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)

SUMMARY OF 2012 ANNUAL RESULTS

I. IMPORTANT NOTICE

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

This summary of 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.hkexnews.hk) and the Company (www.jsexpressway.com). Investors should read the full text of the annual report carefully for details.

1.2 Company profile

Abbreviation of stock Name	寧滬高速 (A Shares)	Jiangsu Expressway (H Shares)	JEXWW (ADR)
Stock Code	600377	00177	477373104
Stock Exchanges where the Company's shares are listed	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	United States

	Secretary to the Board	Representatives of the Securities Offices
Name	Yao Yong Jia	Jiang Tao and Lou Qing
Telephone Number	8625-84469332	8625-84362700-301835, 301836
Fax Number	8625-84466643	
E-mail Address	nhgs@jsexpressway.com	

II. MAJOR FINANCIAL DATA AND CHANGES IN SHAREHOLDERS

2.1 Major financial data

Unit: RMB'000

	As at end of 2012	As at end of 2011	Increase/ Decrease over previous year %	As at end of 2010	As at end of 2009	As at end of 2008
Total assets	**25,849,258**	25,375,439	1.87	24,897,493	25,496,204	24,775,429
Total shareholders' equity attributable to equity holders of the Company	**18,688,862**	18,144,690	3.00	17,563,723	16,756,571	15,968,921
Net cash flow from operating activities	**3,189,410**	3,835,414	–16.84	3,391,632	1,797,660	2,765,104
Operating revenue	**7,795,943**	7,401,310	5.33	6,756,244	5,741,346	5,277,139
Net profit attributable to equity holders of the Company	**2,333,345**	2,429,750	–3.97	2,484,404	2,010,972	1,554,011
Net profit attributable to equity holders of the Company after non-recurring profit/loss	**2,342,604**	2,430,245	–3.61	2,475,692	2,010,395	1,556,241
Weighted average return on net assets *(%)*	**12.99**	13.96	Decreased by 0.97 percentage point	14.81	12.55	10.03
Basic earnings per share*(RMB/share)*	**0.463**	0.482	–3.97	0.493	0.399	0.308
Diluted earnings per share*(RMB/share)*	**N/A**	N/A	N/A	N/A	N/A	N/A

2.2 Shareholding of top ten shareholders

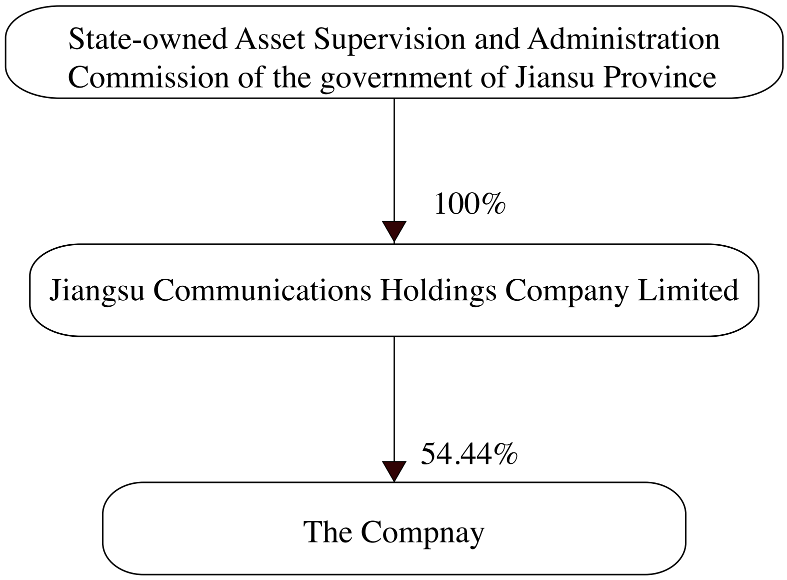
Total number of shareholders at the end of the reporting period	44,447	Total number of shareholders at the end of the fifth trading day before publication of the annual report	42,993

Shareholding of the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding Percentage (%)	Number of shares held	Number of shares held subject to selling restrictions	Number of shares pledged or frozen
Jiangsu Communications Holdings Company Ltd.	State-owned legal person	54.44	2,742,578,825	0	Nil
China Merchants Huajian Highway Investment Co., Ltd	State-owned legal person	11.69	589,059,077	0	Nil
Mondrian Investment Partners Limited	Foreign legal person	1.95	98,190,000	0	Unknown
Blackrock, Inc.	Foreign legal person	1.43	71,876,576	0	Unknown
JPMorgan Chase & Co.	Foreign legal person	1.23	61,855,104	0	Unknown
Matthews International Capital Management, LLC	Foreign legal person	1.21	61,134,000	0	Unknown
Jiantou Zhongxin Asset Management Co., Ltd.	Others	0.42	21,410,000	0	Unknown
China Pacific Life Insurance Co., Ltd.	Others	0.41	20,472,176	0	Unknown
Guotai Junan Securities Co., Ltd.	Others	0.36	18,198,391	0	Unknown
Morgan Stanley Investment Management Company Limited — Morgan Stanley China A Shares Fund	Others	0.29	14,509,834	0	Unknown

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 A Shares in circulation and the top ten shareholders.

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



II. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Business Review and Operation Analysis

1. Business Overview

During the reporting period, the Group realized accumulated total operating revenues of approximately RMB7,795,943,000, up by approximately 5.33% year-on-year, of which toll revenue amounted to approximately RMB5,092,022,000, representing a slight decrease of approximately 1.51% year-on-year; revenue from ancillary services amounted to approximately RMB2,357,432,000, up by approximately 8.54% year-on-year; and revenue from other operations amounted to approximately RMB346,489,000, up by approximately 486.48% year-on-year. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB3,173,427,000 during the reporting period, a decrease of approximately 2.97% over the same period in 2011. Net profit attributable to owners of the Company was approximately RMB2,333,345,000 and earnings per share was approximately RMB0.463, a decrease of approximately 3.97% over the same period in 2011.

2. *Toll road and bridge operations*

(1) Overall Business Performance

The Group's toll road and bridge business demonstrated a downward trend in 2012 and recorded toll revenue of approximately RMB5,092,022,000, representing a year-on-year decrease of approximately 1.51%. Toll revenue represented 65.32% of the Group's total operating revenue. The operating performance of each road and bridge project is as follows:

Comparison of average daily traffic volume and toll revenue

Road/Bridge	**Average daily traffic volume** *(vehicle/day)*			**Average daily toll revenue** *(RMB'000/day)*		
	2012	2011	Change *(%)*	**2012**	2011	Change *(%)*
Shanghai-Nanjing Expressway	**66,120**	63,237	4.56	**11,725.6**	11,834.5	–0.92
Shanghai-Nanjing Section of G312	**14,788**	19,756	–25.15	**229.0**	322.2	–28.91
Nanjing Section of Nanjing-Lianyungang Highway	**4,524**	4,666	–3.04	**91.6**	106.7	–14.09
Guangjing Expressway	**47,122**	44,111	6.83	**678.4**	676.2	0.33
Xicheng Expressway	**50,416**	46,864	7.58	**1,187.9**	1,225.7	–3.08
Jiangyin Yangtze Bridge	**56,147**	52,064	7.84	**2,277.8**	2,269.6	0.36
Sujiahang Expressway	**42,005**	39,216	7.11	**2,590.5**	2,644.0	–2.02

(2) Analysis of Business Environment

The overall performance of the Group's toll road and bridge operations in 2012 were affected by the following factors:

◇ Impact of the macroeconomic environment

By complex and volatile economic environment at home and abroad, China's macro economy underwent a continued decline in growth in the year, with GDP growth for the year down to 7.8%, marking a year-on-year decrease of 1.4 percentage points. Jiangsu Province's economy as a whole witnessed a steady growth, with the provincial GDP growth for the year at 10.1%, down 0.9 percentage point year on year (data source: governmental statistics information website (政府統計信息網站)).

The macroeconomic development trend is the key factor affecting the change in traffic volume on the Group's road and bridge assets. The traffic volume of trucks, in particular, is even more volatile amid fluctuations in economic performance. The continuous slowdown in the growth rate of the real economy has generated a direct impact on the demand for cargo transportation on highways. During the Reporting Period, the truck traffic volume on the Group's roads and bridges saw a notable slowdown in growth rate or even a drop. Although the average daily full-trip traffic volume of roads still maintained a steady growth, such an increment was mainly attributable to the increase of passenger vehicles, especially small ones, which led to changes of vehicle mix. As such, the revenue per vehicle for each road declined to various degrees. As passenger vehicles account for a large portion in vehicle mix of each of the Group's road and bridge and the traffic volume of passenger vehicles is less susceptible to the fluctuations in micro economy, the overall traffic volume and toll revenue demonstrated a strong stability.

◇ Impact of toll road policies

The fluctuations in micro economy lead to changes in traffic volume and vehicle mix. A series of adjustments to toll road policies in the year, including the special rectification campaign for toll roads, the toll-free policy for small passenger vehicles on major holidays and the continuous implementation of toll-free policy on the Green Passage, have generated direct impact on the toll revenue, and the revenue of each project suffered a drop or even a negative growth.

Special rectification campaign for toll roads: The clean up work on toll roads which commenced in June 2011 continued during the year and all local governments introduced a series of measures to clean up toll roads. In January 2012, the government of the Jiangsu Province adjusted downwards the minimum toll standards for passenger vehicles using the inter-network toll highways across the province. The minimum toll standard for passenger cars with less than seven seats was adjusted from RMB15 to RMB5, while the minimum toll standards for other vehicle types were adjusted accordingly. As the Group's expressways were all subject to this toll adjustment, the Group's toll revenue was affected to a slight extent. On 15 July 2012, the government of the Jiangsu Province announced the removal of the Nanjing toll station, Luoshe toll station (including Yanqiao toll point) and Xilin toll point along the Shanghai-Nanjing section of the G312, which has brought to the Company a direct loss in daily average revenue of approximately RMB150,000, and led to further losses to G312.

Toll-free passage for small passenger vehicles on major holidays: In August 2012, the five ministries and commissions of the State unveiled a policy allowing all small passenger vehicles to travel toll-free on major holidays, including Spring Festival, Tomb-sweeping Day, May Day and National Day holidays, which took effect from the Mid-Autumn Day and National Day holidays this year. Due to the toll-free passage, the Group's actual toll revenue during the 8-day holidays amounted to approximately RMB35,030,000, decreasing by RMB89,440,000 as compared with the same period last year, which accounted for approximately 1.76% of the Group' total toll revenue for the year.

