江蘇寧滬高速公路股份有限公司
JIANGSU EXPRESSWAY COMPANY LIMITED

(Incorporated in the PRC with limited liability as a joint-stock limited company)

(Stock Code: 177)

Announcement on 2009 Annual Results

This announcement is made pursuant to rule 13.09 of and paragraph 45 of appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HK Listing Rules").

Information set out in paragraphs 2, 3.1, 4, 5, 6.3-6.6 and 8 is disclosed pursuant only to the Shanghai Stock Exchange Stock Listing Rules (Shanghai Listing Rules).

§1. IMPORTANT

1.1 The board of directors (the "Board"), supervisory committee, directors, supervisors and senior management staff 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 announcement is extracted from the Company's annual report. The full text of the annual report will be posted on the websites of the Shanghai Stock Exchange (www.sse.com.cn), The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (www.hkex.com.hk) and the Company (www.jsexpressway.com). Investors should read the full text of the annual report carefully for details.

1.2 Mr. Fan Cong Lai, Independent Director of the Company did not attend this meeting of the Board of Directors due to other obligations. He had authorized Mr. Chen Dong Hua, Independent Director of the Company to vote on behalf of him.

1.3 Deloitte Touche Tohmatsu Certified Public Accountants Limited and Deloitte Touche Tohmatsu have issued an unqualified opinion in the auditors' reports in accordance with PRC Accounting Standards for Business Enterprises ("PRC Accounting Standards") and Hong Kong Financial Reporting Standards ("HKFRS") respectively.

1.4 Mr. Shen Chang Quan, Chairman of the Company, Mr. Qian Yong Xiang, Director and General Manager of the Company, and Ms. Liu Wei, Deputy General Manager and Financial Controller of the Company, warrant the truthfulness and completeness of the financial statements in the annual report. The financial statements for the year have been reviewed by the audit committee.

§2. BASIC INFORMATION OF THE LISTED COMPANY

2.1 Overview

Stock Name	寧滬高速 (A Shares)	Jiangsu Expressway (H Shares)	JEXWW (ADR)
Stock Code	600377	0177	477373104
Stock Exchange Listed	Shanghai Stock Exchange	Hong Kong Stock Exchange	United States
Registered Address	6 Maqun Road, Nanjing, Jiangsu, the PRC		
Office Address	6 Maqun Road, Nanjing, Jiangsu, the PRC		
Postal code	210049		
Company's Website	http://www.jsexpressway.com		
E-mail Address	nhgs@public1.ptt.js.cn		

2.2 Contact person and contact method

	Secretary to the Board	Securities Officers
Names	Yao Yong Jia	Jiang Tao, Lou Qing
Correspondence Address	6 Maqun Road, Nanjing, Jiangsu, the PRC	
Telephones	8625-84469332	8625-84362700-301835, 301836
Fax	8625-84466643	
E-mail Address	nhgs@jsexpressway.com	

§3. HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Prepared in accordance with PRC Accounting Standards

Principal accounting data

Unit: RMB'000

Item	2009	2008	Increase/ Decrease over previous year %	2007
Operating revenue	5,741,346	5,277,139	8.80%	5,309,835
Gross profit	2,711,901	2,101,741	29.03%	2,408,549
Net profit attributable to equity holders of the Company	2,010,972	1,554,011	29.41%	1,600,827
Net profit attributable to equity holders of the Company after non-recurring profit/loss	2,010,395	1,556,241	29.18%	1,592,160
Net cash flow form operating activities	1,797,660	2,765,104	-34.99%	3,157,808
	End of 2009	End of 2008	Increase/ Decrease over end of previous year %	End of 2007
Total Assets	25,496,204	24,775,429	2.91%	25,937,848
Shareholders' equity attributable to equity holders of the Company	16,756,571	15,968,921	4.93%	15,708,385

Principal financial indicators

Unit: RMB

Principal financial indicator	2009	2008	Increase/ Decrease over previous year %	2007
Basic earnings per share	0.399	0.308	29.41	0.318
Diluted earnings per share	0.399	0.308	29.41	0.318
Basic earnings per share after non-recurring profit / loss	0.399	0.309	29.18	0.316
Fully diluted return on net assets (%)	12.00	9.73	23.33	10.21
Weighted average return on net assets (%)	12.55	10.03	25.12	10.45
Net cash flow per share from operating activities	0.36	0.55	-34.99	0.63
	End of 2009	End of 2008	Increase/ Decrease over end of previous year %	End of 2007
Net assets per share attributable to equity holder of the Company	3.33	3.17	4.93	3.12

Non-recurring profit/loss

☑ Applicable ☐ Not applicable

Unit: RMB'000

Item	**Amount**	**Description**
Loss from disposal of non-current assets	-15,453	Fixed assets written off and loss from disposal
Government subsidy	190	—
Gain form disposal of held-for-trading investment	950	Profit from held-for-trading investment such as stock
Gain from change in fair value	12,155	Gain from change in fair value of held-for-trading investment
Reverse of various impairment provision made in previous years	500	Reverse of provision for bad debts made
Except for the above items, other non-operating incomes and expenses, net	-1,377	—
Effects of income tax	3,922	Tax effect of non-recurring profit/loss
Effects of minority shareholders profit/(loss)	-310	—
Total	577	—

3.2 **Prepared under HKFRS**

1. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Revenue	5,586,887	5,133,732
Cost of sales and other direct operating costs	(2,515,978)	(2,499,443)
Gross profit	3,070,909	2,634,289
Other income	23,763	26,729
Administrative expenses	(136,498)	(121,730)
Finance costs	(392,379)	(550,354)
Share of profits of associates	174,212	151,412
Changes in fair value of held-for-trading investments	13,105	(1,479)
Gain on disposal of a subsidiary	—	1,072
Profit before tax	2,753,112	2,139,939
Income tax expense	(650,477)	(502,317)
Profit for the year	2,102,635	1,637,622
Profit for the year attributable to:		
Owners of the Company	2,052,184	1,592,209
Minority interests	50,451	45,413
	2,102,635	1,637,622
Earnings per share - Basic	RMB0.41	RMB0.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	RMB'000	*RMB'000*
Profit for the year	2,102,635	1,637,622
Other comprehensive income		
Share of other comprehensive income of associates	136,869	66,716
Other comprehensive income for the year	136,869	66,716
Total comprehensive income attributable to:		
Owners of the Company	2,189,053	1,658,925
Minority interests	50,451	45,413
	2,239,504	1,704,338

2. REVENUE

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Turnover comprises:		
Toll revenue	4,160,300	3,869,379
Ancillary Services	1,203,574	1,225,976
Sale of properties	175,629	—
Others	47,384	38,377
	5,586,887	5,133,732

3. SEGMENT INFORMATION

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

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

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

Toll roads

- Ninghu Expressway

- 312 National Highway

- Nanjing-Lianyungang Highway

- Guangjing Xicheng Expressway

Ancillary services

Other operations

Ancillary services include the sale of petrol, food and beverage and other goods in service zones along the highways.

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

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

Segment revenues and results

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

	2009			**2008**		
	Segment Revenue	**Sales tax**	**Reported Revenue**	**Segment Revenue**	**Sales tax**	**Reported Revenue**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Restated)*
Revenue						
Toll roads						
- Ninghu Expressway	3,552,245	(118,289)	3,433,956	3,203,537	(106,678)	3,096,859
- 312 National Highway	133,644	(7,417)	126,227	178,867	(9,927)	168,940
- Nanjing-Lianyungang Highway	40,788	(1,359)	39,429	41,490	(1,382)	40,108
- Guangjing Xicheng Expressway	580,002	(19,314)	560,688	582,882	(19,410)	563,472
Ancillary Services	1,211,654	(8,080)	1,203,574	1,231,987	(6,011)	1,225,976
Other operations	223,013	—	223,013	38,377	—	38,377
Total	5,741,346	(154,459)	5,586,887	5,277,140	(143,408)	5,133,732

	2009 Under PRC	2009 Adjustment	2009 Under HK	2008 Under PRC	2008 Adjustment	2008 Under HK
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(note)			*(note)*	*(Restated)*
Segment profit						
Toll roads						
- Ninghu Expressway	2,605,457	41,211	2,646,668	2,287,619	38,198	2,325,817
- 312 National Highway	(126,799)	—	(126,799)	(129,249)	—	(129,249)
- Nanjing-Lianyungang Highway	20,092	—	20,092	18,066	—	18,066
- Guangjing Xicheng Expressway	414,973	—	414,973	377,797	—	377,797
Ancillary Services	37,026	—	37,026	17,245	—	17,245
Other operations	78,949	—	78,949	24,613	—	24,613
Total	3,029,698	41,211	3,070,909	2,596,091	38,198	2,634,289
Other income			23,763			26,729
Administrative expenses			(136,498)			(121,730)
Finance costs			(392,379)			(550,354)
Share of profits of associates			174,212			151,412
Changes in fair value of held-for-trading investments			13,105			(1,479)
Gain on disposal of a subsidiary			—			1,072
Profit before tax			2,753,112			2,139,939
Income tax expense			(650,477)			(502,317)
Profit for the year			2,102,635			1,637,622

Segment profit represents the gross profit earned by each segment prepared in accordance with PRC accounting principles and regulations applicable to enterprises established in the People's Republic of China ("PRC GAAP") without allocation of other income, central administrative expenses, finance costs, share of profits of associates and investment income. This is the measure reported to the Group's Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

Note: The adjustment represents depreciation and amortization charge on the property, plant and equipment and operating right of toll roads which have been recognised at revalued amount in the PRC GAAP financial statements.

