深圳高速公路股份有限公司
SHENZHEN EXPRESSWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00548)

2009 Annual Results Announcement

The Board is pleased to announce the audited results of the Group for the year ended 31 December 2009, prepared in accordance with HKFRS, together with comparative figures for the corresponding year in 2008, as follows:

Consolidated statement of comprehensive income

		Year ended 31 December	
	Note	**2009**	2008
		RMB'000	*RMB'000*
Revenue	2	**2,475,410**	4,242,041
Cost of services	3	**(1,788,134)**	(3,661,056)
Gross profit		**687,276**	580,985
Other income		**-**	1,619
Other (losses) /gains – net		**(99)**	5,690
Administrative expenses	3	**(67,719)**	(54,012)
Operating profit		**619,458**	534,282
Finance income	4	**8,673**	7,390
Finance costs	4	**(390,944)**	(255,260)
Finance costs – net	4	**(382,271)**	(247,870)
Share of profit of jointly controlled entities		**252,049**	291,500
Share of profit/(loss) of associates		**80,923**	(17,127)
Profit before income tax		**570,159**	560,785
Income tax expenses	5	**(44,826)**	(66,257)
Profit for the year from continuing operations		**525,333**	494,528
Other comprehensive income for the year			
Revaluation surplus arising from the acquisition, net of tax		**893,132**	-
Total comprehensive income for the year		**1,418,465**	494,528

	Note	**Year ended 31 December** **2009** ***RMB'000***	 2008 *RMB'000*
Profit attributable to:			
- Equity holders of the Company		**540,219**	503,195
- Minority interest		**(14,886)**	(8,667)
		525,333	494,528
Total comprehensive income attributable to:			
- Equity holders of the Company		**1,433,351**	503,195
- Minority interest		**(14,886)**	(8,667)
		1,418,465	494,528
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
- Basic and diluted	6	**0.248**	0.231
Dividends	7	**261,692**	261,684

Consolidated balance sheet

	Note	**As at 31 December** **2009** ***RMB'000***	 2008 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,111,330**	696,976
Investment properties		**17,556**	18,132
Construction in progress		**18,084**	267,562
Concession intangible assets		**17,663,392**	13,777,469
Prepaid lease payments		**12,110**	15,912
Investments in jointly controlled entities		**900,071**	1,212,980
Investments in associates		**1,275,094**	1,264,681
Available-for-sale financial assets		**28,500**	-
Deferred income tax assets		**35,476**	-
		21,061,613	17,253,712
Current assets			
Inventories		**3,436**	3,075
Trade and other receivables	8	**219,107**	323,626
Restricted cash		**490,257**	140,580
Cash and cash equivalents		**479,101**	536,293
Derivatives financial instruments		**-**	6,292
		1,191,901	1,009,866
Total assets		**22,253,514**	18,263,578

	Note	As at 31 December **2009** ***RMB'000***	 2008 *RMB'000*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**2,180,770**	2,180,700
Other reserves		**4,539,806**	3,594,861
Retained earnings			
- Proposed final dividend		**261,692**	261,684
- Others		**1,237,687**	1,010,113
		8,219,955	7,047,358
Minority interest		**689,897**	704,783
Total equity		**8,909,852**	7,752,141
LIABILITIES			
Non-current liabilities			
Borrowings		**8,333,197**	6,903,730
Deferred income tax liabilities		**857,030**	390,279
Provision for maintenance/resurfacing obligations		**702,355**	304,133
		9,892,582	7,598,142
Current liabilities			
Trade and other payables	9	**1,565,511**	1,735,603
Current income tax liabilities		**92,701**	58,716
Borrowings		**1,792,868**	1,118,976
		3,451,080	2,913,295
Total liabilities		**13,343,662**	10,511,437
Total equity and liabilities		**22,253,514**	18,263,578
Net current liabilities		**(2,259,179)**	(1,903,429)
Total assets less current liabilities		**18,802,434**	15,350,283

Notes:

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The PRC statutory financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises (2006) of the People's Republic of China ("CAS"). Appropriate adjustments have been made to the PRC statutory financial statements to conform with HKFRS.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments.

The Group reported net current liabilities of approximately RMB2.26 billion as at 31 December 2009. The directors of the Company had made an assessment and concluded that there is no going concern issue of the Group based on the facts that the Group has been generating positive operating cash flows. It has not experienced any difficulties in renewing its banking facilities and there is no evidence indicating that the banks will not renew the facilities. In addition, the Group had unutilized banking facilities of approximately RMB7.33 billion at 31 December 2009 which is sufficient for the Group to meet its obligations and commitments. Consequently, the financial statements have been prepared by the directors of the Company on a going concern basis.

2 Segment information

The principal activities of the Group are the development, operation and management of toll highways and expressways in the PRC.

In accordance with the Group's internal financial reporting provided to the board of directors of the Company, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the Group is organised into the following two main business segments:

- Toll roads operations; and
- Construction under Service Concession

Other operations mainly comprise provision of advertising services, construction management services and others. There have been no sales being carried out between segments. None of these operations constitutes a separate segment.

The segment information provided to the board of directors of the Company for the reportable segments for the year ended 31 December 2009 is as follows:

Business segment	**Toll roads operations**	**Construction under service concessions**	**All other segments**	**Unallocated**	**Group**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2009					
Revenue (from external customers)	1,335,482	1,033,736	106,192	-	2,475,410
Adjusted EBITDA	967,774	-	20,757	292,527	1,281,058
Depreciation and amortisation	(311,363)	-	(5,031)	(12,234)	(328,628)
Finance income	2,005	-	143	6,525	8,673
Finance costs	(176,529)	-	(4)	(214,411)	(390,944)
Share of post-tax profit of jointly controlled entities	252,049	-	-	-	252,049
Share of post-tax profit of associates	78,979	-	1,944	-	80,923
Income tax expenses	(13,914)	-	(3,199)	(27,713)	(44,826)
Additions to non-current assets other than deferred tax assets	1,541,403	1,033,736	(3,084)	1,200,370	3,772,425

31 December 2008

Revenue (from external customers)	984,818	3,178,980	78,243	-	4,242,041
Adjusted EBITDA	790,767	-	20,508	195,158	1,006,433
Depreciation and amortisation	(195,332)	-	(4,057)	(4,681)	(204,070)
Finance income	-	-	-	7,390	7,390
Finance costs	(262,087)	-	-	6,827	(255,260)
Share of post-tax profit of jointly controlled entities	291,500	-	-	-	291,500
Share of post-tax loss of associates	(18,651)	-	1,524	-	(17,127)
Income tax expenses	(71,719)	-	(2,801)	8,263	(66,257)
Additions to non-current assets other than deferred tax assets	268,121	3,178,980	15,912	(210,830)	3,252,183

Business segment	**Toll roads operations**	**Construction under service concessions**	**All other segments**	**Unallocated**	**Group**
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2009					
Assets	17,997,561	1,091,650	65,666	3,098,637	22,253,514
Liabilities	843,215	1,200,532	69,447	11,230,468	13,343,662
As at 31 December 2008					
Assets	10,671,147	4,083,400	143,344	3,365,687	18,263,578
Liabilities	798,991	1,036,801	41,979	8,633,666	10,511,437

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	2009 RMB’000	**2008** RMB’000
Adjusted EBITDA for reportable segments	967,774	811,275
Other segments EBITDA	313,284	195,158
Total segments	1,281,058	1,006,433
Depreciation	(82,038)	(56,681)
Amortisation	(246,590)	(147,389)
Unrealised financial instrument gains	-	6,292
Finance costs – net	(382,271)	(247,870)
Profit before tax	570,159	560,785

The Group is domiciled in the PRC. All revenue of the Group from external customers are generated in the PRC. Besides, most of the assets of the Group are located in the PRC. Thus no geographic information is presented.