Toll-free policy on the Green Passage: During the year, the toll-free policy on the Green Passage for transportation of fresh and live stocks which became effective since 2008 continued to take effect, and its coverage was extended from the original "One Vertical and Two Horizontal" expressways to all toll roads within the entire province of Jiangsu. As such, there was an increase in toll-free traffic volumes within the Group's road network. In 2012, total toll fees waived for vehicles using the Green Passage amounted to approximately RMB116.58 million, representing a year-on-year increase of approximately 26.81% and accounting for 2.29% of total toll revenue.

◇ Changes in traffic demand and competition pattern

In 2012, the transportation capacity of Jiangsu Province improved at a steady pace. The passenger and cargo transportation volumes rose by 8.5% and 8.8% year on year, respectively. Turnover of passengers and goods increased by 9.7% and 12.8% year on year, respectively. Despite a slight year-on-year decrease in growth, the traffic demand remained robust. As at the end of the year, vehicle ownership for civilian use in the Jiangsu Province totalled 8,131,000, representing a net increase of 1,247,000 or an 18.1% year-on-year increase. The number of private vehicles maintained a rapid growth of over 20% (data source: governmental statistics information website (政府統計信息網站)).The fast growth in vehicle ownership for civilian use, private cars in particular, not only has been the main force driving the growth in the total traffic volume on highways for this year, but also brought positive effect on future development as it would bring endogenous force to the natural growth of road traffic flow on one hand, and a higher car parc in a region will give more free play to the competitive advantage of highways in the short-distance transportation and thus improve the ability to resist diversion impact of other transport modes on the other.

During the Reporting Period, there was a stable development on the transportation infrastructure in the region. As at the end of 2012, total operating expressway mileage in the Jiangsu Province amounted to 4,371 kilometers, with newly-added mileage of 249 kilometers. The newly-opened sections did have diversion impact on the Group's road network. In respect of competition from railways, the railway operating mileage in the Jiangsu Province amounted to 2,309 kilometers as at the end of 2012 and no additional lines were put into operation during the year. The inter-city high-speed railways between Shanghai and Nanjing and Beijing and Shanghai operated steadily since opening to traffic, and did not have noticeable diversion impact on the traffic volumes of the Group's Shanghai-Nanjing Expressway running the same direction. The pattern of competition within the road networks remained stable.

(3) Analysis of operation of projects

◇ Shanghai-Nanjing Expressway

As affected by the macroeconomic conditions, the truck traffic volume of Shanghai-Nanjing Expressway in the year was not so satisfactory, and the changes in truck traffic volume were basically the same as macroeconomic movements. In the first half of the year, the absolute truck traffic volume of Shanghai-Nanjing Expressway decreased by approximately 2.43% year on year; in the second half of the year, the truck traffic volume recovered slightly and recorded a moderate increase of 1.17% year on year. As such, the average truck traffic volume for the year was still down by 0.57% year on year. Truck traffic volume accounted for approximately 28.02% of the total traffic volume for the year, down 1.44 percentage points year on year. Passenger vehicle traffic volume still maintained a stable performance during the year and increased approximately 6.7% year on year, though demonstrating a slowdown trend. Under the combined effects of decrease in truck traffic volume and adjustments to toll road policies, the average daily toll revenue posted a slight year-on-year decrease of 0.92%, and average daily full-trip revenue per vehicle saw a year-on-year decrease of 5.24%.

With the rapidly increasing use of the electronic toll collection system (the "ETC") during the year, the ETC average daily traffic volume and average daily revenue of Shanghai-Nanjing Expressway for the year amounted to approximately 11,075 vehicles and approximately RMB1,768,300, up by approximately 45.36% and 40.07% year on year respectively, representing approximately 16.75% and 15.08% of its average daily traffic volume and revenue respectively. This trend will develop further in the future.

◇ Shanghai-Nanjing Section of G312

Since the downward adjustment to the toll standards of Gunan toll station in September 2011 and the removal of Nanjing toll station, Luoshe toll station, Yanqiao toll point and Xilin toll point on 15 July 2012, the Shanghai-Nanjing Section of the G312 underwent continued decline in operating performance, with average daily traffic volume and revenue posting a year-on-year decrease of 25.15% and 28.91% respectively, causing further losses.

After the removal of the two toll stations and two toll points, the Company properly arranged the resettlement of relevant employees and actively communicated and coordinated with the government in respect of the economic compensations for the losses resulting for the removal. The government of Jiangsu Province gave strong support to the Company's efforts in safeguarding the legitimate interests of the Company and investors. The government has granted approval to the compensations for losses resulting for the removal according to the audited net assets in relation to the toll collection rights. Currently, the specific compensation plan is being discussed and drafted.

◇ Nanjing Section of the Nanjing-Lianyungang Highway

During the Reporting Period, the traffic volume of the Nanjing section of the Nanjing-Lianyungang Highway recorded a moderate decrease of 3.04%. The traffic volumes of trucks and passenger vehicles varied significantly. The average daily traffic volume of passenger vehicles grew by 11.74% while the average daily traffic volume of trucks decreased by 16.61%, causing toll revenue to decrease by 14.09%. In addition to economic factors, the decrease in the truck traffic volume was mainly due to the fact that vehicles carrying fresh and live agricultural products and other trucks, which were initially using the Nanjing-Lianyungang Highway, switched back to the Nanjing-Lianyungang Expressway which runs in parallel with the highway.

◇ Guangjing Expressway, Xicheng Expressway, Jiangyin Yangtze Bridge and Sujiahang Expressway

During the Reporting Period, all these four projects achieved a favourable performance in traffic volume, with growth in the traffic volume of passenger vehicles maintaining at around 10%. However, the slowed growth in the number of trucks resulted in a slight change in the vehicle mix and a decline in revenue per vehicle.

3. *Ancillary Services at Service Areas*

In 2012, the Company realized revenue of approximately RMB2,357,432,000 from the ancillary services, an increase of approximately 8.54% over the corresponding period in the previous year. Of this revenue, revenue from sales of petroleum products was approximately RMB2,162,037,000, an increase of approximately 9.37% over the corresponding period in the previous year, representing approximately 91.71% of the total ancillary services revenue. As boosted by increased traffic volume, refuelling volume at service areas increased by 5.98% year-on-year, while the average selling price of petroleum products saw a slight year-on-year increase after several times of upward and downward adjustments. Revenue from other businesses including food and beverage, retail sales of goods and hindrance clearance services amounted to RMB195,395,000, basically flat as compared to the corresponding period in 2011.

4. Other businesses

Other businesses include real estate development and sale business and advertisement business, etc.

(1) Property Development and Sales Business

In 2012, as the State continued to consolidate the results of macro control on real estate, the overall market environment remained in the doldrums and the development, sales and scale expansion of real estate business were impacted to certain extent. Confronted with such unfavourable market conditions, Ninghu Properties steadily promoted project development and kept optimizing its marketing strategy. Thanks to these efforts, Ninghu Properties recorded profit for the first time since its establishment and entered profit-making stage. As at the end of 2012, all the development projects of Ninghu Properties were well underway. The total development area exceeded 270,000 square meters and a total of approximately RMB250 million was invested in project development during the year. During the year, the sales revenue from the Group's real estate projects amounted to approximately RMB304,442,000.

(2) Advertising and Other Businesses

Other businesses of the Company mainly comprise advertisement operations by its subsidiary, Ninghu Investment and property services provided by Ninghu Properties. In 2012, the revenue from advertising and other business of the Group amounted to RMB42,047,000, representing a year-on-year decrease of 7.19%.

Ninghu Investment is principally engaged in the distribution of advertising media along the Shanghai-Nanjing Expressway and in other industrial investments. In the year, Ninghu Investment delivered a good performance in the distribution of advertising media, with the utilization rate large high-column billboards for commercial advertising reaching 97% and utilization rates of toll station roofs, central green island lightboxes (中央綠島燈箱), collision post lightboxes (防撞柱燈箱), small lightboxes at service areas and other small media for commercial advertising reached 100%. However, as the number of billboards decreased as a result of a major campaign staged by the government of the Jiangsu Province for cleaning up and rectifying advertising facilities along the expressways in 2011, Ninghu Investment recorded a revenue from advertising business of approximately RMB37,625 in 2012, down approximately 8.61% year on year.

(II) Financial Analysis

1. Changes in relevant items in income statement and cash flow statement

Unit: RMB'000

Item	**Current period**	Corresponding period of last year	Changes *(%)*
Operating revenue	**7,795,943**	7,401,310	5.33
Operating costs	**4,054,627**	3,635,779	11.52
Selling expenses	**8,525**	8,570	–0.52
Administrative expenses	**177,535**	183,773	–3.39
Financial expenses	**333,410**	316,953	5.19
Net Cash Flow from Operating Activities	**3,189,410**	3,835,414	–16.84
Net Cash Flow from Investing Activities	**–1,310,394**	–630,446	107.85
Net Cash Flow from Financing Activities	**–1,998,661**	–2,873,923	–30.46

2. *Business Classifications*

In 2012, the Group recognized aggregate operating revenue of approximately RMB7,795,943,000, representing an increase of approximately 5.33% as compared to the corresponding period in 2011. Operating costs amounted to approximately RMB4,054,627,000 in aggregate, representing an increase of approximately 11.52% as compared to the corresponding period in 2011. The growth rate of revenue was lower than the growth rate of costs, leading to a decrease of 2.89 percentage points of the Group's consolidated gross profit margin. The structures of revenues and costs are set out below:

Item	**Operating Revenue**		**Operating costs**		**Gross Profit Margin** *(%)*	
	2012 *(RMB'000)*	**Change over the previous year** *(%)*	**2012** *(RMB'000)*	**Change over the previous year** *(%)*	**2012**	**Year-on-year increase/decrease**
Toll road	**5,092,022**	–1.51	**1,508,833**	0.93	**70.37**	Decreased by 0.72 percentage point
Shanghai-Nanjing Expressway	**4,291,576**	–0.65	**1,023,713**	5.15	**76.15**	Decreased by 1.32 percentage points
Shanghai-Nanjing Section of G312	**83,829**	–28.71	**222,006**	–16.04	**–164.83**	Decreased by 39.97 percentage points
Nanjing Section of Nanjing-Lianyungang Highway	**33,537**	–13.85	**16,568**	–6.89	**50.60**	Decreased by 3.69 percentage points
Guangjing Xicheng Expressway	**683,080**	–1.60	**246,546**	3.11	**63.91**	Decreased by 1.65 percentage points
Ancillary Services	**2,357,432**	8.54	**2,307,046**	8.85	**2.14**	Decreased by 0.28 percentage point
Other Businesses	**346,489**	486.48	**238,748**	1011.09	**31.10**	Decreased by 32.53 percentage points
Property Sales	**304,442**	2110.37	**223,571**	3088.57	**26.56**	Decreased by 22.53 percentage points
Advertising and others	**42,047**	-7.19	**15,177**	4.84	**63.90**	Decreased by 4.15 percentage points
Total	**7,795,943**	5.33	**4,054,627**	11.52	**47.99**	Decreased by 2.89 percentage points

3. Structures of Revenue

Item of Operating Revenue	2012	Percentage	2011	Percentage	Change over the previous year
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(%)*
Revenue from toll road operations	**5,092,022**	65.32	5,170,306	69.86	–1.51
Revenue from ancillary business	**2,357,432**	30.24	2,171,925	29.34	8.54
Revenue from other businesses	**346,489**	4.44	59,079	0.80	486.48
Total	**7,795,943**	100	7,401,310	100	5.33

As the major customers of the Group's toll business, operation business in service zone and property sales business are social individual consumers and there is no bulk procurement related to day-to-day operations, there is no information on major customers and suppliers of the Group required to be further disclosed.

