
	3,575,692,403	
	3,575,692,403	
At as 30 June 2013		
Retained profits at the end of prior period	3,535,043,036	
Add: Net profit attributable to owners of the Company for the year	1,435,271,562	
Less: Appropriation to statutory surplus reserve	0	
Declaration of dividends on ordinary shares	1,813,589,100	Cash dividends of RMB0.36 per share
	3,156,725,498	
	3,156,725,498	

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

In 2014, on the basis of 5,037,747,500 issued shares (with the par value of RMB1 per share), dividends in cash of RMB0.38 per share were distributed to all the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

33. Operating income and operating costs

(1) Operating income

Unit: RMB

Item	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	3,742,119,241	1,813,035,627	3,607,626,662	1,682,758,241
Including:				
Shanghai-Nanjing Expressway	2,216,708,705	505,139,425	2,166,952,583	491,512,684
312 National Highway	26,358,501	134,889,011	25,587,668	67,337,195
Guangjing Xicheng Expressway	384,418,304	83,666,108	351,129,976	95,756,063
Nanjing-Lianyungang Highway	15,982,803	8,208,654	16,567,608	8,477,388
Ancillary services	1,098,650,928	1,081,132,429	1,047,388,827	1,019,674,911
Real estate development	162,952,953	138,808,764	41,706,785	31,344,106
Advertising and others	21,694,974	6,491,212	19,139,331	6,090,558
Total	<u>3,926,767,168</u>	<u>1,958,335,603</u>	<u>3,668,472,778</u>	<u>1,720,192,905</u>

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

34. Business taxes and levies

Unit: RMB

Item	Amount		Basis of calculation
	incurred in the current period	incurred in the prior period	
Business tax	94,765,850	83,410,749	3% of toll revenue 5% of maintenance revenue 5% of advertisement revenue
Construction and maintenance tax	6,762,553	6,069,565	7% of actual paid turnover taxes
Education surcharge	4,972,643	4,392,327	5% of actual paid turnover taxes
Land appreciation tax	5,271,096	871,086	progressive rates ranging from 30% to 60%
Culture construction fee	<u>377,976</u>	<u>425,229</u>	
Total	<u>112,150,118</u>	<u>95,168,956</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

35. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expense	147,638,937	119,253,459
Less: Capitalised interest expenses	0	0
Less: Interest income	2,978,359	2,360,809
Exchange differences	4,153,504	-399,143
Bond issue fee and other loan charges	4,078,000	1,612,652
Others	215,073	216,424
Total	153,107,155	118,322,583

36. Gains from changes in fair values

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Held-for-trading financial assets	2,383,650	669,980
Total	2,383,650	669,980

37. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under equity method	169,417,396	134,456,977
Investment income from available-for-sale financial assets	22,966,350	47,143,725
Total	192,383,746	181,600,702

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

38. Non-operating income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Total gains on disposal of non-current assets	102,881	89,446,488
Including: Gains on disposal of fixed assets	102,881	682,580
Gains on disposal of intangible assets	0	88,763,908
Compensation income from damaged road	2,910,984	3,892,272
Others	586,177	479,862
Total	3,600,042	93,818,622

39. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Total losses on disposal of non-current assets	899,218	699,289
Including: Losses on disposal of fixed assets	899,218	699,289
Repair expenditure of damaged road	6,801,657	7,774,669
Donation	838,000	830,000
Others	1,433,880	726,852
Total	9,972,755	10,030,810

40. Income tax expense

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expense calculated according to tax laws and relevant requirements - PRC	423,233,619	443,858,809
Adjustments to deferred tax	-13,860,232	167,495
Less (Over) provision of prior years' tax	5,723,258	0
Total	415,096,645	444,026,304

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

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

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

Unit: RMB

	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to ordinary shareholders	1,344,010,654	1,435,271,562
Including: Net profit from continuing operations	1,344,010,654	1,435,271,562
Net profit from discontinued operations	0	0

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

Unit: RMB

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

Earnings per share

Unit: RMB

	Amount for the current period	Amount for the prior period
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.2668	0.2849
Diluted earnings per share	N/A	N/A
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.2668	0.2849
Diluted earnings per share	N/A	N/A
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	N/A	N/A
Diluted earnings per share	N/A	N/A