Segment assets and liabilities

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

Segment assets

	2009			2008		
	Segment assets *RMB'000*	**Adjustment** *RMB'000 (note)*	**Reported amount** *RMB'000*	**Segment assets** *RMB'000*	**Adjustment** *RMB'000 (note)*	**Reported amount** *RMB'000*
Toll roads						
- Ninghu Expressway	15,765,914	(1,292,362)	14,473,552	16,080,691	(1,333,573)	14,747,118
- 312 National Highway	2,830,085	—	2,830,085	3,013,160	—	3,013,160
- Nanjing-Lianyungang Highway	363,925	—	363,925	376,330	—	376,330
- Guangjing Xicheng Expressway	1,937,520	—	1,937,520	1,878,154	—	1,878,154
Ancillary Services	416,539	—	416,539	334,826	—	334,826
Other operations	1,544,840	—	1,544,840	329,792	—	329,792
Total	22,858,823	(1,292,362)	21,566,461	22,012,953	(1,333,573)	20,679,380
Unallocated assets	2,637,381	—	2,637,381	2,762,474	—	2,762,474
Consolidated assets	25,496,204	(1,292,362)	24,203,842	24,775,427	(1,333,573)	23,441,854
Unallocated assets includes:						
Interest in associates			1,916,820			1,870,764
Bank balances and cash			517,820			460,593
Held for trading investments			52,100			39,967
Others			150,641			391,150
Total unallocated assets			2,637,381			2,762,474

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to operating segments other than interest in associates, held for trading investments, bank balances and cash and other corporate assets.

Segment assets are reported to the Group's Chief Operating Decision Marker based on amount reported under the PRC GAAP financial statements.

Note: The adjustment represents the revaluation of the property, plant and equipment and operating right of toll roads (less depreciation and amortisation) which have been recognised in the PRC GAAP financial statements.

Segment liabilities

No segment liabilities is reported to the Group's Chief Operating Decision Maker.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

2009

	Ninghu Expressway RMB'000	312 National Highway RMB'000	Nanjing-Lianyungang Highway RMB'000	Guangjing Xicheng Expressway RMB'000	Ancillary Services RMB'000	Other operations RMB'000
Addition to non-current assets (note 1)	25,788	90,000	—	53,962	—	—
Segment depreciation and amortisation	539,824	177,713	12,405	61,259	15,498	9,858
Adjustment (note 2)	(41,211)	—	—	—	—	—
Reported depreciation and amortisation	498,613	177,713	12,405	61,259	15,498	9,858

2008

	Ninghu Expressway RMB'000	312 National Highway RMB'000	Nanjing-Lianyungang Highway RMB'000	Guangjing Xicheng Expressway RMB'000	Ancillary Services RMB'000	Other operations RMB'000
Addition to non-current assets (note 1)	717,271	—	—	—	—	—
Segment depreciation and amortisation	540,949	223,244	14,965	68,253	17,431	7,608
Adjustment (note 2)	(38,198)	—	—	—	—	—
Reported depreciation and amortisation	502,751	223,244	14,965	68,253	17,431	7,608

Note 1: Non-current assets excluded financial instruments and deferred tax assets.

Note 2: The adjustment represents depreciation and amortization charge of the property, plant and equipment and operating right of toll roads which have been recognised at revalued amount in the PRC GAAP financial statements.

Geographical information

All the Group's operations are located and carried out in Jiangsu Province, PRC. Accordingly, no segment information by geographical is presented.

Information about major customers

The Group's major operations are public infrastructure service, there is no customer which contributes more than 10% of the group's revenue.

4. FINANCE COSTS

	2009	**2008**
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable:		
Within five years	389,642	476,136
Over five years	324	60,819
	389,966	536,955
Bond issue cost	2,413	13,399
Total borrowing costs	392,379	550,354

5. TAXATION

	2009	**2008**
	RMB'000	*RMB'000*
The charge comprises:		
PRC income tax	641,002	502,164
Under provision of prior years' tax	6,311	—
	647,313	502,164
Deferred tax charge (note 22)	3,164	153
Taxation attributable to the Company and its subsidiaries	650,477	502,317

No provision for Hong Kong Profits Tax has been made as the income neither arises, nor is derived from, Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The tax charge for the year ended 31 December 2009 can be reconciled to the profit before tax as follows:

	2009		**2008**	
	RMB'000	%	*RMB'000*	%
Profit before tax	2,753,112		2,139,939	
Tax at the domestic tax rate of 25% (2008: 25%)	688,278	25	534,985	25.0
Tax effect of expenses not deductible for tax purpose	—	—	5,185	0.2
Tax effect of income not taxable for tax purpose	(559)	—	—	—
Tax effect of share of profits of associates	(43,553)	(1.6)	(37,853)	(1.7)
Under provision of prior years' tax	6,311	0.2	—	—
Tax charge and effective tax rate for the year	650,477	23.6	502,317	23.5

6. PROFIT FOR THE YEAR

	2009	2008
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Staff costs including directors' emoluments	295,573	272,043
Retirement benefits scheme contributions	54,082	40,866
Total staff costs	349,655	312,909
Auditor's remuneration	2,100	2,100
Depreciation and amortisation (included in cost of sales and other direct operating costs)	759,843	810,664
Loss on disposal of property, plant and equipment	15,454	1,374
Operating lease rental in respect of land use rights (included in cost of sales and other direct operating costs)	65,280	65,280
Cost of inventories recognised as an expense	1,169,101	1,102,360
Share of tax of associates (included in share of profits of associates)	55,020	54,495
and after crediting:		
Interest income from bank deposits	6,113	7,677
Dividend income from unlisted available-for-sale financial assets	200	200
Reversal of impairment loss made on other receivables	500	2,416
Government subsidies	190	—

7. DIVIDEND

	2009	2008
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final — RMB 0.27 (2008: RMB 0.27) per share	1,360,192	1,360,192

Pursuant to a directors' meeting dated 19 March 2010, a final dividend of RMB 0.31 (2008: directors' meeting dated 27 March 2009 for a final dividend of RMB 0.27) per share for the year ended 31 December 2009, totaling RMB 1,561,701,725 has been proposed by the directors and is subject to approval by the shareholders in the next general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit for the year attributable to the owners of the Company of RMB 2,052,184,000 (2008: RMB1,592,209,000) and 5,037,747,500 (2008: 5,037,747,500) ordinary shares in issue during the year.

No diluted earnings per share is presented as the Company has no potential ordinary shares outstanding for the two years ended 31 December 2009.

3.3 **Differences between PRC Accounting Standards and HKFRS:**

☑ Applicable ☐ Not applicable

Unit: RMB'000

	Net Profit		**Net Asset**	
	2009	**2008**	**As at 31 December 2009**	**As at 31 December 2008**
Under PRC Accounting Standards for Business Enterprises	2,061,424	1,599,424	17,206,797	16,407,736
HKFRS adjustments:				
- Valuation, depreciation, amortization of fixed assets and concession intangible assets	41,211	38,198	-1,292,362	-1,333,573
As reported in these financial statements prepared in accordance with HKFRS	2,102,635	1,637,622	15,914,435	15,074,163

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

§4 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

4.1 Changes in Share Capital

During the reporting period, there was no change in the total number of shares of the Company. Starting from 16 May 2007, the Company's circulating shares subject to selling restrictions totalling 286,399,104 shares have been successively listed in batches after their selling restriction period had expired. Therefore, the Company's shareholding structure has been changed.