4. *Structures of Costs*

During the reporting period, aggregated operating costs amounted to approximately RMB4,054,627,000, representing an increase of approximately 11.52% year-on-year. The structures of costs of each business category are set out below:

Item of Operating Costs	2012 *(RMB'000)*	Percentage %	2011 *(RMB'000)*	Percentage %	Change over the previous year *(%)*
Operating costs of the toll road operations	**1,508,833**	37.21	1,494,890	41.12	0.93
Depreciation and amortization	**877,671**	21.65	893,581	24.58	–1.78
Costs on toll collection operation	**129,430**	3.19	130,509	3.59	–0.83
Costs on roads and bridges maintenance	**136,530**	3.37	140,823	3.87	–3.05
Costs on system maintenance	**30,276**	0.75	30,309	0.83	–0.11
Labor costs	**334,926**	8.25	299,668	8.25	11.77
Costs on ancillary businesses	**2,307,046**	56.90	2,119,401	58.29	8.85
Raw materials	**2,153,083**	53.10	1,980,688	54.48	8.70
Depreciation and amortization	**20,463**	0.50	19,609	0.54	4.36
Labor costs	**94,960**	2.34	84,517	2.32	12.36
Other costs	**38,540**	0.95	34,587	0.95	11.43
Costs on other businesses	**238,748**	5.89	21,488	0.59	1011.09
Costs on property sales business	**223,571**	5.51	7,012	0.19	3088.57
Costs on advertising and other business	**15,177**	0.38	14,476	0.40	0.84
Total	**4,054,627**	100	3,635,779	100	11.52

* The cost structure of toll road operations remained basically stable. In the cost structure, though the traffic volumes of some of the Group's expressways recorded year-on-year growths to varying degrees, the costs on depreciation and amortization which is mainly amortization of road operation rights decreased over the previous year under the influence of demolition of G312 toll stations and decreased traffic volume of G312 and Nanjing Section of Nanjing-Lianyungang Highway and other factors. Due to the preparations for major inspections on maintenance of nationwide highways last year, the costs on roads and bridges maintenance and system maintenance were high. During the reporting period, the costs on both decreased by 3.05% and 0.11% respectively; the labor costs, mainly consisting of salary as well as expenses other than salary including social insurance, increased by approximately 11.77% year-on-year.

* The costs on ancillary business at service zones increased by 8.85% year-on-year, mainly due to the increase in procurement costs of raw materials of petrol as a result of the growth of refueling volume and the increase in labor costs at service zones.

* As the properties sold by Ninghu Properties have been delivered, the costs of property were confirmed to be RMB223,571,000, resulting in significant increase in the costs of other businesses.

5. *Expenses*

(1) Administrative Expenses

During 2012, administrative expenses of the Group amounted to RMB177,535,000 in aggregate, down by 3.39% year-on-year. The Company further consolidated energy conservation and consumption reduction through strengthening budget management and strict expenses control. The budget control of administrative expenses of the Company was in condition in 2012.

(2) Financial expenses

As at 31 December 2012, the total interest-bearing liabilities of the Group amounted to RMB5,701,399,000, representing an increase of RMB169,860,000 as compared to the corresponding period in 2011. As interest-bearing liabilities increased and the average interest rate of bank loan for the year increased over the previous year, the Group's aggregate finance costs amounted to RMB333,410,000, representing an increase of 5.19% year-on-year. 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 papers and non-public directed debt instrument, finance costs of the Group during the reporting period were under effective control in general.

(3) Selling expenses

In 2012, the Group's aggregate selling expenses amounted to approximately RMB8,525,000, similar to that of the previous year.

(4) Income Tax

The statutory tax rate of all companies under the Group was 25%. In 2012, income tax expense of the Group amounted to RMB764,454,000 in aggregate, representing a year-on-year decrease of 2.43%.

6. *Cash Flow*

Item of Cash Flow Statements	2012	2011	Change over the previous year	Reasons for Changes
	(RMB'000)	*(RMB'000)*	*(%)*	
Net cash flow from operating activities	**3,189,410**	3,835,414	–16.84	The cash inflow from toll revenue and property business decreased over the previous year and cash outflow from operating costs and taxes increased, leading to the decrease in net cash flow from operating activities over the previous year.
Net cash flow from investment activities	**–1,310,394**	–630,446	107.85	In order to improve capital usage efficiency, the Company used idle capital to acquire prudent financial management product, and held equity interests in Yanjiang Expressway and invested in Sujiayong Company, leading to increase in net cash outflow from investment activities during the reporting period over the previous year.
Net cash flow from financing activities	**–1,998,661**	–2,873,923	–30.46	The Group's cash inflow from borrowings and bonds during the year increased over the previous year and cash repayments of borrowings relatively decreased, leading to the decrease in net cash outflow from financing activities over the previous year.

7. Financial Strategy and Financing Arrangement

During the reporting period, the Company actively expanded its financing channels and adjusted its debt structure. The total direct financing amount for the year amounted to RMB3.5 billion, which could satisfy the fund demands of operation management and project investment and effectively reduced financing costs. In 2012, the Company's consolidated borrowing cost of interest-bearing liabilities was approximately 5.42%. Though it was approximately 0.27 percentage point higher than the previous year, it managed to be approximately 0.98 percentage point lower than the prevailing bank borrowing rate of the same period.

In 2012, the Company's major financing activities are as follows:

Financing category	**Financing date**	**Term**	**Financing amount** *(RMB100 million)*	**Issuing interest rate** *(%)*	**Prevailing bank basic rate** *(%)*	**Decrease in financing costs** *(%)*
Short-term Bonds (短期融資券)	2 August 2012	1 year	10	3.75	6.0	37.5
Short-term Bonds (短期融資券)	21 September 2012	1 year	10	4.37	6.0	27.17
Private Placement Bonds	19 June 2012	3 years	5	5.3	6.4	17.19
Private Placement Bonds	19 September 2012	6 months	5	4.8	5.6	14.29
Private Placement Bonds	9 November 2012	6 months	5	4.6	5.6	17.86

8. *Assets and Liabilities*

Item of Assets and Liabilities	**2012**	**Percentage**	**2011**	**Percentage**	**Change over the previous year**
	RMB'000	%	*RMB'000*	%	%
Cash and bank balances	**686,485**	2.66	806,130	3.18	–14.84
Accounts receivable	**83,407**	0.32	47,368	0.19	76.08
Inventories	**1,945,199**	7.53	1,919,255	7.56	1.35
Investment properties	**22,727**	0.09	17,807	0.07	27.63
Long-term equity investment	**3,777,367**	14.61	2,190,631	8.63	72.43
Fixed assets	**1,128,318**	4.36	1,154,827	4.55	–2.30
Construction in progress	**30,794**	0.12	26,032	0.10	18.29
Short-term borrowings	**2,550,000**	9.86	2,865,000	11.29	–10.99
Long-term borrowings	**453,360**	1.75	2,464,978	9.71	–81.61
Shareholders' equity attributable to equity holders of the Company	**18,688,862**	72.30	18,144,690	71.5	3.00
Minority interests	**466,614**	1.81	463,120	1.83	0.75
Total Assets	**25,849,258**	100	25,375,439	100	1.87
Total gearing ratio	**25.90%**	—	26.67%	—	Decreased by 0.77 percentage point
Net gearing ratio	**34.94%**	—	36.37%	—	Decreased by 1.43 percentage points

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

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

- Accounts receivable increased by 76.08% over the previous year, mainly due to integration of road network in the south and north, increase in the quantity of companies which participated in splitting toll road income and increase in toll road fee receivable.

- Investment properties increased by 27.63% over the previous year, mainly due to that Ninghu Investment, a subsidiary of the Company, leased certain business shops of Kunshan Huijieyayuan, a self-developed property project, for long term, and relevant properties were reclassified as investment properties accordingly since the property is held for rental earning purpose.

- Long-term equity investment increased by 72.43% over the previous year, mainly due to that Guangjing Xicheng invested RMB1,466,200,000 in Yanjiang Expressway; in addition, the Company has subscribed for equity interest in Suzhou Sujiayong Expressway Co., Ltd. ("Sujiayong Company") and had contributed an aggregate of RMB75,000,000 as at 31 December 2012, and the remaining investment amount will be paid successively.

- Long-term borrowings decreased by 81.61%, mainly due to that the Company repaid certain long-term borrowings in advance during the reporting period, and some long-term borrowings due within one year were transferred to non-current liabilities due within one year.

9. Explanations on the changes in assets calculated on a fair value basis and the measurement attributes of major assets

During the reporting period, Ninghu Investment, a subsidiary of the Company, continued to hold Fuanda Advantageous Growth Foundation （富安達優勢成長基金） purchased in 2011. The net value at the beginning of the year amounted to RMB19,077,000 and the net value at the end of the year amounted to RMB18,065,000, and the fair value decreased by RMB1,012,000; meanwhile, Ninghu Investment participated in the transaction of precious metal at the Shanghai Gold Exchange and sold all the precious metal purchased during the reporting period, thus it had no balance at the end of the reporting period and the income from the transaction amounted to RMB656,000.

10. Capital expenditures

In 2012, the Group's planned capital expenditures actually incurred amounted to approximately RMB1,706,358,000, representing an increase of 453.07% or RMB1,397,832,000 from 2011, mainly include (1) the investment of RMB1,466,200,000 in Yanjiang Company by Guangjing Xicheng, a subsidiary of the Company; (2) investment of RMB75,000,000 by the Company in Sujiayong Company; and (3) other project payments of the Group. The aforesaid equity investment projects (1) and (2) resulted in significant increase in capital expenditures during the reporting period.

