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)

2014 INTERIM RESULTS PRELIMINARY REPORT

The content of sections 3, 4, 6 and 7 is announced under the Rule 13.49(6) and paragraph 46 of appendix 16 of the Hong Kong Listing Rules.

The other information is announced under the Shanghai Listing Rules.

I. IMPORTANT NOTICE:

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

The summary of the interim report is extracted from the full interim report, which is published on www.sse.com.cn, www.hkexnews.hk and www.jsexpressway.com. For details, investors should read the full interim report carefully.

The audit committee of the Company had reviewed and confirmed the full text and summary of the interim report for the six months ended 30 June 2014. The relevant financial information is prepared in accordance with the PRC Accounting Standards for Business Enterprises ("**PRC Accounting Standards**") and is unaudited.

1.2 Company Profile

Abbreviation of Stock Name	寧滬高速 (A Shares)	Jiangsu Expressway (H Shares)	JEXYY (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	The United States of America

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II. MAJOR FINANCIAL DATA AND CHANGES IN SHAREHOLDERS

2.1 Major financial data and financial indicators

Unit: RMB'000

	As at the end of the reporting period	As at the end of the previous year	Increase/ decrease in the end of the reporting period as compared to the end of the previous year *(%)*
Total assets	**26,767,645**	26,833,912	–0.25
Net assets attributable to shareholders of the Company	**18,998,381**	19,596,484	–3.05

	The reporting period (January-June 2014)	The corresponding period of the previous year (January-June 2013)	Increase/ decrease in the reporting period as compared to the corresponding period of the previous year *(%)*
Net cash flow from operating activities	**1,642,610**	1,486,120	10.53
Operating income	**3,926,767**	3,668,473	7.04
Net profit attributable to shareholders of the Company	**1,344,011**	1,435,272	–6.36
Net profit attributable to shareholders of the Company after non-recurring profit or loss	**1,344,141**	1,370,124	–1.90
Weighted average return on net assets *(%)*	**6.64**	7.40	Decreased by 0.76 percentage point
Basic earnings per share *(RMB/share)*	**0.27**	0.28	–6.36
Diluted earnings per share *(RMB/share)*	**N/A**	N/A	N/A

2.2 Shareholdings of top ten shareholders

Total number of shareholders as at the end of the reporting period	39,689
Total number of preferential shareholders with redeemed voting rights as at the end of the reporting period	0

Shareholdings of top ten shareholders

Name of shareholder	Type of shareholder	Shareholding percentage *(%)*	Number of shares held *(shares)*	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
JPMorgan Chase & Co.	Foreign legal person	1.95	98,124,732	0	Unknown
Blackrock, Inc.	Foreign legal person	1.81	91,133,787	0	Unknown
Matthews International Capital Management, LLC	Foreign legal person	1.45	73,020,000	0	Unknown
Deutsche Bank Aktiengesellschaft	Foreign legal person	1.22	61,600,350	0	Unknown
The Bank of New York Mellon Corporation	Foreign legal person	1.06	53,265,127	0	Unknown
Jiantou Zhongxin Asset Management Co., Ltd.	Others	0.42	21,410,000	0	Unknown
Guotai Junan Securities Co., Ltd.	Others	0.36	18,198,391	0	Unknown
The interpretation of the above shareholders who are connected to each other or acting in concert	The Company is not aware of the above shareholders who are connected to each other or acting in concert;				

2.3 The change of controlling shareholders and de facto controllers

☐ Applicable ☑ Not applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Operating performance and management review during the reporting period

1. Business Overview

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

2. *Toll road and bridge operations*

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

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

In the first half of this year, the downtrend in the traffic volume of Shanghai-Nanjing section of G312 was stabilized, however it still takes time to see if the improvement can continue. Since 1 April, rationing restrictions concerning the traffic on Nanjing No. 2 Yangtze River Bridge were imposed on non-local trucks, which significantly lowered the traffic volume of Nanjing Section of Nanjing-Lianyungang Highway. The decrease of average daily traffic volume in the second quarter reached 14.08%, resulting in the year-on-year decrease of 3.92% and 3.53% in the average daily traffic volume and revenue in the first half of this year.

