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

(Incorporated in the People's Republic of China as a joint-stock limited company)

(Stock Code: 00177)

Announcement on 2010 Annual Results

This announcement is made pursuant to rule 13.49(6) 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, 6.3-6.7, 8 and 9.2 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 on annual results 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 All directors of the Company attended this meeting of the Board.

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 During the reporting period, no appropriation of funds on a non-recurring basis by the controlling shareholder or its related parties was found in the Company.

1.5 During the reporting period, the Company did not provide external guarantees which were in violation of stipulated decision-making procedures.

1.6 Mr. Yang Gen Lin, 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	00177	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	2010	2009	Increase/ Decrease over previous year %	2008
Operating revenue	6,756,244	5,741,346	17.68	5,277,139
Gross profit	3,332,191	2,711,901	22.87	2,101,741
Net profit attributable to equity holders of the Company	2,484,404	2,010,972	23.54	1,554,011
Net profit attributable to equity holders of the Company after non-recurring profit/loss	2,475,692	2,010,395	23.14	1,556,241
Net cash flow from operating activities	3,391,632	1,797,660	88.67	2,765,104
	End of 2010	**End of 2009**	**Increase/ Decrease over end of previous year %**	**End of 2008**
Total assets	24,897,493	25,496,204	-2.35	24,775,429
Equity attributable to equity holders of the Company	17,563,723	16,756,571	4.82	15,968,921

Principal financial indicators

Unit: RMB

Principal financial indicator	2010	2009	Increase/ Decrease over previous year %	2008
Basic earnings per share	0.493	0.399	23.54	0.308
Diluted earnings per share	N/A	N/A	N/A	N/A
Basic earnings per share after non-recurring profit/loss	0.491	0.399	23.14	0.309
Fully diluted return on net assets (%)	14.15	12.00	increased by 2.15 percentage points	9.73
Weighted average return on net assets (%)	14.81	12.55	increased by 2.26 percentage points	10.03
Net cash flow per share from operating activities	0.67	0.36	88.67	0.55
	End of 2010	**End of 2009**	**Increase/ Decrease over end of previous year %**	**End of 2008**
Net assets per share attributable to equity holders of the Company	3.49	3.33	4.82	3.17

Non-recurring profit/loss

☑ Applicable ☐ Not applicable

Unit: RMB'000

Item	**Amount**	**Description**
Gain (loss) from disposal of non-current assets	-5,765	Fixed assets written off and loss from disposal
Gain (loss) from disposal of associates	127	Gain from disposal of associates by subsidiaries
Government subsidy	471	Financial subsidy from local governments received by subsidiaries
Gain from disposal of held-for-trading investment	10,045	Profit from held-for-trading investment such as spot gold
Gain from change in fair value	1,270	Gain from change in fair value of held-for-trading investment
Reversal of impairment provisions made in prior years	80	Reversal of impairment of bad debts made
Except for the above items, other non-operating income and expenses, net	5,429	—
Effects of income tax	-2,914	—
Effects of minority shareholders profit/(loss)	-31	—
Total	8,712	—

3.2 **Prepared under HKFRS**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	2010	**2009**
	RMB'000	*RMB'000*
Revenue	6,577,616	5,586,887
Cost of sales and other direct operating costs	(2,977,290)	(2,515,978)
Gross profit	3,600,326	3,070,909
Other income	51,388	23,763
Administrative expenses	(133,012)	(136,498)
Finance costs	(366,610)	(392,379)
Share of profits of associates	213,787	174,212
Gain on disposal of an associate	127	—
Changes in fair value of held-for-trading investments	11,315	13,105
Profit before tax	3,377,321	2,753,112
Income tax expense	(792,652)	(650,477)
Profit for the year	2,584,669	2,102,635
Profit for the year attributable to:		
Owners of the Company	2,529,534	2,052,184
Non-controlling interests	55,135	50,451
	2,584,669	2,102,635
Earnings per share — Basic	RMB0.50	RMB0.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

	2010	**2009**
	RMB'000	*RMB'000*
Profit for the year	2,584,669	2,102,635
Other comprehensive income		
Share of other comprehensive income of associates	(115,550)	136,869
Other comprehensive income for the year	(115,550)	136,869
Total comprehensive income attributable to:		
Owners of the Company	2,413,984	2,189,053
Non-controlling interests	55,135	50,451
	2,469,119	2,239,504

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER

	2010	2009
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	1,233,208	1,340,271
Concession intangible assets	17,104,625	17,678,759
Prepaid lease payments	964,702	1,029,982
Investment properties	16,172	14,804
Interests in associates	1,885,159	1,916,820
Available-for-sale financial assets	150,566	150,566
Deferred tax assets	4,696	5,211
	21,359,128	22,136,413
Current assets		
Inventories	13,275	14,118
Properties under development	842,940	36,992
Properties for sale	16,437	38,047
Prepayments and other receivables	817,971	1,343,072
Prepaid lease payments	65,280	65,280
Held-for-trading investments	60,144	52,100
Bank balances and cash	475,085	517,820
	2,291,132	2,067,429
Current liabilities		
Other payables	172,357	209,110
Construction costs payable	152,658	129,067
Tax liabilities	218,700	108,581
Dividend payable	62,312	47,064
Long-term borrowings - due within one year	1,299,210	201,692
Short-term borrowings	1,890,000	3,075,850
	3,795,237	3,771,364
Net current liabilities	(1,504,105)	(1,703,935)
Total assets less current liabilities	19,855,023	20,432,478

	2010	2009
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred tax liabilities	317	4,013
Long-term borrowings - due after one year	3,077,894	4,514,031
	3,078,211	4,518,044
Net assets	16,776,812	15,914,434
Capital and reserves		
Share capital	5,037,748	5,037,748
Share premium and reserves	11,278,743	10,426,460
Equity attributable to owners of the Company	16,316,491	15,464,208
Non-controlling interests	460,321	450,226
Total equity	16,776,812	15,914,434

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the Company							
	Share capital	Share premium	Statutory surplus reserve	Investment revaluation reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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 non-controlling interests	—	—	—	—	—	—	(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
At 1 January 2010	5,037,748	5,730,454	1,747,726	203,585	2,744,695	15,464,208	450,226	15,914,434
Profit for the year	—	—	—	—	2,529,534	2,529,534	55,135	2,584,669
Other comprehensive income for the year	—	—	—	(115,550)	—	(115,550)	—	(115,550)
Total comprehensive income for the year	—	—	—	(115,550)	2,529,534	2,413,984	55,135	2,469,119
Appropriations	—	—	274,357	—	(274,357)	—	—	—
Dividends	—	—	—	—	(1,561,701)	(1,561,701)	—	(1,561,701)
Dividends paid to non-controlling interests	—	—	—	—	—	—	(45,040)	(45,040)
At 31 December 2010	5,037,748	5,730,454	2,022,083	88,035	3,438,171	16,316,491	460,321	16,776,812

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	2010 *RMB'000*	2009 *RMB'000*
Operating activities		
Profit before tax	3,377,321	2,753,112
Adjustments for:		
Finance costs	366,610	392,379
Change in fair value of held-for-trading investments	(1,270)	(13,105)
Dividend from available-for-sale financial assets	(19,122)	(200)
Share of profits of associates	(213,787)	(174,212)
Gain on disposal of an associate	(127)	—
Depreciation and amortisation	809,181	759,843
Operating lease rental in respect of land use rights	65,280	65,280
Impairment loss reversed in respect of other receivables	(80)	(500)
Exchange gain in respect of long term bank loans	(873)	(30)
Loss on disposal of property, plant and equipment	5,765	15,454
Operating cash flows before movements in working capital	4,388,898	3,798,021
Decrease (increase) in inventories	843	(4,167)
(Increase) decrease in properties under development	(805,948)	69,958
Decrease (increase) in properties for sale	21,610	(38,047)
Decrease (increase) in prepayments and other receivables	526,657	(1,259,682)
(Increase) decrease in held-for-trading investments	(6,774)	972
(Decrease) increase in other payables	(44,668)	(72,935)
Cash generated from operations	4,080,618	2,494,120
PRC income tax paid	(685,714)	(695,488)
Net cash generated from operating activities	3,394,904	1,798,632