Interim dividends:

For the Reporting Period, the Board of the Company has neither recommended the payment of an interim dividend for the six months ended 30 June 2014 (corresponding period of 2013: Nil), nor increased the share capital by transferring reserve fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

42. Other comprehensive income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Share of other comprehensive income of the investee accounted for using the equity method	-27,769,719	-11,107,350

43. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Receipts from compensation of damaged road, non-operating income and bank deposits received	21,280,412	21,135,135
Total	21,280,412	21,135,135

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Payment of non-salary and other expenditure	27,005,523	35,543,999
Total	27,005,523	35,543,999

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

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

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

(6) Other cash payments relating to financing activities:

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Bond issue fee and other charges of loans	5,934,486	3,032,252
Total	5,934,486	3,032,252

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

44. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Amount incurred in the current period	Amount incurred in the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,386,436,329	1,474,322,211
Add: Reversals of provision for impairment losses of assets	0	0
Depreciation of fixed assets	111,700,066	85,470,234
Amortisation of intangible assets	407,787,752	388,863,979
Amortisation of long-term prepaid expenses	394,740	233,470
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “—”)	796,337	-88,747,199
Losses on changes in fair values (gains are indicated by “—”)	-2,383,650	-669,980
Financial expenses (income is indicated by “—”)	155,870,441	120,307,440
Losses arising from investments (gains are indicated by “—”)	-192,383,746	-181,600,702
Decrease in deferred tax assets (increase is indicated by “—”)	-14,013,045	167,495
Increase in deferred tax liabilities (decrease is indicated by “—”)	152,813	0
Decrease in inventories (increase is indicated by “—”)	-59,228,261	-120,735,655
Decrease in receivables from operating activities (increase is indicated by “—”)	-222,402,636	-212,870,742
Increase in payables from operating activities (decrease is indicated by “—”)	69,195,225	20,768,801
Others- depreciation of investment properties	687,797	610,775
Net cash flow from operating activities	1,642,610,162	1,486,120,127
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	0	0
Convertible bonds due within one year	0	0
Fixed assets acquired under finance leases	0	0
3. Net changes in cash and cash equivalents:		
Closing balance of cash	510,793,177	1,564,079,250
Less: Opening balance of cash	409,176,746	686,484,787
Net increase (decrease) in cash and cash equivalents	101,616,431	877,594,463

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Unit: RMB

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

2. Subsidiaries of the Company

Unit: RMB

Full name of subsidiary	Type of the subsidiary	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of ownership interests (%)	Organisation code
Guangjing Xicheng	Non-wholly owned subsidiary	Limited liability company	Nanjing	Chang Qing	Service	850,000,000	85	71408945-7
Wuxi Jingcheng Advertising Co., Ltd.	Non-wholly owned subsidiary	Limited liability company	Wuxi	Xu Ze Min	Service	1,000,000	85	72352469-9
Ninghu Investment	Wholly owned subsidiary	Limited liability company	Nanjing	Qian Yong Xiang	Investment and service	100,000,000	100	74236487-4
Kunshan Fengyuan	Wholly owned subsidiary	Limited liability company	Kunshan	Qian Yong Xiang	Real estate	42,000,000	100	78765432-2
Ninghu Properties	Wholly owned subsidiary	Limited liability company	Nanjing	Qian Yong Xiang	Real estate	500,000,000	100	67763731-0
Kunshan Properties	Wholly owned subsidiary	Limited liability company	Kunshan	Chen Hong Tu	Real estate	200,000,000	100	69449070-1
Suzhou Properties	Wholly owned subsidiary	Limited liability company	Suzhou	Chen Hong Tu	Real estate	100,000,000	100	30181750-8