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

3. *Ancillary Services*

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

4. Real Estate Development and Sales Business

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

5. Advertising and Other Businesses

During the reporting period, the revenue from advertising and other businesses of the Group amounted to approximately RMB21,695,000, representing a year-on-year increase of approximately 13.35%. Among which, revenue from advertising operations was approximately RMB19,206,000, representing a year-on-year increase of approximately 7.75%; revenue from property service fees and lease of commercial properties was approximately RMB2,489,000, representing a year-on-year increase of approximately 89.19%, which was mainly contributed by the rental income from the lease of commercial properties in Kunshan by Ninghu Investment, and the property management income from managing and operating residential properties delivered by Ninghu Properties.

3.2 Analysis of changes in relevant items in financial statements

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

Assets and Liabilities

Item of Assets and Liabilities	As at 30 June 2014	Percentage	As at 31 December 2013	Percentage	Change over the beginning or the period
	RMB'000	*%*	*RMB'000*	*%*	*%*
Cash and bank balances	510,793	1.91	409,177	1.52	24.83
Held-for-trading financial assets	38,269	0.14	20,175	0.08	89.68
Accounts receivable	92,255	0.34	51,444	0.19	79.33
Prepayments	66,954	0.25	21,029	0.08	218.39
Dividends receivable	62,268	0.23	4,990	0.02	1,147.86
Inventories	2,903,806	10.85	2,844,578	10.60	2.08
Other current assets	178,276	0.67	175,082	0.65	1.82
Available-for-sale financial assets	1,290,726	4.82	1,290,726	4.81	0.00
Investment properties	34,727	0.13	35,415	0.13	–1.94
Long-term equity investment	3,801,146	14.20	3,787,360	14.11	0.36
Fixed assets	998,491	3.73	1,099,548	4.10	–9.19
Construction in progress	225,833	0.84	127,708	0.48	76.83
Short-term borrowings	3,250,000	12.14	3,220,000	12.00	0.93
Receipts in advance	398,750	1.49	412,907	1.54	–3.43
Taxes payable	110,091	0.41	155,967	0.58	–29.41
Dividends payable	114,648	0.43	62,904	0.23	82.26
Other payables	44,292	0.17	174,956	0.65	–74.68
Non-current liabilities due within one year	1,524	0.01	1,511	0.01	0.92
Other current liabilities	1,500,000	5.60	1,000,000	3.73	50.00
Long-term borrowings	270,580	1.01	271,148	1.01	–0.21
Bond payable	992,442	3.71	991,074	3.69	0.14
Shareholders' equity attributable to shareholders of the Company	18,998,381	70.98	19,596,484	73.03	–3.05
Minority interests	498,200	1.86	501,744	1.87	–0.71
Total Assets	26,767,645	100	26,833,912	100	–0.25
Total assets gearing ratio	27.16%	–	25.10%	–	Increased by 2.06 percentage points
Net assets gearing ratio	37.29%	–	33.51%	–	Increased by 3.78 percentage points

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

3.3 Sub-industries and products of principal operation

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

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

Structure of operating costs:

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

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

3.4 Principal operation by geographical areas

Unit: RMB '000

Geographical areas	Principal operating revenue	Year-on-year increase/decrease
		(%)
Jiangsu Province	**3,926,767**	7.04

3.5 Outlook and Plans

1. Analysis of Operating Environment

In the second half of this year, the policies on macro-economy and toll roads are expected to be stable. The external business environment of the Group's major business of the toll road will continue to look promising. Except for Shanghai-Nanjing Expressway, the business of major roads and bridges of the Group are expected to maintain growth momentum as in the first half of the year. Affected by the opening of Lima Expressway and the traffic control on nonlocal lorries of Nanjing Ring Road and the No. 2 Nanjing Bridge, the growth of traffic flow of the western part of Shanghai-Nanjing Expressway, being the core asset of the Group, decreased gradually in the first half of 2014, particularly the traffic flow of lorries recorded a slight year-on-year decrease. As the overall performance of Shanghai-Nanjing Expressway was less than expected at the beginning of the year, there is certainly pressure on reaching the targeted toll revenue for the whole year. In the second half of the year, the influence of the bypass flow will linger, and possibly may expand further. Save as disclosed above, other businesses of the Group proceeded orderly as planned in the year-opening plan.