Revenues of approximately RMB846,929,000 (2008: RMB2,406,657,000) are derived from a single external customer. These revenues are attributable to construction under service concession.

Segment assets and liabilities are reconciled to the Group's assets and liabilities at 31 December 2009 as follows:

	Assets RMB'000	**Liabilities** RMB'000
Segment assets/liabilities	19,154,877	2,113,194
Unallocated:		
Property, plant and equipment	179,648	-
Investment properties	17,556	-
Construction in progress	59	-
Investments in jointly controlled entities	900,071	-
Investments in associates	1,275,094	-
Cash and cash equivalents	105,785	-
Restricted cash	450,000	-
Trade and other receivables	106,448	-
Available-for-sale financial assets	28,500	-
Deferred tax assets	35,476	-
Other payables	-	154,672
Current income tax liabilities	-	92,701
Deferred income tax liabilities	-	857,030
Current borrowings	-	1,792,868
Non-current borrowings	-	8,333,197
Total	22,253,514	13,343,662

Segment assets and liabilities are reconciled to the Group's assets and liabilities at 31 December 2008 as follows:

	Assets RMB'000	**Liabilities** RMB'000
Segment assets/liabilities	14,897,891	1,877,771
Unallocated:		
Property, plant and equipment	364,102	-
Investment properties	18,132	-
Construction in progress	68,378	-
Investments in jointly controlled entities	1,212,980	-
Investments in associates	1,264,681	-
Cash and cash equivalents	155,360	-
Restricted cash	116,272	-
Trade and other receivables	159,490	-
Derivatives financial instruments	6,292	-
Other payables	-	161,965
Current income tax liabilities	-	58,716
Deferred income tax liabilities	-	390,279
Current borrowings	-	1,118,976
Non-current borrowings	-	6,903,730
Total	18,263,578	10,511,437

3 Expenses by nature

	Note	2009	2008
		RMB'000	RMB'000
Construction costs under service concessions	(a)	1,033,736	3,178,980
Business tax and surcharges	(b)	47,823	36,699
Employee benefit expenses		145,517	100,907
Road maintenance expenses		69,291	60,942
Depreciation and amortisation		328,628	204,070
Provision for maintenance resurfacing obligations		118,972	42,641
International auditor's remuneration			
- Annual audit		1,970	1,970
- Other audit/review services		270	200
Statutory auditor's remuneration			
- Annual audit		880	880
- Other audit/review services		1,450	300
Rental expenses		2,896	2,713
Agency fee		7,959	5,367
Utility expenses		24,009	16,387
Management fee of toll road network		13,274	10,765
Material consumption		5,176	5,667
Transportation expenses		10,756	6,037
Other expenses		43,246	40,543
Total cost of services and administrative expenses		1,855,853	3,715,068

(a) This represents the construction costs recognised for the year associated with the construction and upgrade services provided under the service concessions using the percentage of completion method.

(b) The amount represents PRC business tax and surcharges levied on the Group's toll road income at RMB43,721,000 (2008: RMB32,320,000); on service income derived from the provision of construction management services income at RMB1,018,000 (2008: RMB513,000); as well as on income arising from the provision of other services at RMB3,084,000 (2008: RMB3,866,000).

Toll income of the Group is subject to the following taxes and surcharges:
- PRC business tax at 3% or 5% of toll income;
- City development tax at 1% of the PRC business tax; and
- Education supplementary fee at 3% of the PRC business tax.

4 Finance income and costs

	2009	2008
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	8,673	7,390

	2009	2008
	RMB'000	RMB'000
Finance costs		
Interest on bank and other borrowings	375,187	315,441
Interest on convertible bonds and corporate bonds	116,262	113,781
Less: interest expenses capitalised in construction in progress	(125,156)	(190,907)
	366,293	238,315
Other interest expense (Note a)	27,509	23,772
Other borrowing costs	807	2,836
Net foreign exchange gains	(3,665)	(9,663)
	390,944	255,260
Finance costs – net	382,271	247,870

(a) Due to passage of time for provision for maintenance/resurfacing obligations.

Borrowing costs of RMB125,156,000 (2008: RMB190,907,000) arising on financing specifically arranged for the construction of toll roads and related facilities were capitalised during the year and had been included in additions to construction in progress. Capitalisation rates ranged from 5.346 % to 6.12% (2008: 5.93% to 7.05%) per annum were used, representing the borrowing costs of the loans used to finance the projects.

5 Income tax expense

	Note	2009	2008
		RMB'000	RMB'000
Current income tax			
- Tax on financial subsides and incentives received by the Group in prior years	(c)	-	39,236
- Current income tax		140,675	78,483
		140,675	117,719
Deferred income tax			
- Deferred tax assets arising from taxable financial subsidies		-	(25,313)
- Origination and reversal of temporary differences		(95,849)	(26,149)
		(95,849)	(51,462)
Income tax expense		44,826	66,257

(a) The Corporate Income Tax Law of the People's Republic of China (the "new CIT Law") is effective from 1 January 2008. According to the new CIT Law and the relevant regulations, the income tax rate applicable to the Company and all of its subsidiaries established in the PRC will be gradually increased to 25% over a five-year period from 2008 to 2012. The rates are 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012.

The PRC enterprise income tax charged to the consolidated statement of comprehensive income had been calculated based on the assessable profits of the Company and its subsidiaries located in the PRC of the year at a rate of tax applicable to the respective companies at 20% (2008: 18%).

(b) The applicable tax rate to Mei Wah, a subsidiary of the Company incorporated in Hong Kong, is 16.5% (2008: 17.5%). No provision for Hong Kong profits tax has been made in the financial statements since the subsidiary has no income assessable under Hong Kong profits tax. Maxprofit is incorporated in the British Virgin Islands, which is not subject to profits tax.

(c) Pursuant to the results of a special examination performed on the local tax bureau of Shenzhen, which was conducted by the Shenzhen Finance Supervision Commissioner's Office of the Ministry of Finance in 2008, the Group and one of its jointly controlled entity were collectively demanded by the Futian Tax Bureau in the Notice to pay PRC enterprise income tax back taxes amounting to approximately RMB60,472,000. The amount attributable to the Group is RMB57,986,000 (the "Back Taxes"). The Back Taxes were levied on certain local financial subsidies and incentives granted by local government authorities, obtained and received by the Group in previous years, which were initially exempt from income taxes according to the provisions of certain policies promulgated by the local government authorities. Such exemptions were revoked by the authorities as a result of the examination.

The Company had lodged an application to the Futian Tax Bureau for a reassessment of the computation basis of the Back Taxes, waiver of the related penalty, as well as a deferral of the payment. Subsequently, several rounds of discussion were held between the Company and the Futian Tax Bureau. According to these communications, the directors of the Company considered that the final amount of the Back Taxes would highly probable be reduced by RMB18,750,000. Accordingly, the Group had recognised a provision for the Back Taxes amounting to RMB39,236,000 as current year income tax expense in the consolidated statement of comprehensive income for the year ended 31 December 2008, based on the best estimate made by the directors of the Company.