Unit: Shares

	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	2,742,578,825	54.44%	0	2,742,578,825	54.44%
2. State-owned legal person shares	589,059,077	11.69%	0	589,059,077	11.69%
3. Other domestic shares	63,223,518	1.26%	-2,851,900	60,371,618	1.20%
Including: Domestic legal person shares	63,223,518	1.26%	-2,851,900	60,371,618	1.20%
Total shares subject to selling restrictions	3,394,861,420	67.39%	-2,851,900	3,392,009,520	67.33%
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	420,886,080	8.35%	+2,851,900	423,737,980	8.41%
2. Foreign listed foreign shares	1,222,000,000	24.26%	0	1,222,000,000	24.26%
Total circulating shares not subject to selling restrictions	1,642,886,080	32.61%	+2,851,900	1,645,737,980	32.67%
III. Shares in total	5,037,747,500	100%	0	5,037,747,500	100%

4.2 Changes in shares with selling restriction

Unit: Shares

Name of shareholder	Number of shares with selling restriction at the beginning of the year	Number of shares with released selling restriction of the year	Increased number of shares with selling restriction of the year	Balance of shares with selling restriction at the end of the year	Reason of selling restriction	Date of releasing selling restriction
Jiangsu Communications Holdings Company Limited	2,742,578,825	0	0	2,742,578,825	Selling restriction not expired	2011-5-16
Huajian Transportation Economic Development Centre	589,059,077	0	0	589,059,077	Selling restriction not expired	2011-5-16
Domestic legal person shareholder	63,223,518	2,851,900	0	60,371,618	The procedures of listing and circulation incomplete	2007-5-16
Total	3,394,861,420	2,851,900	0	3,392,009,520	—	—

4.3 Shareholding of top ten shareholders, top ten holders of A Shares in circulation

Total number of shareholders at the end of the reporting period	As of 31 December 2009, there was a total of 57,712 shareholders whose names appeared on the register of shareholders of the Company, of whom 57,195 were domestic shareholders and 517 were foreign shareholders.

Shareholding of the top ten shareholders

Name of shareholder (in full)	Change during the reporting period (+, -)	Number of shares held at the end of the reporting period (shares)	Shareholding percentage (%)	Number of shares held subject to selling restrictions	Number of shares pledged or frozen	Type of shareholder
Jiangsu Communications Holdings Company Ltd.	0	2,742,578,825	54.44	2,742,578,825	Nil	State-owned legal person
Huajian Transportation Economic Development Centre	0	589,059,077	11.69	589,059,077	Nil	State-owned legal person
Mondrian Investment Partners Limited	98,534,000	98,534,000	1.96	0	Unknown	Foreign legal person
Capital Research and Management Company	-26,069,000	85,269,000	1.69	0	Unknown	Foreign legal person
Wellington Management Company, LLP	74,453,207	74,453,207	1.48	0	Unknown	Foreign legal person
Columbia Wanger Asset Management, L.P.	0	63,878,000	1.27	0	Unknown	Foreign legal person
Blackrock, Inc.	61,333,472	61,333,472	1.22	0	Unknown	Foreign legal person
China AMC Large-cap Select Fund (華夏大盤精選證券投資基金)	14,783,976	14,783,976	0.29	0	Unknown	Others
Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	0	13,950,000	0.28	0	Unknown	State-owned legal person
Lion Value Growth Stock Fund (諾安價值增長股票證券投資基金)	12,000,000	12,000,000	0.24	0	Unknown	Others

The top ten holders of circulating A Shares		
Name of shareholder (in full)	**Number of shares held at the end of the reporting period (shares)**	**Category of the shares held**
China AMC Large-cap Select Fund (華夏大盤精選證券投資基金)	14,783,976	RMB-denominated ordinary shares
Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	13,950,000	RMB-denominated ordinary shares
Lion Value Growth Stock Fund (諾安價值增長股票證券投資基金)	12,000,000	RMB-denominated ordinary shares
Kunshan Municipal Land Development Centre (昆山市土地開發中心)	7,500,000	RMB-denominated ordinary shares
Jiangsu Electric Power Company (江蘇省電力公司)	6,534,627	RMB-denominated ordinary shares
CITIC Dividend Select Fund (中信紅利精選股票型證券投資基金)	6,356,996	RMB-denominated ordinary shares
ABC-CA Strategic Value Equity Fund (農銀匯理策略價值股票型證券投資基金)	5,999,851	RMB-denominated ordinary shares
China AMC Return Fund (華夏回報證券投資基金)	5,621,062	RMB-denominated ordinary shares
Fortune SGAM Selected Sectors Fund (華寶興業行業精選股票型證券投資基金)	4,706,696	RMB-denominated ordinary shares
CIFM China Consumption Fund (上投摩根內需動力股票型證券投資基金)	4,204,478	RMB-demoninated ordinary shares
Description of any connected relationship among the above shareholders	The Company is not aware of whether or not there is any connected relationship between the top ten holders of circulating A Shares and the top ten shareholders	

4.4 Controlling shareholder and the de facto controller

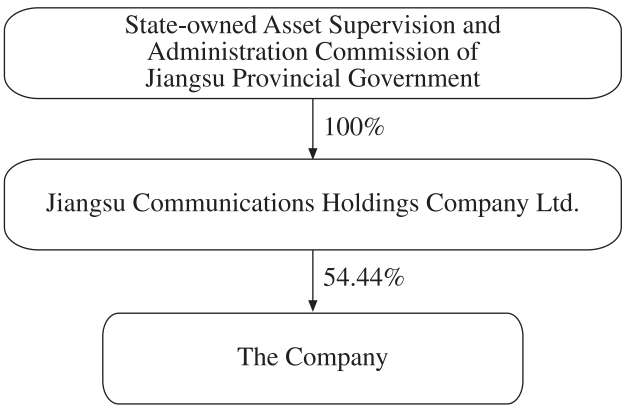
4.4.1 Change in controlling shareholder and the de facto controller

☐ Applicable ☑ Not applicable

4.4.2 Description of the controlling shareholder and the de facto controller

Name	Legal representative	Registered capital	Date of establishment	Principal business
Jiangsu Communications Holdings Company Ltd.	Shen Chang Quan	16.8 billion	15 September 2000	The company is engaged in the operation and management of State-owned assets; investment, construction, operation and management of transport infrastructure, transportation and other related sectors, collection of tolls from vehicles according to the relevant rules; and industrial investment and domestic trading within the scopes of authorization of the provincial government.

4.4.3 Diagram of the ownership and controlling relationship between the Company and the de facto controller



§5 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

5.1 Change in shareholding of directors, supervisors and senior management

Names	Position	Gender	Age	Term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Total emoluments during the reporting period (RMB)	Received emoluments in shareholders' entities or other connected entities (Y/N)
Shen Chang Quan	Chairman	M	62	From June 2009 to 2012	0	0	—	Y
Qian Yong Xiang	Executive Director, General Manager	M	46	From June 2009 to 2012	0	0	393,750	N
Zhang Yang	Non-executive Director	F	46	From June 2009 to 2012	0	0	—	Y
Chen Xiang Hui	Non-executive Director	M	47	From June 2009 to 2012	0	0	—	Y
Du Wen Yi	Non-executive Director	M	47	From June 2009 to 2012	0	0	—	Y
Cheng Chang Yung Tsung, Alice	Non-executive Director	F	78	From October 2009 to 2012	0	0	264,000	N
Fang Hung, Kenneth	Non-executive Drector	M	72	From October 2009 to 2012	0	0	264,000	N
Fan Cong Lai	Independent Non-executive Director	M	48	From June 2009 to 2012	0	0	50,000	N
Chen Dong Hua	Independent Non-executive Director	M	35	From June 2009 to 2012	0	0	25,000	N
Xu Chang Xin	Independent Non-executive Director	M	47	From October 2009 to 2012	0	0	—	N
Gao Bo	Independent Non-executive Director	M	48	From October 2009 to 2012	0	0	—	N
Yang Gen Lin	Chairman of the Supervisory Committee	M	57	From June 2009 to 2012	0	0	—	Y
Sun Hong Ning	Supervisor	M	49	From October 2009 to 2012	0	0	—	Y
Hu Yu	Supervisor	F	35	From June 2009 to 2012	0	0	—	Y
Yan Shi Min	Supervisor	M	56	From June 2009 to 2012	0	0	240,000	N
Shao Li	Supervisor	F	32	From June 2009 to 2012	0	0	216,000	N
Liu Wei	Deputy General Manager, Financial Controller	F	54	From January 2010 to December 2012	0	0	298,500	N
Zhao Jia Jun	Deputy General Manager	M	43	From January 2010 to December 2012	0	0	280,000	N
Shang Hong	Assistant to General Manager	F	47	From January 2010 to December 2012	0	0	280,000	N
Yao Yong Jia	Secretary to the Board of Directors	M	46	From January 2010 to December 2012	0	0	280,000	N
Lee Wai Fun, Betty	Company Secretary (Hong Kong)	F	49	From June 2009 to May 2010	0	0	—	N

During the reporting period, the directors, supervisors and senior management did not hold any shares, shares futures options and restricted shares of the Company.