	2010	2009
	RMB'000	*RMB'000*
Investing activities		
Dividend received from associates	128,561	131,127
Dividend received from available-for-sale financial assets	17,646	200
Proceeds on disposals of an associate	1,464	—
Proceeds on disposals of property, plant and equipment	7,016	3,759
Purchase of property, plant and equipment and toll roads infrastructures	(116,691)	(259,930)
Purchase of investment properties	(1,851)	(14,884)
Net cash used in investing activities	36,145	(139,728)
Financing activities		
Interest paid	(348,599)	(438,516)
Dividends paid	(1,546,453)	(1,345,863)
Dividends paid to non-controlling interests	(45,040)	(39,041)
Repayment of long-term borrowings	(341,685)	(201,694)
Proceeds from short-term borrowings	4,870,000	7,355,850
Repayment of short-term borrowings	(6,055,850)	(6,930,000)
Payment for bond issue cost	(6,157)	(2,413)
Net cash used in financing activities	(3,473,784)	(1,601,677)
Net (decrease) increase in cash and cash equivalents	(42,735)	57,227
Cash and cash equivalents at beginning of the year	517,820	460,593
Cash and cash equivalents at end of the year, represented by bank balances and cash	475,085	517,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain held-for-trading investments which are measured at fair value as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management had made the following estimation that have the most significant effect on the amounts recognised in the consolidated financial statements.

Amortisation of toll road operation rights

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

The management exercises their judgment in estimating the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads.

Estimated impairment of toll road operation rights

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

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

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

4. REVENUE

	2010	**2009**
	RMB'000	*RMB'000*
Turnover comprises:		
Toll revenue	4,829,869	4,160,300
Ancillary Services	1,647,484	1,203,574
Sale of properties	48,338	175,629
Others (note)	51,925	47,384
Total	6,577,616	5,586,887

5. FINANCE COSTS

	2010	**2009**
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable:		
Within five years	359,845	389,642
Over five years	608	324
	360,453	389,966
Bond issue cost	6,157	2,413
Total borrowing costs	366,610	392,379

6. INCOME TAX EXPENSE

	2010 *RMB'000*	2009 *RMB'000*
The charge comprises:		
PRC income tax	793,751	641,002
Under provision of prior years' tax	2,082	6,311
	795,833	647,313
Deferred tax charge	(3,181)	3,164
	792,652	650,477

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

PRC income tax is calculated based on the statutory income tax rate of 25% (2009: 25%) of taxable income of the Company and subsidiaries based on the relevant PRC tax rules and regulations.

7. PROFIT FOR THE YEAR

	2010 *RMB'000*	2009 *RMB'000*
Profit for the year has been arrived at after charging:		
Staff costs including directors' emoluments	321,289	295,573
Retirement benefits scheme contributions	57,347	54,082
Total staff costs	378,636	349,655
Auditor's remuneration	2,200	2,100
Depreciation and amortisation (included in cost of sales and other direct operating costs)	809,181	759,843
Loss on disposal of property, plant and equipment	5,765	15,454
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	1,463,819	1,169,101
Share of tax of associates (included in share of profits of associates)	55,450	55,020

8. DIVIDEND

	2010	2009
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final — RMB 0.31 (2009: RMB 0.27) per share	1,561,701	1,360,192

Pursuant to a directors' meeting dated 18 March 2011, a final dividend of RMB 0.36 (2009: directors' meeting dated 19 March 2010 for a final dividend of RMB 0.31) per share for the year ended 31 December 2010, totaling RMB 1,813,589,100 (2009: 1,561,701,725) has been proposed by the directors and is subject to approval by the shareholders in the next general meeting.

9. 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 RMB2,529,535,000 (2009: RMB2,052,184,000) and 5,037,747,500 (2009: 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 2010.

3.3 Differences between PRC Accounting Standards and HKFRS:

☑ Applicable ☐ Not applicable

Unit: RMB'000

	Net Profit		Net Asset	
	2010	2009	As at 31 December 2010	As at 31 December 2009
Under PRC Accounting Standards	2,539,539	2,061,424	18,024,044	17,206,797
HKFRS adjustments:				
- Revaluation gain and depreciation/ amortization of fixed assets/ concession intangible assets	45,130	41,211	-1,247,232	-1,292,362
As reported in the financial statements prepared in accordance with HKFRS	2,584,669	2,102,635	16,776,812	15,914,435

During the issue of A shares, the Company re-evaluated its fixed assets and operating rights of its toll roads. The increased amount in evaluation has been incorporated in the respective financial statements prepared under PRC Accounting Standards. However, such an 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 has been no change to the total number of shares of the Company. Starting from 16 May 2007, the Company's circulating shares with selling restrictions totalling 286,399,104 shares have been successively listed in batches after their selling restriction period had expired. Therefore, the Company's share capital structure has been changed.

Unit: Shares

	Prior to current movement		Current movement (+,-)	After current movement	
	Number of shares	Proportion %	Shares with selling restrictions circulated	Number of shares	Proportion %
I. Shares subject to selling restrictions					
1. State-owned shares	2,742,578,825	54.44	0	2,742,578,825	54.44
2. State-owned legal person shares	589,059,077	11.69	0	589,059,077	11.69
3. Other domestic shares	60,371,618	1.20	-8,918,873	51,452,745	1.02
Including: Domestic legal person shares	60,371,618	1.20	-8,918,873	51,452,745	1.02
Total shares subject to selling restrictions	3,392,009,520	67.33	-8,918,873	3,383,090,647	67.15
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	423,737,980	8.41	+8,918,873	432,656,853	8.59
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	1,645,737,980	32.67	+8,918,873	1,654,656,853	32.85
III. Shares in total	5,037,747,500	100	0	5,037,747,500	100

4.2 Changes in shares with selling restrictions

Unit: Shares

Name of shareholder	Number of shares with selling restrictions at the beginning of the year	Number of shares with released selling restrictions of the year	Increased number of shares with selling restrictions of the year	Balance of shares with selling restrictions at the end of the year	Reason of selling restrictions	Date of releasing selling restrictions
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	60,371,618	8,918,873	0	51,452,745	The procedures of listing and circulation have not been completed	2007-5-16
Total	3,392,009,520	8,918,873	0	3,383,090,647	—	—

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 at 31 December 2010, there were a total of 48,871 shareholders in the registers of members of the Company, of whom 48,357 were holders of domestic shares and 514 holders of H shares.

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	0	State-owned legal person
Huajian Transportation Economic Development Centre	0	589,059,077	11.69	589,059,077	0	State-owned legal person
Mondrian Investment Partners Limited	-2,670,000	95,864,000	1.90	0	Unknown	Foreign legal person
Capital Research and Management Company	0	85,269,000	1.69	0	Unknown	Foreign legal person
Deutsche Bank Aktiengesellschaft	62,377,341	62,377,341	1.24		Unknown	Foreign legal person
Ameriprise Financial Inc	62,141,000	62,141,000	1.23	0	Unknown	Foreign legal person
Ping An Property & Casualty Insurance Company of China, Ltd (中國平安財產保險股份有限公司)	21,699,609	21,699,609	0.43	0	Unknown	Others
Ping An Life Insurance Company of China, Ltd (中國平安人壽保險股份有限公司)	13,877,848	13,877,848	0.28	0	Unknown	Others
Gao Hua — HSBC — GOLDMAN, SACHS & CO. (高華—滙豐— GOLDMAN, SACHS & CO.)	8,919,097	8,919,097	0.18	0	Unknown	Others
China AMC Income Fund（華夏收入股票型 證券投資基金）	8,871,814	8,871,814	0.18	0	Unknown	Others

