江蘇寧滬高速公路股份有限公司

JIANGSU EXPRESSWAY COMPANY LIMITED

(established in the PRC with limited liability)

(Code: 177)

Summary of 2007 Interim Results

Information set out in paragraphs 1.3, 2.3, 3.1 3.4, 3.5, 5, 6 and 7.1 is made pursuant to rule 13.49(6) and paragraph 46 of Appendix 16 of the Hong Kong Listing Rules.

Other information is disclosed in this announcement pursuant to the requirements of the Shanghai Stock Exchange and rule 13.09 (2) of the Hong Kong Listing Rules.

1. IMPORTANT

1.1 The board of directors (the "Board") and the directors of Jiangsu Expressway Company Limited (the "Company") warrant that there are no false representations or misleading statements contained in, or material omissions from this report, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this report.

This summary is extracted from the interim report, the full text of which is posted on the following websites: www.sse.com.cn, www.hkex.com.hk and www.jsexpressway.com. Investors should read the full text of the interim report carefully for details.

1.2 Mr. Yang Xiong Sheng, independent non-executive director, was away for business appointment and did not attend the Board Meeting. He had appointed Mr. Fan Cong Lai to vote on his behalf.

1.3 The financial statements in this interim report are unaudited operating results prepared in accordance with PRC Accounting Standards for Business Enterprises ("PRC Accounting Standards") and Hong Kong Financial Reporting Standards ("HKFRS") and have been reviewed by the audit committee of the Company.

1.4 Mr. Shen Chang Quan, Chairman of the Company, Mr. Xie Jia Quan, General Manager, and Ms. Liu Wei, Financial Controller, warrant the truthfulness and completeness of the financial statements in the interim report.

2. BASIC INFORMATION OF THE LISTED COMPANY

2.1 Overview

Abbreviation of Stock Name	寧滬高速 (A Shares)	Jiangsu Expressway (H Shares)	JEXWW(ADR)
Stock Code	600377	0177	477373104
Stock Exchanges where the Company's shares are listed	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	United States
	Secretary to the Board	Representatives of the Securities Offices	
Name	Yao Yong Jia	Jiang Tao and Lou Qing	
Correspondence Address	238 Maqun Road, Nanjing, Jiangsu		
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2.2 Major financial data and indices (prepared in accordance with PRC Accounting Standards)

2.2.1 *Major accounting data and financial indices*

Unit: RMB'000

Item	As at 30 June 2007	As at 31 December 2006		Change (%)
		After adjustment	Before adjustment	
Total assets	26,075,461	26,435,037	26,425,207	(1.36)
Equity attributable to equity holders of the Company	14,867,238	15,039,698	15,029,868	(1.15)
Net assets per share (RMB)	2.95	2.99	2.98	(1.15)
Item	**Six months ended 30 June 2007**	**Six months ended 30 June 2006**		**Change (%)**
		After adjustment	**Before adjustment**	
Operating profit	1,185,285	828,623	771,421	43.04
Profit before tax	1,183,646	826,878	827,137	43.15
Net profit	784,712	548,706	548,966	43.01
Net profit after non-recurring profit/loss	784,554	549,716	549,976	42.72
Basic earnings per share (RMB)	0.16	0.11	0.11	43.01
Diluted earnings per share (RMB)	0.16	0.11	0.11	43.01
Return on net assets (%)	5.28	3.65	3.80	44.66
Net cash flow from operating activities	1,603,653	1,166,589	1,166,589	37.47
Net cash flow per share from operating activities (RMB)	0.32	0.23	0.23	37.47

2.2.2 *Non-recurring profit/loss and their amounts*

☑ Applicable ☐ Not applicable

Unit: RMB'000

Item	Six months ended 30 June 2007
Loss from disposal of fixed assets	(232)
Gains from short-term investment	1,876
Other non-operating income and expenses, net	(1,408)
Effects of income tax	(78)
Total	158

2.3 **Financial statements prepared in accordance with HKFRS**

1. CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months ended	
	30.6.2007	**30.6.2006**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue	2,414,857	1,758,535
Cost of sales	(986,766)	(725,070)
Gross profit	1,428,091	1,033,465
Other income	17,910	17,829
Administrative expenses	(61,298)	(58,575)
Finance costs	(253,590)	(206,775)
Share of profits of associates	71,957	63,108
Loss on disposal of an associate	—	(714)
Changes in fair value of held-for-trading investments	595	—
Profit before tax	1,203,665	848,338
Income tax expense	(377,683)	(260,145)
Profit for the period	825,982	588,193
Attributable to:		
Equity holders of the Company	804,732	570,167
Minority interests	21,250	18,026
	825,982	588,193
Dividends	957,172	730,473
Earnings per share attributable to equity holders of the Company		
- Basic (RMB per share)	0.16	0.11

2. CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2007

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Non-current assets		
Property, plant and equipment	1,767,017	1,855,686
Toll roads infrastructures	19,072,376	19,367,653
Prepaid lease payments	1,193,182	1,208,377
Interests in associates	1,546,334	1,587,391
Available-for-sale investments	5,500	5,500
Deferred tax assets	6,487	8,014
	23,590,896	24,032,621
Current assets		
Inventories	14,302	10,045
Properties under development	17,354	11,650
Prepayments and other receivables	86,306	93,339
Dividend receivable	66,214	—
Prepaid lease payments	65,280	64,483
Held-for-trading investments	27,015	37,784
Bank balances and cash	839,871	796,874
	1,116,342	1,014,175
Current liabilities		
Other payables	229,003	170,938
Construction costs payable	1,115,936	1,731,863
Tax liabilities	242,095	104,960
Dividend payable	442,140	11,058
Long-term borrowings - due within one year	202,902	1,935
Short-term borrowings	4,510,000	4,510,000
	6,742,076	6,530,754
Net current liabilities	(5,625,734)	(5,516,579)
Total assets less current liabilities	17,965,162	18,516,042