In 2012, the Group's implemented capital expenditure projects and amounts are as follows:

Capital Expenditure Project	*RMB'000*
Equity investment in Yanjiang Expressway	1,466,200
Equity investment in Sujiayong Company	75,000
Balance payment of the expansion works of Shanghai-Nanjing Expressway	12,791
Renovation of the three major systems and traffic signals of Shanghai-Nanjing Expressway	24,755
Renovation of intersections and toll collection points of Shanghai-Nanjing Expressway	23,330
Renovation of petrol stations of Shanghai-Nanjing Expressway	13,197
Renovation of toll collection points of Guangjing Xicheng Expressway	33,229
Renovation of service areas of Guangjing Xicheng Expressway	5,238
Viaduct project of Guangjing Xicheng Expressway	13,062
Setting up of advertising signages	2,388
Other construction in progress and equipments	37,168
Total	1,706,358

11. Pledge of assets

During the year, Guangjing Xicheng, a subsidiary of the Company, obtained long-term bank borrowings through pledging the operation right of Guangjing Xicheng Expressway. As at 31 December 2012, the net carrying amount of such pledged assets was RMB1,599 million.

12. Contingencies

Ninghu Properties, a subsidiary of the Company provided guarantees to banks for bank borrowings granted to buyers of properties Kunshan Huaqiao Tingeing Hongqiao Mansion. The obligation will commence from the date on which the guarantee contract comes into effect and will end when the buyers complete registration of mortgage and pass the properties ownership certification to bank. As at 31 December 2012, the outstanding guarantees amounted to approximately RMB11,242,012 (31 December 2011: RMB34,620,000).

13. Trust deposits

As at 31 December 2012, 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.

14. Trust loans

The Company borrowed RMB100,000,000 respectively on 10 May 2012 and 4 July 2012, by way of trust loans from Far East Shipping, a related company. The loan has a term of one year, carrying an annual interest rate of 6.56% and 6.31%. During the reporting period, the Company repaid RMB50,000,000 in advance and the outstanding balance is RMB150,000,000 as at the end of the reporting period.

15. *Reserves*

Unit: RMB'000

	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total shareholders' equity attributable to equity holders of the Company
1 January 2011	5,037,748	7,576,723	2,022,082	2,927,170	17,563,723
Profit for the year				2,429,751	2,429,751
Other comprehensive income		–35,195			–35,195
Transfer to surplus reserve			269,652	–269,652	0
Dividends distributed				–1,813,589	–1,813,589
31 December 2011	5,037,748	7,541,528	2,291,734	3,273,680	18,144,690
1 January 2012	**5,037,748**	**7,541,528**	**2,291,734**	**3,273,680**	**18,144,690**
Profit for the year				**2,333,345**	**2,333,345**
Other comprehensive income		**24,416**			**24,416**
Transfer to surplus reserve			**258,393**	**–258,393**	**0**
Dividends distributed				**–1,813,589**	**–1,813,589**
31 December 2012	**5,037,748**	**7,565,944**	**2,550,127**	**3,535,043**	**18,688,862**

Note: The above capital items belong to those companies forming the Group.

The above statutory reserves may not be used for purposes other than their intended purposes nor for distribution as cash dividends.

(III) Disposal of Assets

In accordance with the Notice of the General Office of the Provincial Government on Relevant Issues regarding the Removal and Relocation of Some Highway Toll Collection Points (Su Zheng Ban Fa [2012] No. 126) issued by the People's Government of Jiangsu Province on 6 July 2012, the Company would cease to collect tolls at Nanjing Toll Station, Luoshe Toll Station (including Yanqiao Point) and Xilin Toll Station of Shanghai-Nanjing Section of G312 from 8:00a.m. on 15 July 2012.

The total investment in Shanghai-Nanjing Section of G312 amounted to approximately RMB4.046 billion, which was taken as intangible assets — road operation rights for accounting by the Company in accordance with relevant provisions under the Accounting Standards for Business Enterprises. As at the end of July 2012, the accumulated amortisation of the operation rights amounted to approximately RMB1.675 billion and the net value was approximately RMB2.371 billion. After the removal of two stations and two points, the Company appointed Jiangsu Suya Jincheng CPA Co., Ltd. (江蘇蘇亞金誠會計師事務所) to conduct special audit for the balance after amortisation of operation rights of toll roads. The audit result was that: as at 31 July 2012, the balance after amortisation of operation rights of the toll roads involved in the removal of two stations and two points amounted to RMB1,124 million. The Company has stopped the amortisation of the net asset value of operation rights of the toll roads involved in the removal of stations and points in August 2012.

After the removal of toll stations and points, the Company submitted an application to Jiangsu Provincial Government for compensation against the incurred economic losses, and received relevant reply on 31 December 2012. Jiangsu Provincial Government agreed to compensate the losses incurred by the removal of toll stations and points of Shanghai-Nanjing Section of G312 in accordance with the net asset value of operation rights corresponding to the removal of stations and points as confirmed in the audit by the qualified third party. The Company disposed of the intangible assets involved in the removal of stations and points of Shanghai-Nanjing Section of G312 in accordance with relevant requirements under the Accounting Standards for Business Enterprises in 2012, and confirmed that the compensation due from Jiangsu Provincial Government amounted to RMB1,124 million.

(IV) Analysis of Investments

1. *Operations of Major Subsidiaries*

Name of company	Scope of business	Investment cost	Equity of the Company	Total assets	Net assets	Net profit	Percentage over the Company's net profit	Year-on-year Increase/ decrease on net profit
		RMB' 000	*%*	*RMB'000*	*RMB'000*	*RMB'000*	*%*	*%*
Jiangsu Guangjing Xicheng Expressway Co., Ltd.	Construction, management, maintenance and toll collection of Guangjing Expressway and Xicheng Expressway in Jiangsu	2,125,000	85	3,912,199	3,037,550	314,190	13.19	–3.70
Jiangsu Ninghu Investment Development Co., Ltd.	Investment in various infrastructure, industrial and assets investment	95,000	95	293,794	274,905	15,261	0.64	–23.95
Jiangsu Ninghu Properties Co., Ltd.	Development and operation and consultancy of properties	500,000	100	1,999,739	522,974	32,633	1.37	—

* During the reporting period, Guangjing Xicheng realized an operating income of approximately RMB712,906,000, a decrease of approximately 1.26% over the last year; accumulated operating costs of approximately RMB279,379,000, an increase of approximately 3.05%; and operating profit of approximately RMB411,325,000, a decrease of approximately 5.90%. As Guangjing Xicheng Company invested in Yanjiang Company during the reporting period, resulting in new bank borrowings, the financial expenses increased significantly over the previous year, but given the income from investment contributed by Yanjiang Company and the dividends distributed from financial leasing, the income from investment realized during the reporting period increased by 78.73% over the previous year. The said factors led to the decrease in net profit of Guangjing Xicheng Company realized during the year by approximately 3.70%.

* Please refer to the details in "Business Review and Analysis of Operations" in this report for the operating status and change in results of Ninghu Investment and Ninghu Properties.

2. *Operations of Major Associates*

In 2012, the Group's investment income amounted to approximately RMB161,448,000, down by 19.86% year-on-year. The main reason for the decrease was the drop in profit of associates in which the Group had equity interests. Investment income contributed by associates, in which the Company had equity interests, amounted to approximately RMB133,213,000, representing a decrease of 29.93% as compared to 2011 and accounting for 5.59% of the Group's net profit. Operating results of major companies in which the Group had equity investments are as follows:

Company name	**Principal business**	**Investment cost**	**Equity interest attributable to the Company**	**Net profit**	**Share of investment income**	**Proportion of net profit attributable to the Company**	**Change over the previous year**
		RMB'000	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Suzhou Sujiahang Expressway Co., Ltd.	Management and operation of the Jiangsu Section of Sujiahang Expressway	526,091	33.33	202,937	67,589	2.84	–24.48
Jiangsu Kuailu Motor Transport Co., Ltd.	Road transportation, automobile repair and sales of automobiles and automobile parts and components	49,900	33.2	–2,989	–3,571	—	—
Jiangsu Yangtze Bridge Co., Ltd.	Mainly engaged in the management and operation of Jiangyin Yangtze Bridge	631,159	26.66	180,097	48,014	2.02	–50.23
Jiangsu Yanjiang Expressway Co., Ltd.	Mainly engaged in the management and operation of Yanjiang Expressway	1,466,200	32.26	48,220	21,176	0.89	—

* Due to the decreased toll revenue as a result of the impact of economic environment and adjustment of toll policies and an increase in cost expenses, resulting in a decrease in profit, investment income contributed by Sujiahang Expressway decreased by 24.48% during the year.

* Under the impact of traffic diversions by the high-speed rail, Kuailu Company recorded loss during the reporting period and the investment income contributed by it decreased significantly.

* Taizhou Bridge, an associate invested by Yangtze Bridge during the year, was put into operation. The amortization of income at the preliminary stage of operation led to a decrease in profit.

* Under the impact of operating environment, the toll income of Yanjiang Company decreased over the previous year during the reporting period. In addition, Yanjiang Company disposed of its equity investment in Suzhou Raocheng in this financial year, resulting in the lower-than-expected actual investment income contributed by Yanjiang Company in this year.

(V) Analysis of Core Competitiveness

The core business of the Group is licensed operation of transportation infrastructure. Our operations are located in one of the most energetic economic regions in the PRC — the Yangtze River Delta. The roads and bridges owned or invested by the Group are the key land transport corridor of the two important industrial belts along the Yangtze River and Shanghai-Nanjing in the southern part of Jiangsu, putting us in a predominant position in the expressway network in southern Jiangsu. Unique geographical advantage, quality assets network and efficient operation system are distinct core competitive edges of the Group. Despite the relative monopoly nature of licensed operation of toll highways and bridges in certain regions as the tolling right is conferred on an exclusive basis, this business segment is susceptible to policy changes. During the reporting period, government authorities made some amendments to industry policy, resulting in adverse impact on the Company's principal business. Detailed discussion about the magnitude of such influence is set out in the analysis of operation environment.

(VI) Discussion and Analysis of Future Development

1. Competition Pattern and Development Trend of the Industry

◇ *Macroeconomic environment*

The macroeconomic pattern in 2013 will be that of a sustained and steady growth. The government will step up efforts to adjust the economic structure driven by expansion of domestic demands and urbanization of a new model, focusing on ensuring and improving people's livelihood, and achieving sustained and healthy economic development and a harmonious and stable society. In such a macro environment, as a major expressway operator serving the national economy and social development in southern Jiangsu region, the Group, with its "one core and two supports" business development strategy, faces ever more business opportunities, as the government pushes forward the urban-countryside integration and promotes consumption as the driver of economic growth.