2. Highlights of Work in the Second Half of This Year

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

(1) **Actively seek expansion opportunities of toll roads.** The Company will continue to pay attention to and research on the investment opportunities of toll roads and other traffic infrastructure in the area and fully utilize the financing platform and financial leverage effect of the Company. By seeking opportunities, the Company will further consolidate and expand its leading position in the South Jiangsu road network. Meanwhile, the Company will strengthen its monitoring on new investment projects and foster the investment and construction of the two new projects of Changjia and Zhendan.

(2) **Push forward diversified and balance business expansion in a stable manner.** The Company will accelerate on the development and sales of real estate projects and be aware of the market dynamics. The Company will increase investment opportunities in land reserve and commercial real estate in an appropriate manner in strive for substantial progress of its investments in the area of commercial real estate. In addition, the Company will proactively promote the issuance of real estate fund and the development of project management. Accordingly, the Company will endeavor to complete the raising of its first real estate fund to explore a successful operating model.

(3) **Actively work on innovative financing to meet funding needs.** The Company would use modern financial derivatives to proactively innovate means of financing to seek for more convenient financing channels and financing products with lower costs. The Company will aim to broaden its financing channels and increase the proportion of direct financing, and to further optimize its debt structure providing that financial security is guaranteed. Through its reasonably controlling the cost of funding, the Group aims to secure adequate funding for the Group's strategic developments.

(4) **Accelerate the integration and trial operation of the information technology system.** The Company will promote the integration of various models of the information technology construction to activate the comprehensive application of public service, intelligent supervision, commanding and redeployment and other business systems. In addition, the Company will reinforce the construction of information disclose management and system to ensure the effectiveness of the procedures of event and information processing, delivery and disclosure. Through information technology, the Company will increase its working efficiency and improve the service standards to support the fulfillment of the modern indicators of the Company.

(5) **Promote the establishment of talent teams and reform the remuneration system.** Focusing on the allocation requirements on human resources management by the Company's "Twelfth Five-Year" Plan, the Company will strengthen the establishment of talent teams and systems to establish the training mechanism of back-up middle management staff. It will also accelerate the promotion of the preliminary trial work on the implementation of the broad remuneration system to fully utilize the incentive function of the remuneration system. Moreover, the Company will gradually establish the design and operation of the job rotation system to build diversified developmental routes for staff in management, techniques, skills and other aspects.

IV. ANALYSIS OF INVESTMENT CONDITIONS

4.1 Progress of investment projects

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

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

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

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

4.2 Equity investment in financial enterprises

Name of investee	Amount of initial investment *RMB'000*	Shareholding at the beginning of the period	Shareholding at the end of the period	Carrying value at the end of the period *RMB'000*	Profit or loss during the reporting period *RMB'000*	Changes in owners' equity during the reporting period *RMB'000*	Accounting items	Source of shares
Luode Fund Company	5,850	11.7 million shares	39%	3,523	–996	–996	Long-term equity investment	Established by means of promotion
Bank of Jiangsu	1 million	200 million shares	1.92%	1 million	0	0	Available-for-sale financial assets	Increased share capital and brought in new shareholders
Financial Leasing Company	234,000	234 million shares	10.66%	270,898	17,550	17,550	available-for-sale financial assets	Established by means of promotion

4.3 Analysis of Major Subsidiaries and the Companies in which the Company has equity investment

1. Operations of Major Subsidiaries

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

2. *Operations of Major Associates*

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

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

V. PROFIT DISTRIBUTION AND ITS IMPLEMENTATION

1. During the reporting period, the Board of the Company neither recommended the payment of an interim dividend for the six months ended 30 June 2014 (Corresponding period of 2013: Nil), nor did the Board increase the share capital by transferring reserve fund.

2. As approved at the 2013 annual general meeting, the Company distributed a cash dividend of RMB0.38 per share (tax inclusive) to all shareholders on the basis of a total of 5,037,747,500 shares in issue at the end of 2013, representing a payout ratio of 70.70%. The profit distribution plan was implemented on 27 June 2014.