As at the date of approval of these financial statements, the amount of the Back Taxes, the related penalty and the exact settlement arrangements had not yet been finalised. The directors considered that the amount of provision for the Back Taxes recognised was sufficient and thus no additional provision has been made during 2009.

(d) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2009	**2008**
	RMB'000	RMB'000
Profit before tax	570,159	560,785
Less: share of profit of jointly controlled entities	(252,049)	(291,500)
share of (profit)/loss of associates	(80,923)	17,127
	237,187	286,412
Tax calculated at domestic tax rate of 20% (2008: 18%)	47,438	51,554
Tax effects of:		
Different tax rate was applied for deferred tax calculation	(15,086)	(4,581)
Amortisation of transaction costs of convertible bonds	(309)	(279)
Expenses not deductible for tax purpose	131	1,233
Unrecognised tax losses of subsidiaries	12,652	6,394
Income not subject to tax	-	(1,988)
Tax Levies on certain local financial subsidies received in previous years (Note (c))	-	13,924
Income tax expenses	44,826	66,257

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB12,652,000 (2008:RMB6,394,000) in respect of losses amounting to RMB63,260,000 (2008:RMB35,522,000) that can be carried forward against future taxable income.

6 Earnings per share

Basic -

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the number of ordinary shares in issue during the year.

	2009	**2008**
Profit attributable to equity holders of the Company (RMB'000)	540,219	503,195
Number of ordinary shares in issue (thousands)	2,180,712	2,180,700
Basic earnings per share (RMB per share)	0.248	0.231

Diluted -

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company issued convertible bonds with warrants subscription rights attached. Though the contingently issuable shares of the Company arising from the exercise of the warrants subscription rights may potentially dilute basic earnings per share, the exercise price has been higher than the average market price in the relevant period, the impact had not been included in the calculation of diluted earnings per share.

7 Dividends

The dividends paid in 2009 and 2008 were RMB261,684,000 (RMB0.12 per share) and RMB348,912,000 (RMB0.16 per share), respectively. The directors recommend the payment of a final dividend of RMB 0.12 per ordinary share, totalling RMB261,692,439. Such dividend is to be approved by the shareholders at the 2009 Annual General Meeting. This proposed dividends was not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

	2009 RMB'000	**2008** RMB'000
Proposed final dividend of RMB0.12 (2008: RMB0.12) per ordinary share	261,692	261,684

8 Trade and other receivables

	2009	2008
	RMB'000	RMB'000
Trade receivables (a)		
- Due from Shenzhen Communications Bureau	138,960	137,585
- Due from other customers	37,753	29,298
Other receivables	34,121	150,084
Prepayments	5,693	4,252
Interest receivables	2,580	2,407
	219,107	323,626

The fair value of trade and other receivable approximate their carrying amounts.

(a) Trade receivables mainly represent amounts due from the Shenzhen Communications Bureau in relation to the project management services provided by the Group, which amounted to RMB138,960,000 as at 31 December 2009 (2008: RMB137,585,000).

The Company was engaged by the local government authorities to manage the construction of seven main toll road construction projects, namely the Nanping Freeway (Phase I) Project ("Nanping (Phase I) Project"), Nanping Freeway (Phase II) Project ("Nanping (Phase II) Project") , Hengping Highway Project ("Hengping Project"), the Wutong Mountain Avenue (Supplementary Road) and Airport-Heao Expressway Yantian Subsidiary Road Checkpoint Station Project ("Wutong Mountain Project"), the renovation project of the Shenyun-North Ring Interchange, the Longhua expanding section of Longda Expressway ("Longhua Extension") and Guangshen Yanjiang Expressway (Shenzhen Section) Project ("Yanjiang Project"). In return, the Company is entitled to management services income which is determined based on the savings achieved in managing these construction management projects according to the provisions of the relevant contracts.

The construction management services income of the Nanping (Phase II) Project, Hengping Project, the renovatin project of the Shenyun-North Ring Interchange, Longhua Expending Project and Yanjiang Project recognised during the year, using the percentage of completion method in accordance with the accounting policies of the Group, amounted to approximately RMB9,016,000 (2008: RMB8,619,000), RMB1,529,000 (2008: RMB10,928,000), RMB1,623,000 (2008: Nil), RMB1,487,000 (2008: Nil), RMB29,581,000 (2008: Nil) respectively.

The Company undertakes to bear cost overruns for the above projects. For the Hengping Project, the Nanping (Phase II) Project and the Shenyun-North Ring Interchange, the Company is obliged to bear all the cost overruns incurred in construction as compared to the original budget. For the Nanping (Phase I) Project and Wutong Mountain Project, the Company is obliged to bear solely all the cost overruns incurred in construction as compared to the original budget in case the overrun does not exceed by 2.5% of the total budgeted contract costs; while the related government departments would share the portion of any overruns exceeding 2.5% of the total budgeted contract costs jointly with the Company. For the Yanjiang Project, the related execution agreements including the overrun-cost terms haven't been contracted yet. Nevertheless, the outflow of resources arising from expected cost overruns of these projects is considered remote by the directors of the Company, after taking into account the actual progress and the status of these projects.

(b) Trade receivables are neither past due nor impaired at 31 December 2009 and are analysed as below:

	2009	2008
	RMB'000	RMB'000
Unbilled	149,766	148,698
Billed	26,947	18,185
	176,713	166,883

Credit quality of trade receivables can be assessed by reference to historical information about counterparty default rates:

	2009	**2008**
	RMB'000	RMB'000
Counterparty		
– Government authorities in the PRC	138,960	145,585
– Existing customers with no defaults in the past	37,171	14,717
– New customers	582	6,581
	176,713	166,883

The directors do not consider the Group exposed to material credit risk in associated with trade and other receivable.

At 31 December 2009 and 2008, the ageing analysis of trade receivables was as follows:

	2009	**2008**
	RMB'000	RMB'000
Within 1 year	38,645	33,144
Over 1 year	138,068	133,739
	176,713	166,883

The ageing analysis is presented based on the time lag from the initial recognition of the receivables up to the balance sheet date.

(c) Due to the fact that the Group is mainly engaged in toll road operations, its income is mainly received in cash and it usually does not maintain any accounts receivable balances. Accordingly, the Group does not have any specified credit period for its customers. The Group has no overdue receivables as at 31 December 2009 (2008: Nil).

9 Trade and other payables

	Note	**2009**	**2008**
		RMB'000	RMB'000
Payables for construction projects and quality deposits	(a)	1,072,990	977,127
Guaranteed deposits for construction projects contracts	(a)	141,388	203,060
Project funds retained for construction management contracts	(b)	30,882	24,308
Notes payable	(a)	52,769	13,992
Advance from an associate	(c)	46,500	46,500
Payable relating to Yanjiang Project	(d)	582	300,000
Interest payable		37,269	42,711
Salary payable		52,780	39,189
Others		130,351	88,716
		1,565,511	1,735,603

At 31 December 2009 and 2008, the ageing analysis of trade and other payables were as follows:

	2009	**2008**
	RMB'000	RMB'000
Within 1 year	1,144,923	1,560,410
Over 1 year	420,588	175,193
	1,565,511	1,735,603

The ageing analysis is presented based on the time lag from the date of initial recognition of the related payables to the balance sheet date.