The top ten holders of circulating A Shares		
Name of shareholder (in full)	**Number of shares as at the end of the reporting period (shares)**	**Type of shares**
Ping An Property & Casualty Insurance Company of China, Ltd (中國平安財產保險股份有限公司)	21,699,609	RMB-denominated ordinary shares
Ping An Life Insurance Company of China, Ltd (中國平安人壽保險股份有限公司)	13,877,848	RMB-denominated ordinary shares
Gao Hua — HSBC — GOLDMAN, SACHS & CO. (高華—滙豐—GOLDMAN, SACHS & CO.)	8,919,097	RMB-denominated ordinary shares
Chnia AMC Income Fund (華夏收入股票型證券投資基金)	8,871,814	RMB-denominated ordinary shares
Yulong Investment Fund (裕隆證券投資基金)	7,999,941	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
BILL & MELIDA GATES FOUNDATION TRUST	7,328,527	RMB-denominated ordinary shares
China AMC Dividend Fund (華夏紅利混合型開放式證券投資基金)	7,104,849	RMB-denominated ordinary shares
Jiangsu Electric Power Company (江蘇省電力公司)	6,534,627	RMB-denominated ordinary shares
Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	6,475,000	RMB-denominated 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

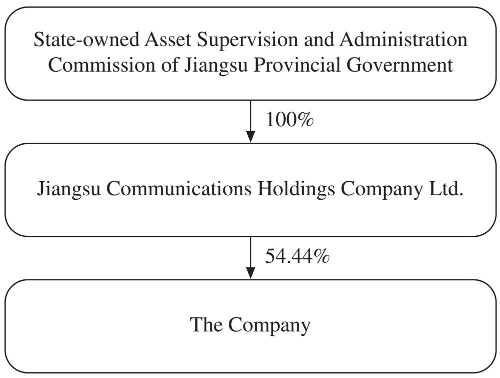
4.4.1 Change in controlling shareholder and the de facto controller

☐ 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.	Yang Gen Lin	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
Yang Gen Lin	Chairman	M	58	From July 2010 to 2012	0	0	—	Y
Qian Yong Xiang	Executive Director, General Manager	M	47	From June 2009 to 2012	0	0	420,833	N
Zhang Yang	Non-executive Director	F	47	From June 2009 to 2012	0	0	—	Y
Chen Xiang Hui	Non-executive Director	M	48	From June 2009 to 2012	0	0	—	Y
Du Wen Yi	Non-executive Director	M	48	From June 2009 to 2012	0	0	—	Y
Cheng Chang Yung Tsung, Alice	Non-executive Director	F	79	From October 2009 to 2012	0	0	255,000	N
Fang Hung, Kenneth	Non-executive Director	M	73	From October 2009 to 2012	0	0	255,000	N
Fan Cong Lai	Independent Non-executive Director	M	49	From June 2009 to 2012	0	0	56,667	N
Chen Dong Hua	Independent Non-executive Director	M	36	From June 2009 to 2012	0	0	56,667	N
Xu Chang Xin	Independent Non-executive Director	M	48	From October 2009 to 2012	0	0	56,667	N
Gao Bo	Independent Non-executive Director	M	49	From October 2009 to 2012	0	0	56,667	N
Chang Qing	Chairman of the Supervisory Committee	M	48	From March 2011 to 2012	0	0	—	Y
Sun Hong Ning	Supervisor	M	50	From October 2009 to 2012	0	0	—	Y
Hu Yu	Supervisor	F	36	From June 2009 to 2012	0	0	—	Y
Yan Shi Min	Supervisor	M	57	From June 2009 to 2012	0	0	252,500	N
Shao Li	Supervisor	F	33	From June 2009 to 2012	0	0	252,500	N
Liu Wei	Deputy General Manager, Financial Controller	F	55	From January 2010 to September 2011	0	0	335,125	N
Zhao Jia Jun	Deputy General Manager	M	44	From January 2010 to December 2012	0	0	314,083	N
Shang Hong	Deputy General Manager	F	48	From December 2010 to November 2013	0	0	294,583	N
Tian Ya Fei	Assistant to General Manager	M	45	From February 2010 to January 2013	0	0	285,000	N
Yao Yong Jia	Assistant to General Manager cum Secretary to the Board	M	47	From December 2010 to November 2013	0	0	294,583	N

During the reporting period, none of the directors, supervisors or senior management of the Company held any shares, share options or being granted restricted shares of the Company.

The Company has appointed Ms. Lee Wai Fun, Betty as Company Secretary to comply with the regulations of Hong Kong Listing Rules.

§6. REPORTS OF THE DIRECTORS

6.1 Management discussion and analysis

In 2010, the management of the Company fully implemented the plans for various tasks, led all staff to carry out its operation progressively but steadily and pushed forward various tasks in accordance with the operations management objectives set by the Board. It strove to cope with various challenges and opportunities by carrying out an array of effective strategies and measures. Consequently, remarkable achievements were made in ensuring the safe and smooth operation during the World Expo, maintaining good road quality and elevating the overall management standards. The overall target of "ensuring safety, smoothness, supplies and service" has also been achieved at higher standards.

During the reporting period, the Group realized aggregated total operating revenues of approximately RMB6,756,244,000, up approximately 17.68% year-on-year, of which toll revenue amounted to approximately RMB4,999,130,000, representing an increase of approximately 16.08% year-on-year; revenue from ancillary services amounted to approximately RMB1,656,851,000, up approximately 36.74% year-on-year; and revenue from other operations amounted to approximately RMB100,263,000, down approximately 55.04% year-on-year. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB3,332,055,000 during the reporting period, an increase of approximately 22.12% over the same period of 2009. Net profit attributable to equity holders of the Company was approximately RMB2,484,404,000 and earnings per share was approximately RMB0.493, an increase of approximately 23.54% over the same period of 2009. Under HKFRS, profit after taxation attributable to the equity holders of the Company was approximately RMB2,529,534,000 and earnings per share was approximately RMB0.502, an increase of approximately 23.26% year-on-year.

1. **Operating activities of road and bridge assets**

In 2010, the Group's toll road business was growing relatively fast, realizing a toll revenue from roads and bridges of approximately RMB4,999,130,000, representing an increase of approximately 16.08% as compared to the same period of 2009. Toll revenue represented 73.99% 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)**		
	2010	**2009**	**Change %**	**2010**	**2009**	**Change %**
Shanghai-Nanjing Expressway	55,913	50,906	9.83	11,414.1	9,732.2	17.28
Shanghai-Nanjing Section of G312	21,094	22,337	-5.56	344.3	366.1	-5.96
Nanjing Section of Nanjing-Lianyungang Highway	5,828	5,230	11.43	138.6	111.7	24.04
Guangjing Expressway	37,500	34,201	9.65	645.6	563.4	14.60
Xicheng Expressway	39,325	36,337	8.22	1153.6	1,025.7	12.47
Jiangyin Yangtze Bridge	44,009	40,021	9.96	2,148.7	1,915.1	12.20
Sujiahang Expressway	33,776	30,067	12.33	2,459	2,174.9	13.06

In 2010, other than the Shanghai-Nanjing section of G312, the Group's road and bridge projects were all operating in sound condition and recorded growth to varying degrees on average daily traffic volumes and revenues. The adjustments to the toll-by-weight standards for trucks implemented since 1 July 2009 continued to contribute to an increase in toll revenue during the first half of the year. Increases in toll revenues from various road sections were generally higher than increases in traffic volumes. Revenues per vehicle also increased to varying degrees. The Nanjing Section of Nanjing-Lianyungang Highway recorded relatively outstanding performance during the year. As a result of the adjustments to the toll standards for trucks on Ninghuai Expressway which runs parallel to Nanjing-Lianyungang Highway, some vehicles were attracted to Nanjing-Lianyungang Highway which charged less, thereby significantly increasing the proportion of truck traffic on the highway. During the reporting period, average daily traffic volume and average daily toll revenue on the highway increased by 11.43% and 24.04% respectively over the corresponding period of the previous year. As to G312, traffic volume and toll revenue still declined, but the declines had slowed significantly.

2. **Ancillary service operation business at service areas**

In 2010, the Company realized a revenue of approximately RMB1,656,851,000 from ancillary services, an increase of approximately 36.74% over the corresponding period of the previous year. Of this revenue, revenue from petroleum product sales was approximately RMB1,471,777,000, an increase of approximately 38.39% over the corresponding period of the previous year, representing approximately 88.83% of total ancillary services revenue. The increase in traffic and the price edge of petroleum products in Jiangsu compared to Shanghai have led to an increase in petroleum products sales, with refueling volume at service areas increasing by 20.71% year-on-year. On the other hand, the price increases on petroleum products was another factor causing a substantial revenue growth from petroleum products sales. Revenue from other businesses including food and beverage, retail sales of goods and hindrance clearance services amounted to RMB185,074,000, an increase of approximately 24.9% over the corresponding period of 2009.