6. REPORTS OF THE DIRECTORS

6.1 Management Discussion and Analysis

During the reporting period, the Group realized aggregated total operating revenues of approximately RMB5,741,346,000, up approximately 8.80% over the same period of 2008, of which toll revenue amounted to approximately RMB4,306,679,000, representing an increase of approximately 7.48% as compared to the same period of 2008. Revenue from ancillary services amounted to approximately RMB1,211,654,000, down approximately 1.65% from a year ago. Revenue from other operations was approximately RMB223,013,000, up approximately 481.12% from the same period of 2008. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB2,728,540,000 during the reporting period, an increase of approximately 29.47% over the same period of 2008. Net profit attributable to equity holders of the Company was approximately RMB2,010,972,000 and earnings per share was approximately RMB0.3992, an increase of approximately 29.41% over the same period of 2008. Under HKFRS, profit after taxation attributable to the equity holders of the Company was approximately RMB2,052,184,000 and earnings per share was approximately RMB0.4074, an increase of approximately 28.89% over the same period of the previous year.

During 2009, amid complex and changing operating environment, the operating revenue and operating results of the Group have exceeded the planned targets. Major reasons for the growth of results are as follows:

- Benefiting from a rapid recovery of the macro economy and two toll-by-weight adjustments for goods vehicles in Jiangsu Province, revenue from the principal toll road business achieved satisfactory growth with the major contribution to growth coming from Shanghai-Nanjing Expressway, the core asset of the Group.

- Ninghu Investment, a subsidiary of the Company, has completed the sales of its property project, thereby enabling the revenue from other businesses to contribute to a new profit growth point for the Group.

- Effective measures were employed to reasonably control various operating management costs. Benefiting from the State's relatively relaxed monetary policies and the Company's implementation of aggressive finance management and financing strategies, financial expenses decreased significantly.

- Investment income realised by the Group for the year increased by 14.84% year-on-year, contributing to the Group's profits.

1. **Operating Activities of Road and Bridge Assets**

In 2009, total toll revenue from roads and bridges amounting to approximately RMB4,306,679,000 was realized, representing an increase of approximately 7.48% as compared to the same period of 2008. Total toll revenue represented 75.01% of the Group's total operating revenue. The operating performance of each road and bridge project is as follows:

Road/Bridge	**Average daily traffic volume (vehicle/day)**			**Average daily toll revenue (RMB'000/day)**		
	2009	**2008**	**Change %**	**2009**	**2008**	**Change %**
Shanghai-Nanjing Expressway	50,906	46,315	9.91	9,732.2	8,752.8	11.19
Shanghai-Nanjing Section of G312	22,337	27,924	-20.01	366.1	488.7	-25.09
Nanjing Section of Nanjing-Lianyungang Highway	5,230	6,018	-13.10	111.7	113.4	-1.50
Guangjing Expressway	34,201	34,971	-2.20	563.4	572.4	-1.57
Xicheng Expressway	36,337	36,808	-1.28	1,025.7	1,020.2	0.54
Jiangyin Yangtze Bridge	40,021	39,599	1.07	1,915.1	1,981.1	-3.33
Sujiahang Expressway	30,067	27,137	10.80	2,174.9	1,870.4	16.28

(1) **Shanghai-Nanjing Expressway**

In 2009, Shanghai-Nanjing Expressway realized a total toll revenue of approximately RMB3,552,245,000, representing approximately 82.48% of the Group's total toll revenue and approximately 61.87% of the Group's total operating revenue. Its average daily traffic volume and average daily toll revenue reported increases of approximately 9.91% and 11.19%, respectively over the corresponding period of the previous year. Impact from speed train unit diversions and other road networks has basically been stabilized during the year. Vehicle mix of trucks of the year decreased by 2 percentage points year-on-year due to the impact of the economic crisis in the beginning of the year. However, following the rapid recovery of truck traffic in the second half of the year and the adjustment of toll-by-weight standards for trucks on 1 July, average daily toll full-trip revenue per vehicle increased by 8.47% from RMB183.1 in the first half of the year to RMB198.6 in the second half of the year, and average daily toll full-trip revenue per truck increased by 8.76% from RMB304.8 in the first half of the year to RMB331.5 in the second half of the year.

(2) **Shanghai-Nanjing Section of G312**

In 2009, the operating environment of G312 was difficult due to the increase in local detour roads and Jiangsu Province has cancelled toll collection for government debt-repaying Class II highways since 1 March 2009. Some of the nearby Class II highways have diverted traffic from G312. As a result, traffic volume, revenue and gross profit margin of G312 have further decreased during the reporting period.

(3) **Nanjing Section of Nanjing-Lianyungang Highway**

In 2009, the operating condition of Nanjing Section of Nanjing-Lianyungang Highway has improved gradually. In particular, after the adjustment of the toll-by-weight standards for trucks, the proportion of trucks and the average daily revenue have increased month-by-month. During the reporting period, although average daily traffic decreased by 13.1% year-on-year, average daily revenue only decreased by 1.5% with revenue per vehicle increased by 13.8% year-on-year.

(4) **Guangjing Expressway, Xicheng Expressway and Jiangyin Yangtze Bridge**

The diversion impact on Guangjing Expressway, Xicheng Expressway and Jiangyin Yangtze Bridge arising from the opening-to-traffic of Sutong Bridge in May 2008 was significant during the first half of 2009. However, following the rapid recovery of the economic environment and the adjustment to the toll-by-weight standards for trucks, the average daily traffic and toll revenue of the three projects showed signs of growth year-on-year. The operating condition of the year as a whole was close to the level of 2008.

(5) **Sujiahang Expressway**

Following the opening-to-traffic of Sutong Bridge linking the north end of Sujiahang Expressway, a run-through of the complete coastal passage is made available, helping to boost a significant increase in traffic volume on the expressway during the period. Average daily full-trip traffic volume and average daily toll revenue increased by approximately 10.80% and 16.28% year-on-year, respectively.

2. **Ancillary Service Operation Business at Service Areas**

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

In 2009, the Company realized a revenue of approximately RMB1,211,654,000 from ancillary services, a decrease of approximately 1.65% over the corresponding period of the previous year. Of this revenue, revenue from petroleum product sales was approximately RMB1,063,471,000, a decrease of approximately 2.4% over the corresponding period of the previous year, representing 87.77% of the total ancillary service revenue. The decrease in sales was mainly attributable to the drops in petroleum product sales and petroleum prices. Revenue from other businesses including food and beverage, retail sales of goods and hindrance clearance services was RMB148,183,000, an increase of approximately 4.06% over the corresponding period of 2008.

3. **Other Business Operations**

Other businesses of the Company mainly comprise the project development and operations of two subsidiaries, Ninghu Properties and Ninghu Investment.

Ninghu Properties is principally engaged in real property development and operation. In 2009, the real estate business formally commenced. The Company has acquired three plots of lands, including the land in Hongyan Community, Baohua Town, Jurong City; the land in the Huaqiao core business district in Kunshan; and the land in Xinshi Road, Canglang District, Suzhou. During 2009, the company focused on the preliminary planning of the three projects and therefore, no operating revenue has yet been realized.

Ninghu Investment is principally engaged in the distribution of advertising media along Shanghai-Nanjing Expressway and in other investments. In 2009, with the new sales operation of Kunshan real estate project, it has realized a revenue of RMB219,756,000, up 517.93% year-on-year. Among the revenue, revenue from the advertising business amounted to RMB44,107,000, up 24.03% year-on-year; while revenue from the sales of properties and others amounted to RMB175,649,000.

In 2009, the Company realized revenue from other business operations amounting to RMB223,013,000, up 481.12% year-on-year.