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

3. Associates and joint ventures of the entity

Unit: RMB

Name of investee	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of ownership interest held by the Company (%)	Related party relationship	Whether a connected Party	Organisation code
I. Joint ventures									
N/A									
II. Associates									
Kuailu Co., Ltd.	State owned	Nanjing	Sun Hong Ning	Service	150,300,000	33.20	Associate	No	13478934-2
Yangtze Bridge	State owned	Nanjing	Chen Xiang Hui	Service	2,137,248,000	26.66	Associate	Yes	13476509-2
Sujiahang	State owned	Suzhou	Yao Zhen Kang	Service	1,578,600,000	33.33	Associate	No	13776920-8
Sujiayang	State owned	Suzhou	Qian Jin Long	Service	100,000,000	22.77	Associate	No	59698120-8
Xiexin	State owned	Nanjing	Tang Cheng	Service	30,000,000	48.00	Associate	No	08803261-2
Nanlin Hotel	State owned	Suzhou	Sun Hong Ning	Service	227,715,968	34.91	Associate	Yes	13773558-5
Yanjiang	State owned	Suzhou	Yang Fei	Service	3,355,000,000	29.81	Associate	Yes	73072605-7
Luode Fund Company	State owned	Nanjing	Qian Yong xiang	Service	30,000,000	39	Associate	No	06708083-4

4. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Whether a connected party	Organisation code
Network Operation Company	Same ultimate shareholder	Yes	77050954-0
Sundian	Same ultimate shareholder	Yes	74821796-3
Jiangsu Expressway Petroleum Development Co., Ltd. ("Jiangsu Petroleum Company")	Same ultimate shareholder	Yes	73572481-9
Jiangsu Leasing	Same ultimate shareholder	Yes	13475854-6
Jiangsu Far East Shipping Co., Ltd. ("Far Ease Shipping")	Same ultimate shareholder	Yes	73225111-2
Jiangsu Communications Holding Group Finance Company Limited ("Group Finance Company")	Same ultimate shareholder	Yes	58843422-0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions

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

Unit: RMB

Related party	Type of related party transactions	Whether a connected transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount for the current period		Amount for the prior period	
					Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Kuailu Co., Ltd.	Goods sold	No	Petrol fee		3,712,044	0	5,219,138	1
Kuailu Co., Ltd.	Service provided	No	Toll road fee		2,100,000	0	3,900,000	0
Network Operation Company*	Service received	Yes	Management fee for toll road system management and maintenance	For significant related party transactions, the price is settled by public tender bid price, or for reference of quote from independent, qualified construction provider after arm's length negotiation in principle that less than relevant market price. The Board Meeting should review and approve the quote and the related director should abstain from voting. The independent directors should then express an independent opinion. For other insignificant related party transactions, the price is settled by signed contracts.	13,701,479	100	12,169,024	100
Sundian*	Service received	Yes	Road maintenance fee		9,147,259	26	13,000,000	38
Sundian*	Goods sold	Yes	Petrol fee		401,486	0	305,222	0
Nanlin Hotel*	Service received	Yes	Food and beverage		34,833	5	19,415	0
Far East Shipping*	Financing	Yes	Entrusted loans' interest expense		5,731,667	4	5,695,723	5
Group Finance Company *	Financing	Yes	Liquidity loans' interest expense		1,304,667	1	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(2) Leases with related parties

Unit: RMB

Name of lessor	Name of lessee	Whether a connected transaction	Type of leased assets	Lease income recognized in the current year	Leasing begin date	Leasing ending date	Lease income recognized in the current year	Basis of determining the lease income	Effect to the Group
The Company	Network Operation Company*	Yes	Buildings lease	16,214,130	1 May 2014	30 April 2015	2,088,767	Base on cost recovery principle, and tax effect considered as well	Not significant
The Company	Sundian*	Yes	Buildings lease	10,802,302	1 September 2011	31 August 2014	845,000	Base on cost recovery principle, and tax effect considered as well	Not significant
Guangjing Xicheng	Jiangsu Petroleum Company*	Yes	Petrol business lease	1,139,773	1 January 2012	31 December 2014	2,199,300	The leasing fee is calculated on the basis of the sales volume of the petroleum products at RMB100 per ton, with the minimum leasing fee amounted to RMB500,000 per annum.	Not significant