3. **Other business operations**

Other businesses of the Company mainly comprise the project development and operations of two subsidiaries, Ninghu Investment and Ninghu Properties. In 2010, the Company realized a revenue from other business operations of RMB100,263,000, down 55.04% year-on-year.

Ninghu Investment is principally engaged in the distribution of advertising media along Shanghai-Nanjing Expressway and in other investments. In 2010, the sales of the Kunshan real estate project developed by Ninghu Investment approached completion. Revenue from the sales of properties realized during the period amounted to RMB48,377,000, down 72.46% year-on-year. Revenue from the advertising business amounted to RMB48,675,000, up 10.36% year-on-year.

Ninghu Properties is principally engaged in property development and operation. In 2009, the real estate business formally commenced. During the reporting period, Ninghu Properties was carrying out preliminary works in the projects and did not make any revenue or profit contribution yet.

In 2010, for the purpose of maintaining a steady and healthy development in the property market and suppressing the excessive price increase of some urban residential properties, the State promulgated an array of macro-control policies to cool down the property market, which resulted in a greater wait-and-see sentiment in the market. In view of the uncertainties facing the property market with regard to the policy environment, the industry trends and the competitive situation, Ninghu Properties adhered to its established stable development strategy, and determined reasonable positionings for existing projects, adjusted the development strategies and progress for all projects from time to time and slowed down its pace to accommodate to changes in the market.

In June 2010, construction works on Lot C4 at Huaqiao International Business Services City in Kunshan formally commenced, which marked the move of the Company's property business into the development stage. Later, construction works and pre-sale preparation commenced gradually in a number of projects in Huaqiao, Suzhou and so forth. Aggregated funds injected into the development and construction of property projects for the year amounted to approximately RMB240 million, mainly for final payments for land, progress payments for construction works of relevant projects and relevant costs on the pre-development stage of the projects.

4. **Analysis of operating results and financial status**

(1) **Analysis of operating results**

i) **Change in operating revenue and costs**

In 2010, the Group recognized an aggregate operating revenue of approximately RMB6,756,244,000, representing an increase of approximately 17.68% as compared to the corresponding period of 2009. Operating costs amounted to approximately RMB2,958,850,000 in aggregate, representing an increase of approximately 18.66% as compared to the corresponding period of 2009. The growth rate of revenue was slightly lower than the growth rate of costs, leading to a decrease of 0.36 percentage point of the Group's consolidated gross profit margin.

During the reporting period, the cost structure of toll road operations remained basically stable. Other than the drop in traffic volume of G312, the traffic volumes of the Group's other road sections recorded year-on-year growths to varying degrees, resulting in a corresponding increase in the depreciation and amortization of operating rights of roads. To prepare for the Major Inspection on National Trunk Highway Maintenance and Management, during the year, the Company launched full-scale appearance rectification works on the road sections under its operation based on the inspection requirements. A relatively large sum was committed to special maintenance works on the road and bridge projects, resulting in an increase of RMB48,307,000 or 64.60% in maintenance costs. In addition, during the year, system maintenance costs increased by 13.86% due to the introduction of the toll fee receipt system and the vehicle license plate identification system as well as the upgrade and renovation of toll-by-weight facilities.

ii) **Investment Income**

In 2010, the Group's investment income amounted to RMB243,082,000, up 38.62% year-on-year. Of the income, investment income contributed by associates, in which the Group had equity investments, amounted to approximately RMB213,787,000, representing an increase of 22.72% as compared to 2009 and accounting for approximately 8.42% of the Group's net profit.

iii) **Administrative expenses**

During 2010, administrative expenses of the Group amounted to RMB163,629,000 in aggregate, basically at par with the level in the corresponding period of 2009. During the year, the Company continued to carry out energy conservation measures and has made good achievement. Although the administrative expenses of a subsidiary increased due to the development of property projects, total administrative expenses of the Group were still under effective control.

iv) **Finance costs**

As at 31 December 2010, total interest-bearing loans of the Group amounted to RMB6,267,104,000, representing a decrease of RMB1,524,468,000 as compared to the corresponding period in 2009. As interest-bearing loans decreased and the Company actively employed measures to enhance capital utilization efficiency, as well as reducing finance costs through various means including the issue of short-term commercial paper and trust products, finance costs of the Group during the reporting period were under effective control in general. Aggregate finance costs amounted to RMB362,391,000, representing a decrease of 6.36% year-on-year. The Company's consolidated borrowing cost of interest-bearing loans was approximately 4.78%, approximately 0.66 percentage point lower than the prevailing bank borrowing rate and slightly lower than that of the same period of the previous year.

v) **Income tax**

The statutory tax rate of the Group was 25% while operating tax rate of toll revenue from expressway vehicles was 3%. In 2010, income tax expense of the Group amounted to RMB792,652,000 in aggregate, representing an increase of 21.86% as compared to the corresponding period in 2009.

vi) **Items calculated on a fair value basis**

☑ Applicable ☐ Not applicable

During the reporting period, 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 Group. Of the assets, the fair value of "investment in equity products held for trading" at the end of the year was RMB6,000 and the fair value of "investment in spot gold" at the end of the year was RMB60,138,000. The market prices of the investment in spot gold at the end of the year and related 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.

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. Investment calculated on a fair value basis with changes in the value accounted for as current profit or loss	52,100	1,270	—	—	60,144
2. Available-for-sale investment	—	—	—	—	—
Total	52,100	1,270	—	—	60,144

(2) **Analysis of financial conditions**

i) **The Group's capital structure**

Item	31 December 2010 RMB'000	%	31 December 2009 RMB'000	%	Change %
Current liabilities	3,795,237	15.24	3,771,363	14.79	0.63
Non-current liabilities	3,078,212	12.36	4,518,044	17.72	-31.87
Liabilities at fixed interest rates	3,017,104	12.12	4,201,573	16.48	-28.19
Liabilities at floating interest rates	3,250,000	13.05	3,590,000	14.08	-9.47
Interest-free liabilities	606,345	2.43	497,834	1.95	21.80
Equity attributable to equity holders of the Company	17,563,723	70.55	16,756,571	65.72	4.82
Minority interests	460,321	1.85	450,226	1.77	2.24
Total assets	24,897,493	100.00	25,496,204	100.00	-2.35
Gearing ratio:	—	27.61	—	32.51	Decreased by 4.90 percentage points

* During the reporting period, the Group returned a portion of short-term borrowings, and liabilities at fixed interest rates decreased significantly. As the medium-to-long-term loans occurred during the expansion period was expiring in turn, liabilities at floating interest rates also decreased. The increase in interest-free liabilities was due to the year-on-year increase in items including tax payable. The Group had abundant cash flow during the financial year, and repaid interest-bearing loans of RMB1.524 billion. As a result, total liabilities decreased by 17.08% and the gearing ratio decreased by 4.9 percentage points year-on-year.

ii) **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 2010, cash inflow from the Group's operating activities amounted to approximately RMB7,026,655,000; net cash inflow from operating activities amounted to approximately RMB3,391,632,000. During 2010, the Company has obtained credit facilities from banks amounting to RMB9.45 billion. Of such amount, RMB3.93 billion has been utilized and the unutilized credit facilities from banks amounted to RMB5.52 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.

iii) **Major sources of cash and their applications**

Unit: RMB'000

	2010	**2009**
Net cash flow from operating activities	3,391,632	1,797,660
Net cash flow from investing activities	39,415	-138,755
Net cash flow from financing activities	-3,473,782	-1,601,678
Net increase in cash and cash equivalents	-42,735	57,227

* During the reporting period, owing to an increase in income from principal business and a decrease in cash outflow from the operating activities of a subsidiary's property projects, net cash flow from operating activities increased by RMB1,593,972,000 year-on-year.

* Owing to an increase in cash from investment income received by the Company and a decrease in cash in purchasing capital, net cash flow from investing activities during the reporting period increased by RMB178,170,000 year-on-year.