VI. OTHER SIGNIFICANT MATTERS

6.1 Purchase, Sale and Redemption of Shares of the Company: For the six months ended 30 June 2014, there was no purchase, sale or redemption of any of the Company's listed shares by the Company or any of its subsidiaries.

6.2 Pre-emption Rights: In accordance with the laws of the PRC and the Company's Articles of Association, the Company did not grant any pre-emption rights pursuant to which the Company would be required to offer new shares to the existing shareholders in proportion to their shareholdings.

6.3 Public Float: As at 30 June 2014 and the disclosure date of this report, the Company had complied with the 25% public float requirement under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

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

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

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

VII. FINANCIAL REPORT

The relevant financial information is prepared on basis of the Accounting Standards for Business Enterprises and is unaudited. The Audit Committee had reviewed the interim financial report of the Company for the six months ended 30 June 2014 and had sufficient communication with the Company's management in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2014.

7.1 Financial statements

1. *CONSOLIDATED BALANCE SHEET*
AT 30 JUNE 2014

Unit:RMB

Item	**Closing balance**	Opening balance	**Item**	**Closing balance**	Opening balance
Current assets			**Current liabilities:**		
Cash and bank balances	**510,793,177**	409,176,746	Short-term borrowings	**3,250,000,000**	3,220,000,000
Held-for-trading financial assets	**38,269,283**	20,175,395	Accounts payable	**455,015,416**	371,663,489
Notes receivable	**1,000,000**	149,843	Receipts in advance	**398,749,924**	412,906,626
Accountants receivable	**92,255,362**	51,443,626	Employee benefits payable	**1,116,477**	902,085
Prepayments	**66,953,544**	21,028,742	Taxes payable	**110,090,743**	155,966,927
Dividends receivable	**62,267,777**	4,989,960	Interest payable	**131,082,974**	71,283,765
Other receivables	**1,217,203,530**	1,227,304,888	Dividends payable	**114,647,955**	62,903,610
Inventories	**2,903,805,997**	2,844,577,736	Other payables	**44,292,056**	174,955,870
Other current assets	**178,275,597**	175,082,464	Non-current liabilities due within one year	**1,524,424**	1,510,574
			Other current liabilities	**1,500,000,000**	1,000,000,000
Total Current Assets	**5,070,824,267**	4,753,929,400	Total Current liabilities	**6,006,519,969**	5,472,092,946

Non-current Assets:			**Non-current Liabilities**		
Available-for-sale financial assets	**1,290,725,956**	1,290,725,956	Long-term borrowings	**270,579,725**	271,148,039
Long-term equity investment	**3,801,146,008**	3,787,359,931	Deferred tax liabilities	**1,522,062**	1,369,249
Investment properties	**34,727,349**	35,415,146	Bonds payable	**992,442,352**	991,074,397
Fixed assets	**998,491,479**	1,099,548,420			
Construction in progress	**225,833,018**	127,708,416			
Intangible assets	**15,313,962,890**	15,721,750,642			
Long-term prepaid expenses	**1,613,471**	1,166,864			
Deferred tax assets	**30,320,640**	16,307,595	Total Non-current liabilities	**1,264,544,139**	1,263,591,685
Total Non-current Assets	**21,696,820,811**	22,079,982,970	TOTAL LIABILITIES	**7,271,064,108**	6,735,684,631
			Shareholders' Equity:		
			Share capital	**5,037,747,500**	5,037,747,500
			Capital reserve	**7,551,642,790**	7,579,412,509
			Surplus reserve	**2,833,298,081**	2,833,298,081
			Retained profits	**3,575,692,403**	4,146,025,799
			Total shareholders' equity attributable to equity holders of the Company	**18,998,380,774**	19,596,483,889
			Minority interests	**498,200,196**	501,743,850
			TOTAL SHAREHOLDERS' EQUITY	**19,496,580,970**	20,098,227,739
TOTAL ASSETS	**26,767,645,078**	26,833,912,370	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**26,767,645,078**	26,833,912,370