4. Analysis of Operating Results and Financial Status

(1) Analysis of operating results

Change in operating revenue and costs

In 2009, the Group recognized an aggregate operating revenue of approximately RMB5,741,346,000, representing an increase of approximately 8.80% as compared to the corresponding period of 2008. Operating costs amounted to approximately RMB2,493,621,000 in aggregate, representing an increase of approximately 0.79% as compared to the corresponding period of 2008, leading to an increase of 3.45 percentage points of the Group's consolidated gross profit margin.

Investment Income

In 2009, the Group's investment income amounted to RMB175,362,000, up 14.84% year-on-year. Among the income, investment income contributed by associates, in which the Group had equity investments, amounted to approximately RMB174,212,000, representing an increase of 15.06% as compared to 2008 and accounting for approximately 8.45% of the Group's net profit.

Administrative expenses

During 2009, administrative expenses of the Company amounted to RMB164,589,000 in aggregate, representing an increase of 1.75% as compared to the corresponding period of 2008. The increase was mainly attributable to the year-on-year increase of the management fee of Ninghu Property resulting from the commencement of the preliminary development work of its real estate projects during the year.

Finance Costs

As at 31 December 2009, total interest-bearing liabilities carry interests of the Group amounted to RMB7,791,573,000, representing an increase of RMB227,895,000 as compared to the corresponding period in 2008. During the second half of 2008, there were five lowerings of interest rates. In 2009, the Company has adopted a lower prevailing bank borrowing rates. Meanwhile, with the State's relaxed monetary policies, the Company was committed to lower financing costs by adjusting the terms of current loans, issuing short-term trust schemes and enhancing the effective application of funds. During the reporting period, finance costs of the Group amounted to RMB387,025,000 in aggregate, representing a decrease of RMB155,363,000 or 28.64% year-on-year.

Income Tax

The statutory tax rate of the Company was 25% while operating tax rate of toll revenue from expressway vehicles was 3%. In 2009, the income tax expense of the Group amounted to RMB650,477,000 in aggregate, representing an increase of 29.5% as compared to the corresponding period in 2008.

Items Calculated on a Fair Value Basis

☑ Applicable ☐ Not applicable

Unit: RMB'000

Item	Amount at the beginning of the period	Profit/loss of fair value change during the reporting period	Aggregate fair value change accounted for as equity	Impairment made during the reporting period	Amount at the end of the period
Financial assets					
Including:					
1. financial assets calculated on a fair value basis with changes in the value accounted for as current profit or loss	39,967	12,155			52,100
2. Available-for-sale financial assets					
Total	39,967	12,155			52,100

During the reporting period, the financial assets calculated on a fair value basis held by the Group were the financial assets held-for-trading invested by Ninghu Investment, a subsidiary of the Company. The fair value of "investment in spot gold" at the end of the year was RMB52,100,000 and the cost was RMB36,048,000. The market prices of the above investments at the end of the year and relevant information were sourced from the prices published by the Shanghai Gold Exchange. During the reporting period, the Company did not hold any financial liabilities calculated on a fair value basis.

Financial Assets and Financial Liabilities Held in Foreign Currencies

☑ Applicable ☐ Not applicable

Unit: RMB'000

Item	Amount at the beginning of the period	Profit/loss of fair value change during the reporting period	Aggregate fair value change accounted for as equity	Impairment made during the reporting period	Amount at the end of the period
Financial assets	7,540	—	—	—	5,475
Financial liabilities	33,867	—	—	—	32,143

During the reporting period, financial liabilities in foreign currencies held by the Company at the end of the year amounted to RMB32,143,000. A borrowing facility of US$9.80 million was secured in 1998 from Bank of China, Jiangsu Branch for acquiring imported facilities and technology. The borrowing facility comprised approximately US$4.90 million credit facility to the purchaser and a loan of US$4.90 million from the Spanish Government. The borrowing of the credit facility to the purchaser has been settled in 2006. The loan from the Spanish Government will be repaid half-yearly by 40 equal installments from January 2009 with reference to the actual borrowing amount.

(2) **Analysis of Financial Conditions**

The Group's capital structure

Item	31 December 2009 RMB'000	%	31 December 2008 RMB'000	%	Change %
Current liabilities	3,771,363	15.58	3,654,732	15.59	3.19
Non-current liabilities	4,518,044	18.67	4,712,959	20.10	-4.14
Liabilities at fixed interest rates	4,201,573	17.36	3,739,811	15.95	12.35
Liabilities at floating interest rates	3,590,000	14.83	3,823,867	16.31	-6.12
Interest-free liabilities	497,834	2.06	804,013	3.43	-38.08
Equity attributable to equity holders of the Company	15,464,209	63.89	14,635,347	62.43	5.66
Minority interests	450,226	1.86	438,816	1.88	2.60
Total assets	24,203,842	100	23,441,854	100.00	3.25
Gearing ratio:	—	32.19	—	32.27	Decreased by 0.08 percentage point

Gearing ratio: Liabilities bearing interest rates / total assets

During the year, interest-free liabilities decreased significantly mainly due to the decrease in advances by 84.04% resulting from the amount of property presale being transferred to revenue; interest payables decreased by 60.37% resulting from the decrease in interest rates and the change in the structure of interest-bearing liabilities; the Group's other payables decreased by 56.55% owing to gradual payments being made to project fees for the expansion works of Shanghai-Nanjing Expressway and the final payment for purchasing the new operating rights of G312.

Asset liquidity and financial resources

The Group is principally engaged in the operation of toll roads and bridges. Operating activities relating to the day-to-day toll business are received in cash, with which the Group has a stable operating cashflow. In 2009, cash inflow from the Group's operating activities amounted to approximately RMB5,790,027,000; net cash inflow from operating activities amounted to approximately RMB1,797,660,000. The gearing ratio is at a reasonable level of 32.51%. Monetary capital at book value amounted to approximately RMB517,820,000. During 2009, the Company has obtained credit facilities from banks amounting to RMB12.9 billion. Of such amount, RMB5.223 billion has been utilized and the unutilized credit facilities from banks amounted to RMB7.677 billion. The Group has a stable and abundant operating cashflow and adequate credit facilities from banks; and has made appropriate financing arrangements to fulfil the needs of repayments, dividend distribution and capital expenditure. As such, the management believes that the Group does not have any cash liquidity problem.

Major sources of cash and their applications

Unit: RMB'000

	2009	**2008**
Net cash flow from operating activities	1,797,660	2,765,104
Net cash flow from investment activities	-138,755	-897,540
Net cash flow from fundraising activities	-1,601,678	-2,535,918
Net increase in cash and cash equivalents	57,227	-668,354

The Group's cash flow from operating activities decreased by RMB967,444,000 year-on-year, mainly attributable to land costs and relevant land duties resulted from land purchase by Ninhu Properties, the subsidiary of the Company. As such, net cash outflow from operating activities increased.

Net cashflow from investment activities increased by RMB758,785,000 year-on-year owing to the completed payment to project fees for the expansion works of Shanghai-Nanjing Expressway, and the fact that cash paid to construction and purchase of fixed assets, intangible assets and other long-term assets decreased substantially.

During the reporting period, net cashflow from financing activities increased by RMB934,240,000 year-on-year, mainly attributable to the relevant payment in respect of the land purchase by Ninghu Properties, the subsidiary of the Company. As such, cash paid to debt repayment by the Group reduced.

Capital expenditures

In 2009, the Group's planned capital expenditures actually accurred amounted to approximately RMB274,813,000, representing a decrease of 66.79% or RMB552,605,000 from 2008. The capital expenditure of projects was mainly the balance payment made to the expansion works of Shanghai-Nanjing Expressway and the expansion project of G312. As at the end of the reporting period, the balance payments of the expansion works of Shanghai-Nanjing Expressway amounting RMB93,615,000 and the expansion project of G312 amounting RMB10,000,000 have not been paid.