(3) Guarantees with related parties

Unit: RMB

Guarantor	Whether a connected transaction	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Communications Holding*	Yes	The Company	22,104,149	15 October 1998	18 July 2027	Not completed

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Borrowings/loans with related parties

During the half year:

Unit: RMB

Related party	Whether a connected transaction	Amount of borrowing/loan	Inception date	Maturity date	Amount at the end of the current year	Remarks
Borrowed from:						
Group Finance Company*	Yes	100,000,000	23 June 2014	22 June 2015	100,000,000	Liquidity loan with annual interest rate of 5.7%
Group Finance Company*	Yes	100,000,000	25 June 2014	24 June 2015	100,000,000	Liquidity loan with annual interest rate of 5.7%
Group Finance Company*	Yes	50,000,000	25 June 2014	24 December 2014	50,000,000	Liquidity loan with annual interest rate of 5.7%

Lend to:
N/A

Note: As at 30 June 2014, the balance of borrowing from related parties amounted to RMB440,000,000.

In the same period of last year:

Unit: RMB

Related party	Whether a connected transaction	Amount of borrowing/loan	Inception date	Maturity date	Amount at the end of the current year	Remarks
Borrowed from:						
Far East Shipping*	Yes	40,000,000	29 March 2013	29 March 2014	40,000,000	Entrusted loan with annual interest rate of 6%
Far East Shipping*	Yes	50,000,000	10 May 2013	10 May 2014	50,000,000	Entrusted loan with annual interest rate of 6%
Far East Shipping*	Yes	100,000,000	25 June 2013	25 June 2014	100,000,000	Entrusted loan with annual interest rate of 6%

Lend to:
N/A

* Representing the continuing connected transaction as defined in Chapter 14A of the Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accountants receivable	Kuailu Co., Ltd.	4,292,147	0	541,226	0
	Sujiahang	8,658,994	0	7,259,979	0
	Yangtze Bridge	314,744	0	135,097	0
	Yanjiang	895,919	0	0	0
	Jiangsu Petroleum Company	2,199,300	0	2,165,300	0
	Sundian	31,601	0	0	0
Subtotal		16,392,705	0	10,101,602	0
Other receivables	Sundian	774,445	0	0	0
	Network Operation Company	4,097,274	0	0	0
Subtotal		4,871,719	0	0	0
Dividends receivable	Kuailu Co., Ltd.	4,989,960	0	4,989,960	0
	Yangtze Bridge	28,491,783	0	0	0
	Sujiahang	28,786,034	0	0	0
Subtotal		62,267,777	0	4,989,960	0

(2) Amounts due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Accounts payable	Sujiahang	2,780,201	2,078,205
	Yangtze Bridge	1,514,800	1,221,044
	Yanjiang	2,980,518	1,944,738
	Sundian	5,261,580	0
	Network Operation Company	2,200,000	0
Subtotal		14,737,099	5,243,987
Receipts in advance	Sundian	80,000	361,667
Subtotal		80,000	361,667
Other payable	Network Operation Company	12,734,020	7,379,868
	Sundian	0	12,923,196
Subtotal		12,734,020	20,303,064
Short-term borrowings	Far East Shipping	190,000,000	190,000,000
	Group Finance Company	250,000,000	80,000,000
Subtotal		440,000,000	270,000,000
Interest payable	Far East Shipping	316,667	348,333
	Group Finance Company	268,334	137,425
Subtotal		585,001	485,758

VIII. CONTINGENCIES

Ninghu Real Estate, a subsidiary of the Group provides guarantees to banks for bank borrowings granted to buyers of properties Huaqiao C4 Tongcheng Hongqiao Mansion, Huaqiao Urban Core B4 Guangmingjiezuo Project and Baohua Hongyan Community B1 Tongchengshijia Project. The obligation begins from the date on which the guarantee contract comes into effect and will end when the buyers obtain certifications of the purchased properties and complete registration of mortgage and pass the properties warrants certification to bank. As at 30 June 2014, the outstanding guarantees amounted to approximately RMB187,364,334 (31 December 2013: RMB83,921,525).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