(a) These represent liabilities and quality deposits arising from progress project payments payable for the construction of certain toll roads projects of the Group amounting to approximately RMB1,072,990,000 (2008: RMB977,127,000); deposits received from the contractors as guarantees for bidding the projects and their performance commitment for the construction of these projects amounting to RMB141,388,000 (2008: RMB203,060,000); and notes payable of RMB52,769,000 (2008: RMB13,992,000) for projects construction, respectively. Notes payable are bearing interest at 2% to 4.8% (2008: 4.08% to 4.8%) per annum and are required to be settled within one year.

(b) This represents projects fund paid in advance by the Shenzhen Communications Bureau to the Company for the management of the project of main route of Hengping Project under a construction management contract entered by the government authority and the Company.

(c) These represent the advances from Nanjing Third Bridge Company Limited, an associate of the Group, amounting to approximately RMB46,500,000.

(d) The balances related to Yanjiang Project managed by the Company under a management service contract (the "Contract"). Under the Contract, the Company provides project management services for construction, operation and maintenance of the Yanjiang Project for the government authority.

At 31 December 2008, the balance represented 6-month loan of RMB300 million received from Shenzhen Investment Holding Company, which acts on behalf of the government authority. After the Company entered into the Contract with Shenzhen Investment Holding Company in November 2009, the Company offset the loans received against the construction advances made for the Yanjiang Project. As at 31 December 2009, the balance represented the net payable relating to the Yanjiang Project. The management service revenue of Yanjiang Project is 1.5% of the construction budget.

(e) There is no credit period set out by the Group's suppliers.

10、 Contingencies

(a) Project Construction Management Contracts

In associated with Nanping (Phase II) Project and the renovation project of the Shenyun-North Ring Interchange in Shenzhen, the Company had arranged with banks to issue irrevocable performance guarantees on its behalf to the Shenzhen Communications Bureau amounting to RMB50,000,000 and RMB1,000,000 respectively.

The company had arranged with bank to issue performance guarantee on its behalf to the Shenzhen Baotong Expressway Construction Company Limited ("Baotong Company") amounting to RMB500,000.

(b) Penalty on Back Taxes

As mentioned in Note 5(c), the Group had made a provision for the Back Taxes liabilities in the amount of RMB39,236,000 as at 31 December 2009. As at the date of approval of these financial statements, the amount of the Back Taxes, the related penalty and the exact settlement arrangements had not yet been finalised.

(c) Arbitration in progress

On 8 December 2004, the Company signed a construction contract with Shenzhen Pengcheng Construction

Company Limited ("Shenzhen Pengcheng") for Nanping (Phase I) Project. As disputes concerning the unit prices of some items under the contract arose that were not resolved by mutual agreement, Shenzhen Pengcheng applied for arbitration to Shenzhen Arbitration Commission against the Company in 2007. As at the date of approval of these financial statements, the arbitration process was still in progress. The directors had sought advice from the legal counsel and concluded that the result of the arbitration would not lead to any significant adverse impact on the Company's operating results.

On 1 June 2004, the Company signed a construction contract with Jilin Great Wall Construction Company Limited ("Great Wall") for Nanping (Phase I) Project. As disputes concerning construction volume and the unit prices of some items under the contract arose that were not resolved by mutual agreement, Great Wall applied for arbitration to Shenzhen Arbitration Commission against the Company in December 2009. As at the date of approval of these financial statements, the arbitration process was still in progress. The directors had sought advice from the legal counsel and concluded that the result of the arbitration would not lead to any significant adverse impact on the Company's operating results.

10 Reconciliation of financial statements

The Group has prepared a separate set of unaudited interim financial statements for the year ended 31 December 2009 in accordance with the China Accounting Standards ("CAS"). The differences between the financial information prepared under the CAS and HKFRS are summarised as follows:

	Profit attributable to equity holders of the Company for the year ended 31 December 2009	**Capital and reserves attributable to the Company's equity holders as at 31 December 2009**
	RMB'000	RMB'000
As per PRC statutory financial statements prepared under CAS	540,219	8,177,490
Impact of HKFRS adjustments:		
- Revenue and profit recognition for construction services and amortisation of concession intangible assets	-	42,465
As restated after HKFRS adjustments	540,219	8,219,955

ANNUAL RESULTS AND DIVIDENDS

In accordance with HKFRS, during the Reporting Period, the Group recorded a revenue of RMB2,475,410,000 (2008: RMB4,242,041,000), representing a decrease of 41.65% as compared to the year 2008. Profit attributable to equity holders of the Company during the Reporting Period amounted to RMB540,219,000 (2008: RMB503,195,000), whereas earnings per share was RMB0.248 (2008: RMB0.231), representing an increase of 7.36% as compared to the year 2008.

The Board recommended the payment of a final dividend of RMB0.12 per share to all shareholders (2008: RMB0.12 per share), totaling RMB261,692,000, for the year ended 31 December 2009. Such dividend shall be subject to approval by shareholders at the 2009 annual general meeting of the Company. The date of annual general meeting, the book closing period, the record date for dividend payment, dividend payment procedures and payment date will be notified separately.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Review

(1) Operating Performance of Toll Highways

Toll highway operation and investments are the primary sources of the Group’s earnings. As at the end of the Reporting Period, the Group operated and invested in 16 toll highway projects in the Shenzhen region, other regions in Guangdong Province and other provinces in China.

Basic operating statistics of each toll highway during the Reporting Period is as follows:

Toll Highway	Percentage of interests held by the Group	Percentage of revenue consolidated	Average daily mixed traffic volume (number of vehicles in thousand)			Average daily toll revenue (RMB’000)		
			2009	2008	Change	2009	2008	Change
Shenzhen Region:								
Meiguan Expressway	100%	100%	**98**	93	6.0%	**814**	792	2.8%
Jihe West	100%	100%	**73**	68	7.6%	**951**	937	1.5%
Jihe East (1)	100%	100%	**93**	91	2.2%	**1,242**	1,227	1.2%
Yanpai Expressway	100%	100%	**34**	32	5.8%	**383**	407	-6.0%
Yanba Expressway	100%	100%	**17**	14	19.0%	**213**	196	9.1%
Nanguang Expressway (2)	100%	100%	**32**	16	97.2%	**302**	176	72.1%
Shuiguan Expressway	40%	-	**118**	106	11.1%	**1,072**	1,006	6.6%
Shuiguan Extension	40%	-	**32**	28	14.6%	**203**	179	13.2%
Other Regions in Guangdong Province:								
Yangmao Expressway	25%	-	**20**	18	8.3%	**968**	902	7.2%
Guangwu Project	30%	-	**11**	10	14.1%	**306**	265	15.4%
Jiangzhong Project	25%	-	**51**	45	12.3%	**707**	652	8.5%
GZ W2 Expressway	25%	-	**15**	10	55.4%	**471**	301	56.2%
Qinglian Expressway (3)	76.37%	100%	**16**	N/A	N/A	**830**	N/A	N/A
Other Provinces in the PRC:								
Wuhuang Expressway	55%	-	**32**	29	11.2%	**1,090**	1,017	7.2%
Changsha Ring Road	51%	-	**7**	6	22.0%	**64**	61	5.0%
Nanjing Third Bridge	25%	-	**20**	18	9.2%	**672**	640	5.0%

Note:

(1) Since 30 September 2009, the percentage of interests in Jihe East held by the Group has increased from 55% to 100%.

(2) The main route of Nanguang Expressway was opened to traffic in January 2008.