In 2009, the implementation of Group's capital expenditure project and amounts are as follows:

Capital Expenditure	**RMB'000**
Balance payment of the expansion works of Shanghai-Nanjing Expressway	25,788
Balance payment of the expansion project of G312	90,000
Partial renovation on surface of Guangjing Xicheng Expressway	53,962
Others	105,063
Total	274,813

Financing activities and financial costs

During the reporting period, supported by the State's moderately relaxed monetary policies and based on sound financial conditions, steady cash flows, good credit track records and a fine reputation in the industry, the Company continued to be entitled to the prime rate of commercial loans under the interest rate policy of the People's Bank of China, thereby continuously enjoying lower financing costs. Meanwhile, the Company actively expanded its financing channels and adjusted debt structure, with a view to lowering financing costs. With the arrangement of series of aggressive and effective financing activities, the Company's financing risks and financial risks were effectively controlled as a whole. The Company has also effectively lowered financing costs to maintain financial safety. In 2009, the Company's consolidated borrowing cost of interest bearing long and short term liabilities was approximately 4.83%, approximately 0.65 percentage point lower than the prevailing bank borrowing rates and being 1.23 percentage point lower than that of the same period of the previous year.

Foreign exchange risks

The Group operates its businesses principally in China. No major foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H shares. 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 31 December 2009, the balance of the loan was approximately RMB32,143,000 after conversion from US dollars, against which no foreign exchange hedge was made. Fluctuations in exchange rates will not have any material impact on the Company's results.

Pledge of assets

As at 31 December 2009, the Company did not have any pledge of assets.

Contingent liabilities

As at 31 December 2009, the Company did not have any contingent liabilities.

Trust deposits

As at 31 December 2009, the Company did not have any trust deposits with any financial institutions in China or any fixed term deposits which were irrecoverable upon their maturity.

Trust loans

During the reporting period, the Company secured RMB500,000,000 from its subsidiary Guangjing Xicheng by way of a trust loan with a term of one year at an annual interest of 4%. The Company also secured a loan of RMB270,000,000 from its connected company Far East Shipping by way of a trust loan with a term of one year and carry an annual interest rate of 5.0445%. As at 31 December 2009, the balance of trust loans with associate companies amounted to RMB770,000,000.

5. **Investment during the Reporting Period**

Unit: RMB'000

Investment amount during the reporting period	1,271,520
Change of investment amount during the reporting period as compared with previous year	911,520
% change of investment amount during the reporting period	353.2%

Information of invested company

Name of invested company	Principal operating activities	Equity interests in the invested company (%)
Jiangsu Ninghu Properties Company Limited	Development, operation and consultation of real estates	100

6. **Business Development Initiatives**

Development Environment

In 2010, there were more favorable conditions for the stable and rapid development of China's economy. Strong domestic demands and the rebound in foreign demands will further help the economy to continue to recover. The State will continue to maintain the continuity and stability of the macro economy, and will continue to implement proactive financial policies and moderately relaxed monetary policies, thereby bringing the national economy toward healthy development. This will provide a relatively relaxed macro-economic environment for the operation and development of the Company.

In 2009, two successive adjustments were made to the toll-by-weight standards for trucks in the province. The promoting effect of such adjustments will be continued effective in 2010. Supported by the State's policies, the manufacturing and sale of civilian vehicles will grow rapidly, bringing potential for future traffic growth. Meanwhile, for the next few years, no new competing road sections will be completed within the Group's operating territory, and so the road network will remain relatively stable.

The Shanghai World Expo to be held during 1 May and 31 October 2010 will create new opportunities for the development of the Company. As forecasted by the organizing institution based on the updated pre-sale of tickets, there will be hundreds of million visitors around the world to come to Shanghai during the World Expo. The large visitor flow and subsequent tourism in neighboring areas will surely result in booming traffic demands. However, due to a series of safety measures and restricted access by vehicles from other cities and regions into Shanghai during the World Expo, it is also hard to predict traffic volume growth within the region. Meanwhile, as government leaders of all levels and domestic and overseas visitors will flock into the region, there will be more requirements raised to Shanghai-Nanjing Expressway in terms of ensuring traffic capacity and providing quality civilized services. Therefore, in 2010, it will be the top priority of the Company's operations management to ensure road safety and traffic smoothness amidst high traffic volume and to provide quality services for travelling vehicles and people, so as to present a good image of Shanghai-Nanjing Expressway as well as a good image of Jiangsu Province to both domestic and overseas visitors.

In view of operation pressure, the inter-city rail between Shanghai and Nanjing will be put into operation in July 2010, which will result in some diversions from Shanghai-Nanjing Expressway, although we judge that there will be no further significant diversions since the Shanghai-Nanjing inter-city rail will replace the passenger transport function of the speed train units on the Shanghai-Nanjing Rail Line. However, the change of future traffic volume caused by a new means of transport deserves our long-term attention. On the other hand, with the economy becoming gradually stabilized, The State may carry out slight adjustments to its macro-control policies, and an interest rate hike is becoming more and more likely. The Company will need to adopt active and effective measures to mitigate the risk of an interest rate hike.

In view of the various external operating situations in 2010, the Company expects that the consolidated operating income realised in 2010 will increase by 3.5% year-on-year.

Development Strategies

Faced with a market environment with both opportunities and challenges in the future, the Group will continue to carry out prudent and stable strategies and actively explore new development opportunities, so as to push forward a continued, healthy and stable growth of the Company.

Stable Development Strategies for the Principal Business: The Group will leverage its over years' experience accumulated in toll roads construction, operation and management. It will continuously improve and enhance its management standards, ensure good road quality and smooth traffic capabilities, and reasonably control operating costs. With the above efforts as a base, the Group will effectively integrate its assets at an opportune period to exploit the growth potential for quality assets and raise the overall profitability of its assets. Meanwhile, it will fully capitalize on market opportunities by focusing on the analysis and studies of toll road businesses to identify suitable opportunities for further expansion of its principal business.

Proactive Financing Strategies: Under the State's moderately relaxed monetary policy, the Group will broaden its financing channels and lower its finance costs through proactive and effective financing arrangements and debt structure adjustments. It will also strictly control financial risks, maintain a reasonable capital structure, and ensure a sound financial position and adequate capital liquidity, thereby providing cash flow to meet debts obligations and adequate financial resources to support the long-term business development of the Group.

Prudent Project Investment Strategies: Currently, initial progress was made in the diversification of the Group's business into the investment and development of the property sector. With implementation of the State's recent policies aimed at adjusting the property market, there are relatively big uncertainties facing the Group's property development in the short term. Indeed, the Board is always aware of such uncertainties. As regards the future development strategies for the property business, the Group will prudently assess market changes, set the development pace in an orderly and planned manner. It will enhance market competitiveness through strengthening core operation capabilities such as customer positioning, product design, sales and marketing, engineering quality and cost management. It will realize fast capital recovery, and raise its capabilities to avert risks. Though its stable and healthy operation, the Group will achieve a roll-over development to continuously contribute new income sources.

6.2 Segmental/product analysis of principal operations

Unit: RMB'000

	Operating Revenue		Operating Cost		Gross Profit Margin (%)	
Item	**2009 RMB'000**	**Change over the previous year (%)**	**2009 RMB'000**	**Change over the previous year (%)**	**2009**	**Change over the previous year (%)**
Toll road	4,306,679	7.48	1,183,009	-5.48	72.53	Increased by 3.77 percentage points
Shanghai-Nanjing Expressway	3,552,245	10.89	764,930	2.58	78.47	Increased by 1.75 percentage points
Shanghai-Nanjing Section of G312	133,644	-25.28	253,026	-15.15	-89.33	Decreased by 22.62 percentage points
Nanjing Section of Nanjing-Lianyungang Highway	40,788	-1.69	19,338	-12.27	52.59	Increased by 5.72 percentage points
Guangjing Xicheng Expressway	580,002	-0.49	145,715	-21.52	74.88	Increased by 6.73 percentage points
Ancillary Service	1,211,654	-1.65	1,166,548	-3.49	3.72	Increased by 1.83 percentage points
Other Businesses	223,013	481.12	144,064	946.76	35.40	Decreased by 28.74 percentage points
Total	5,741,346	8.80	2,493,621	0.79	56.57	Increased by 3.45 percentage points

Reasons for and analysis of changes in costs:

- The gross profit margin of Shanghai-Nanjing Section of G312 decreased by 22.62 percentage points year-on-year as a result of continuous decrease of toll revenue.

- During the year, with the addition of the real estate sales operations of Ninghu Investment to other businesses, and the profit margin of real estate sales operations was lower than that of advertising business, the gross profit margin of other businesses decreased by 28.74 percentage points year-on-year.