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

2. *Consolidated Income Statement*

FOR THE HALF YEAR ENDED 30 JUNE 2014

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
I. Total operating income	**3,926,767,168**	3,668,472,778
Including: Operating income	**3,926,767,168**	3,668,472,778
Less: operating costs	**2,313,628,877**	2,016,182,757
Including: Operating costs	**1,958,335,603**	1,720,192,905
Business taxes and levies	**112,150,118**	95,168,956
Selling expenses	**7,557,685**	4,205,384
Administrative expenses	**82,478,316**	78,292,929
Financial expenses	**153,107,155**	118,322,583
Impairment losses of assets	**0**	0
Add: Gains from changes in fair values (Loss is indicated by "—")	**2,383,650**	669,980
Investment income	**192,383,746**	181,600,702
Including: Income from investments in associates and joint ventures	**169,417,396**	134,456,977
II. Operating profit	**1,807,905,687**	1,834,560,703
Add: Non-operating income	**3,600,042**	93,818,622
Less: Non-operating expenses	**9,972,755**	10,030,810
Including: Losses from disposal of non-current assets	**899,218**	699,289
III. Total profit	**1,801,532,974**	1,918,348,515
Less: Income tax expenses	**415,096,645**	444,026,304
IV. Net profit	**1,386,436,329**	1,474,322,211
Net profit attributable to owners of the Company	**1,344,010,654**	1,435,271,562
Profit or loss attributable to minority interests	**42,425,675**	39,050,649

V.	**Earnings per share:**		
	(I) Basic earnings per share	**0.2668**	0.2849
	(II) Diluted earnings per share	**N/A**	N/A
VI.	**Other comprehensive income (loss)**	**–27,769,719**	–11,107,350
	Items that may be reclassified subsequently to profit or loss:	**–27,769,719**	–11,107,350
	1. Share of gains on available-for-sale financial assets of associates	**–27,769,719**	–11,107,350
	Items that will not be reclassified to profit or loss:	**0**	0
VII.	**Total comprehensive income**	**1,358,666,610**	1,463,214,861
	Total comprehensive income attributable to owners of the Company	**1,316,240,935**	1,424,164,212
	Total comprehensive income attributable to minority interests	**42,425,675**	39,050,649

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

3. *Consolidated Cash Flow Statement*

FOR THE HALF YEAR ENDED 30 JUNE 2014

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	**4,001,464,881**	3,968,814,958
Other cash receipts relating to operating activities	**21,280,412**	21,135,135
Sub-total of cash inflows from operating activities	**4,022,745,293**	3,989,950,093
Cash payments for goods purchased and services received	**1,490,188,618**	1,604,722,846
Cash payments to and on behalf of employees	**240,685,458**	214,327,317
Payments of various types of taxes	**622,255,532**	649,235,804
Other cash payments relating to operating activities	**27,005,523**	35,543,999
Sub-total of cash outflows from operating activities	**2,380,135,131**	2,503,829,966
Net Cash Flow from Operating Activities	**1,642,610,162**	1,486,120,127
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	**1,371,020,495**	384,000,000
Cash receipts from investment income	**90,777,078**	75,839,068
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**10,195,634**	84,035,794
Net cash receipts from disposals of subsidiaries and other business units	**0**	0
Other cash receipts relating to investing activities	**0**	0
Sub-total of cash inflows from investing activities	**1,471,993,207**	543,874,862
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**154,180,686**	37,368,130
Cash payments to acquire investments	**1,387,757,679**	191,850,000
Other cash payments relating to investing activities	**0**	0
Sub-total of cash outflows from investing activities	**1,541,938,365**	229,218,130
Net Cash Flow from Investing Activities	**–69,945,158**	314,656,732