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Non-current liabilities		
Long-term borrowings - due after one year	4,035,792	4,436,759
Net assets	13,929,370	14,079,283
Capital and reserves		
Share capital	5,037,748	5,037,748
Share premium and reserves	8,461,267	8,613,707
Equity attributable to equity holders of the Company	13,499,015	13,651,455
Minority interests	430,355	427,828
Total equity	13,929,370	14,079,283

3. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Attributable to equity holders of the Company							
	Share capital	**Share premium**	**Statutory surplus reserve**	**Statutory public welfare fund**	**Retained profits**	**Total**	**Minority interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2006 (audited)	5,037,748	5,730,454	705,619	352,811	1,381,185	13,207,817	416,908	13,624,725
Profit for the period	—	—	—	—	570,167	570,167	18,026	588,193
Total recognised income and expenses for the period	—	—	—	—	570,167	570,167	18,026	588,193
Transfer	—	—	352,811	(352,811)	—	—	—	—
Dividends recognised as distribution	—	—	—	—	(730,473)	(730,473)	—	(730,473)
Dividends paid to minority interests	—	—	—	—	—	—	(12,581)	(12,581)
At 30 June 2006 (unaudited)	5,037,748	5,730,454	1,058,430	—	1,220,879	13,047,511	422,353	13,469,864
Profit for the period	—	—	—	—	603,944	603,944	21,141	625,085
Total recognised income and expenses for the period	—	—	—	—	603,944	603,944	21,141	625,085
Appropriation	—	—	135,704	—	(135,704)	—	—	—
Dividends paid to minority interests	—	—	—	—	—	—	(15,666)	(15,666)
At 31 December 2006 (audited)	5,037,748	5,730,454	1,194,134	—	1,689,119	13,651,455	427,828	14,079,283
At 1 January 2007 (audited)	5,037,748	5,730,454	1,194,134	—	1,689,119	13,651,455	427,828	14,079,283
Profit for the period	—	—	—	—	804,732	804,732	21,250	825,982
Total recognised income and expenses for the period	—	—	—	—	804,732	804,732	21,250	825,982
Dividends recognised as distribution	—	—	—	—	(957,172)	(957,172)	—	(957,172)
Dividends paid to minority interests	—	—	—	—	—	—	(18,723)	(18,723)
At 30 June 2007 (unaudited)	5,037,748	5,730,454	1,194,134	—	1,536,679	13,499,015	430,355	13,929,370

4. CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months ended	
	30.6.2007	**30.6.2006**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Net cash generated by operating activities	1,599,465	1,162,514
Investing activities		
Purchase of property, plant and equipment and toll roads infrastructures	(656,161)	(923,773)
Other investing cash flows	62,552	113,956
Net cash used in investing activities	(593,609)	(809,817)
Financing activities		
New borrowings raised	3,350,000	1,050,000
Dividends paid	(526,090)	(720,527)
Dividends paid to minority shareholders	(18,723)	(12,581)
Interest paid	(218,046)	(148,795)
Repayment of borrowings	(3,550,000)	(553,313)
Net cash used in financing activities	(962,859)	(385,216)
Net increase (decrease) in cash and cash equivalents	42,997	(32,519)
Cash and cash equivalents at 1 January	796,874	1,074,058
Cash and cash equivalents at 30 June	839,871	1,041,539
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	839,871	1,041,539

5. REVENUE

	Six months ended 30.6.2007 RMB'000 (Unaudited)	30.6.2006 RMB'000 (Unaudited)
Toll revenue	1,996,647	1,518,418
Sales of petrol	387,123	196,194
Sales of food and beverages	53,811	40,960
Emergency assistance income and others	7,276	2,963
	2,414,857	1,758,535

6. FINANCE COSTS

	Six months ended 30.6.2007 RMB'000 (Unaudited)	30.6.2006 RMB'000 (Unaudited)
Interest on bank and other borrowings wholly repayable:		
Within five years	196,026	132,351
Over five years	57,564	74,424
	253,590	206,775

7. INCOME TAX EXPENSE

	Six months ended 30.6.2007 RMB'000 (Unaudited)	30.6.2006 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	376,156	260,145
Deferred tax:		
Current year	(416)	—
Attributable to change in tax rate	1,943	—
	1,527	—
Income tax expense	377,683	260,145

The Company and its subsidiaries are subject to PRC Enterprise Income Tax rate of 33% (Six months ended 30 June 2006: 33%) pursuant to the relevant PRC income tax laws.

8. PROFIT FOR THE PERIOD

	Six months ended 30.6.2007 RMB'000 (Unaudited)	30.6.2006 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Staff costs including directors' remuneration	76,285	54,634
Retirement benefits scheme contributions	11,938	9,388
Total staff costs	88,223	64,022
Impairment loss reversed in respect of prepayments and other receivables	(54)	(8)
Depreciation of property, plant and equipment	110,430	98,732
Depreciation of toll roads infrastructures	295,277	249,963
Loss (gain) on disposal of property, plant and equipment	231	(174)
Amortisation of prepaid lease payments (included in cost of sales)	32,640	32,351
Cost of inventories recognised as expense	414,476	233,282
Government subsidies received	—	(1,810)

9. DIVIDENDS

During the period, the final dividend for 2006 of RMB0.19 (2005 final dividend: RMB0.145) per share had been approved by the shareholders in the general meeting.

The directors do not recommend the payment of an interim dividend (Six months ended 30 June 2006: nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profit attributable to equity holders of the Company for the six months ended 30 June 2007 of RMB804,732,000 (Six months ended 30 June 2006: RMB570,167,000) and 5,037,747,500 (Six months ended 30 June 2006: 5,037,747,500) ordinary shares in issue during the period.