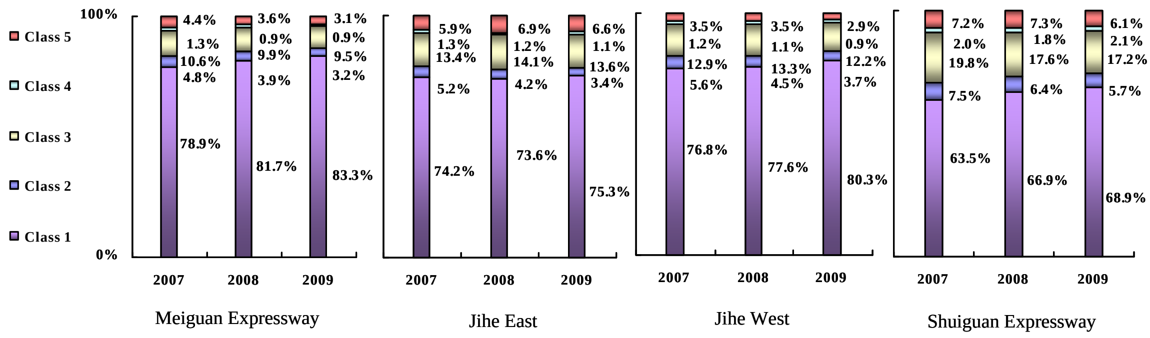
(3) The main route of Qinglian started to toll as expressway since 1 July 2009. As the original toll model of Qinglian Project differs from the toll model of expressways in terms of the toll rate, vehicle category and statistical method, the statistics of the year-on-year changes of Qinglian Expressway are not provided. The statistics in the table only represent the operational statistics of Qinglian Expressway after opening to traffic excluding the operational statistics of Liannan Section and Class 2 Road of Qinglian Company, which are still tolled in accordance with the standard of Class 1 highway. In 2009, the overall average daily toll revenue of Qinglian Company was approximately RMB663,000, of which RMB458,000 was from the first half of the year and RMB867,000 was from the second half of the year.

During the Reporting Period, apart from a slight year-on-year decrease in the average daily toll revenue of Yanpai Expressway which functions as a passage to divert the port's traffic, all the other highway projects operated and invested by the Group recorded year-on-year increases in both traffic volume and toll revenue, in which Nanguang Expressway and GZ W2 Expressway, which were newly opened to traffic in recent years, recorded a growth of over 50%. The average daily toll revenue of Qinglian Project which started to toll as expressway since 1 July 2009 was approximately RMB830,000, in line with the Company's expectation.

In 2009, the factors affecting the operating performance of the toll highways of the Company mainly include:

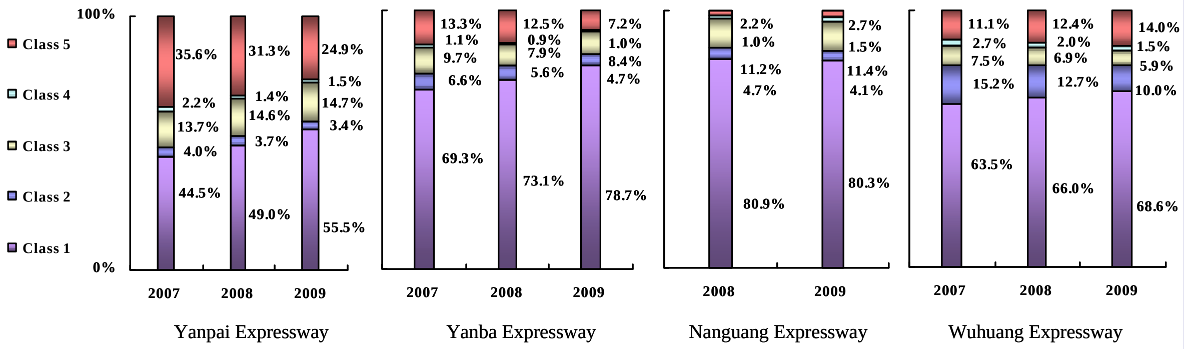
- **Impact of the macro-economy.** In 2009, the impact of the financial tsunami on the real economy subsisted. Take the Shenzhen region as an example, there was a significant decrease in the demand for processing trade and logistics in the Pearl River Delta Region. Indicators such as port capacity and container throughput showed decreases to different extents until the end of the year, which brought about a direct impact on the cargo traffic of highways. With the coupling effect of the decrease in the port capacity of Yantian Port, the lorry traffic volume of the Group's Yanpai Expressway decreased by 14% over the previous year, and the proportion of lorry traffic volume to the total traffic volume also decreased by 6 percentage points. Fortunately, China's economy recovered steadily under implementation of a series of measures to expand domestic demand and boost economic growth by the Central Government and local governments. In particular, the significant growth in industrial production and the growing domestic investment and consumer market have driven the increase in the social demand of traffic in the second half of the year. Against this background, operational performances of toll highways operated and invested by the Group maintained an overall growth of a certain extent, among which the traffic volume and revenue contribution of small vehicles increased rapidly, while the lorry traffic volume for most of the projects recorded significant decreases that were narrowing down.
- **Growth in the demand for vehicle consumption.** In 2009, the State promulgated the Auto Industry Revitalization Plan, and implemented "trade-in" policy as well as lowered the vehicle purchase tax for the purchase of low discharge passenger vehicles. Such policies are aimed to promote vehicle sales growth and in turn led to the continuous growth of the demand for traffic. According to the information of the Traffic Management Bureau of the Ministry of Public Security, car ownership of the PRC reached 76,190,000 vehicles as at the end of 2009, representing an increase of 11,520,000 vehicles or 17.8% over 2008, among which vehicles carrying passengers accounted 63.5% of the total number of vehicles, representing an increase of 9,910,000 vehicles or 25.7% in 2009, while vehicle ownership in Shenzhen Municipal exceeded 1,600,000 vehicles. The yearly growth rate of the number of motor vehicles in Shenzhen has maintained at double-digits for several years. The continuous growth in the demand for vehicle consumption and vehicle ownership created continuous significant impact on the operational performance of toll highways.

Vehicle Category of Major Toll Highways (1)



- **Changes in road networks layout and redistribution of demand.** The operating performances of toll highways are also subject to positive or negative influences caused by competitive or synergistic changes in neighbouring road networks, maintenance and repair works on connecting or parallel roads as well as implementation of urban traffic organisation plans. The openings and operations of expressways and inter-city railways in recent years have diverted traffic from highways and affected some toll highways with similar routes. The specific situation in each specific case differs. The following is a brief analysis for the Reporting Period:
  - Meiguan Expressway: during the year, a municipal road (Banxuegang Road) was opened to traffic in the surrounding region of Meiguan Expressway which has brought about a slight diversion of 1-2%. On the other hand, the Dongjiang Bridge of Guanshen Expressway (Dongguan-Shenzhen) which is connected with Meiguan Expressway was completed and fully opened to traffic in September 2009, which induced an increase in the traffic volume of Meiguan Expressway, but the influence was not significant so far.
  - Nanguang Expressway: several sections of a municipal road (Songbai Road) parallel to it were closed for expansion and reconstruction, which created a positive effect on the operational performance of Nanguang Expressway.
  - Shuiguan Expressway: the reconstruction of the neighbouring Shenhui Road and the construction works of Metro affected the local traffic capacity and created positive effects of a certain extent on Shuiguan Expressway.
  - GZ W2 Expressway: Guangzhou North Ring Expressway was closed for maintenance from July to November 2009, which diverted some of the vehicles to GZ W2 Expressway and created a positive effect on the latter’s operational performance. Following the successive implementation of governmental traffic plans, GZ W2 Expressway’s function as a cross border passage has become prominent which in turn contributed to the continuous growth in traffic volume and revenue.
  - Wuhuang Expressway: several expressways or express passages were opened to traffic in Wuhan region during the year and the neighbouring road network was further expanded and enhanced, which was beneficial to the realisation of the synergy effects among road networks and maintained an overall growth in the traffic volume in the networks. In April 2009, the Wuhan-Hefei high-speed railway was opened for operation, leading to a slight change in the traffic volume of medium-size vehicles, which was insignificant to the overall operation.