III.	**Cash Flows from Financing Activities:**		
	Cash receipts from borrowings	**310,000,000**	1,555,000,000
	Cash receipts from issue of bonds	**1,196,100,000**	991,500,000
	Other cash receipts relating to financing activities	**0**	0
	Sub-total of cash inflows from financing activities	**1,506,100,000**	2,546,500,000
	Cash repayments of borrowings	**980,751,571**	2,965,772,370
	Cash payments for distribution of dividends or profits or settlement of interest expenses	**1,990,462,516**	500,877,774
	Including: payments for distribution of dividends or profits to minority owners of subsidiaries	**0**	0
	Other cash payments relating to financing activities	**5,934,486**	3,032,252
	Sub-total of cash outflows from financing activities	**2,977,148,573**	3,469,682,396
	Net Cash Flow from Financing Activities	**–1,471,048,573**	–923,182,396
IV.	**Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents**	**0**	0
V.	**Net Increase (decrease) in Cash and Cash Equivalents**	**101,616,431**	877,594,463
	Add: Opening balance of Cash and Cash Equivalents	**409,176,746**	686,484,787
VI.	**Closing Balance of Cash and Cash Equivalents**	**510,793,177**	1,564,079,250

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

7.2 Extract of Notes to the Financial Statements

1. *Operating income and operating costs*

(1) *Operating income and cost*

Unit: RMB

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

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

2. *Taxes*

(1) *Major categories of taxes and tax rates*

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

(2) *Income tax expense*

Unit: RMB

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

No Hong Kong income tax was incurred because the Group did not carry out business in Hong Kong.

3. *Financial expenses*

Unit: RMB

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

4 *Investment income*

Unit: RMB

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

5 Earnings per share and dividends

Calculation process for basic earnings per share and diluted earnings per share

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

Unit: RMB

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

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

Unit: RMB

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

Earnings per share:

Unit: RMB

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

Interim dividends:

During the reporting period, the Board of the Company neither recommended the payment of an interim dividend for the six months ended 30 June 2014 (Corresponding period of 2013: Nil), nor did the Board increase the share capital by transferring reserve fund.

6. Aging analysis of accounts receivable

(1) Aging analysis of accounts 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	**91,876,797**	**100**	**0**	**91,876,797**	51,443,626	100	0	51,443,626
More than 1 year but not exceed 2 years	**378,565**	**0**	**0**	**378,565**	0	0	0	0
More than 2 years but not exceeding 3 years	**0**	**0**	**0**	**0**	0	0	0	0
More than 3 years	**0**	**0**	**0**	**0**	0	0	0	0
Total	**92,255,362**	**100**	**0**	**92,255,362**	51,443,626	100	0	51,443,626

There is no accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

(2) Aging analysis of prepayments is as follows

Unit: RMB

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

No prepayments to shareholders holding at least 5% of the Company's shares with voting power in the reporting period

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

No other receivables due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

Nature or content of significant other receivables:

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

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

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

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

Unit: RMB

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

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

(5) Details of accounts payable are as follows:

Unit: RMB

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

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

Unit: RMB

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

(7) Details of other payables are as follows:

Unit: RMB

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

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

7. *Net current assets (liabilities)/Total assets less current liabilities*

Unit: RMB

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

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 of RMB6,940,000,000 (31 December 2013: RMB6,600,000,000) to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, although the Group had net current liabilities of RMB935,695,702 (31 December 2013: RMB 718,163,546) at the end of the reporting period, the Group has well managed the liquidity risk.