No diluted earnings per share is presented as the Company has no potential ordinary shares outstanding for each of the six months ended 30 June 2007 and 30 June 2006.

2.4 **Differences between the PRC Accounting Standards and HKFRS**

☑ Applicable ☐ Not applicable

Unit: RMB'000

Item	**Net Profit**	**Net Assets**
Under PRC Accounting Standards	784,712	15,297,593
HKFRS adjustments:		
Valuation and depreciation of fixed assets	20,020	(1,393,255)
Non-amortization of negative goodwill	—	25,032
Under HKFRS	804,732	13,929,370

3. CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

3.1 Changes in share capital

☑ Applicable ☐ Not applicable

During the reporting period, there has been no charge to the total number of shares. The selling restriction period of the first batch of circulating shareholders with selling restrictions has expired and the shares were listed in batches after the completion of the Share Segregation Reform. The Company's share capital structure has been changed.

	Prior to current movement		Current movement (+,-)	After current movement	
	Number of shares	%	Shares with selling restrictions circulated	Number of shares	%
I. Shares subject to selling restrictions					
1. State-owned shares	2,739,296,706	54.37	—	2,739,296,706	54.37
2. State-owned legal person shares	592,051,690	11.75	289,506	592,341,196	11.76
3. Other domestic shares	286,399,104	5.69	-139,623,859	146,775,245	2.91
Including: Domestic legal person shares	286,399,104	5.69	-139,623,859	146,775,245	2.91
Domestic natural person shares	—	—	—	—	—
4. Foreign shares	—	—	—	—	—
Including: Foreign legal person shares	—	—	—	—	—
Foreign natural person shares	—	—	—	—	—
Total shares subject to selling restrictions	3,617,747,500	71.81	-139,334,353	3,478,413,147	69.04
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	198,000,000	3.93	+139,334,353	337,334,353	6.70
2. Domestic listed foreign shares	—	—	—	—	—
3. Foreign listed foreign shares	1,222,000,000	24.26	—	1,222,000,000	24.26
4. Others	—	—	—	—	—
Total circulating shares not subject to selling restrictions	1,420,000,000	28.19	+139,334,353	1,559,334,353	30.96
III. Shares in total	5,037,747,500	100	0	5,037,747,500	100

3.2 Number of shareholders and their shareholdings

Unit: Share

Total number of shareholders at the end of the reporting period						64,142
Shareholding of the Top Ten Shareholders						
Name of shareholder	**Change during the period**	**Number of shares held at the end of the reporting period (shares)**	**Shareholding percentage (%)**	**Number of shares held subject to selling restrictions**	**Number of shares pledged or frozen**	**Type of shareholder**
Jiangsu Communication Holdings Company Ltd.	238,318	2,742,578,825	54.44	2,742,578,825	0	State-owned shareholder
Huajian Transportation Economic Development Centre	51,188	589,059,077	11.69	589,059,077	0	State-owned shareholder
JPMorgan Chase & Co.	-22,735,434	119,780,560	2.38	0	Unknown	Foreign shareholder
Fidelity International Limited	12,414,000	110,655,987	2.20	0	Unknown	Foreign shareholder
Newton Investment Management Ltd.	11,396,000	85,530,000	1.70	0	Unknown	Foreign shareholder
Schroder Investment Management Limited	-14,390,000	84,708,000	1.69	0	Unknown	Foreign shareholder
Halbis Capital Management (Hong Kong) Limited	4,926,000	74,664,000	1.48	0	Unknown	Foreign shareholder
UBS AG	-12,805,170	73,599,910	1.46	0	Unknown	Foreign shareholder
Sumitomo Mitsui Asset Management Limited	0	73,180,000	1.45	0	Unknown	Foreign shareholder
Huaxia Securities Co., Ltd.	0	21,160,000	0.42	21,160,000	Unknown	Others

Shareholdings of the Top Ten Shareholders not Subject to Selling Restrictions:		
Name of shareholder	**Number of shares not subject to selling restrictions held (shares)**	**Category of the shares held**
JPMorgan Chase & Co.	119,780,560	Overseas listed foreign shares
Fidelity International Limited	110,655,987	Overseas listed foreign shares
Newton Investment Management Ltd	85,530,000	Overseas listed foreign shares
Schroder Investment Management Limited	84,708,000	Overseas listed foreign shares
Halbis Capital Management (Hong Kong) Limited	74,664,000	Overseas listed foreign shares
UBS AG	73,599,910	Overseas listed foreign shares
Sumitomo Mitsui Asset Management Company, Limited	73,180,000	Overseas listed foreign shares
Jiangsu High Technology Investment Group Co., Ltd. (江蘇高科技投資集團有限公司)	12,306,520	RMB-denominated ordinary shares
Winner Glory Development Ltd	12,000,000	Overseas listed foreign shares
Jiangsu Power Company (江蘇省電力公司)	6,434,627	RMB-denominated ordinary shares
Description of any connected relationship or concerted party relationship among the above shareholders	The Company is not aware of whether or not there are connected relationships or concerted party relationships between the above shareholders	

3.3 **Change of the Controlling Shareholder and the de facto Controller of the Company**

☑ Applicable ☐ Not applicable

During the reporting period, the number of the Company's shares held by Jiangsu Communications Holdings Company Ltd. ("Communications Holdings"), the controlling shareholder of the Company, has changed. As at 30 June 2007, Communications Holdings held 2,742,578,825 shares of the Company or 54.44% of the Company's total shares, representing an increase of 238,318 shares as compared to the end of 2006. The reason of change was due to the fact that some of the social legal shareholders have repaid the consideration shares by way of shares. As there are social legal shareholders who have not completed the procedures of repaying the consideration, the number of the Company's shares held by the controlling shareholder will have slight change.