IX. COMMITMENTS

1. Significant commitments

(1) Capital commitments

Unit: RMB

	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements:		
—Commitment for acquisition and construction of long-term assets	246,592,959	229,210,392
Capital commitments that have been approved by management but not been entered into contracts	463,904,337	0
Total	710,497,296	229,210,392

(2) Operating lease commitments

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

Unit: RMB

	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	2,164,823	3,150,441
2nd year subsequent to the balance sheet date	10,080	1,605,240
3rd year subsequent to the balance sheet date	0	0
Subsequent periods	0	0
Total	2,174,903	4,755,681

(3) Other commitments

The Group is committed to pay in the following year to Jiangsu Ninglian Ningtong Management Office, an independent third party, a management service charge calculated at a fixed rate of 17% of the total toll revenue collected that year on Nanjing-Lianyungang Highway per annum for a term of 30 years from 1 January 2000.

X. EVENTS AFTER THE BALANCE SHEET DATE

There are no material events subsequent to the end of the interim period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

XI. OTHER SIGNIFICANT EVENTS

1. Net current assets (liabilities)/Total assets less current liabilities

Unit: RMB

	Closing balance	Opening balance
Current assets	5,070,824,267	4,753,929,400
Total assets	26,767,645,078	26,833,912,370
Less: current liabilities	6,006,519,969	5,472,092,946
Net current liabilities (note)	-935,695,702	-718,163,546
Total assets less current liabilities	<u>20,761,125,109</u>	<u>21,361,819,424</u>

Note: 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 short-term borrowing facilities at 30 June 2014 of approximately RMB6,940,000,000(31 December 2013: RMB6,600,000,000) 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 RMB935,695,702 (31 December 2013: RMB718,163,546) at the end of the Reporting Period, the Group has well managed the liquidity risk.

2. Net Profit for the period has been arrived at after charging:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Staff costs (Include: directors' emoluments)	216,928,977	176,520,423
Retirement benefits scheme contributions	37,418,664	33,793,191
Total staff costs	254,347,641	210,313,614
Depreciation and amortisation (Included in operating costs and administrative expenses)	488,978,282	442,641,307
Losses on disposal of non-current assets	796,337	699,289
Amortization of land use rights (Included in operating costs and administrative expenses)	31,592,073	32,537,151
Cost of properties for sale	138,808,764	31,344,106
Cost of other inventories recognized as an expense	1,005,612,873	955,159,186

3. Others

3(1). Segment

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 7 reporting segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are Shanghai-Nanjing Expressway, 312 National Highway, Nanjing-Lianyungang Highway, Guangjing Xicheng Expressway, Ancillary services, Real estate development and Advertising and others. The reporting segments are determined based on the standard with which the Group's management evaluates the operating results of these reporting segments and make decisions about resources to be allocated to the segments.

Ancillary services include petrol, food and beverage and retail service in service zone along the expressways.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

XI. OTHER SIGNIFICANT EVENTS (continued)

3. Others (continued)

3(1). Segment (continued)