8. *Segment*

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

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

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

Segment information

Unit: RMB

	Shanghai-Nanjing Expressway		312 National Highway		Nanjing-Lianyungang Highway		Guangjing Xicheng Expressway		Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Operating income	2,216,708,705	2,166,952,583	26,358,501	25,587,668	15,982,803	16,567,608	384,418,304	351,129,976	1,098,650,928	1,047,388,827	162,952,953	41,706,785	21,694,974	19,139,331			3,926,767,168	3,668,472,778
Operating costs	505,139,425	491,512,684	134,889,011	67,337,195	8,208,654	8,477,388	83,666,108	95,756,063	1,081,132,429	1,019,674,911	138,808,764	31,344,105	6,491,212	6,090,559			1,958,335,603	1,720,192,905
Including: Amortization of toll roads operation rights	223,432,852	264,229,555	105,250,631	27,321,840	5,491,578	5,660,894	42,020,618	59,114,539									376,195,679	356,326,828
Costs of petrol and other goods sold in service zones									1,005,612,873	955,511,176							1,005,612,873	955,511,176
Segment operating profit (loss)	1,711,569,280	1,675,439,899	-108,530,510	-41,749,527	7,774,149	8,090,220	300,752,196	255,373,913	17,518,499	27,713,916	24,144,189	10,362,680	15,203,762	13,048,772	0	0	1,968,431,565	1,948,279,873
Reconciling items:																		
Business taxes and levies	74,481,412	72,809,607	1,476,076	1,432,909	537,022	556,672	12,916,455	11,797,967	7,872,064	4,757,786	14,298,143	3,183,582	568,946	630,433			112,150,118	95,168,956
Selling expenses											7,499,017	3,980,257	58,668	225,127			7,557,685	4,205,384
Administrative expenses	30,736,409	31,681,487													51,741,907	46,611,442	82,478,316	78,292,929
Financial expenses															153,107,155	118,322,583	153,107,155	118,322,583
Impairment loss of assets															0	0		0
Gains from changes in fair values															2,383,650	669,980	2,383,650	669,980
Investment income															192,383,746	181,600,702	192,383,746	181,600,702
Operating profit	1,606,351,459	1,570,948,805	-110,006,585	-43,182,436	7,237,127	7,533,548	287,835,740	243,575,946	9,646,435	22,956,130	2,347,029	3,198,841	14,576,148	12,193,212	-10,081,666	17,336,657	1,807,905,687	1,834,560,703
Non-operating income															3,600,042	93,818,622	3,600,042	93,818,622
Non-operating expenses															9,972,755	10,030,810	9,972,755	10,030,810
Total profit	1,606,351,459	1,570,948,805	-110,006,585	-43,182,436	7,237,127	7,533,548	287,835,740	243,575,946	9,646,435	22,956,130	2,347,029	3,198,841	14,576,148	12,193,212	-16,454,379	101,124,469	1,801,532,974	1,918,348,515
Income tax expenses															415,096,645	444,026,304	415,096,645	444,026,304
Net profit	1,606,351,459	1,570,948,805	-110,006,585	-43,182,436	7,237,127	7,533,548	287,835,740	243,575,946	9,646,435	22,956,130	2,347,029	3,198,841	14,576,148	12,193,212	-431,551,024	-342,901,835	1,386,436,329	1,474,322,211
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Total segment assets	13,126,767,297	13,414,938,917	1,041,334,346	1,154,032,069	310,579,458	316,071,035	1,481,942,200	1,530,754,150	353,697,338	339,536,057	3,025,356,360	2,924,629,699	335,533,408	324,506,444	7,092,434,671	6,829,443,999	26,767,645,078	26,833,912,370

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

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

9. *Events after the balance sheet date*

Note: There are no material events subsequent to the end of the interim period ended 30 June 2014.

7.3 Changes in the accounting policy, accounting estimates and auditing method

1. *Changes in accounting policies:*

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

Unit: RMB

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

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

2. *Changes in accounting estimates*

In accordance with the effort and progress in modernizing the Company and the judgments making on the future use of expressway related ancillary facilities, the original categorization for fixed assets of the Company failed to satisfy the demand in assets management. Changes have therefore been made regarding the expected useful life and residual value of certain categories of fixed assets. As approved at the 14th meeting of the seventh session of the Board of the Group on 25 April 2014, the Company has adopted prospective application in making adjustments to the categorization, useful life and residuals value of certain fixed assets since 1 January 2014. The effect of the changes in accounting estimates on the accounting statements for the Reporting Period is as follows:

Unit: RMB

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

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

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

7.5 During the reporting period, Ninghu Properties, a subsidiary of the Company, established Ninghu Properties (Kunshan) Co., Ltd., the wholly-owned subsidiary, and there is change in the scope of consolidation for the financial statements of the Group.

Jiangsu Expressway Company Limited
Yang Gen Lin
Chairman of the Board

22 August 2014

As at the date of this announcement, directors of the Company are: Yang Genlin, Zhang Yang, Chen Xianghui, Du Wenyi, Qian Yongxiang, Cheng Chang, Yung Tsung, Alice, Fang Hung, Kenneth, Chen Donghua, Xu Changxin*, Gao Bo* and Zhang Erzhen**

* *Independent non-executive directors*