3.4 **Purchase, Sale and Redemption of Listed Securities**

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the reporting period.

3.5. **The Code on Corporate Governance Practice**

For the period between 1 January 2007 and the date of publication of this report, the Board has reviewed its day-to-day governance practices in accordance with the provisions set out in the Code on Corporate Governance Practice under Appendix 14 of the Hong Kong Listing Rules. The Board is of the view that the Company has complied with the relevant rules and regulations to regulate its operations and has adhered to strict corporate governance. It has strived to fulfill the recommended best practices and there was no act in breach of, or not in compliance with, the provisions of the Code.

4. **Directors, Supervisors and Senior Management**

4.1 **Changes in the shareholding interests of directors, supervisors and senior management**

☐ Applicable ☑ Not applicable

5. MANAGEMENT DISCUSSION AND ANALYSIS

5.1 **Analysis of major roads and bridges**

During the first half of 2007, the Company's major operations maintained the growth momentum of 2006. The operation and management mode of eight-lane expressway has basically stabilized after over a year of checks and improvement through practice. The service quality and operation order of the road, as well as the response speed and handling capability for accidents, have all improved substantially. Effective controls on various costs and expenses, such as operating costs, management costs and maintenance costs, were achieved. Accordingly, the Company's operating results and profitability were further enhanced.

During the reporting period, the Group realized operating revenues of approximately RMB2,513,330,000, up approximately 37.37% over the same period last year. Under PRC Accounting Standards, the Group's profit after taxation for the reporting period was approximately RMB784,712,000 and earnings per share was approximately RMB0.16, up approximately 43.01% year-on-year. Under HKFRS, profit after taxation was approximately RMB804,732,000 and earnings per share was approximately RMB0.16, up approximately 41.14% year-on-year.

The Group's toll road and bridge operations reported a significant surge as a result of the dramatic growth of the core asset Shanghai-Nanjing Expressway. A toll revenue of approximately RMB2,036,241,000 was realized, up approximately 29.43% from the same period of 2006 and accounting for 81.02% of the total operating revenue.

Comparisons of average daily traffic volumes and toll revenues:

Road/Bridge	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	Reporting period	Corresponding period last year	Change (%)	Reporting period	Corresponding period last year	Change (%)
Shanghai-Nanjing Expressway	47,241	37,215	26.94	8,924.9	6,289.6	41.90
Shanghai-Nanjing Section of G312	29,225	33,591	(13.00)	477.8	599.5	(20.30)
Nanjing Section of Nanjing-Lianyungang Highway	7,543	14,249	(47.06)	177.7	279.1	(36.33)
Guangjing Expressway	36,993	35,648	3.77	637.2	633.0	0.66
Xicheng Expressway	36,324	30,662	18.47	1,032.3	890.5	15.92
Jiangyin Yangtze Bridge	40,758	37,229	9.48	2,158.3	2,130.4	1.31
Sujiahang Expressway	20,221	17,791	13.66	1,564.6	1,427.7	9.59

Shanghai-Nanjing Expressway continued the growth trend of 2006, and the proportion of trucks has further increased. During the reporting period, the expressway realized approximately RMB1,615,400,000 in total toll revenue, representing approximately 79.33% of the Group's toll revenue and approximately 64.27% of the Group's total revenue. Average daily traffic volume and toll revenue were 47,241 vehicles and RMB8,924,900 respectively, representing respective year-on-year increases of approximately 26.94% and 41.90%. As for the composition of traffic volume, the average daily traffic volume of passenger vehicles was 32,568 vehicles, representing approximately 68.94% of the total average daily traffic volume. The average daily traffic volume of trucks was 14,673 vehicles, accounting for approximately 31.06% of the total average daily traffic volume and representing an increase of approximately 5.51 percentage points year-on-year. The proportion of trucks in the average daily toll revenue was approximately 50.73%, representing an increase of 9.42 percentage points compared to the same period last year. In the first half of 2007, the average daily toll revenue per vehicle amounted to RMB189, with the average daily toll revenues per passenger vehicle and per truck being RMB135 and RMB308 respectively.

G312's toll revenue continued to decline, but the downward trend has basically bottomed out. Meanwhile, Nanjing-Lianyungang Expressway, which opened to traffic in December 2006, has shown its diversion effect on the Nanjing Section of Nanjing-Lianyungang Highway. The primary effect is a diversion of passenger vehicle traffic from Nanjing-Lianyungang Highway, which reduced the section's average daily traffic volume and toll revenue by about 47.06% and 36.33% year-on-year, respectively.

Xicheng Expressway was still enjoying certain recovery effects and thereby reported a more significant growth. In the first half of 2007, the increases in passenger vehicle traffic on Guanjing Expressway, Xicheng Expressway and Sujiahang Expressway all exceeded the increases in truck traffic. Accordingly, the proportions of trucks on these expressways witnessed slight drops to varying degrees and their revenue growth fell behind traffic volume growth as a result. The operations of all these assets remained normal, however.

5.2 Analysis of principal business operations by business types or products

Unit: RMB'000

Item	Operating revenue	Year-on-year change (%)	Operating costs	Year-on-year change (%)	Margin (%)	Year-on-year change (percentage point)
Jiangsu Section of Shanghai-Nanjing Expressway	1,615,400	41.90	337,130	35.76	79.13	0.94
Shanghai-Nanjing Section of G312	86,489	(20.30)	118,123	13.00	(36.58)	(40.25)
Nanjing Section of Nanjing-Lianyungang Highway	32,170	(36.33)	7,365	(61.62)	77.10	15.08
Guangjing Xicheng Expressways	302,182	9.58	83,156	(9.34)	72.48	5.74
Ancillary services	450,912	86.59	428,372	75.37	5.00	6.08
Other operations	26,177	77.96	19,672	105.18	24.85	(9.97)
Total	2,513,330	37.37	993,818	38.49	60.46	(0.32)

1. **Reasons for the changes in operating revenues compared to the corresponding period of the previous year:**

- Shanghai-Nanjing Expressway witnessed a significant growth in toll revenue mainly benefiting from increased traffic volume and a higher proportion of trucks during the first half of the year. During January through June, the average daily traffic volume of Shanghai-Nanjing Expressway increased by approximately 26.94% year-on-year, while the proportion of trucks increased to 31.06% from 25.55% during the same period last year.