Vehicle Category of Major Toll Highways (2)



- **The effects of toll policies and industrial policies.** In accordance with Guangdong Provincial Government's overall planning for the trial implementation of toll-by-weight in north Guangdong region, Qinglian Expressway has conducted trial implementation of toll-by-weight on cargo vehicles since 1 November 2009. The implementation of toll-by-weight contributes to the safe operation of toll highways, reduces the damages caused to highways and bridges effectively, and objectively increases toll revenue. From November to December, the average daily toll revenue of Qinglian Expressway was approximately RMB1,051,000, representing an increase of 46% compared with that prior to the trial implementation. On the other hand, as Hubei Province waived the toll of government debt-repaying Class II highway since May 2009, and as a result, Wuhuang Expressway and other toll highways in the Hubei Province suffered from traffic diversion to a certain extent. The continuous implementation of the "Green Passage Toll Free Policy" during the year also led to a decrease of RMB15,690,000 in the revenue of the Group during the Reporting Period.

(2) Business Development

In 2009, the Company pushed ahead projects under construction as scheduled, seized the opportunity of completing the acquisition of certain high-quality projects, meticulously looked into and formulated reconstruction and expansion plans, and conducted the preliminary works of the new projects step by step. These will further expand the business scale of the Company and establish a solid foundation for the Group's operating performance in the next stage.

- **Project Construction**

Affected by adjustment of design of Nanping (Phase II), the construction of small part of finishing works such as the interchange of Nanguang Expressway and Nanping (Phase II) will be postponed. The works related to finishing works such as land acquisition and demolitions, approval for construction drawings and bidding for construction have been completed and the construction has been started in the Reporting Period. It is expected to open for traffic in phase with Nanping (Phase II) in the second half of 2011. The main part of Yanba C was completed at the end of November 2008. The preparatory work for Yanba C opening to traffic is underway, which is scheduled to commence operation simultaneously with Huishen (Huizhou Renshan – Shenzhen Baisha) Coastal Expressway.

In the first half of 2009, the Management Office of the Qinglian Project surmounted a number of obstacles and completed the sealing works, construction of ancillary road, installation of mechanical engineering and road safety facilities and other engineering and finishing works of the main part (Fengtouling-Lianzhou section and Fengbu-Jingkou Section) of the project as scheduled, enabling the transformation of the project on 1 July 2009 and the highway started to toll as expressway since then. To date, the Qinglian Project's Liannan Section (the Lianzhou-Fengbu section) that has commenced reconstruction into an expressway since April 2009, has completed the original road surface reconstruction works and the Section has resumed opening to traffic. The remaining route change and closure works were scheduled for completion at the beginning of 2011. Despite an additional RMB980,000,000 was required for the investment in the reconstruction of Liannan Section of Qinglian Project and the smoothness of Qinglian Expressway was affected for some time ,the Management Office of the Project has scientifically arranged for construction schedules and fully pushed ahead the progress of the construction works, contributing to the completion of the road surface reconstruction works of the old highway within one year and minimising the aforesaid impacts. On the other hand, after the completion of the reconstruction works of Liannan Section, the toll mileage of Qinglian Expressway was increased by approximately 27km, which has directly promoted the operational performance of the Project.

◆ **Project Acquisition**

During 2009, the Company timely completed the acquisition of 45% of the equity interests in Jihe East Company after conducting a series of intensive but organised works including in-depth analyses, precise planning, persistent negotiations, and compliant reporting and approval procedures. Jihe East is one of the toll highways with the most concentrated traffic flow in the Shenzhen region with a good operating record. Holding the interests thereof will create additional stable cash revenue for the Group, expand the scale of high-quality assets and unify the planning of project management and operation of the Company in the future.

◆ **Project Reconstruction and Expansion**

To increase the traffic capacity and service standards of the projects, the Company successively approved the additional capital contribution to Qinglong Company, a joint venture, for the expansion of Shuiguan Expressway and approved the reconstruction of the North Section of Meiguan Expressway (Qinghu-Liguang, approximately 11km) in the second half of 2009 and the first half of 2010.

Qinglong Company is in charge of the expansion construction of Shuiguan Expressway. The total investment is expected to be approximately RMB1,100,000,000 and the construction is planed to be completed in the second half of 2011.

The North Section of Meiguan Expressway will be reconstructed into a two-way expressway with eight lanes of asphalt roads. The total budget of the construction works amounted to approximately RMB774,000,000 and the construction schedule is planned to be 30 months. Currently, 85% of demolition and relocation works has been completed. The Company is further reviewing and enhancing the design plans and the construction drawing, while all preliminary work are progressing in order. As to the reconstruction arrangement of the South Section of Meiguan Expressway (Qinghu-Meilin, approximately 8km), the Company will proactively negotiate with the relevant government authorities. After considering the unified planning and arrangements of the surrounding regional road networks and traffic organisation by the Shenzhen municipal government, the Company will propose the finalised plan for the Board’s consideration. According to the initial estimation at the current stage, the total budget of the reconstruction and expansion works of the South Section of Meiguan Expressway is expected to be less than RMB300,000,000.

◆ **Project Development**

As at the end of the Reporting Period, the evaluation report on aspects such as the environmental impacts and geology of Outer Ring Expressway was completed and received replies to it, whereas the toll proposal of the project was also approved. The Company is currently coordinating works including pre-approval of its land use and approval of the project. To further push ahead the preliminary study and relevant negotiations, the Board has at the beginning of 2010, approved the establishment of a legal entity, Outer Ring Expressway Project Company by the Company, to conduct an in-depth study on the returns and risks of the project, with the aim to verify its investment value. In addition, the approval work for the feasibility report thereof was temporarily halted as there are considerable uncertainties in the planning of neighbouring road networks of Costal Expressway Airport Feeder. The Company will pay close attention to the planning of the road networks and maintain good communication with the government authorities and will timely push ahead the progress of the preliminary work of this project.

2. Financial Analysis

In 2009, the Group's operating results basically met the Company's expectation. The Group recorded revenue of RMB2,475,410,000. Profit attributable to equity holders of the Company ("Profit") amounted to RMB540,219,000 (2008: RMB503,195,000) with earnings per share of RMB0.248, representing an increase of 7.36% over 2008. Excluding the impacts of "making and adjusting provisions for maintenance/resurfacing obligations" and further payment of enterprise income tax in 2008, Profit of the Group for the Reporting Period amounted to RMB603,743,000 (comparable figure of 2008: RMB596,265,000), representing an increase of 1.25% over 2008.

Since 1 April 2009, the Group has made adjustments to the provisions for maintenance/ resurfacing obligations to principal toll highways based on the review results of highway maintenance/resurfacing plan and discount rate, and made provisions for maintenance/resurfacing obligations to Nanguang Expressway and certain toll highways of invested enterprises during the Reporting Period, which had no material impact on the financial position and profitability of the Group as a whole. Please refer to the relevant content of the sections "Operating Results" and "Change of Accounting Estimates" for details below.