◇ *Competition pattern of the industry*

From the perspective of the development environment for regional transportation, the expressway networks in the Jiangsu Province, particularly the southern Jiangsu road network, are fairly developed. According to the second-stage plan for expressway construction for the Jiangsu Province, the mileage of expressways to be added during the "Twelfth Five-Year" Plan period will be in total of approximately 1,150 km. The new portion of expressways will be concentrated in the northern Jiangsu region. Therefore, there will be limited diversionary pressure from the newly constructed roads in the operating region of the Group. The railway transportation in the same region, due to its unique service functions and customer demands, complements and coordinates the development of highway transportation. Therefore, the competition pattern in respect of the business development of the Group's toll roads will remain relatively stable going forward. Meanwhile, with increasing vehicle ownerships among civilians and escalating consumer spending, the demand for passenger and cargo transport on roads will continue to grow steadily, thereby driving the sustainable and steady development of the principal business of the Group.

◇ *Trend of toll road policies*

At present, some significant changes to the policy climate regarding the toll road industry are taking place. Though it is still largely difficult for the government's financial funds to satisfy the needs for road construction and repayment of remaining debt, toll roads will remain a key component of the state's communication and transportation network in the long run. However, the public welfare property of toll roads will be further strengthened, as relevant industry policies are gradually tightening. The authorities of the industry have issued a series of policy adjustment measures, such as the green passage policy, gradual removal of toll collection on secondary roads with loan repayment by the government, rectification of toll roads, and free use of highways by passenger cars on major festivals and holidays, the implementation of which has brought great pressure and challenges to the development of the industry.

According to the work arrangements of the Ministry of Transport for 2013, the special rectification project for toll roads will be further pushed forward; relevant free-toll policy on major festivals and holidays will be improved; revision of the "Regulation on the Administration of Toll Roads" may be completed by the end of the year. However, as there is still much uncertainty as to the trend of policy development, the Group will take active countermeasures to policy changes.

2. *Development Strategies of the Company*

In 2012, the Board considered and approved the "Twelfth Five-Year" development plan of the Group and started full implementation. This plan determined the "233" strategic development system, that is, implementing the three strategies of "enhancement of principal business", "business expansion" and "extension of platforms", on the two bases of boosting the infrastructure operation and management capability and investment management capability, and preliminarily setting up the distribution framework of "one core and two supports" three sectors, thereby laying a solid foundation for mid- and long-term strategic transformation.

Two supports will be regarded as the core competitiveness to fulfil the Company's sustained development. Infrastructure operation and management capability represents enhanced enterprise standardization, effectiveness and cost economics of the investment, construction, operation and management system for large-scale transportation infrastructure, based on the existing toll roads operation and management system, so as to prepare the Company for participating in the investment, construction, operation and management of other transportation infrastructure. Investment management capability shall be strongly cultivated based on the Company's capital-intensive industry characteristic and ample cash flow business characteristic, and is an objective need of the Company to fully exert the platform role of the capital market and further step up capital operation.

Three strategies put "enhancement of principal business" at the first place, as it is centred on enhancing the operation and management level of toll roads. The "business expansion" strategy focuses on investing in industries with same or similar profit models, operation and management requirements, high one-time capital input and high industry access threshold for the purpose of diversifying the form of principal business, and expanding the size of buy-and-hold commercial properties based on the existing development team and experience in the real estate sector, and proactively entering the equity investment business sector by virtue of the Company's steady cash flow advantage. The "extension of platforms" strategy is about maximizing assets income by fully exerting the function of the Company's capital operation platform, building a financing platform by exploring infrastructure industrial investment fund, and establishing a supporting fund management platform.

The distribution framework of three sectors refers to the formation of the "one core and two supports" three business sectors. Among which, one core is adhering to the Company's principal business of "transportation infrastructure and extension and development of the industrial chain". One support is the "development of urban residential and commercial properties" by leveraging the platform provided by Ninghu Properties; the other is the "equity investment" business by way of Ninghu Investment. The determination of business distribution marked the first step of the Company to achieve its sustainable development.

In 2013, guided by this development plan, the Group will vigorously push forward and preliminarily realize management and service modernization of the Shanghai-Nanjing Expressway, and further increase its contribution to economic and social development; steadily advance the implementation of the Company's "Twelfth Five-Year" Plan, improve the "1+3" platform, promote comprehensive development of the "one core and two supports" business, and lift the economic contribution of non-road-and-bridge sectors to the Company; further facilitate development of brand and corporate culture, build a harmonious enterprise and provide a strong internal driving force behind the Company's development.

3. *Operational Plan*

◇ *Revenue target*

Based on the anticipation on the operating status and policy environment in 2013, the management believes that the Group's operations will face a certain amount of uncertainty. In view of this, the Group has set a target of achieving total revenue of more than RMB7,750,000,000 for 2013. Taking into account of increases in labour costs and other costs, the Group strives to incur operating costs and related costs of not more than RMB4,800,000,000 and to realize the net profit after tax of not less than RMB2,300,000,000, which remain on par with the target of 2012.

◇ *Plans and Measures*

The Group will implement the following key measures in 2013, in line with the overall business environment in 2013 so as to ensure that the profit target for the year can be achieved and that good planning preparations can be made for the future strategic development:

(1) **Steadily advance implementation of the "Twelfth Five-Year" Plan.** By combining the indicators for operation and management modernization, the Group will further improve the strategic indicators system and establish a strategic management and assessment mechanism to strengthen strategy execution. Moreover, the Group will press ahead with strategic distribution in a stable, robust and orderly manner, improve the "1+3" platform, provide effective support to the three platforms in respect of management, service and resources, offer full support to human resources, capital and policy, further step up efforts to reform branches and subsidiaries, continuously adapt to the demand of market changes, and seek for more room for further development, in order to fulfil comprehensive and balanced development of all business sectors of the Group.

(2) **Consolidate the development and extension of the principal toll collection business.** The Group will pay active attention to the changes of toll road-related policies, and prepare countermeasures to relevant risks; strengthen tracking of new investment projects, monitor the investment progress of the Changshu-Jiaxing and Zhenjiang-Danyang new projects, and accelerate the subsequent transfer process regarding the Zhenjiang branch line. In addition, the Group will continuously pay close attention to and study the investment opportunities in respect of expressways and other transportation infrastructure, explore and utilize expressway resources, and make due experiments and explorations on industry extension.

(3) **Push forward diversified business expansion in an orderly manner.** According to industry policies and market conditions, Ninghu Properties will further adjust its development rhythm of real estate projects, and strive to realize the target of a total developed area of over 400,000 sqm, and sales and pre-sales volume of over RMB500 million in 2013, to raise its contribution to the revenue and profit of the Group. Meanwhile, Ninghu Properties will keep aware of market dynamics, look for opportunities for project investment, duly increase land reserves, and expand its business scale. Ninghu Investment shall actively promote the establishment of a real estate fund management firm, further study the operational model of real estate funds, ensure standard operation and risk control, build itself into the second financing platform of the Group, assist Ninghu Properties with capital demands for development of real estate projects, and pursue development and growth hand in hand.

(4) **Accelerate the process of modernization and informatization to boost service quality.** According to the modernization indicators system, the Group will lay down phased targets and relevant measures, monitor and inspect the achievement status and conduct accountability appraisal in attempts to let the public truly experience modernized management and services, and satisfy the travelling needs of the general public. The Group will also preliminarily complete the construction of a basic framework of the informatization system, develop an intensive management model integrating management, scheduling and control of expressways, and public services, and complete construction of the demonstration bases for the "smart expressway demonstration project in Jiangsu" (「江蘇省智慧高速公路示範工程項目」) and the "smart transportation '232 smooth network' project of Jiangsu" (江蘇智慧交通「232暢通網」).

(5) **Enhance internal fundamental management levels.** Aiming to push forward the Company's transformation and upgrade, and realize higher levels of management enhancement, the Group will further strengthen various internal fundamental management work, deepen human resources reform based on the actual demands of strategic development, standardize internal control to effectively prevent operation and management risks, enhance recognition of corporate culture and brand planning, and increase development potential of the Company.

4. *Capital Expenditure and Financing Plan*

In 2013, the planned capital expenditure of the Group totalled approximately RMB870 million and major capital expenditure items include:

Capital expenditure item	*RMB'000*
Construction of facilities, equipment and systems for monitoring, toll collection, communication, and lighting	480,000
Reconstruction of buildings	130,000
Investment in construction of Sujiayong Expressway	100,000
Investment in construction of Zhenjiang-Danyang Expressway	100,000
Other fixed assets and equipment	60,000
Total	870,000

According to the capital expenditure plan and debt roll-over capital needs for 2013, the Group, while fully leveraging its own capital, will actively seek more convenient financing channels and lower-cost financing products, and raise funds by way of direct financing such as issuing short-term commercial papers, to reduce finance costs and resolve capital supply and demand conflicts. The total debt financing in the 2013 plan is RMB4 billion, specifically including roll-over issue of one-year short-term bonds in the amount of not more than RMB3 billion, issue of one-year non-public directed debt financing instruments in the amount of RMB500 million and 5-year mid-term notes in the amount of RMB500 million. In case of other capital expenditure demands on special occasions, the Group will adjust its financing plan based on the expenditure scale and actual cash flow condition.

5. *Possible Risks*

As a listed company in the transportation infrastructure sector primarily engaged in the investment, construction, operation and management of toll roads and bridges, the Company has established the risk management system, involving the Company's strategy, planning, operation, decision-making and other aspects, in a bid to ensure achievement of its operational target and sustained and healthy development in the future. Amid its future strategic development, the Company will pay keen attention to the following risks and proactively take effective countermeasures:

(1) Risks associated with the macroeconomic environment

Risk analysis: Roads are a type of transportation infrastructure indispensable to the promotion of economic development, and macroeconomic growth, in turn, drives the growth of traffic volume, as the two are highly related. Macroeconomic growth directly affects the demand of road transportation, thus influencing the operating results of road operators.

Countermeasures: By analyzing the current economic condition and control objective, the Company will evaluate the impact of the macroeconomic trend on road transportation demands, analyze the economic development level surrounding road networks, traffic volume of road networks and the characteristics of changes in vehicle mix on a regular basis, and through timely analysis and countermeasures, strive to reduce the adverse impact of economic conditions on the Company's operation.