Segment information

	Unit: RMB																	
	Shanghai-Nanjing Expressway		312 National Highway		Nanjing-Lanyungang Highway		Guangjing-Xicheng Expressway		Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income	2,216,708,705	2,166,952,583	26,358,501	25,537,668	15,992,803	16,557,608	384,418,304	351,123,576	1,096,650,928	1,047,388,827	162,952,953	41,706,785	21,684,974	19,139,331	3,926,767,168	3,668,472,778		
Operating costs	565,138,425	481,512,684	134,888,011	67,337,195	8,208,654	8,477,388	83,666,108	95,756,063	1,081,132,429	1,019,674,911	138,882,764	31,344,105	6,491,212	6,880,359	1,956,335,603	1,720,192,365		
Including: Amortization of toll roads operation rights	223,432,882	284,229,555	105,250,631	27,121,840	5,491,578	5,680,884	42,020,618	39,114,539							376,195,679	356,326,828		
Costs of petrol and other goods sold in service zones									1,005,612,873	955,511,176								
Segment operating profit (loss)	1,711,569,280	1,675,439,899	-108,530,510	-41,749,527	7,774,149	8,080,220	300,752,196	255,373,913	17,518,499	27,713,916	24,144,189	10,362,680	15,203,762	13,048,772	0	0	1,988,431,565	1,948,279,973
Reconciling items:																		
Business taxes and levies	74,481,412	72,889,607	1,478,076	1,432,909	557,022	556,672	12,916,455	11,797,967	7,877,084	4,757,786	14,298,143	3,183,582	569,946	630,433			121,150,118	95,168,566
Selling expenses											7,499,017	3,980,257	58,668	225,127			7,557,685	4,205,384
Administrative expenses	307,736,409	31,681,467													51,741,907	46,511,442	82,478,316	78,282,929
Financial expenses															153,107,155	118,322,583	153,107,155	118,322,583
Impairment loss of assets															0	0	0	0
Gains from changes in fair values																		
Investment income															2,383,650	669,380	2,383,650	669,380
Operating profit	1,606,351,459	1,570,948,805	-110,006,585	-43,182,436	7,237,127	7,533,548	287,855,740	243,575,946	9,646,435	22,965,130	2,347,029	3,188,841	14,576,148	12,193,212	3,600,042	3,600,042	93,818,622	93,818,622
Non-operating income																		
Non-operating expenses																		
Total profit	1,606,351,459	1,570,948,805	-110,006,585	-43,182,436	7,237,127	7,533,548	287,855,740	243,575,946	9,646,435	22,965,130	2,347,029	3,188,841	14,576,148	12,193,212	3,600,042	3,600,042	93,818,622	93,818,622
Income tax expenses																		
Net profit	1,606,351,459	1,570,948,805	-110,006,585	-43,182,436	7,237,127	7,533,548	287,855,740	243,575,946	9,646,435	22,965,130	2,347,029	3,188,841	14,576,148	12,193,212	3,600,042	3,600,042	93,818,622	93,818,622
Total segment assets	13,128,767,297	13,414,938,917	1,041,334,546	1,154,032,069	310,579,458	316,071,035	1,481,942,200	1,520,754,150	353,697,338	339,536,057	3,025,566,360	2,924,629,689	335,533,408	324,506,444	7,082,634,671	6,829,443,999	26,767,645,078	26,833,912,370

Segment profit represents the gross profit earned by each segment without allocation of finance costs, and investment income. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to segments other than available-for-sale financial assets, long-term equity investment, held-for-trading financial assets and cash and bank balances etc.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

1. Accounts receivable

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

Unit: RMB

Aging	Closing balance			Opening balance				
	Amount	Proportion (%)		Amount	Proportion	Amount	Proportion	
Within 1 year	68,318,164	100	0	68,318,164	45,802,206	100	0	45,802,206
More than 1 year but not exceed 2 years	0	0	0	0	0	0	0	0
More than 2 years but not exceeding 3 years	0	0	0	0	0	0	0	0
More than 3 years	0	0	0	0	0	0	0	0
Total	68,318,164	100	0	68,318,164	45,802,206	100	0	45,802,206

(2) There are no accounts receivable from shareholders holding at least 5% of the Company's shares with voting power in the Reporting Period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

1. Accounts receivable (continued)

(3) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	57,195,428	84	0	0	27,225,266	59	0	0
Accounts receivable for which bad debt provision has been assessed by portfolios	11,122,736	16	0	0	18,576,940	41	0	0
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	0	0	0	0	0	0	0	0
Total	68,318,164	100	0	0	45,802,206	100	0	0

2. Prepayments

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	29,166,514	72	11,881,980	76
1-2 years	11,430,000	28	3,810,000	24
Total	40,596,514	100	15,691,980	100

(2) No prepayments to shareholders holding at least 5% of the Company's shares with voting power in the Reporting Period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

2. Prepayments (continued)

(3) Explanations of prepayments:

Disclosure of prepayments by client categories is as follows:

Unit: RMB

Category	Closing balance	Opening balance
Individually significant prepayments	38,793,484	14,248,344
Individually insignificant prepayments but with significant risks after being grouped according to credit risk characteristics	0	0
Other insignificant prepayments	1,803,030	1,443,636
Total	40,596,514	15,691,980