- The toll revenue of the Nanjing Section of Nanjing-Lianyungang Highway decreased by approximately 36.33% compared to the same period of last year, due to the approximately 47.06% year-on-year decline in the section's traffic volume during the first half of the year caused by the opening of the parallel Nanjing-Lianyungang Expressway.

- The increase in revenue from ancillary services mainly came from an increase in sales of petroleum products. During the first half of 2007, aggregate sales of petroleum products from all service areas generated a total revenue of RMB387,428,000, representing an increase of approximately 97.47% over the same period of last year and accounting for 91.4% of the increase in ancillary services revenue.

- The increase in revenue from other operations mainly came from billboard advertisements. From January to June 2007, outdoor billboard advertisements realized a total revenue of RMB15,427,000.

2. **Reasons for the changes in operating costs compared to the corresponding period of the previous year:**

- The increase in operating costs of Shanghai-Nanjing Expressway was primarily due to an increase in depreciation charges for assets. From January to June 2007, the depreciation charges for fixed assets for Shanghai-Nanjing Expressway increased by approximately RMB61,003,000 over last year and accounted for 68.69% of the total increase in the expressway's total operating costs.

- The operating costs of the Nanjing Section of Nanjing-Lianyungang Highway recorded a year-on-year drop of approximately 61.62% due to the existence of a RMB7,020,000 impairment charge for large-scale maintenance work for the same period of last year. Impairment for the project was completed last year.

- As for ancillary services, the increase in operating costs was due to the same reasons as the increase in revenue.

5.3 **Geographical analysis of principal business**

Unit: RMB'000

District	Income from principal business	Year-on-year change in income from principal operations (%)
Toll roads in Jiangsu Province	2,487,153	37.04

5.4 **Reasons for material changes in principal business operations and their composition compared to the previous year**

☐ Applicable ☑ Not applicable

5.5 **Reasons for material changes in profitability (gross profit margin) of principal business operations compared to the previous year**

☐ Applicable ☑ Not applicable

5.6 **Analysis of reasons for material changes in the composition of profits compared to the previous year**

☐ Applicable ☑ Not applicable

5.7 **Major operating results and financial analysis (prepared in accordance with HKFRS)**

1. *Operating Results*

Under the HKFRS

Item	**Jan-Jun 2007**	**Jan-Jun 2006**	**Change**
	RMB'000	*RMB'000*	*(%)*
Revenue	2,414,857	1,758,535	37.32
Share of profits of associates	71,957	63,108	14.02
Finance costs	253,590	206,775	22.64
Income tax expense	377,683	260,145	45.18
Profit attributable to minority interests	21,250	18,026	17.89
Profit attributable to equity holders of the Company	804,732	570,167	41.14
Earnings per share (RMB)	0.16	0.11	41.14

- The growth in revenue was mainly due to the increase in toll revenue of Shanghai-Nanjing Expressway. The increase in revenue triggered significant improvement in other operating results indicators.

- The increase in investment gains was mainly attributable to the contributions by the associates, Yangtze Bridge Company and Sujiahang Company.

- The increase in finance costs was mainly caused by two factors: the first was the increase in commercial bank lending rates; and the second was the existence of RMB4 billion of short-term commercial papers among the interest-bearing liabilities a year ago, whereas all such liabilities in the first half of 2007, except a RMB1.5 billion trust loan, were commercial bank loans.

2. *Capital Structure*

	As at 30 June 2007		As at 31 December 2006	
Item	*RMB'000*	%	*RMB'000*	%
Current liabilities	6,742,076	27.29	6,530,754	26.08
Long-term liabilities	4,035,792	16.33	4,436,759	17.71
Liabilities at fixed interest rates	8,748,694	35.41	8,948,694	35.73
Liabilities at floating interest rates	—	—	—	—
Interest-free liabilities	2,029,174	8.21	2,018,818	8.06
Equity attributable to equity holders of the Company	13,499,015	54.64	13,651,455	54.50
Minority interests	430,355	1.74	427,828	1.71
Total assets	24,707,238	100.00	25,046,796	100.00
Gearing ratio:		35.41		35.73

Gearing ratio: Liabilities at fixed interest rates/total assets

As at the end of the reporting period, the Company's overall liability level was basically on par with the end-2006 level. The term structure of liabilities also basically remained the same as compared to end-2006.

3. *Capital Expenditure*

From January to June 2007, the Group's planned expenditures amounted to approximately RMB656,161,000. The main composition of capital expenditures is as follows:

Capital expenditure	**RMB'000**
Balance payment of the expansion works of Shanghai-Nanjing Expressway	563,567
Others	92,594
Total	656,161

4. *Asset liquidity and financing source*

The Group is principally engaged in the operation of toll roads and bridges. Such an operation provided a sustained and steady source of operating cash flow, thereby giving the Company a strong payment capacity. In the first half of 2007, the cash inflow from the Group's operating activities amounted to RMB2,586,685,000 and the net cash inflow from operating activities amounted to RMB1,603,653,000. While the Company's overall scale of liabilities has increased rather significantly, the overall gearing remains at a reasonable level. The management believes that the Group does not have any liquidity problem.