During the Reporting Period, the Group completed the acquisition of 45% interest in Jihe East Company, and held 100% accumulated interest in Jihe East Company as a result. Jihe East Company was changed from a jointly controlled entity to a subsidiary of the Company. The financial statements of Jihe East Company have been consolidated into those of the Group since 30 September 2009, which led to a certain increase in total assets, total liabilities and equity of the Group, but had no material impact on the profit of the Group for the Reporting Period. Please refer to the relevant content of the sections "Operating Results" and "Financial Condition" below for details.

I. Operating Results

How we analysed the operating results for 2009:

The following factors were considered in the analysis in this section for investors to gain an intuitive understanding of the Company's results:

Note 1: The Group made "provisions for maintenance/resurfacing obligations" in accordance with HKFRS 37. Such provisions were made based on the Group's reasonable estimates of the extent of large-scale maintenance required and the expected expenses, at discounted present values thereof. Due to long cycle involved in large-scale highway maintenance, changes may occur in large-scale maintenance plans (including implementation time and budgets) and discount rates used in the calculation of time value, resulting in changes in accounting estimates, which will have different levels of impacts on the results for each reporting period. Accordingly, the data related to "provisions for maintenance/resurfacing obligations" was deducted from the analysis, to maintain in so far as possible the comparability of data for different reporting periods. For specific impacts, please refer to the description in the following table and point 6 below.

Note 2: Due to the one-time impact of further payment of income tax in 2008, the related data was also deducted from the analysis. For specific impacts, please refer to the description in the following table.

Note 3: For better breakdown analysis of income and cost, profit before income tax, finance expenses and administrative expenses was classified into three categories, i.e. ① from toll highways directly operated by the Group, ② from toll highways invested by the Company, and ③ from other related businesses (including entrusted construction management services and entrusted operation management services) to carry out analysis. For specific details, please refer to the description of point 2 below.

You may understand the articulation between the content analysed and the data in the "Consolidated Income Statement" of the Financial Statements from the following table.

How we analysed the operating results for 2009:

Unit: RMB'000	Figures in the financial statements for 2009	*Impact of "making and adjusting provisions for maintenance/resurfacing obligations"*	Adjusted figures for 2009	Corresponding content in Financial Review	Adjusted figures for 2008	*Impact of "making and adjusting provisions for maintenance/resurfacing obligations"*	*Impact of further payment of income tax in 2008*	Figures in the financial statements for 2008
		(Note 1)	(Note 3)		(Note 3)	(Note 1)	(Note 2)	
			(2)		(2)			
Revenue	2,475,410		**2,475,410**	(1),(2)	**4,242,041**			**4,242,041**
Operating costs	(1,788,134)	*118,972*	**(1,669,162)**		**(3,618,415)**	*42,641*		**(3,661,056)**
Gross profit	687,276		**806,248**		**623,626**			**580,985**
Other income	-		**-**		**1,619**			**1,619**
Other (loss)/gain - net	(99)		**(99)**		**5,690**			**5,690**
Administrative expenses	(67,719)		**(67,719)**	(3)	**(54,012)**			**(54,012)**
Operating profit	619,458		**738,430**		**576,923**			**534,282**
Finance income	8,673		**8,673**		**7,390**			**7,390**
Finance costs	(390,944)	*27,509*	**(363,435)**	(3)	**(231,488)**	*23,772*		**(255,260)**
Finance costs - net	(382,271)		**(354,762)**		**(224,098)**			**(247,870)**
Share of post-tax profit of jointly controlled entities	252,049	*(46,336)*	**205,713**		**320,838**	*27,971*	*1,367*	**291,500**
Share of post-tax profit/(loss) of associates	80,923		**80,923**		**(17,127)**			**(17,127)**
	332,972		**286,636**	(2)b	**303,711**			**274,373**
Profit before income tax	570,159		**670,304**		**656,536**			**560,785**
Income tax	(44,826)	*(36,620)*	**(81,446)**	(4)	**(68,937)**	*(16,603)*	*13,923*	**(66,257)**
Profit for the period	525,333	*63,525*	**588,858**		**587,599**	*77,781*	*15,290*	**494,528**
Profit comprises:								
- Profit attributable to equity holders of the Company	540,219	*63,525*	**603,744**	(7)	**596,266**	*77,781*	*15,290*	**503,195**
- Minority interests	(14,886)		**(14,886)**		**(8,667)**			**(8,667)**
	525,333	*63,525*	**588,858**		**587,599**	*77,781*	*15,290*	**494,528**

1,335,482	Toll revenue	(2)a	Toll revenue	984,818
43,237	Income from entrusted construction management services	(2)c	Income from entrusted construction management services	19,548
15,000	Income from entrusted operation management services	(2)c	Income from entrusted operation management services	15,000
47,955	Other income		Other income	43,695
1,033,736	Revenue from construction services under concession arrangements	(2)c	Revenue from construction services under concession arrangements	3,178,980

523,049	Operating costs for toll highways	(2)a	Operating costs for toll highways	368,492
43,237	Costs of entrusted construction management services	(2)c	Costs of entrusted construction management services	13,748
21,317	Other costs		Other costs	20,496
1,033,736	Costs of construction services under concession arrangements	(2)c	Costs of construction services under concession arrangements	3,178,980
47,823	Business tax		Business tax	36,699

284,691	Toll highway projects	(2)b	Toll highway projects	302,187
1,944	Consulting Company		Consulting Company	1,524

(1) Revenue

During the Reporting Period, the Group recorded operating revenue of RMB2,475,410,000, representing a decrease of 41.65% over 2008. Out of this amount, toll revenue recorded RMB1,335,482,000, representing an increase of 35.61% over 2008. A detailed analysis of revenue is as follows:

Revenue item (Unit: RMB'000)	**Reporting Period**	**Percentage of total**	**2008**	**Percentage of total**	**Change**
Toll revenue	1,335,482	53.95%	984,818	23.22%	35.61%
Income from entrusted management services (1)	58,237	2.35%	34,548	0.81%	68.57%
Other income (including income from advertising)	47,955	1.94%	43,696	1.03%	9.75%
Revenue from construction services under concession arrangements(2)	1,033,736	41.76%	3,178,980	74.94%	-67.48%
Total	**2,475,410**	**100.00%**	**4,242,042**	**100.00%**	**-41.65%**

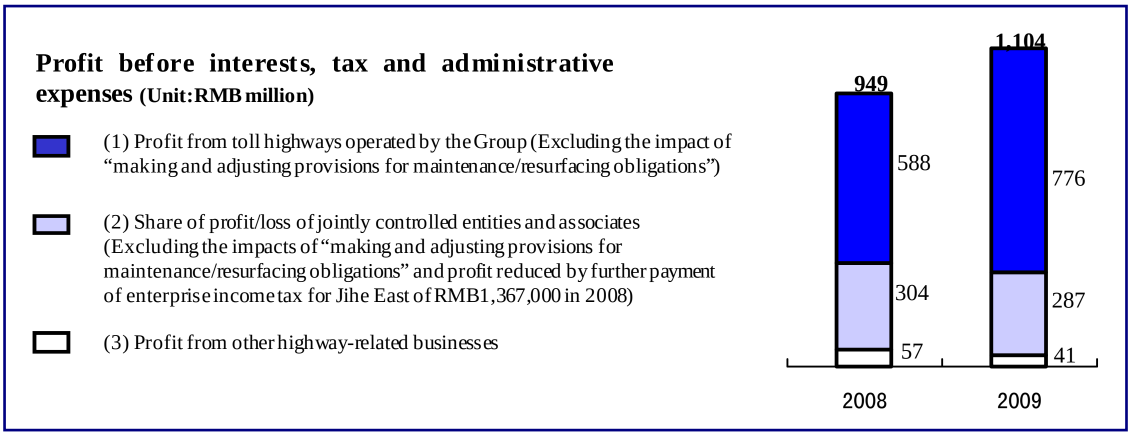
Note:

(1) Income from entrusted management services included income from entrusted construction management services of RMB43,237,000 and income from entrusted operation management services of RMB15,000,000.