3. Other receivables

(1) Aging analysis of other receivables is as follows:

Unit: RMB

Aging	Closing balance			Opening balance		
	Amount	Proportion (%)	Carrying amount	Amount	Proportion (%)	Carrying amount
Within 1 year	101,196,203	8	370,468	100,825,735	8	370,468
More than 1 year but not exceed 2 years	1,198,295,921	91	0	1,198,295,921	91	0
More than 2 years but not exceed 3 years	0	0	0	0	0	0
More than 3 years	15,823,769	1	15,823,769	0	1	15,823,769
Total	1,315,315,893	100	16,194,237	1,299,121,656	100	16,194,237

(2) No other receivables due from shareholders holding at least 5% of the Company's shares with voting power in the Reporting Period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

3. Other receivables (continued)

(3) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision has been assessed individually	1,312,245,373	100	15,812,140	98	1,225,341,812	99	15,812,140	98
Other receivable for which bad debt provision has been assessed by portfolios	0	0	0	0	0	0	0	0
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	3,070,520	0	382,097	2	7,141,350	1	382,097	2
Total	1,315,315,893	100	16,194,237	100	1,232,483,162	100	16,194,237	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

4. Long-term equity investments

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

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee (%)	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Associates:									
Kuailu Co., Ltd.	Equity method	49,899,600	64,181,065	-323,069	63,857,996	33.20	0	0	0
Yangtze Bridge	Equity method	631,159,243	1,000,463,785	-39,079,317	961,384,468	26.66	0	0	56,983,566
Sujiahang	Equity method	526,090,677	771,707,729	19,683,142	791,390,871	33.33	0	0	42,092,000
Sujiayong	Equity method	189,027,432	188,937,219	-973,981	187,963,238	22.77	0	0	0
Xiexin	Equity method	2,880,000	2,880,000	-516,087	2,363,913	48.00	0	0	0
Subsidiaries:									
Guangjing Xicheng	Cost method	2,125,000,000	2,125,000,000	0	2,125,000,000	85.00	0	0	260,492,867
Ninghu Investment	Cost method	110,100,000	110,100,000	0	110,100,000	100.00	0	0	0
Ninghu Properties	Cost method	500,000,000	500,000,000	0	500,000,000	100.00	0	0	0
Total	—	4,134,156,952	4,763,269,798	-21,209,312	4,742,060,486		0	0	369,568,433

(2) List of associates and principle financial information refer to note VI 10 and 11.

(3) As at 30 June 2014, the ability of capital transfer from those long-term equity investment companies to the Company is not restricted.

The foregoing companies are all unlisted company registered in PRC.

5. Operating income and operating costs

Unit: RMB

Item	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income				
Including:				
Shanghai-Nanjing Expressway	2,216,708,705	505,139,425	2,166,952,583	491,512,684
312 National Highway	26,358,501	134,889,011	25,587,668	67,337,195
Nanjing-Lianyungang Highway	15,982,803	8,208,654	16,567,608	8,477,388
Ancillary services	1,086,835,144	1,068,560,674	1,035,499,808	1,006,792,169
Total	3,345,885,153	1,716,797,764	3,244,607,667	1,574,119,436

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

6. Investment income

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Income from long-term equity investments under cost method	260,492,867	105,619,508
Income from long-term equity investments under equity method	105,635,973	81,965,786
Investment income from available-for-sale financial assets	2,247,063	202,008
Income from entrusted loans' interest income	52,256,208	0
Total	420,632,111	187,787,302

7. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Receipts from compensation of damaged road, non-operating income and bank deposits interest received	4,192,821	3,313,954

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Payment of non salary and other expenditure	19,968,770	29,056,747

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Other receivables from Ninghu Properties collected	120,000,000	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

7. Notes to items in the cash flow statement (continued)

- (4) Other cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Payment to Ninghu Properties as other receivables	210,000,000	220,000,000

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

- (6) Other cash payments relating to financing activities:

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Bond issue fee and other loan charges	5,934,486	3,032,252