* During the reporting period, the Group utilized its abundant net operating cash to repay liabilities. As a result, net cash flow from financing activities decreased by RMB1,872,104,000 year-on-year.

iv) **Capital expenditures**

In 2010, the Group's planned capital expenditures actually accrued amounted to approximately RMB118,545,000, representing a decrease of 56.86% or RMB156,268,000 from 2009. The capital expenditure of projects was mainly the balance payment made to the expansion works of Shanghai-Nanjing Expressway and the partial renovation on surface of Guangjing Xicheng Expressway. As at the end of the reporting period, the balance payment of the expansion works of Shanghai-Nanjing Expressway amounting RMB80,400,000 has not been paid.

In 2010, the implementation of Group's capital expenditure projects and amounts are as follows:

Capital Expenditure	RMB'000
Balance payment of the expansion works of Shanghai-Nanjing Expressway	13,215
Partial renovation on surface of Guangjing Xicheng Expressway	63,630
Others	41,700
Total	118,545

v) **Financing activities and financial costs**

During the reporting period, the State gradually tightened its monetary policies. The loan scale of financial institutions shrank significantly and commercial banks gradually ceased to provide special offers for loans. Based on its sound financial conditions, steady cash flows, good credit track records and fine reputation in the industry, the Company continued to be entitled to the prime rates of commercial loans under the interest rate policy of the People's Bank of China, thereby enjoying lower financing costs. Meanwhile, the Company actively expanded its financing channels and adjusted its debt structure, with a view to lowering financing costs. With the arrangement of a 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 on the premises of maintaining financial safety. In 2010, the Company's consolidated borrowing cost of interest-bearing loans was approximately 4.78%, approximately 0.66 percentage point lower than the prevailing bank borrowing rate, slightly lower than that of the same period of the previous year.

vi) **Financial assets and financial liabilities held in foreign currencies**

☑ Applicable ☐ Not applicable

During the reporting period, financial liabilities in foreign currencies held by the Group at the end of the year amounted to RMB29,535,000. 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.

The Group operates its businesses principally in China. No major foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H shares. The Group has not made any foreign exchange hedge against liabilities held in foreign currencies. Fluctuations in exchange rates will not have any material impact on the Company's results.

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	5,476	—	—	—	3,137
Financial liabilities	32,143	—	—	—	29,535

vii) **Pledge of assets**

As at 31 December 2010, the Company did not have any pledge of assets.

viii) **Contingent liabilities**

As at 31 December 2010, the Company did not have any contingent liabilities.

ix) **Trust deposits**

As at 31 December 2010, 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.

x) **Trust loans**

During the reporting period, the Company secured RMB600,000,000 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 RMB210,000,000 from its connected company Far East Shipping by way of a trust loan with a term of one year and carrying an interest rate prevailing among the banks in the same period. As at 31 December 2010, the balance of trust loans with related companies amounted to RMB810,000,000.

6. **Business Development Initiatives**

(1) **Developments in the Regional Economic Environment**

Year 2011 marks the beginning of the implementation of 12th Five-Year Plan for the development of a new era. A long-standing front-runner in domestic economic development, the Yangtze River Delta region is seeking an overall “jump” in its model of development. The “economic integration” of the Yangtze River Delta region is proceeding at an accelerating pace with the market environment being further improved, which sparks vitality in the regional economic development for a period of time to come.

On 25 May 2010, “The Regional Plan for the Yangtze River Delta Region” was approved by the State Council. This will further enhance the overall strength and international competitiveness of the Yangtze River Delta, resulting in the emergence of an innovation-driven and transformation-oriented model of development, which will allow the transformation and upgrade of the industry structure to take place at a significantly faster pace. Backed by its wealth of experience, exceptional geographic location and first-mover advantage in economic transformation, the Yangtze River Delta is expected to enjoy a slightly faster economic growth compared to the national standard during the long transformation period.

The Plan proposed that in the future development of the Yangtze River Delta region, Shanghai, being the core of development, will be developed together with the region framed by the six “development belts” including those located along the Shanghai-Nanjing line, the Yangtze River line and the Hangzhou Bay line. The development in the Shanghai-Nanjing development belt will follow the principle of intensification, innovation and betterment with an aim to build an interlinked metropolitan area at a world-class level. Shanghai-Nanjing Expressway, the core asset of the Group, is located in the central area of the Yangtze River Delta region and connects to Shanghai, the region’s core. It is literally a “golden path”. The development of regional economic integration will strengthen economic exchange while the development of the metropolitan area will also boost growth in traffic volume.

However, the transformation and upgrade of the regional economy will also lead to structural changes in traffic demands. The added value of products in the Yangtze River Delta region may increase gradually following the industry upgrade. The plan for multiplied growth of emerging industries and the upgrade plan for traditional industries implemented on a big scale in Jiangsu Province also aim to elevate the class and added value of products. This will result in a gradual decrease in the size and volume of goods of the same value, thereby leading to slower growth in demands for goods transportation.

(2) **Developments in the Regional Transportation Environment**

Compared to the large-scale expressway construction still under way in the central and western regions of China, the expressway networks in Jiangsu Province, particularly the southern Jiangsu road network, is comparatively comprehensive. Under Jiangsu Province's second-stage plan for expressway construction, by 2015, total mileage of expressway networks will exceed 5,200 km, of which the mileage of newly added expressways during the 12th Five-Year Plan period will be approximately 1,150 km. Such portion of expressways will mainly be in the northern Jiangsu region. Therefore, the external environment where the Group operates its principal business will remain relatively stable, with limited diversion pressure from newly constructed roads.

During the 12th Five-Year Plan period, the investment focus of construction of transportation infrastructure in Jiangsu Province will shift from expressways to railways. By 2015, a developed and comprehensive railway network will be built across the entire province with an operating mileage of over 3,200 km, of which approximately 1,200 km will be newly added mileage. In July 2010, the operation of the Shanghai-Nanjing High-Speed Railway has commenced. In June 2011, the Beijing-Shanghai High-Speed Railway will also commence operation. Although this will enhance railway passenger-carrying capacity in regions between Shanghai and Nanjing, the arena of competition between Beijing-to-Shanghai high-speed railway and expressways will be the cross-province long-distance passenger transportation market. Users of Shanghai-Nanjing Expressway are mainly regional traffic users with an average travel distance (of passenger vehicles or trucks) of approximately 60 km, which is not very relevant to the long-distance transportation market. In the short run, traffic volumes of the Group's expressways will basically not be affected by the high-speed railways. In respect of goods transportation on expressways, although the commencement of operation of the two passenger dedicated lines of the Shanghai-Nanjing High-Speed Railway and the Beijing-Shanghai High-Speed Railway will release the goods transportation capacity of the original railways, the cost advantage of railway transportation pertains to the transportation of long-distance and low-added-value goods. In the short run, adverse effects brought by railways to expressway transportation are minimal.

(3) **Effects of Macro-economic Policies**

In 2011, China's monetary policies will focus on combating inflation and providing stable growth, and will change from "appropriately relaxed" to "solidly governed", with more forceful adjustments than before to be made. This indicated the intension of the government to pull back liquidity and tighten the monetary policy step-by-step. From the beginning of the year, the specific monetary policy in force, however, tended to become tightened rather than solidly governed. China is entering the interest rate hike cycle and money supply will be tightened, thus increasing financing costs. The tightened monetary policy of the State will bring pressure to the cost of funds of the Company, with a certain degree of impact on the profit. The Company will need to adopt active and effective measures to lower the cost of funds and adjust the debt structure.

The new Green Passage policy implemented in December 2010 extended the toll-free coverage for transportation of fresh and live stocks from the original "one vertical and two horizontal" expressways to all toll roads within the entire province. All toll highways and bridges under the Group have been included in the toll-free coverage. Therefore, the amount of toll fees waived in 2011 is expected to further increase.

In 2010, the State launched an array of control policies on the property market. A number of cities successively promulgated the implementation rules, which demonstrated the determination of the State to control the property market and prevent the surge of property prices. The development of the property market will be affected for a certain period of time to come. As the effects of the policies gradually emerge, it is expected that investment demands will be further suppressed; the overall sales momentum in the market will slow down; saleable stock will increase; and the supply-and-demand situation will tend to change toward favoring the buyer more.