5. *Financing activities and financial costs*

With steady cash flows, sound credit track records and a good reputation in the sector, the Company is entitled to the prime rates for commercial bank loans under the interest rate policy of the People's Bank of China. At the same time, the Company has been trying to raise low-cost funding through methods such as specific asset management schemes and trust schemes, but such schemes are still pending approval or in the offering stage due to policy constraints or the impact of the market environment. As at 30 June 2007, the Group's total loans amounted to RMB8,748,694,000, among which RMB4,510,000,000 were short-term loans, RMB4,035,792,000 were medium/long-term loans and RMB202,902,000 were long-term loans due within one year. During the reporting period, accrued financing costs amounted to approximately RMB250,093,000.

6. *Taxation Policy*

Enterprise income tax was paid in full by the Company at a statutory tax rate of 33%. From January to June 2007, accrued income tax expenses amounted to approximately RMB377,683,000. Business tax for toll revenue from expressways was charged at the rate of 3%.

7. *Foreign exchange risks*

The Group operates its businesses principally in China. No major foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except dividend payments for H shares. A loan of US$9,800,000 was secured from the Spanish Government in 1998 and will be due on 18 July 2027. As at 30 June 2007, the balance of the loan was approximately RMB38,694,000 after conversion from US dollars. Although no foreign exchange hedging was made for such loan, fluctuations in exchange rates will not have any material impact on the Company's results.

8. *Contingent liabilities*

As at 30 June 2007, the Company did not have any contingent liabilities.

9. *Trust deposits*

As at 30 June 2007, the Company did not have any trust deposits with any financial institutions in China or any fixed term deposits which were irrecoverable upon their maturity.

10. *Trust loans*

In 2006, the Company secured a loan of RMB300,000,000 from its subsidiary Jiangsu Guangjing Xicheng Expressway Co., Ltd. by way of a trust loan. Of this amount, RMB200,000,000 had a term from 15 July 2006 to 14 January 2007 at a monthly interest rate of 3.915‰, while the other RMB100,000,000 had a term from 27 December 2006 to 26 June 2007 at a monthly interest rate of 4.185‰. The principal and interests of the loan were settled at the maturity dates.

The Company had also secured two separate loans of RMB200,000,000 and RMB250,000,000 from Jiangsu Guangjing Xicheng Expressway Co., Ltd. on 15 January 2007 and 27 June 2007 respectively. Both loans have a term of one year and carry an annual interest rate of 5.022%.

5.8 Application of the use of proceeds

☐ Applicable ☑ Not applicable

5.9 Modification plan for the business development plan of the Board for the second half of the year

☐ Applicable ☑ Not applicable

5.10 Warning and explanation on the forecast that the accrued net profit from the beginning of the year to the next reporting period may be recorded as losses or that a significant change may occur thereon as compared to the corresponding period of the previous year

☐ Applicable ☑ Not applicable

5.11 Management's explanation on the "disclaimer of opinion" in the Auditors' Report for the reporting period

☐ Applicable ☑ Not applicable

5.12 Management's explanation on the changes on, and the handling of, the matters related to the "disclaimer of opinion" in the Auditors' Report for the previous year

☐ Applicable ☑ Not applicable

6. SIGNIFICANT MATTERS

6.1 Acquisition, disposal and restructuring of assets

6.1.1 *Acquisition or addition of assets*

☐ Applicable ☑ Not applicable

6.1.2 *Sale or disposal of assets*

☐ Applicable ☑ Not applicable

6.2 Guarantee

☐ Applicable ☑ Not applicable

6.3 Non-operating connected debts and liabilities

☑ Applicable ☐ Not applicable

Connected party	**Capital provided to connected party**		**Capital provided by connected party to listed company**	
	Amount	**Remaining amount**	**Amount**	**Remaining amount**
Jiangsu Guangjing Xicheng Expressway Co., Ltd.	0	0	750,000	450,000

6.4 Material litigation or arbitration

☐ Applicable ☑ Not applicable

6.5 Analysis and description of other significant matters, their impact and solutions

☐ Applicable ☑ Not applicable

7. Financial Statements

7.1 Auditors' opinion

Financial statements

☑ unaudited ☐ audited

7.2 **Disclosure on the comparison between the Company's and the Parent Company's balance sheet, profit and loss statement, cashflow statement and changes in owner's equity (prepared under the PRC Accounting Standards)**

Consolidated Balance Sheet
As at 30 June 2007

Unit: RMB

	Consolidated		The Company	
Item	**30.6.2007 (unaudited)**	**31.12.2006 (audited)**	**30.6.2007 (unaudited)**	**31.12.2006 (audited)**
Current assets:				
Bank balances and cash	839,870,592	796,874,386	691,266,822	602,181,971
Financial assets held for trading	27,014,763	37,783,600	—	—
Accounts receivable	60,272,120	58,115,844	39,158,666	28,571,831
Prepayments	5,227,240	4,377,355	1,122,580	1,094,396
Dividend receivable	66,214,105	—	66,214,104	—
Other receivables	20,946,543	30,982,959	23,180,926	30,344,898
Inventories	31,656,302	21,695,359	8,969,717	5,805,974
Total current assets	1,051,201,665	949,829,503	829,912,815	667,999,070
Non-current assets				
Long-term equity investments	1,526,801,637	1,567,858,937	3,831,873,262	3,978,990,831
Fixed assets	22,198,537,070	22,586,828,263	19,993,581,238	20,347,517,538
Construction-in-progress	33,971,780	31,404,863	4,725,268	—
Intangible assets	1,258,462,119	1,291,102,363	1,240,618,386	1,272,860,050
Deferred tax assets	6,487,062	8,013,475	5,823,422	7,696,323
Total non-current assets	25,024,259,668	25,485,207,901	25,076,621,576	25,607,064,742
Total assets	26,075,461,333	26,435,037,404	25,906,534,391	26,275,063,812