6.3 Analysis of principal operations by geographical location

☐ Applicable ☑ Not applicable

6.4 Status of the use of proceeds from subscription

☐ Applicable ☑ Not applicable

Changes

☐ Applicable ☑ Not applicable

6.5 Status of funds other than proceeds from subscription

☐ Applicable ☑ Not applicable

6.6 The Board's explanation on the "non-standard audit opinion" by auditors

☐ Applicable ☑ Not applicable

6.7 The Board's proposal on the profit distribution or the increase of share capital through the transfer of capital reserve fund

According to the audited results reported by auditors, the Group realized a net profit attributable to the parent company of RMB2,010,972,000 in 2009 under the PRC Accounting Standards. Earnings per share was RMB0.3992. Under HKFRS, the net profit was RMB2,052,184,000, and earnings per share was RMB0.4074. Pursuant to relevant provisions of the Ministry of Finance and the Articles of Association of the Company, in the event of any discrepancy between the profit of the Company calculated in accordance with the PRC Accounting Standards and that as calculated in accordance with HKFRS, whichever is lower will prevail.

For 2009, based on the total share capital of the Company of 5,037,747,500 shares, the Board has proposed to pay a final dividend of RMB0.31 (tax inclusive) per share to all shareholders. The aforementioned profit distribution scheme proposed by the Board will be submitted for consideration and approval at the 2009 annual general meeting. The exact date and procedures for the payment of final dividends will be announced separately.

7. SIGNIFICANT MATTERS

7.1 Assets acquisition

☑ Applicable ☐ Not applicable

In 2009, Jiangsu Ninghu Properties Co., Ltd. ("Ninghu Properties"), a wholly-owned subsidiary of the Company, officially commenced its real property business after completed its initial preparations and sufficient marketing research. Ninghu Properties seized the right timing for continuing with its "selective" strategy aimed at considering whether prices were reasonable and risks were controllable and stringently assessing whether the income from the projects was feasible. Based on its judgement of the market, Ninghu Properties had also acquired, through auctions, land development rights to three projects covering a total land area of 484,496.4 square metres and involving a total consideration of approximately RMB1,436,904,000. As at the end of the reporting period, the actual land grant fees and taxes on deeds already paid amounted to approximately RMB1,271,520,000.

Details and progress of the projects:

- On 9 September 2009, by submitting quotations at an auction, Ninghu Properties won the bid for two lots at Hongyan Community of Baohua Town, Jurong City, with a total cadastral area of 333,088 square metres for a total consideration of RMB686,500,000. The two lots have a plot ratio of no more than 3.0, and are for commercial and residential purposes. The project is positioned as a luxury residential area. Initial preparations are underway for inviting tenders for planning proposals. Project planning will be determined and initial construction works will commence in 2010.

- On 29 September 2009, by submitting quotations at an auction, Ninghu Properties won the bids for seven lots in the core area of Huaqiao Town, Kunshan City, with a total cadastral area of 129,129.2 square metres for a total consideration of RMB295,404,000. The lots have a plot ratio of no more than 3.0, and are for commercial and residential purposes. The project will comprise a residential, hotel and commercial and business office complex. At present, applications for construction are being submitted and engineering design is being carried out for three lots. Pre-sale of parts of the project is expected to begin in 2010; initial development preparations and proposal discussions are underway for other lots.

- On 5 November 2009, by submitting quotations at an auction, Ninghu Properties won the bid for a lot at Xi Avenue, Xinshi Road, Canglang District, Suzhou (formerly the location of Suzhou High Technology School), with a total cadastral area of 22,279.2 square metres for a total consideration of RMB455,000,000. The lot has a plot ratio of less than 1.0, and is for urban residential purposes. The project involves a piece of scarce residential land in the central area of Suzhou, which will feature high-end residential products. Planning and design proposals are under review. Construction of the principal parts of the project and pre-sale are expected to begin in 2010.

7.2 **Disposal of assets**

☐ Applicable ☑ Not applicable

7.3 **Material guarantees**

☐ Applicable ☑ Not applicable

7.4 **Major Connected Transaction**

7.4.1 **Connected transactions in respect of daily operations**

☑ Applicable ☐ Not applicable

Connected party	**Sale of products or provision of service to connected party**		**Purchase of products or receipt of service from connected party**	
	Transaction Amount (RMB'000)	**Percentage on transaction amount of the same type (%)**	**Transaction Amount (RMB'000)**	**Percentage on transaction amount of the same type (%)**
Jiangsu Sundian	1,690	18.47	54,826	84.84
Network Operation Company	4,460	48.74	9,795	15.16
Jiangsu Expressway Petroleum Company	3,001	32.79	—	—
Total	9,151	100	64,621	100

7.4.2 **Connected debts and liabilities**

☑ Applicable ☐ Not applicable

Unit: RMB'000

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	500,000	500,000
Far East Shipping	0	0	270,000	270,000
Total	0	0	770,000	770,000

During the reporting period, the Company secured RMB500,000,000 from its subsidiary Guangjing Xicheng by way of a trust loan with a term of one year at an annual interest of 4%. The Company also secured a loan of RMB270,000,000 from its connected company Far East Shipping by way of a trust loan with a term of one year and carry an annual interest rate of 5.0445%. As at 31 December 2009, the balance of trust loans with associate companies amounted to RMB770,000,000

7.4.3 **Appropriation of Funds and Progress of Liquidations in 2009**

☐ Applicable ☑ Not applicable

7.5 **Entrusted fund management**

☐ Applicable ☑ Not applicable

7.6 **Implementation of undertakings**

7.6.1 **Undertakings of the Company's shareholders or shareholders holding 5% or more of the Company shares during or continue to the reporting period**

☑ Applicable ☐ Not applicable

Undertakings	Details of undertakings	Fulfillment of undertakings
Undertakings regarding the share reform	Jiangsu Communications Holding Company Limited and Huajian Transportation Economic Development Center, holding over 5% of the Company' shares, made the following undertakings during the share reform: 1. Within 60 months from the day on which the listing status is granted, the original non-circulating shares of the Company held by the two companies will not be traded on the Shanghai Stock Exchange. 2. The two companies will propose a motion and vote for a proposal at each of the 2005-2008 annual general meetings of the Company regarding a cash dividend payment of not less than 85% of the distributable profit of the Company realized in the relevant year.	The Company is not aware that such shareholders were in breach of the relevant undertakings during the reporting period.
Other undertakings made to medium and minor shareholders of the Company	Undertakings made by the Board of the Company regarding the profit distribution for 2009: Cash dividend will be distributed once in 2009 and the distribution ratio shall not be less than 85% of the distributable profit for the year.	Fulfilled

7.6.2 **The Company's explanation on whether certain assets or projects met the original profit forecasts and the reasons behind, regarding the Company's assets or projects with profit forecasts and that the reporting period was within the term of such project forecasts**

☐ Applicable ☑ Not applicable

7.7 **Material litigation or arbitration**

☐ Applicable ☑ Not applicable

7.8 **Analysis and explanation on other significant matters, the impacts and the relevant solutions**

7.8.1 **Securities investments**

☐ Applicable ☑ Not applicable

7.8.2 **Shareholdings in other listed companies**

☐ Applicable ☑ Not applicable

7.8.3 **Holdings of equity interests in non-listed financial enterprises**

☐ Applicable ☑ Not applicable

7.8.4 **Trading in the shares of other listed companies**

☑ Applicable ☐ Not applicable

The equity interests which the Group held in other listed companies were mainly activities involved in the acquisition of shares initially offered in the stock market by Ninhu Investment using idle funds. During the reporting period, investment income from acquisition of shares initially offered amounted to RMB950,000.

7.9 **The Board of the Company has issued self-evaluation report on internal control. Please refer to the full text of the 2009 Annual Report for details.**

7.10 **The Company has disclosed the fulfillment of social responsibility report. Please refer to the full text of the 2009 Annual Report for details.**

7.11 **The Company has disclosed the corporate governance report, compling to the relevant provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Hong Kong Listing Rules, and that the Company did not have any act deviating from the relevant provisions.**

7.12 **There was no incidence of significant impact to the Company since the end of the financial year.**

7.13 **Other Matters**

(1) **Purchase, sale and Redemption of the Company's listed securities**

During 2009, there was no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries.

(2) **Pre-emption Rights**

In accordance with the laws of the People's Republic of China and the Company's articles of association, the Company did not grant any pre-emption rights pursuant to which the Company was required to offer new shares to existing shareholders in proportion to their shareholdings.