(4) **Direction and Measures of Business Development**

As a starting point, 2011 is a key year for the Company to plan for strategic transformation and seek a new phase of development. Amid the operation situation this year, we strive to set high objectives and requirements for the development, management and services of the Company and ensure complete fulfillment of the work targets set by the Board. To achieve continued and healthy development of the Company, we adopt the following major objectives, plans and measures for our operations management in 2011:

i) **Work directions**

The requirements set out in the 12th Five-Year Plan and various work arrangements will be fully implemented while the development strategies of the Company will be actively and prudently formulated for setting a clear direction for the long-term and stable development of the Company. We will take the opportunity of the full implementation of the corporate internal control guidelines to further enhance internal management, intensify the "Caring

Shanghai-Nanjing Expressway” standardized service and further upgrade on-site service standards on a full scale, with a view to maintaining the Company’s leading position in the industry with respect to management and service standards.

ii) **Revenue target**

Based on the anticipation that there will be no significant changes of the operating environment, we believe that the development of our major businesses will remain steady, with a possible slow-down in the growth rate. In view of this, the Group has set the target of achieving a total revenue of RMB6,900,000,000 for 2011. Taking into account the increase in labor costs, maintenance costs and finance costs, the Group strives to incur operating costs and related costs of not higher than RMB3,700,000,000 and realize a net profit after tax of more than RMB2,400,000,000.

iii) **Plans and measures**

The strategic plan of the Company with respect to the 12th Five-Year Plan will be formulated. The Company will seriously analyze its strategic positioning taking into consideration its own development requirements and characteristics. Based on the theme “enhancement of management and services, building of first-class brand and development in a steady and continuous manner”, the strategic plan of the Company with respect to the 12th Five-Year Plan will be carefully considered and formulated while the overall development target and annual implementation plan for the next five years of the Company will be formulated in order to define the direction for the long-term and stable development of the Company. Planning will be carefully done on the support level including manpower, management and technology so as to lay a solid foundation for the healthy and continued development of the Company.

The scale of the “Caring Shanghai-Nanjing Expressway” campaign on service standardization will be expanded internally and externally. In 2011, the Company will further improve the criteria for standardized services at other service positions apart from toll collection and implement the relevant standard gradually. With a focus to ensure safe and smooth road traffic, enhance quality and civilized service and meet customers’ diverse demands, the scale of the “Caring Shanghai-Nanjing Expressway” standardized service will be actively expanded internally and externally. The enhancement of the value and awareness on providing quality service will be deemed the key task for building a management brand, thereby achieving the migration to professional-based management of the service force from its original experience-based management.

Corporate internal control management system will be operated on a full scale. While keeping in line with the Basic Standards for Enterprise Internal Control issued by the five ministries of the State, the Group will, based on its development strategies and operation and management needs, adjust the functions of its departments and improve its management flows to further improve the internal control system and "certification system". Establishing scientific standards with reasonable applications, for the systems of risk control and management efficiency will also be covered. The implementation of various systems will be reinforced, while risk identification and assessment and the supervision and evaluation mechanisms of the internal control systems will be strengthened, with a view to enhancing management and governance.

Control on business costs will be strengthened. Against the backdrop of the approaching interest rate hike cycle, the Group will broaden its financing channels and lower its finance costs through pro-active and effective financing arrangements and debt structure adjustments. Focus will be placed on strengthening budget management and control on significant expenses. Sustained management of energy conservation and consumption reduction will be continuously improved to enlarge the effect of reduction in operating costs.

Human resources management will be intensified and enhanced. Medium and long-term plans for human resources development will be formulated based on the industry's development characteristics and the Group's transformation and upgrade requirements. We aim to enhance the human resources structure, in which succession planning for professional technical staff and quality integrated management staff will be established, and talents will be trained and retained for the purpose of corporate transformation and upgrade. The performance appraisal system will be further improved, in which the benchmarks will be refined and evaluation will be quantified, and the system will be strictly and practically implemented. A practical and effective incentive mechanism will be established to increase competitiveness and vitality within the Company.

6.2 **Segmental/product analysis of principal operations**

Unit: RMB'000

Item	Operating Revenue		Operating Cost		Gross Profit Margin (%)	
	2010 RMB'000	Change over the previous year (%)	2010 RMB'000	Change over the previous year (%)	2010	Change over the previous year (%)
Toll road	4,999,130	16.08	1,311,087	10.83	73.77	Increased by 1.24 percentage points
Shanghai-Nanjing Expressway	4,166,149	17.28	847,429	10.79	79.66	Increased by 1.19 percentage points
Shanghai-Nanjing Section of G312	125,673	-5.96	255,471	0.97	-103.28	Decreased by 13.95 percentage points
Nanjing Section of Nanjing-Lianyungang Highway	50,592	24.04	22,626	17.00	55.28	Increased by 2.69 percentage points
Guangjing Xicheng Expressway	656,716	13.23	185,561	27.34	71.74	Decreased by 3.14 percentage points
Ancillary Service	1,656,851	36.74	1,604,842	37.57	3.14	Decreased by 0.58 percentage point
Other Businesses	100,263	-55.04	42,921	-70.21	57.19	Increased by 21.79 percentage points
Total	6,756,244	17.68	2,958,850	18.66	56.21	Decreased by 0.36 percentage point

* During the year, due to the fact that Guangjing Xicheng Expressway amortized a cost of RMB18,000,000 on partial renovation on road surface and that regular maintenance costs increased, there was a significant change in operating costs, namely an increase of 27.34% year-on-year.

* During the year, as sales of properties decreased, both revenue and costs decreased significantly. Meanwhile, since the revenue share of the high-profit-margin advertising business increased, the gross profit margin of Other Services increased by 21.79 percentage points year-on-year.

6.3 **Analysis of principal operations by geographical location**

Location	Operating revenue	Increase/ Decrease in operating revenue over previous year (%)
Jiangsu Province	6,756,244	17.68

6.4 **Status of investment during the reporting period**

☐ Applicable ☑ Not applicable

6.5 **Status of the use of proceeds from subscription**

☐ Applicable ☑ Not applicable

Changes

☐ Applicable ☑ Not applicable

6.6 **Status of funds other than proceeds from subscription**

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

6.8 **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 RMB2,484,404,000 in 2010 under the PRC Accounting Standards. Under HKFRS, net profit was RMB2,529,534,000. Pursuant to relevant requirements of the Ministry of Finance and the Articles of Association of the Company, in the event of any discrepancy between the distributable profit calculated in accordance with the PRC Accounting Standards and that as calculated in accordance with HKFRS, whichever is lower will prevail.

For 2010, 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 RMB0.36 (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 2010 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

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	17.3	79,428	87.7
Network Operation Company	4,460	45.8	11,118	12.3
Jiangsu Expressway Petroleum Company	3,596	36.9	—	—
Total	9,746	100	90,546	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	600,000	600,000
Jiangsu Far East Shipping Co., Ltd	0	0	210,000	210,000
Total	0	0	810,000	810,000

7.4.3 Appropriation of Funds and Progress of Liquidations in 2010

☐ 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.

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

7.9 **The Board of the Company has issued self-evaluation report on internal control. Please refer to the full text of the 2010 Annual Report for details.**

7.10 **The Company has disclosed the fulfillment of social responsibility report. Please refer to the full text of the 2010 Annual Report for details.**

7.11 **The Company has disclosed the corporate governance report, complying 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 the reporting period, there was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries; nor was there any person who has exercised the conversion rights or application rights using convertible securities, options, warrants or other similar rights issued or granted by the Company or any of its subsidiaries at any time.