(2) Risks associated with industry policy changes

Risk analysis: The transportation infrastructure industry, with a pseudo-public nature, has always been strictly regulated by the government, so changes in the government's industry policies have a certain impact on toll road enterprises. Currently, the public welfare property of toll roads is increasingly strengthened, which may lead to adjustment to policies on toll roads. The special rectification project for toll roads will be further pushed forward, and the toll-free "green passage" policy and toll-free policies for major festivals and holidays further improved. There is still great uncertainty as to the future trend of policy development.

Countermeasures: The Company will take active measures to tackle changes in industry policies, and, while setting toll-free green passages at all toll stations, boost the sense of responsibility and inspection skills of front-line toll collectors, and step up inspection over vehicles enjoying preferential tolls for using green passages. During toll-free periods on major festivals and holidays, the Company will set special toll-free passages and erect clear signs, reinforce toll collection on vehicles charged normal tolls, and at the same time, analyze and study relevant industry policy adjustments, actively communicate with competent authorities, and do its utmost to safeguard the interest of the Company and investors.

(3) Risks associated with alternative means of transportation and traffic diversion of road networks

Risk analysis: With the rapid progress in construction of railway networks in the PRC, the construction of high speed railways has raised the passenger and cargo transport capability of railways, which poses a potential competition risk to road transportation. As far as the Yangtze River delta region (where the Company is located) is concerned, all the prefecture-level cities in Jiangsu, Shanghai and Zhejiang will meet the conditions to run CRH trains. The arrival of a new transportation model will bring new competition pressure on the Company's road operation in the future. On the other hand, the expressway network is being further expanded and improved, with parallel and alternative lines continuously added, traffic diversion of road networks will generate negative impact on the growth of toll revenues of the Company.

Countermeasures: As regards the risks associated with alternative means of transportation and traffic diversion of road networks, the Company will actively communicate with the government and its peers in the sector, keep informed of road network plans and project construction status, and conduct special analysis on traffic diversion of road networks in advance. Meanwhile, the Company will preliminarily set up a modernization indicators system on the operation and management of Shanghai-Nanjing Expressway, realize quality facilities, safeness and smoothness, quality service, energy conservation and environment protection by means of informatization, devotedly build "caring", "smooth" and "smart" expressways, and enhance its leading position and competitiveness in road networks.

(4) *Risks associated with expiry of franchise rights*

Risk analysis: Toll road assets, due to its franchise mode, are of a relative monopoly nature, but franchise rights are subject to certain limits on toll collection terms, upon maturity of which, road-operating enterprises face serious challenges in respect of sustained development.

Countermeasures: In response to the need for sustained development upon maturity of toll collection terms, the Company has formulated the "Twelfth Five-Year" development plan, aiming for long-term development. The Company has preliminarily set up the distribution framework of "one core and two supports" three sectors, and will actively expand development room in other related industries, gradually increase the percentage of non-principal business in its revenues and profit, curb over-dependence on the principal business of toll roads, and gradually achieve upgrade of industrial structure and sustained development.

(5) Financial risks

Risk analysis: The toll road industry has such characteristics as high capital investment and long cycle for investment return, the gradual increase in depreciation, amortization, toll collection, maintenance and labour costs as well as changes in the market interest rates has a direct impact on the profitability of operating enterprises. Meanwhile, due to complicated and changing policies and market environments, direct financing in the capital market still involves certain risk relating to issuance.

Countermeasures: By implementing all-round budget management, the Company will strictly control expenditure of all costs, boost capital utilization efficiency by strengthening internal capital management, procure favorable loan policies by reinforcing cooperation with banks, actively pursue more convenient financing channels and lower-cost financing products, raise funds by issuing corporate bonds and other direct financing means, optimize debt structure, reduce finance costs and resolve capital supply and demand conflicts.

(6) Risks associated with business expansion

Risk analysis: Based on its development strategy, the Company will proactively promote the distribution of "one core and two supports" three sectors. Due to relatively large difference between new business and the toll road business, failure to adapt to the new types of business in respect of market savvy, management model and human resources might affect the expansion of new business and thus bring risks to the overall development of the Group.

Countermeasures: As for the above risks, the Company, according to the external objective environment and its own actual conditions, will comprehensively consider the uniqueness of the industry and its merits and demerits, and formulate varied investment tactics and control models for different business sectors. Meanwhile, the Company will gradually adjust the organization structure and reform the management mechanism based on its strategic development need, vigorously establish strategy-oriented human resource planning, step up control over strategy implementation and effectively control risks associated with business expansion.

(VII) 2012 Profit Distribution Scheme

In 2012, the Group realized an audited net profit attributable to the shareholders of the Company of approximately RMB2,333,345,000 and earnings per share of approximately RMB0.463. Based on the total share capital of the Company of 5,037,747,500 shares, the Board of the Company has proposed to pay cash dividends of RMB0.36 per share (tax inclusive) to all shareholders. The aforementioned profit distribution scheme proposed by the Board will be submitted for consideration and approval at the 2012 annual general meeting. The exact date and procedures for the payment of final dividends will be announced separately.

IV. MATTERS RELATING TO FINANCIAL REPORT

4.1 There is no change in the accounting policy, accounting estimates and auditing method of the Company in the reporting period.

4.2 There is no correction to previous accounting error for the Company in the reporting period.

4.3 There is no change in the scope of consolidation for the financial statements of the Company in the reporting period.

4.4 Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard unqualified opinion in the financial report of the Company for the year.

V. OTHER MATTERS

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

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 subscription rights over 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, the Board is of the view that the public float of the Company's shares as at the latest practicable date prior to the printing of this annual report complies with the requirements of the Hong Kong Listing Rules.

4. Model code for securities transactions by Directors

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

5. Corporate Governance Code

In December 2011, the Hong Kong Stock Exchange announced the amendments to the relevant provisions in the Corporate Governance Code (the "Code"). The relevant new provisions will be effective from 1 January 2012 and 1 April 2012. As at the publishing date of this report, the Board has reviewed the daily governance behavior in compliance with Code, and is of the view that the Company has fully adopted all provisions in the Code and strived to fulfil the recommended best practices and no material deviation or breach of the provisions of the Code was found.

6. Audit Committee

The Audit Committee of the Company has reviewed and confirmed, that the annual report and its summary, and the relevant financial information for the year ended 31 December 2012 are prepared under the PRC Accounting Standards for Business Enterprises, in respect of which Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued an auditors' report with standard unqualified opinion.

7. There was no important event affecting the Company and its subsidiaries which has occurred since the end of the 2012 financial year to the date of disclosure of this report.

VI. FINANCIAL STATEMENTS (PREPARED UNDER PRC ACCOUNTING STANDARDS)

Consolidated Balance Sheet
As at 31 December 2012

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	**686,484,787**	806,129,927
Held-for-trading financial assets	**18,065,458**	19,077,428
Accounts receivable	**83,407,096**	47,367,781
Prepayments	**17,516,960**	11,614,720
Dividends receivable	**4,989,960**	2,494,980
Interest receivable	**192,500**	0
Other receivables	**1,156,828,707**	37,116,199
Inventories	**1,945,199,470**	1,919,255,292
Other current assets	**327,026,166**	560,390,281
Total Current Assets	**4,239,711,104**	3,403,446,608
Non-current Assets:		
Long-term equity investments	**3,777,367,323**	2,190,631,308
Investment properties	**22,726,914**	17,807,135
Fixed assets	**1,128,317,600**	1,154,827,314
Construction in progress	**30,794,305**	26,032,412
Intangible assets	**16,637,621,860**	18,573,651,716
Long-term prepaid expenses	**519,565**	652,950
Deferred tax assets	**12,198,968**	8,389,453
Total Non-current Assets	**21,609,546,535**	21,971,992,288
TOTAL ASSETS	**25,849,257,639**	25,375,438,896

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	**2,550,000,000**	2,865,000,000
Accounts payable	**348,951,084**	307,411,924
Receipts in advance	**107,873,796**	346,683,735
Employee benefits payable	**2,331,953**	6,523,653
Taxes payable	**230,006,346**	321,399,122
Interest payable	**56,575,256**	47,683,000
Dividends payable	**122,614,536**	104,896,262
Other payables	**124,029,852**	101,492,233
Non-current liabilities due within one year	**1,201,557,302**	201,561,117
Other current liabilities	**1,000,000,000**	0
Total Current Liabilities	**5,743,940,125**	4,302,651,046
Non-current Liabilities:		
Long-term borrowings	**453,359,529**	2,464,977,879
Deferred tax liabilities	**0**	0
Bonds payable	**496,482,241**	0
Total Non-current Liabilities	**949,841,770**	2,464,977,879
TOTAL LIABILITIES	**6,693,781,895**	6,767,628,925

Item	**Closing balance**	Opening balance
SHAREHOLDERS' EQUITY:		
Share capital	**5,037,747,500**	5,037,747,500
Capital reserve	**7,565,944,367**	7,541,527,674
Surplus reserve	**2,550,126,797**	2,291,733,894
Retained profits	**3,535,043,036**	3,273,680,481
Total shareholders' equity attributable to equity holders of the Company	**18,688,861,700**	18,144,689,549
Minority interests	**466,614,044**	463,120,422
TOTAL SHAREHOLDERS' EQUITY	**19,155,475,744**	18,607,809,971
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**25,849,257,639**	25,375,438,896

Legal Representative:	*Person in Charge of the Accounting Body:*	*Chief Accountant:*
Yang Gen Lin	**Qian Yong Xiang**	**Yu Lan Ying**

Consolidated Income Statement

For the year ended 31 December 2012

Unit: RMB

Item			2012	2011
I.	**Total operating income**		**7,795,942,681**	7,401,310,221
	Including:	Operating income	**7,795,942,681**	7,401,310,221
II.	**Total operating costs**		**4,782,951,793**	4,331,124,736
	Including:	Operating costs	**4,054,626,690**	3,635,778,535
		Business taxes and levies	**209,354,642**	186,635,646
		Selling expenses	**8,525,073**	8,569,902
		Administrative expenses	**177,535,368**	183,773,114
		Financial expenses	**333,410,020**	316,953,136
		Impairment losses of assets	**–500,000**	–585,597
	Add:	Gains from changes in fair values	**–1,011,970**	–922,572
		Investment income (Loss is indicated by "—")	**161,448,206**	201,464,314
	Including:	Income from investments in associates and joint ventures	**133,212,868**	190,114,061
III.	**Operating profit**		**3,173,427,124**	3,270,727,227
	Add:	Non-operating income	**10,127,498**	33,448,015
	Less:	Non-operating expenses	**37,864,698**	40,947,911
	Including:	Losses from disposal of non-current assets	**16,732,459**	24,085,345
IV.	**Total profit**		**3,145,689,924**	3,263,227,331
	Less:	Income tax expenses	**764,453,843**	783,532,809
V.	**Net profit**		**2,381,236,081**	2,479,694,522
	Including:	Net profit attributable to owners of the Company	**2,333,344,558**	2,429,750,207
		Profit or loss attributable to minority interests	**47,891,523**	49,944,315