(3) **Public Float**

According to public information and as far as the Directors are aware, as at the latest practicable date of this disclosure statement, the Company complied with the public float requirement under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

(4) **Model Code for Securities Transactions by Directors**

Upon specific enquiries to all of the directors and supervisors of the Company, the directors and supervisors of the Company have complied with the provisions on securities transactions under the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Hong Kong Listing Rules. During the reporting period, the Company has formulated the "Model Code for Securities Transactions by Directors, Supervisors, Senior Management and the relevant employees" to govern the relevant people to comply with the code when conducting securities transactions.

8. REPORT OF SUPERVISORY COMMITTEE

The Supervisory Committee considers that the Company has operated in compliance with the law, and that the Company's financial conditions, the use of proceeds from subscription, acquisitions, disposal of assets and connected transactions have not presented any problem.

9. FINANCIAL STATEMENTS

9.1 Auditing opinion

Financial report ☐ Unaudited ☑ audited

Auditing opinion ☑ Standard unqualified opinion ☐ Non standard opinion

9.2 Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	2009	2008
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	1,340,271	1,501,952
Concession intangible assets	17,678,759	18,214,241
Prepaid lease payments	1,029,982	1,095,262
Investment properties	14,804	—
Interests in associates	1,916,820	1,870,764
Available-for-sale financial assets	150,566	13,668
Deferred tax assets	5,211	5,336
	22,136,413	22,701,223
Current assets		
Inventories	14,118	9,951
Properties under development	36,992	106,950
Properties for sale	38,047	—
Prepayments and other receivables	1,343,072	57,890
Prepaid lease payments	65,280	65,280
Held-for-trading investments	52,100	39,967
Bank balances and cash	517,820	460,593
	2,067,429	740,631

	2009	2008
	RMB'000	*RMB'000*
Current liabilities		
Other payables	209,110	334,364
Construction costs payable	129,067	279,184
Tax liabilities	108,581	156,756
Dividend payable	47,064	32,735
Long-term borrowings - due within one year	201,692	201,693
Short-term borrowings	3,075,850	2,650,000
	3,771,364	3,654,732
Net current liabilities	(1,703,935)	(2,914,101)
Total assets less current liabilities	20,432,478	19,787,122
Non-current liabilities		
Deferred tax liabilities	4,013	974
Long-term borrowings - due after one year	4,514,031	4,711,985
	4,518,044	4,712,959
Net assets	15,914,434	15,074,163
Capital and reserves		
Share capital	5,037,748	5,037,748
Reserves	10,426,461	9,597,599
Equity attributable to owners of the Company	15,464,208	14,635,347
Minority interests	450,226	438,816
Total equity	15,914,434	15,074,163

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company							
	Share capital	Share premium	Statutory surplus reserve	Investment revaluation reserve	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 2008	5,037,748	5,730,454	1,350,008	—	2,218,404	14,336,614	429,335	14,765,949
Profit for the year	—	—	—	—	1,592,209	1,592,209	45,413	1,637,622
Other comprehensive income for the year	—	—	—	66,716	—	66,716	—	66,716
Total comprehensive income for the year	—	—	—	66,716	1,592,209	1,658,925	45,413	1,704,338
Appropriations	—	—	177,339	—	(177,339)	—	—	—
Dividends	—	—	—	—	(1,360,192)	(1,360,192)	—	(1,360,192)
Dividends paid to minority shareholders	—	—	—	—	—	—	(35,932)	(35,932)
Reserves released on disposal of a subsidiary	—	—	(2,524)	—	2,524	—	—	—
At 31 December 2008	5,037,748	5,730,454	1,524,823	66,716	2,275,606	14,635,347	438,816	15,074,163
At 1 January 2009	5,037,748	5,730,454	1,524,823	66,716	2,275,606	14,635,347	438,816	15,074,163
Profit for the year	—	—	—	—	2,052,184	2,052,184	50,451	2,102,635
Other comprehensive income for the year	—	—	—	136,869	—	136,869	—	136,869
Total comprehensive income for the year	—	—	—	136,869	2,052,184	2,189,053	50,451	2,239,504
Appropriations	—	—	222,903	—	(222,903)	—	—	—
Dividends	—	—	—	—	(1,360,192)	(1,360,192)	—	(1,360,192)
Dividends paid to minority shareholders	—	—	—	—	—	—	(39,041)	(39,041)
At 31 December 2009	5,037,748	5,730,454	1,747,726	203,585	2,744,695	15,464,208	450,226	15,914,434

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 *RMB'000*	**2008** *RMB'000*
Operating activities		
Profit before tax	2,753,112	2,139,939
Adjustments for:		
Finance costs	392,379	550,354
Change in fair value of held-for-trading investments	(13,105)	1,479
Dividend from unlisted available-for-sale financial assets	(200)	(200)
Share of profits of associates	(174,212)	(151,412)
Gain on disposal of a subsidiary	—	(1,072)
Depreciation and amortisation	759,843	810,664
Operating lease rental in respect of land use rights	65,280	65,280
Impairment loss reversed in respect of other receivables	(500)	(2,416)
Exchange gain in respect of long term bank loans	(30)	(2,329)
Loss on disposal of property, plant and equipment	15,454	1,374
Operating cash flows before movements in working capital	3,798,021	3,411,661
Increase in inventories	(4,167)	(1,030)
Increase (decrease) in properties under development	69,958	(65,255)
Increase in properties for sale	(38,047)	—
(Increase) decrease in prepayments and other receivables	(1,259,682)	17,841
Decrease in held-for-trading investments	972	899
(Decrease) Increase in other payables	(72,935)	23,303
Cash generated from operations	2,494,120	3,387,419
PRC income tax paid	(695,488)	(621,415)
Net cash generated from operating activities	1,798,632	2,766,004

	2009	2008
	RMB'000	*RMB'000*
Investing activities		
Dividend received from associates	131,127	113,750
Dividend received from available-for-sale financial assets	200	200
Disposal of a subsidiary	—	(24,687)
Proceeds on disposals of property, plant and equipment	3,759	515
Purchase of property, plant and equipment and toll roads infrastructures	(259,930)	(827,418)
Purchase of investment properties	(14,884)	—
Purchase of available-for-sale financial assets	—	(800)
Acquisition of an associate	—	(160,000)
Net cash used in investing activities	(139,728)	(898,440)
Financing activities		
Interest paid	(438,516)	(464,028)
Dividends paid	(1,345,863)	(1,346,929)
Dividends paid to minority shareholders	(39,041)	(35,932)
Proceeds from long-term borrowings	—	3,088,300
Repayment of long-term borrowings	(201,694)	(1,660,000)
Proceeds from short-term borrowings	7,355,850	5,119,660
Repayment of short-term borrowings	(6,930,000)	(7,223,590)
Payment for bond issue cost	(2,413)	(13,399)
Net cash used in financing activities	(1,601,677)	(2,535,918)
Net increase (decrease) in cash and cash equivalents	57,227	(668,354)
Cash and cash equivalents at beginning of the year	460,593	1,128,947
Cash and cash equivalents at end of the year, represented by bank balances and cash	517,820	460,593

9.3 **Changes in PRC Accounting Standards, Accounting Estimates or Auditing Method during the Reporting Period**

Pursuant to the requirements of "Interpretation No. 3 of the Accounting Standards for Business Enterprises", prior to 1 January 2009, investment income from the Group's long-term equity investments calculated by means of cost-based method is limited to the allocated portion of the cumulative net profit generated after the investments were made in the invested entities. The portions of the profits or cash dividends distributed by the invested entities in excess of the above allocated amounts would be recovered as initial investment costs would write down against the book value of the long-term equity investments.

After 1 January 2009, the accounting policy under which the cost-based method was adopted by the Group for calculating long-term equity investments has been revised: in calculations using the cost-based method, long-term equity investments are priced at initial investment costs. Other than the considerations actually paid upon acquisition of investments or the cash dividends or profits included in the considerations declared but not yet distributed, current investment income will be recognized as cash dividends or profits declared for distribution by the invested entities. The Group will adopt prospective application under the revised accounting policy

9.4 **There is no change in the accounting difference during the reporting period.**

9.5 **There is no change in the scope of the Company's consolidated statement**

By Order of the Board
Shen Chang Quan
Chairman

Nanjing, the PRC, 19 March 2010

As at the date of this announcement, directors of the Company are: Shen Chang Quan, Chen Xiang Hui, Cheng Chang Yung Tsung, Alice, Fang Hung, Kenneth, Zhang Yang, Qian Yong Xiang, Du Wen Yi, Fan Cong Lai, Chen Dong Hua*, Gao Bo* and Xu Chang Xin**

* *Independent Non-executive Directors*