	Consolidated		The Company	
Item	**30.6.2007 (unaudited)**	**31.12.2006 (audited)**	**30.6.2007 (unaudited)**	**31.12.2006 (audited)**
Current liabilities				
Short-term borrowings	4,510,000,000	4,510,000,000	4,950,000,000	4,800,000,000
Accounts payable	1,051,792,140	1,609,494,834	1,042,417,937	1,598,039,528
Advances from customers	7,979,322	12,184,565	2,437,811	3,263,757
Salary payable	32,062,535	37,365,708	28,229,524	27,303,064
Taxes payable	261,402,087	128,250,402	244,409,953	102,501,615
Interests payable	56,011,650	20,467,917	56,011,650	20,467,917
Dividend payable	442,139,729	11,057,681	442,139,729	11,057,681
Other payables	177,786,576	199,997,158	148,638,907	228,615,961
Non-current liabilities due within 1 year	202,902,037	1,934,692	202,902,037	1,934,692
Total current liabilities	6,742,076,076	6,530,752,957	7,117,187,548	6,793,184,215
Non-current liabilities:				
Long-term borrowings	4,035,791,793	4,436,759,139	4,035,791,793	4,436,759,139
Total liabilities	10,777,867,869	10,967,512,096	11,152,979,341	11,229,943,354
Owners' equity (or shareholders' equity):				
Paid-up capital (or share capital)	5,037,747,500	5,037,747,500	5,037,747,500	5,037,747,500
Capital reserves	7,488,686,684	7,488,686,684	7,488,686,684	7,488,686,684
Surplus reserves	1,194,135,790	1,194,135,790	1,047,767,610	1,047,767,610
Retained profits	1,146,668,330	1,319,128,187	1,179,353,256	1,470,918,664
Minority interests	430,355,160	427,827,147	—	—
Owners' equity (or shareholders' equity)	15,297,593,464	15,467,525,308	14,753,555,050	15,045,120,458
Total liabilities and owners' equity (or shareholders' equity)	26,075,461,333	26,435,037,404	25,906,534,391	26,275,063,812

Income Statement

January-June 2007

RMB

	Consolidated		The Company	
Item	**Six months ended 30.6.2007 (unaudited)**	**Six months ended 30.6.2006 (unaudited)**	**Six months ended 30.6.2007 (unaudited)**	**Six months ended 30.6.2006 (unaudited)**
1. Revenue	2,513,330,218	1,829,588,980	2,177,214,338	1,532,067,999
Less: Costs of sales	993,818,210	717,617,427	879,976,433	607,951,661
Sales taxes	72,295,535	56,344,279	62,232,889	47,161,510
General and administrative expenses	84,643,814	81,504,355	72,924,101	73,590,619
Finance expenses	250,093,401	202,709,165	258,531,010	207,956,234
Impairment loss on assets	(54,145)	-7,626	108,780	-7,625
Add: Gain from fair value changes	(1,280,949)	—	—	—
Investment income	74,032,826	57,201,259	68,993,712	157,721,327
Including: Investment income from associates and jointly controlled entities	71,957,182	63,108,595	68,993,712	164,693,663
2. Operating profit	1,185,285,280	828,622,639	972,434,837	753,136,927
Add: Non-operating income	7,015,681	7,575,666	6,733,222	5,400,417
Less: Non-operating expenses	8,655,308	9,320,485	6,313,656	7,108,406
Including: Net loss from disposal of non-current assets	231,690	15,395	228,177	—
3. Profit before tax	1,183,645,653	826,877,820	972,854,403	751,428,938
Less: Income tax expense	377,682,472	260,145,310	307,247,786	201,514,326
4. Net profit	805,963,181	566,732,510	665,606,617	549,914,612

Cash Flow Statement
January-June 2007

RMB

Item	Consolidated Six months ended 30.6.2007	Consolidated Six months ended 30.6.2006
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,575,665,647	1,777,563,667
Cash received relating to other operating activities	11,019,799	9,831,742
Sub-total of cash inflows from operating activities	2,586,685,446	1,787,395,409
Cash paid for goods and services	544,435,148	339,483,857
Cash paid to and on behalf of employees	93,525,881	69,920,142
Taxes paid	324,181,725	190,266,610
Cash paid relating to other operating activities	20,889,729	21,136,221
Sub-total of cash outflows from operating activities	983,032,483	620,806,830
Net cash flows from operating activities	1,603,652,963	1,166,588,579
2. Cash flows from investing activities		
Cash received from investment	37,783,600	4,082,345
Cash received from investment income	48,876,022	108,075,339
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	—	232,929
Sub-total of cash inflows from investing activities	86,659,622	112,390,613
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	656,161,426	923,772,904
Cash paid for purchase of investments	28,295,712	2,500,000
Cash paid relating to other investing activities	—	8,116
Sub-total of cash outflows from investing activities	684,457,138	926,281,020
Net cash flows from investing activities	(597,797,516)	(813,890,407)