(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 (prepared under PRC Accounting Standards)

Consolidated Statement of Financial Position
As at 31 December 2010

Unit: RMB

Item	Balance at end of the period	Balance at the beginning of the pear	Item	Balance at end of the period	Balance at the beginning of the year
Current assets:			**Current liabilities:**		
Bank balances and cash	475,084,741	517,820,151	Short-term borrowings	1,890,000,000	3,075,850,000
Held-for-trading investment	60,143,990	52,100,463	Accounts payable	108,382,469	161,521,388
Bills receivable	0	1,000,000	Advances from customers	28,495,707	25,555,692
Accounts receivable	76,671,935	55,325,397	Salary payable	8,484,315	12,204,461
Prepayments	692,761,080	1,241,573,473	Taxes payable	252,738,736	137,741,583
Dividend receivable	1,475,051	0	Interest payable	42,265,134	34,349,657
Other receivables	47,202,093	45,312,944	Dividend payable	62,312,486	47,062,654
Inventories	872,654,415	89,157,159	Other payables	103,347,837	75,385,784
			Non-current liabilities due within 1 year	1,299,210,230	201,691,762
Total current assets	2,225,993,305	2,002,289,587	**Total current liabilities**	3,795,236,914	3,771,362,981

Item	Balance at end of the period	Balance at the beginning of the pear	Item	Balance at end of the period	Balance at the beginning of the year
Non-current assets:			**Non-current liabilities:**		
Long-term equity investments	2,035,725,267	2,067,385,735	Long-term borrowings	3,077,894,398	3,420,451,713
Investment properties	16,172,451	14,803,573	Bonds payable	0	1,093,579,583
Fixed assets	1,235,365,834	1,347,540,291	Deferred tax liabilities	317,393	4,013,109
Construction-in-progress	13,764,384	10,174,106			
Intangible assets	19,364,946,719	20,048,562,525			
Long-term deferred assets	828,681	237,065			
Deferred tax assets	4,696,492	5,211,470	**Total non-current liabilities**	3,078,211,791	4,518,044,405
Total non-current assets	22,671,499,828	23,493,914,765	**Total liabilities**	6,873,448,705	8,289,407,386
			Shareholders' equity:		
			Share capital	5,037,747,500	5,037,747,500
			Capital reserves	7,576,722,435	7,692,272,440
			Surplus reserves	2,022,082,235	1,747,725,629
			Retained profits	2,927,171,033	2,278,825,336
			Equity attributable to equity holders of the Company	17,563,723,203	16,756,570,905
			Minority interests	460,321,225	450,226,061
			Total owners' equity	18,024,044,428	17,206,796,966
Total assets	24,897,493,133	25,496,204,352	**Total liabilities and owners' equity**	24,897,493,133	25,496,204,352

Consolidated Statement of Financial Position of the Company
As at 31 December 2010

Unit: RMB

Item	Balance at end of the period	Balance at the beginning of the pear	Item	Balance at end of the period	Balance at the beginning of the year
Current assets:			**Current liabilities:**		
Bank balances and cash	171,257,578	242,978,247	Short-term borrowings	2,490,000,000	3,575,850,000
Bills receivable	65,475,479	46,572,442	Accounts payable	95,760,231	126,119,044
Prepayments	1,582,171	13,268,187	Advances from customers	3,987,714	5,458,616
Other receivables	1,346,323,803	1,084,482,220	Salary payable	8,192,758	10,648,470
Inventories	12,095,632	12,894,850	Taxes payable	181,695,793	66,877,748
			Interest payable	42,957,734	34,926,857
			Dividend payable	62,312,486	47,062,654
			Other payables	68,580,048	59,620,865
			Non-current liabilities due within 1 year	1,299,210,230	201,691,762
Total current assets	1,596,734,663	1,400,195,946	**Total current liabilities**	4,252,696,994	4,128,256,016
Non-current assets：			**Non-current liabilities：**		
Long-term equity investments	4,139,223,226	4,169,200,755	Long-term borrowings	3,077,894,398	3,420,451,713
Fixed assets	1,062,649,121	1,160,590,705	Bonds payable	0	1,093,579,583
Construction-in-progress	13,234,685	10,024,407			
Intangible assets	17,519,423,854	18,181,263,109	**Total non-current liabilities**	3,077,894,398	4,514,031,296

Item	Balance at end of the period	Balance at the beginning of the pear	Item	Balance at end of the period	Balance at the beginning of the year
Deferred tax assets	4,558,784	5,004,735			
Total non-current assets	22,739,089,670	23,526,083,711	**Total liabilities**	7,330,591,392	8,642,287,312
			Shareholders' equity		
			Share capital	5,037,747,500	5,037,747,500
			Capital reserves	7,558,297,203	7,673,847,208
			Surplus reserves	1,761,694,860	1,521,845,627
			Retained profits	2,647,493,378	2,050,552,010
			Total owners' equity (or shareholders' equity)	17,005,232,941	16,283,992,345
Total assets	24,335,824,333	24,926,279,657	**Total liabilities and owners' equity (or shareholders' equity)**	24,335,824,333	24,926,279,657

Consolidated Income Statement
January — December 2010

Unit: RMB

Item	The reporting period	The corresponding period of the previous year
1. Total operating revenue	6,756,244,112	5,741,346,281
Including: Operating revenue	6,756,244,112	5,741,346,281
2. Total costs of sales	3,668,539,923	3,200,322,717
Including: Costs of sales	2,958,850,331	2,493,620,465
Sales taxes and surcharges	178,628,022	154,459,518
Sales expenses	5,122,187	1,128,671
General and administrative expenses	163,628,525	164,588,636
Finance expenses	362,390,858	387,025,427
Asset impairment loss	-80,000	-500,000
Add: Gain from changes in fair value	1,269,570	12,154,800
Investment income (loss was denoted in“-”)	243,081,651	175,362,049
Including: Share of profits from associates and jointly controlled entities	213,787,396	174,211,776
3. Operating profit	3,332,055,410	2,728,540,413
Add: Non-operating income	27,541,056	17,452,593
Less: Non-operating expenses	27,405,424	34,092,327
Including: Loss from disposal of non-current assets	10,499,321	18,036,005
4. Profit before tax	3,332,191,042	2,711,900,679
Less: Income tax expense	792,651,947	650,476,780
5. Net profit	2,539,539,095	2,061,423,899
Including: Net profit attributable to equity holders of the Company	2,484,404,028	2,010,972,463
Minority interests profit and losses	55,135,067	50,451,436
6. Earnings per share:		
(1) Basic earnings per share	0.4932	0.3992
(2) Diluted earnings pr share	N/A	N/A
7. Other comprehensive income	-115,550,005	136,868,975
8. Total comprehensive income	2,423,989,090	2,198,292,874
Total comprehensive income attributable to equity holders of the Company	2,368,854,023	2,147,841,438
Total comprehensive income attributable to minority shareholders of the Company	55,135,067	50,451,436

Income Statement of the Company
January — December 2010

Unit: RMB

Item	The reporting period	The corresponding period of the previous year
1. Total operating revenue	5,978,909,545	4,920,372,656
Less: Cost of sales	2,702,758,166	2,180,638,562
Sales taxes and surcharges	155,796,815	134,271,523
General and administrative expenses	136,542,877	140,535,775
Finance expenses	385,069,243	416,688,722
Asset impairment loss	0	-500,000
Add: Investment gain	469,359,133	393,095,984
Including: Share of profits from associates and jointly controlled entities	214,133,017	171,869,487
2. Operating profit	3,068,101,577	2,441,834,058
Add: Non-operating income	15,372,926	15,668,847
Less: Non-operating expenses	22,343,712	30,808,040
Including: Loss from disposal of non-current assets	8,245,877	17,982,145
3. Operating profit	3,061,130,791	2,426,694,865
Less: Income tax expense	662,638,465	521,735,833
4. Net profit	2,398,492,326	1,904,959,032
5. Earnings per share:		
(1) Basic earnings per share	0.4761	0.3781
(2) Diluted earnings per share	N/A	N/A
6. Other comprehensive income	-115,550,005	118,443,743
7. Total comprehensive income	2,282,942,321	2,023,402,775