VI. Earnings per share:			
(I)	Basic earnings per share	**0.4632**	0.4823
(II)	Diluted earnings per share	**N/A**	N/A
VII. Other comprehensive income (loss)		**24,416,693**	–35,194,761
VIII. Total comprehensive income		**2,405,652,774**	2,444,499,761
Total comprehensive income attributable to owners of the Company		**2,357,761,251**	2,394,555,446
Total comprehensive income attributable to minority interests		**47,891,523**	49,944,315

Legal Representative:	*Person in Charge of the Accounting Body:*	*Chief Accountant:*
Yang Gen Lin	**Qian Yong Xiang**	**Yu Lan Ying**

VII. EXCERPTS OF NOTES TO THE FINANCIAL STATEMENTS:

1. Operating income and operating costs

(1) Operating income

Unit: RMB

Item	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	**Operating costs**	Operating income	Operating costs
Principal operation	**7,449,454,069**	**3,815,878,975**	7,342,231,355	3,614,290,814
Including: Shanghai-Nanjing Expressway	**4,291,575,932**	**1,023,712,916**	4,319,576,539	973,548,775
312 National Highway	**83,829,554**	**222,006,136**	117,596,664	264,430,458
Guangjing Xicheng Expressway	**683,080,003**	**246,546,155**	694,203,025	239,116,457
Nanjing-Lianyungang Highway	**33,536,822**	**16,567,614**	38,930,257	17,793,783
Ancillary services	**2,357,431,758**	**2,307,046,154**	2,171,924,870	2,119,401,341
Real estate development and advertisement businesses	**346,488,612**	**238,747,715**	59,078,866	21,487,721
Total	**7,795,942,681**	**4,054,626,690**	7,401,310,221	3,635,778,535

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

(3) Operating income from the Company's top five customers: the operating income principally includes the income from toll road income and ancillary services, advertisement and real estate development business. The Group is unable to present top five customers because of the nature of the business.

2. Income tax expense

Unit: RMB

Item	**Amount incurred in current period**	Amount incurred in prior period
Current tax expense calculated according to tax laws and relevant requirements –PRC	**769,955,478**	787,622,770
Adjustments to deferred tax	**–3,809,515**	–4,010,354
Over provision of prior years' tax	**–1,692,120**	–79,607
Total	**764,453,843**	783,532,809

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

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

	Amount incurred in current period	Amount incurred in prior period
Accounting profit	**3,145,689,924**	3,263,227,331
Income tax expenses calculated at 25% (prior year: 25%)	**786,422,481**	815,806,833
Effect of expenses that are not deductible for tax purposes	**15,975,381**	18,762,732
Effect of tax-free income	**–36,251,899**	–50,957,149
Over provision of prior years' tax	**–1,692,120**	–79,607
Total	**764,453,843**	783,532,809

3. Net profit for the year has been arrived at after charging the following items:

Unit: RMB

	Amount incurred in current period	Amount incurred in prior period
Staff costs (including directors' remuneration)	**421,905,866**	377,588,218
Retirement benefits scheme contributions	**62,053,025**	55,981,148
Total staff costs	**483,958,891**	433,569,366
Audit fees	**3,020,000**	2,650,000
Depreciation and amortisation (included in operating costs and administrative expenses)	**913,419,899**	932,746,735
Loss on disposal of non-current assets	**15,674,713**	1,724,124
Amortisation of land use right (included in operating costs and administrative expenses)	**65,074,303**	65,263,306
Cost of inventories recogrised as an expense	**2,375,112,085**	1,986,473,586

4. Breakdown of non-recurring profit or loss

Unit: RMB

Item	Amount
Net profit	2,381,236,081
Add (less): Non-recurring profit or loss items	
— Losses(gains) on disposal of non-current assets	15,674,713
— Government grants	-192,000
— Profit on disposal of held for trading financial assets	-656,389
— Profit on disposal of available-for-sale financial assets	-15,678,949
— Loss (gain) from change of fair value	1,011,970
— Reversal of provisions for accounts receivable which were tested for impairment losses individually	-500,000
— Other net non-operating income/expenses other than the above items	12,254,487
Subtotal	11,913,832
Income tax effects on non-recurring items	-2,850,466
Net profit after non-recurring profit or loss	2,390,299,447
Including: attributable to shareholders of the Company	2,342,604,374
attributable to minority interests	47,695,073

5. **Calculation process of basic earnings per share and diluted earnings per share**

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

Unit: RMB

	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to ordinary shareholders	**2,333,344,558**	2,429,750,207
Including: Net profit from continuing operations	**2,333,344,558**	2,429,750,207
Net profit from discontinued operations	**0**	0

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

Unit: RMB

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

(3) Earnings per share

Unit: RMB

	Amount for the current period	Amount for the prior period
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	**0.4632**	0.4823
Diluted earnings per share	**N/A**	N/A
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	**0.4632**	0.4823
Diluted earnings per share	**N/A**	N/A
Calculated based on net profit from discontinued operations attributable to shareholders of the Company:		
Basic earnings per share	**N/A**	N/A
Diluted earnings per share	**N/A**	N/A

6. Dividends

Cash dividend approved in the general meeting during the year

A cash dividend of RMB0.36 per share, based on 5,037,747,500 issued shares (with a par value of RMB1 per share) in 2012 were distributed to all Shareholders.

Cash dividend resolved to be distributed after the balance sheet date

As proposed by the Board on 22 March 2013, based on the total issued shares of the Company of 5,037,747,500 shares (with a par value of RMB1 per share), it is proposed to pay cash dividends of RMB0.36 per share (tax inclusive) to all Shareholders (2011: RMB0.36 per share (tax inclusive), totalling RMB1,813,589,100 (2011: RMB1,813,589,100). The aforementioned profit distribution scheme shall be subject to approval at the annual general meeting. The exact date and procedures for the payment of final dividends will be announced separately.

7. Current assets and current liabilities

7.1 Accounts receivable

(1) Disclosure of accounts receivable by categories:

Unit:RMB

	Closing balance				Opening balance			
	Carrying amount		**Bad debt provision**		Carrying amount		Bad debt provision	
Category	**Amount**	**Proportion (%)**	**Amount**	**Proportion (%)**	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant	**53,745,907**	**64**	**0**	**0**	28,411,496	59	0	0
Accounts receivable for which bad debt provision has been assessed by portfolios	**29,661,189**	**36**	**0**	**0**	18,956,285	40	0	0
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	**0**	**0**	**0**	**0**	550,000	1	550,000	100
Total	**83,407,096**	**100**	**0**	**0**	47,917,781	100	550,000	100

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

Explanations of categories of accounts receivable: An account receivable that exceeds RMB2,500,000 is deemed as an individually significant receivable by the Group.

(2) *Aging analysis of accounts receivable is as follows:*

Unit: RMB

	Closing balance				Opening balance			
Aging	**Amount**	**Proportion** *(%)*	**Bad debt provision**	**Carrying amount** *(%)*	Amount	Proportion *(%)*	Bad debt provision	Carrying amount *(%)*
Within 1 year	**83,407,096**	**100**	**0**	**83,407,096**	47,367,781	99	0	47,367,781
More than 1 year but not exceeding 2 years	**0**	**0**	**0**	**0**	0	0	0	0
More than 2 years but not exceeding 3 years	**0**	**0**	**0**	**0**	0	0	0	0
More than 3 years	**0**	**0**	**0**	**0**	550,000	1	550,000	0
Total	**83,407,096**	**100**	**0**	**83,407,096**	47,917,781	100	550,000	47,367,781

7.2 *Other accounts receivable*

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		**Bad debt provision**		Carrying amount		Bad debt provision	
	Amount	**Proportion (%)**	**Amount**	**Proportion (%)**	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant	**1,159,892,978**	**99**	**16,312,140**	**98**	45,678,368	84	16,812,140	98
Other receivables for which bad debt provision has been assessed by portfolios	**13,630,798**	**1**	**382,929**	**2**	8,632,900	16	382,929	2
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	**0**	**0**	**0**	**0**	0	0	0	0
Total	**1,173,523,776**	**100**	**16,695,069**	**100**	54,311,268	100	17,195,069	100

(2) *Aging analysis of other receivables is as follows:*

Unit: RMB

	Closing balance				Opening balance			
Aging	**Amount**	**Proportion**	**Bad debt provision**	**Carrying amount**	Amount	Proportion	Bad debt provision	Carrying amount
		(%)		*(%)*		*(%)*		*(%)*
Within 1 year	**1,139,454,968**	**97**	**367,413**	**1,139,087,555**	10,769,914	20	188,440	10,581,474
1-2 years	**669,231**	**0**	**1,901**	**667,330**	1,662,730	3	193,765	1,468,965
2-3 years	**58,097**	**0**	**162**	**57,935**	25,053,355	46	724	25,052,631
More than 3 years	**33,341,480**	**3**	**16,325,593**	**17,015,887**	16,825,269	31	16,812,140	13,129
Total	**1,173,523,776**	**100**	**16,695,069**	**1,156,828,707**	54,311,268	100	17,195,069	37,116,199

7.3 Prepayments

(1) *Aging analysis of prepayments is as follows:*

Unit: RMB

	Closing balance		Opening balance	
Aging	**Amount**	**Proportion**	Amount	Proportion
		(%)		*(%)*
Within 1 year	**17,396,960**	**99**	11,510,280	99
1-2 year	**120,000**	**1**	104,440	1
Total	**17,516,960**	**100**	11,614,720	100

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

Unit: RMB

Category	**Closing balance**	Opening balance
Individually significant prepayments	**12,420,633**	5,163,090
Individually insignificant prepayments	**5,096,327**	6,451,630
Total	**17,516,960**	11,614,720

7.4 *Accounts payable*

(1) *Details of accounts payable are as follows:*

Unit: RMB

Item	**Closing balance**	Opening balance
Construction payable	**65,990,419**	79,376,103
Construction payable for real estate project	**225,753,070**	180,412,200
Toll road fee payable	**31,565,977**	9,167,840
Daily purchase payable for service zones	**24,828,975**	23,072,861
Others	**812,643**	15,382,920
Total	**348,951,084**	307,411,924

Description of significant accounts payable aged more than one year:

As at 31 December 2012, the accounts payable aged over 1 year of the Group mainly represented the construction payable amounting to approximately RMB65,990,419 and the payables for construction of real estate project amounting to RMB62,123,300. The amount was unpaid because the construction settlement procedure is long.