3. Cash flows from financing activities:		
Cash received from borrowings	3,050,000,000	1,050,000,000
Sub-total of cash inflows from financing activities	3,050,000,000	1,050,000,000
Repayment of borrowings	3,250,000,000	553,312,706
Cash paid for distribution of dividends, profits and interests	762,859,241	881,904,314
Sub-total of cash outflows from financing activities	4,012,859,241	1,435,217,020
Net cash flows from financing activities	(962,859,241)	(385,217,020)
4. Net increase (decrease) in cash and cash equivalents	42,996,206	(32,518,848)
Add: Cash and cash equivalents at the beginning of the period	796,874,386	1,074,057,577
5. Cash and cash equivalents at the end of the period	839,870,592	1,041,538,729
Supplementary Information		
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	805,963,181	566,732,510
Add: Provisions for impairment loss on assets	(54,145)	—
Fixed asset depreciation, depreciation of oil and gas assets and depreciation of productive livestocks	425,726,860	363,897,174
Amortization of intangible assets	32,640,244	32,351,590
Amortization of long-term deferred expenses	—	710,834
Loss from disposal of fixed assets, intangible assets and other long-term assets	231,690	—
Loss from fair value changes	1,280,949	—
Finance expenses	253,589,997	206,775,240
Investment income	(74,032,826)	(57,201,259)
Decrease in deferred tax assets	1,526,413	—
Increase in inventories	(9,960,943)	(3,655,997)
Decrease (increase) in receivables under operating activities	7,084,400	(66,188,224)
Increase in payables under operating activities	159,657,143	123,166,711
Net cash flows from operating activities	1,603,652,963	1,166,588,579
2. Net change in cash and cash equivalents		
Cash at the end of the period	839,870,592	1,041,538,729
Less: cash at the beginning of the period	796,874,386	1,074,057,577
Net increase (decrease) in cash and cash equivalents	42,996,206	(32,518,848)

Consolidated Statement on Changes in Equity

January-June 2007

RMB

Item	Six months ended 30.6.2007					
	Paid-up capital (or share capital)	Capital reserves	Surplus reserves	Retained profits	Minority interests	Total equity
1. Balance at the end of last year	5,037,747,500	7,488,686,684	1,194,135,790	1,309,297,909	—	15,029,867,883
Add: change in accounting policy	—	—	—	9,830,278	427,827,147	437,657,425
2. Balance at the beginning of the year	5,037,747,500	7,488,686,684	1,194,135,790	1,319,128,187	427,827,147	15,467,525,308
3. Changes in the year						
(1) Net profit	—	—	—	784,712,168	21,251,013	805,963,181
(2) Distribution of profit						
i. Distribution to owners (or shareholders)	—	—	—	(957,172,025)	(18,723,000)	(975,895,025)
4. Balance at the end of the period	5,037,747,500	7,488,686,684	1,194,135,790	1,146,668,330	430,355,160	15,297,593,464

Unit: RMB

Item	Six months ended 30.6.2006					
	Paid-up capital (or share capital)	Capital reserves	Surplus reserves	Retained profits	Minority interests	Total equity
1. Balance at the end of last year	5,037,747,500	7,488,686,684	1,058,431,299	1,047,694,426	—	14,632,559,909
Add: change in accounting policy	—	—	—	10,318,639	416,907,787	427,226,426
2. Balance at the beginning of the	5,037,747,500	7,488,686,684	1,058,431,299	1,058,013,065	416,907,787	15,059,786,335
3. Changes in the year						
(1) Net profit	—	—	—	548,706,041	18,026,469	566,732,510
(2) Distribution of profit						
i. Distribution to owners (or shareholders)	—	—	—	(730,473,388)	(12,581,314)	(743,054,702)
4.Balance at the end of the period	5,037,747,500	7,488,686,684	1,058,431,299	876,245,718	422,352,942	14,883,464,143

7.3 Notes to financial statements

7.3.1. There are no changes in the accounting policy, accounting estimates and accounting difference during the reporting period.

☑ Applicable ☐ Not applicable

As from 1 January 2007, the Company has adopted the Accounting Standards for Enterprises (the "New Accounting Standards") announced by the Ministry of Finance in 2006. Transitive adjustments were made in accordance with the requirements stipulated by "Accounting Standards for Enterprises No.38 — First Time Adoption of Accounting Standards for Enterprises", the "Notice on How to Conduct Disclosure of Financial and Accounting Information in Relation to the New Accounting Standards" (Zheng Jian Fa [2006] No.136, the "Notice") announced by China Securities Regulatory Commission in November 2006 and the "Opinions of the Expert Working Group on the Implementation of Accounting Standards for Enterprises" issued by the Expert Working Group on the Implementation of Accounting Standards for Enterprises. Resulting changes in accounting policy mainly include:

1. **Income Tax**

   Under the original accounting standards, the Company's income tax expense was accounted for using the tax payable method. Under the New Accounting Standards, the Company adopts the balance sheet liability method to account for its corporate income tax and to recognize deferred tax assets and deferred tax liabilities.

2. **Balance of Long-Term Equity Investments**

   Under the original accounting standards, the equity investment creditor balance and debtor balance of long-term equity investments (formed before the announcement of Cai Kuai [2003] No.10 Notice) were amortized on an average basis over a fixed period and accounted for in the income statement. Under the New Accounting Standards, no more equity investment balance is incurred by long-term equity investments resulting from the consolidation of enterprises under the same control. As for other long-term equity investments accounted for using the equity method, the equity investment creditor balance incurred is included in the profit and loss account for the current period.

3. **Minority Interests**

Under the original accounting standards, minority interests were separately listed between liabilities and equity attributable to equity holders of the Company in the consolidated financial statements. Under the New Accounting Standards, minority interests are required to be listed as one of the items of shareholders' equity.

7.3.2. **There is no material change in the scopes of consolidation of the financial statements of the Company during the reporting period.**

By Order of the Board
Shen Chang Quan
Chairman

Nanjing, the PRC, 17 August 2007

As at the date of this announcement, Directors of the Company are:

Shen Change Quan, Sun Hong Ning, Chen Xiang Hui, Zhang Wen Sheng, Xie Jia Quan, Fan Yu Shu, Cui Xiao Long, Chang Yun Tsung, Fang Hung, Kenneth*, Fan Cong Lai* and Yang Xiong Sheng*.*

** Independent Non-executive directors*