Consolidated Cash Flow Statement
January — December 2010

Unit: RMB

Item	The reporting period	The corresponding period of the previous year
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	6,997,107,081	5,771,277,603
Cash received relating to other operating activities	29,548,418	18,749,530
Sub-total of cash inflows from operating activities	7,026,655,499	5,790,027,133
Cash paid for goods and services	2,283,029,599	2,691,127,258
Cash paid to and on behalf of employees	382,355,450	358,625,334
Taxes paid	908,192,834	902,800,085
Cash paid relating to other operating activities	61,445,265	39,814,860
Sub-total of cash outflows from operating activities	3,635,023,148	3,992,367,537
Net cash flows from operating activities	3,391,632,351	1,797,659,596
2. Cash flows from investing activities:		
Cash received from disposal of investment	52,883,213	3,531,124
Cash received from investment income	157,589,880	132,276,831
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,017,054	3,759,476
Net cash received from disposal of subsidiaries and other operation entities	127,182	0
Cash received relating to other investing activities	0	0
Sub-total of cash inflows from investing activities	217,617,329	139,567,431
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	118,545,124	274,813,147

Item	The reporting period	The corresponding period of the previous year
Cash paid for purchase of investments	59,657,170	3,509,314
Cash paid relating to other investing activities	0	0
Sub-total of cash outflows from investing activities	178,202,294	278,322,461
Net cash flows from investing activities	39,415,035	-138,755,030
3. Cash flows from financing activities:		
Cash received from borrowings	3,870,000,000	7,355,850,000
Cash received from bonds issue	1,000,000,000	0
Cash received relating to other financing activities	0	0
Sub-total of cash inflows from financing activities	4,870,000,000	7,355,850,000
Cash paid for repayment of borrowings	6,397,534,874	7,131,693,533
Cash paid for distribution of dividends, profits or interests	1,940,091,002	1,823,421,202
Including: Dividend and profit payable to minority shareholders from subsidiaries	45,039,903	39,039,970
Cash paid relating to other financing activities	6,156,920	2,412,944
Sub-total of cash outflows from financing activities	8,343,782,796	8,957,527,679
Net cash flows from financing activities	-3,473,782,796	-1,601,677,679
4. Effects of foreign exchange rate changes on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-42,735,410	57,226,887
Add:Cash and cash equivalents at the beginning of the period	517,820,151	460,593,264
6. Cash and cash equivalents at the end of the period	475,084,741	517,820,151

Consolidated Cash Flow Statement of the Company
January — December 2010

Unit: RMB

Item	The reporting period	The corresponding period of the previous year
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	6,216,194,715	5,090,789,569
Cash received relating to other operating activities	10,383,775	13,048,103
Sub-total of cash inflows from operating activities	6,226,578,490	5,103,837,672
Cash paid for goods and services	1,918,774,085	1,389,310,986
Cash paid to and on behalf of employees	318,092,147	299,198,772
Taxes paid	746,969,397	750,073,772
Cash paid relating to other operating activities	40,893,331	32,265,693
Sub-total of cash outflows from operating activities	3,024,728,960	2,470,849,223
Net cash flows from operating activities	3,201,849,530	2,632,988,449
2. Cash flows from investing activities:		
Cash received from disposal of investment	383,786,657	349,353,055
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,894,295	3,612,814
Sub-total of cash inflows from investing activities	390,680,952	352,965,869
Net cash received from disposal of subsidiaries and other operation entities	55,240,337	169,595,072
Cash paid for purchase of investments	0	0
Cash received relating to other investing activities	260,000,000	1,070,000,000
Sub-total of cash outflows from investing activities	315,240,337	1,239,595,072
Net cash flows from investing activities	75,440,615	-886,629,203

Item	**The reporting period**	**The corresponding period of the previous year**
3. Cash flows from financing activities:		
Cash received from borrowings	4,470,000,000	8,355,850,000
Cash received from bonds issue	1,000,000,000	0
Sub-total of cash inflows from financing activities	5,470,000,000	8,355,850,000
Cash paid for repayment of borrowings	6,897,585,789	8,271,693,533
Cash paid for distribution of dividends, profits or interests	1,915,268,105	1,809,510,178
Cash paid relating to other financing activities	6,156,920	2,412,944
Sub-total of cash outflows from financing activities	8,819,010,814	10,083,616,655
Net cash flow from financing activities	-3,349,010,814	-1,727,766,655
4. Effects of foreign exchange rate changes on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-71,720,669	18,592,591
Add:Cash and cash equivalents at the beginning of the period	242,978,247	224,385,656
6. Cash and cash equivalents at the end of the period	171,257,578	242,978,247

Consolidated Statement of Changes in Equity
January — December 2010

Unit: RMB

Item	Amount for the period					
	Attributable to equity holders of the Company					
	Share capital	Capital reserve	Surplus reserve	Retained profits	Minority interests	Total share -holders' equity
I. Balance at the beginning of the year	5,037,747,500	7,692,272,440	1,747,725,629	2,278,825,336	450,226,061	17,206,796,966
II. Change of the period						
(1) Net profit				2,484,404,028	55,135,067	2,539,539,095
(2) Other comprehensive income		-115,550,005				-115,550,005
Subtotal of above items (1) and (2)		-115,550,005		2,484,404,028	55,135,067	2,423,989,090
(3) Profit appropriation						
1. Surplus reserve			274,356,606	-274,356,606		0
2. Appropriation to equity holders (or shareholders)				-1,561,701,725	-45,039,903	-1,606,741,628
III. Balance at end of the period	5,037,747,500	7,576,722,435	2,022,082,235	2,927,171,033	460,321,225	18,024,044,428

Item	Amount of the corresponding period of the previous year					
	Attributable to equity holders of the Company					
	Share capital	Capital reserve	Surplus reserve	Retained profit	Total shareholders' equity	Minority interests
I. Balance at the beginning of the year	5,037,747,500	7,555,403,465	1,524,823,121	1,850,947,206	438,814,595	16,407,735,887
II. Change of the period						
(1) Net profit	0	0	0	2,010,972,463	50,451,436	2,061,423,899
(2) Other comprehensive income	0	136,868,975	0	0	0	136,868,975
Subtotal of above items (1) and (2)	0	136,868,975	0	2,010,972,463	50,451,436	2,198,292,874
(3) Profit appropriation						
1. Surplus reserve	0	0	222,902,508	-222,902,508	0	0
2. Appropriation to equity holders (or shareholders)				-1,360,191,825	-39,039,970	-1,399,231,795
III. Balance at end of the period	5,037,747,500	7,692,272,440	1,747,725,629	2,278,825,336	450,226,061	17,206,796,966

Statement of Changes in Equity of the Company
January — December 2010

Unit: RMB

Item	Amount of the period				
	Share capital	Capital reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Balance at the beginning of the year	5,037,747,500	7,673,847,208	1,521,845,627	2,050,552,010	16,283,992,345
II. Change of the period					
(1) Net profit				2,398,492,326	2,398,492,326
(2) Other comprehensive income		-115,550,005			-115,550,005
Subtotal of above items (1) and (2)		-115,550,005		2,398,492,326	2,282,942,321
(3) Profit appropriation					
1. Surplus reserve			239,849,233	-239,849,233	
2. Appropriation to equity holders (or shareholders)				-1,561,701,725	-1,561,701,725
III. Balance at end of the period	5,037,747,500	7,558,297,203	1,761,694,860	2,647,493,378	17,005,232,941

Item	Amount of the corresponding period of previous year				
	Share capital	Capital reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Balance at the beginning of the year	5,037,747,500	7,555,403,465	1,331,349,724	1,696,280,706	15,620,781,395
II. Change of the period					
(1) Net profit	0	0	0	1,904,959,032	1,904,959,032
(2) Other comprehensive income	0	118,443,743	0	0	118,443,743
Subtotal of above items (1) and (2)	0	118,443,743	0	1,904,959,032	2,023,402,775
(3) Profit appropriation					
1 · Surplus reserve	0	0	190,495,903	-190,495,903	0
2. Appropriation to equity holders (or shareholders)	0	0	0	-1,360,191,825	-1,360,191,825
III. Balance at end of the period	5,037,747,500	7,673,847,208	1,521,845,627	2,050,552,010	16,283,992,345

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

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
Yang Gen Lin
Chairman

Nanjing, the PRC, 18 March 2011

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

Yang Gen Lin, Qian Yong Xiang, Zhang Yang, Chen Xiang Hui, Du Wen Yi, Cheng Chang Yung Tsung, Alice, Fang Hung, Kenneth, Fan Cong Lai, Chen Dong Hua*, Xu Chang Xin* and Gao Bo**

* *Independent Non-executive Directors*