(2) Aging analysis of accounts payable is as follows:

Item	Closing balance	Opening balance
Within 1 year	**220,837,365**	215,494,589
1-2 years	**62,123,300**	13,136,240
2-3 years	**0**	0
Over 3 years	**65,990,419**	78,781,095
Total	**348,951,084**	307,411,924

7.5 Receipts in advance

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

Unit: RMB

Item	Closing balance	Opening balance
Rental deposit received in advance	**4,209,489**	5,656,715
Advertising service fee received in advance	**14,121,798**	14,093,245
Income from properties for sales received in advance	**47,445,689**	326,745,495
Amount received in advance for transfer of Zhengjiang Branch*(Note)*	**42,016,820**	0
Others	**80,000**	188,280
Total	**107,873,796**	346,683,735

Note: During the year, in order to expedite the urbanization process in Zhenjiang, the People's Government of Zhenjiang proposes to acquire the Zhenjiang Branch of the Shanghai-Nanjing Expressway (Jiangsu Section) ("Zhenjiang Branch") at a consideration of RMB210,084,100. As at 31 December 2012, the Company received RMB42,016,820 and recognized as receipts in advance. Currently, the transfer is in the process of approval by the People's Government of Jiangsu Province and the State-owned Assets Supervision and Administration Commission of Jiangsu Province（江蘇省國有資產管理委員會）.

(2) *The aging analysis of receipts in advance is as follows:*

Unit: RMB

Aging	**Closing balance**		Opening balance	
	Unit: RMB	*%*	*Unit: RMB*	*%*
Within 1 year	**85,400,336**	**79**	346,603,735	100
1-2 years	**22,393,460**	**21**	0	0
2-3 years	**0**	**0**	80,000	0
Over 3 years	**80,000**	**0**	0	0
Total	**107,873,796**	**100**	346,683,735	100

Details of receipts in advance for real estate advance sale are as follows:

Unit: RMB

Project name	**Opening balance**	Closing balance	**Completion date**	**Proportion of advance sale**
Kunshan Huijieyayuan project	**0**	280,000	April 2009	100%
Huaqiao Nodal Region – One City Hongqiao Mansion	**326,745,495**	47,165,689	August 2012	94%
Total	**326,745,495**	47,445,689		

7.6 *Other payables*

(1) Details of other payables are as follows:

Unit: RMB

Item	**Closing balance**	Opening balance
312 toll road operation right acquisition costs payable	**10,000,000**	10,000,000
Construction quality warrantee fee payable	**69,595,877**	57,969,174
Others	**44,433,975**	33,523,059
Total	**124,029,852**	101,492,233

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

As at 31 December 2012, other payables aged more than one year mainly included 312 toll road operation right acquisition costs payable.

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

Unit: RMB

	Closing balance	Opening balance
Current assets	**4,239,711,104**	3,403,446,608
Total assets	**25,849,257,639**	25,375,438,896
Less: current liabilities	**5,743,940,125**	4,302,651,046
Net current liabilities *(note)*	**-1,504,229,021**	-899,204,438
Total assets less current liabilities	**20,105,317,514**	21,072,787,850

Note: The Group closely monitors its cash position from its operation and the directors consider that the Group has sufficient liquid assets generated from its operations and sufficient available undrawn short-term borrowing facilities at 31 December 2012 of approximately RMB5,450,000,000 (2011: short-term borrowing facilities: RMB7,145,000,000) to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, although the Group had net current liabilities of RMB1,504,229,021 (2011: RMB 899,204,438) at the end of the reporting period, the Group has well managed the liquidity risk.

9. Segment

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into 6 reporting segments. The reporting segments are determined based on the standard with which the Group's management evaluates the operating results of these reporting segments and make decisions about resources to be allocated to the segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are Shanghai-Nanjing Expressway, 312 National Highway, Nanjing-Lianyungang Highway, Guangjingxicheng Expressway, ancillary services and real estate development and advertisement.

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

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

(1) Segment information

	Shanghai-Nanjing Expressway		312 National Highway		Nanjing-Lianyungang Highway		Guangjingxicheng Expressway		Ancillary services		Real estate development and advertisement		Unallocated items		Total	
	Current year	Last year	Current year	Last year	Current year	Last year	Current year	Last year	Current year	Last year	Current year	Last year	Current year	Last year	Current year	Last year
Segment operating income	4,291,575,932	4,319,576,539	83,829,554	117,596,664	33,536,822	38,930,257	683,080,003	694,203,025	2,357,431,758	2,171,924,870	346,488,612	59,078,866	0	0	7,795,942,681	7,401,310,221
Operating costs	1,023,712,916	973,548,775	222,006,136	264,430,458	16,567,614	17,793,783	246,546,155	239,116,457	2,307,046,154	2,119,401,341	238,747,715	21,487,721	0	0	4,054,626,690	3,635,778,535
Incl: amortization of operating rights of toll roads	492,957,307	469,592,309	111,107,703	157,509,339	10,866,354	11,175,640	131,846,391	129,289,841	0	0	0	0	0	0	746,777,755	767,567,129
Cost of petroleum and retail goods in service areas	0	0	0	0	0	0	0	0	2,153,083,048	1,980,688,404	0	0	0	0	2,153,083,048	1,980,688,404
Reconciling items:																
Business taxes and levies	144,196,951	145,137,772	4,694,455	6,580,602	1,126,837	1,306,952	22,951,488	23,325,222	10,517,871	10,285,098	25,867,040	0	0	0	209,354,642	186,635,646
Selling expenses	0	0	0	0	0	0	0	0	0	0	8,525,073	8,569,902	0	0	8,525,073	8,569,902
Administrative expenses	63,362,975	63,551,978	0	0	0	0	0	0	0	0	0	0	114,172,393	120,221,136	177,535,368	183,773,114
Financial expenses	0	0	0	0	0	0	0	0	0	0	0	0	333,410,020	316,953,136	333,410,020	316,953,136
Impairment loss of assets	0	0	0	0	0	0	0	0	0	0	0	0	–500,000	–585,597	–500,000	–585,597
Gains from changes in fair values	0	0	0	0	0	0	0	0	0	0	0	0	–1,011,970	–922,572	–1,011,970	–922,572
Investment income	0	0	0	0	0	0	0	0	0	0	0	0	161,448,206	201,464,314	161,448,206	201,464,314
Operating profit	3,060,303,090	3,137,338,014	–142,871,037	–153,414,396	15,842,371	19,829,522	413,582,360	431,761,346	39,867,733	42,238,431	73,348,784	29,021,243	–286,646,177	–236,046,933	3,173,427,124	3,270,727,227
Non-operating income	0	0	0	0	0	0	0	0	0	0	0	0	10,127,498	33,448,015	10,127,498	33,448,015
Non-operating expenses	0	0	0	0	0	0	0	0	0	0	0	0	37,864,698	40,947,911	37,864,698	40,947,911
Total profit	3,060,303,090	3,137,338,014	–142,871,037	–153,414,396	15,842,371	19,829,522	413,582,360	431,761,346	39,867,733	42,238,431	73,348,784	29,021,243	–314,383,377	–243,546,829	3,145,689,924	3,263,227,331
Income tax expenses	0	0	0	0	0	0	0	0	0	0	0	0	764,453,843	783,532,809	764,453,843	783,532,809
Net profit	3,060,303,090	3,137,338,014	–142,871,037	–153,414,396	15,842,371	19,829,522	413,582,360	431,761,346	39,867,733	42,238,431	73,348,784	29,021,243	–1,078,837,220	–1,027,079,638	2,381,236,081	2,479,694,522
Total segment assets	14,085,406,471	14,663,463,561	1,251,361,791	2,490,285,151	327,858,711	338,725,065	1,654,952,512	1,760,063,286	401,810,282	391,139,544	2,305,174,064	2,251,528,260	5,822,693,808	3,480,234,029	25,849,257,639	25,375,438,896
Total segment liabilities	0	0	0	0	0	0	0	0	0	0	0	0	6,693,781,895	6,767,628,925	6,693,781,895	6,767,628,925
Supplementary information:																
Depreciation and amortisation	660,925,006	632,128,231	115,662,052	165,078,400	10,866,354	11,175,640	139,303,458	133,089,781	20,893,477	20,608,652	9,638,979	10,111,509	21,204,876	25,817,828	978,494,202	998,010,041
Interest income	0	0	0	0	0	0	0	0	0	0	0	0	8,144,164	8,231,775	8,144,164	8,231,775
Interest expense	0	0	0	0	0	0	0	0	0	0	0	0	326,595,732	318,805,566	326,595,732	318,805,566
Investment income from long-term equity investment under equity method	0	0	0	0	0	0	0	0	0	0	0	0	133,212,868	190,114,061	133,212,868	190,114,061
Non-current assets other than long-term equity investments	14,085,406,471	14,663,463,561	1,251,361,791	2,490,285,151	327,858,711	338,725,065	1,654,952,512	1,760,063,286	401,810,282	391,139,544	77,807,526	123,719,833	32,981,919	13,964,540	17,832,179,212	19,781,360,980
Capital expenditure	84,194,170	89,854,579	1,752,502	541,402	0	0	17,601,864	54,032,418	16,912,294	4,022,011	4,454,145	19,161,717	40,242,941	6,914,039	165,157,916	174,526,166
Incl.: Expenditure arising from construction in progress	49,800,372	45,832,706	0	0	0	0	0	0	13,196,765	116,286	2,388,221	2,110,985	40,242,941	2,444,018	105,628,299	50,503,995
Expenditure arising from purchase of fixed assets	34,393,798	26,259,792	1,752,502	541,402	0	0	17,601,864	18,377,854	3,715,529	3,905,725	2,065,924	17,050,732	0	4,470,021	59,529,617	70,605,526
Expenditure arising from purchase of intangible asset	0	17,762,081	0	0	0	0	0	35,654,564	0	0	0	0	0	0	0	53,416,645

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

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

(2) External revenue by geographical area of source and non-current assets by geographical location

All income and assets of the Group are from/located in the Jiangsu Province.

(3) Degree of reliance on major customers

The principal activities of the Group are toll roads operation and ancillary services along toll roads etc. Therefore, there is no reliance on specific customers.

By Order of the Board
Yang Gen Lin
Chairman

Nanjing, the PRC, 22 March 2013

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

Yang Gen Lin, Zhang Yang, Chen Xiang Hui, Du Wen Yi, Qian Yong Xiang, Cheng Chang Yung Tsung, Alice, Fang Hung, Kenneth, Zhang Erzhen, Xu Chang Xin*, Gao Bo* and Chen Donghua**

* *Independent Non-executive Directors*