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

B. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,392,914,947	1,316,635,104
Add: Reversals of provision for impairment losses of assets	0	0
Depreciation of fixed assets	94,350,548	68,527,825
Amortisation of intangible assets	365,368,553	329,350,861
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "—")	134,394	-89,078,274
Financial expenses	142,287,329	99,173,138
Losses arising from investments (gains are indicated by "—")	-420,632,111	-187,787,302
Decrease in deferred tax assets (increase is indicated by "—")	0	0
Decrease in inventories (increase is indicated by "—")	1,047,652	-2,006,767
Decrease in receivables from operating activities (increase is indicated by "—")	-55,799,885	-91,306,318
Increase in payables from operating activities (decrease is indicated by "—")	-82,892,222	-8,705,884
Net cash flow from operating activities	1,436,779,205	1,434,802,383
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	0	0
Convertible bonds due within one year	0	0
Fixed assets acquired under finance leases	0	0
3. Net changes in cash and cash equivalents:		
Closing balance of cash	241,961,502	1,220,090,033
Less: Opening balance of cash	220,826,123	400,877,755
Net increase (decrease) in cash and cash equivalents	21,135,379	819,212,278

XIII. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the board of directors and authorised for issue on 22 August 2014.

SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

Item	Amount
Net profit	1,386,436,329
Add(less): non-recurring items	
— Losses (gains) on disposal of non-current assets	796,337
— Government grants	0
— Gain from disposal of available-for-sale financial assets	-2,773,054
— Loss (gain) on changes in the fair value	-2,383,650
— Reversal of impairment loss which were provided in prior years	0
— Other non-operating income profit/loss	5,576,376
Subtotal	1,216,009
Income tax effect of non-recurring items	-899,915
Net profit after non-recurring profit or loss	1,386,752,423
Including: attributable to owners of the Company	1,344,141,295
attributable to minority interests	42,611,128

Unit: RMB

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

The return on net assets and EPS have been prepared by China GAAP Holdings Limited (“China GAAP Company”) in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the Reporting Period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	6.64%	0.2668	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	6.64%	0.2668	N/A

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 the accounting institution;
- (3) Original copies of all company documents and announcements published in the press designated by the China Securities Regulatory Commission during the Reporting Period;
- (4) Articles of Association of the Company;
- (5) Copies of interim reports released in other stock exchanges.

The above documents are available for inspection at the Secretariat Office of the Board of the Company at 6 Xianlin Avenue, Nanjing, the PRC.

Yang Gen Lin
Chairman of the Board
Jiangsu Expressway Company Limited

Nanjing, the PRC, 22 August 2014

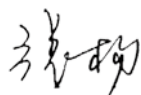
CONFIRMATION OPINION ON 2014 INTERIM REPORT BY DIRECTORS AND SENIOR MANAGEMENT

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

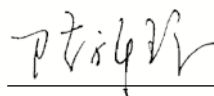
Directors



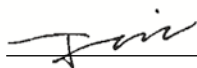
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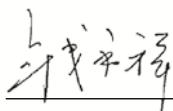
Zhang Yang



Chen Xiang Hui



Du Wen Yi



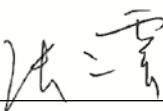
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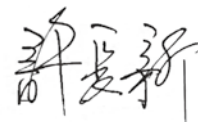
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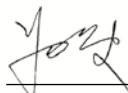
Fang Hung, Kenneth



Zhang Er Zhen



Xu Chang Xin

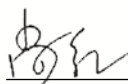


Gao Bo

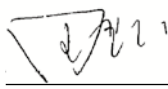


Chen Dong Hua

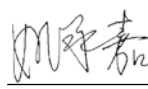
Senior Management Members



Shang Hong



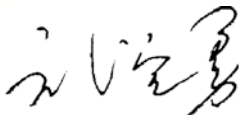
Tian Ya Fei



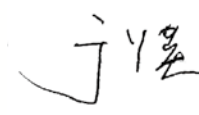
Yao Yong Jia



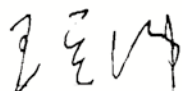
Li Jie



Wu Yi Yong



Yu Lan Ying



Wang Hong Wei