(2) Pursuant to IFRIC 12 effective from 2008, the Group is required to recognise revenue from construction services under concession arrangements, which reflects the construction/upgrade of roads with toll operating rights owned by the Group. Accordingly, the differences in scale and progress of the Group's construction/upgrade works will result in significant differences in income for each year. The accounting income reflected in this business item will not realise any cash inflow, and will not make any profit contribution to the Group in the current period. For relevant details, please refer to the analysis in point 2(3) "Profit from Other Highway-related Businesses" below.

(2) Profit before Interests, Tax and Administrative Expenses

During the Reporting Period, the Group's profit before interests, tax and administrative expenses amounted to RMB1,031,680,000 (2008: RMB876,884,000), representing an increase of 17.65% over 2008. Excluding the impacts of "making and adjusting provisions for maintenance/resurfacing obligations" and further payment of enterprise income tax for Jihe East in 2008, the Group's profit before interests, tax and administrative expenses increased by 16.38% over 2008. Profit contributed by principal business is as follows:



a. Profit from Toll Highways Operated by the Group

◆ Profit

Profit from toll highways operated by the Group for the Reporting Period amounted to RMB657,333,000 (2008: RMB545,808,000), representing an increase of 20.43% over 2008. Excluding the impact of "making and adjusting provisions for maintenance/resurfacing obligations", profit from toll highways operated by the Group increased by RMB187,858,000, representing an increase of approximately 31.92%. It was principally attributable to the new profit contribution from Nanguang Expressway and Qinglian Project, and the consolidation of Jihe East Company into the Group since 30 September 2009.

Toll highway	Percentage of interests held	Toll revenue		[1] Operating costs		[1] Gross margin of toll highways		[1] Profit before interests, tax and administrative expenses	
		2009 (RMB'000)	YoY Change Ratio	2009 (RMB'000)	YoY Change Ratio	2009	YoY Change in percentage	2009 (RMB'000)	YoY Change (RMB'000)
Meiguan Expressway	100%	297,121	2.53%	70,356	0.48%	76.32%	0.48	218,731	6,262
Jihe West	100%	347,278	1.23%	71,268	8.76%	79.48%	-1.42	266,461	-1,693
Yanba Expressway	100%	77,897	8.79%	56,810	10.74%	27.07%	-1.29	19,333	1,049
Yanpai Expressway	100%	139,663	-6.24%	59,586	5.76%	57.34%	-4.84	75,919	-12,303
Nanguang Expressway	100%	110,549	84.47%	61,621	24.78%	44.26%	26.67	45,515	36,848
Qinglian Project	76.37%	242,505	239.23%	151,147	99.09%	37.67%	43.87	85,566	92,916
Jihe East [2]	100%	120,469	N/A	52,261	N/A	56.62%	N/A	64,779	64,779
Total		**1,335,482**	**35.61%**	**523,049**	**41.94%**	**60.83%**	**-1.75**	**776,304**	**187,858**

Note:

(1) Operating costs and profit before interests, tax and administrative expenses for the Reporting Period excluded provisions for maintenance/resurfacing obligations to Jihe West, Yanba Expressway, Yanpai Expressway and Nanguang Expressway. For details on making and adjusting provisions for maintenance/resurfacing obligations, please refer to the description of sections "Operating costs", "Making and Adjusting Provisions for Maintenance/resurfacing Obligations" and "Changes in Accounting Estimates" below.

(2) Jihe East has been consolidated into the Group since 30 September 2009.

◆ Toll revenue

For the Reporting Period, the Group recorded toll revenue of RMB1,335,482,000, representing an increase of 35.61% over 2008. Jihe East Company has been consolidated into the Group since 30 September 2009, which increased the Group's toll revenue by RMB120,469,000, accounting for 9.02% of the Group's toll revenue. Qinglian Class 1 Highway resumed traffic upon the completion of road surface works of reconstruction into an expressway for Fengtouling-Lianzhou section and Fengbu-Jingkou section at the end of 2008, and commenced expressway operation on 1 July 2009. Toll revenue from Qinglian Project for the Reporting Period increased 239.23% over 2008. The main route of Nanguang Expressway was opened to traffic in January 2008. Following gradual enhancement of road networks and implementation and reinforcement of sales and marketing work by the Company, toll revenue increased 84.47% over 2008. As economy recovered in the second half of the year, toll revenue of remaining toll highways recorded a slight increase of 1% over 2008.

The increase or decrease of the Group's toll revenue is principally determined by changes in traffic volume and average toll revenue per vehicle. Traffic volume of the Group's principal toll highways for the Reporting Period is set out in the section "Business Review" above. During the Reporting Period, despite rapid increase in the ownership of small vehicles in Shenzhen and neighbouring regions, impacted by a fall in export trade demand and a decrease in port capacity, traffic volume of heavy lorries on various toll highways operated by the Group decreased to different extents over 2008. The decrease in average toll revenue per vehicle of Yanpai Expressway was more obvious due to higher proportion of heavy lorries. In addition, Nanguang Expressway recorded a rapid traffic volume growth as a result of improvement in the functions of road networks. However, as the growth of small vehicles was much larger than that of heavy lorries during the Reporting Period, the average toll revenue per vehicle was lower than that of 2008.

◆ Operating costs

During the Reporting Period, operating costs for the Group's toll highways amounted to RMB642,020,000 (2008: RMB411,132,000), representing an increase of 56.16% over 2008. Excluding the impact of "making and adjusting provisions for maintenance/resurfacing obligations", operating costs for the Group's toll highways increased by 41.94% over 2008. Jihe East Company has been consolidated into the Group since 30 September 2009, which increased the Group’s operating costs by RMB52,261,000, accounting for 9.99% of the Group’s operating costs. Qinglian Project recorded an increase of 99.09% in operating costs for the Reporting Period over 2008 due to the traffic volume growth resulted from the re-opening of Qinglian Class 1 Highway and the operation of Qinglian Expressway. The operating costs for remaining toll highways rose by 9.25% over 2008. As Jihe East Company increased its amortisation of premium during the year, and Qinglian Project had a higher proportion of amortisation of highway intangible assets at the initial stage of its operation, the Group’s depreciation and amortisation recorded a larger increase for the Reporting Period. A detailed analysis of operating costs is as follows:

Operating costs item	2009 (RMB’000)	Percentage of total	2008 (RMB’000)	Percentage of total	Change
Employee expenses	82,787	15.83%	64,567	17.52%	28.22%
Road maintenance expenses [1]	69,292	13.25%	61,154	16.60%	13.31%
Depreciation and amortisation	311,363	59.53%	195,332	53.01%	59.40%
Other operating costs	59,607	11.40%	47,439	12.87%	25.65%
Total	**523,049**	**100.00%**	**368,492**	**100.00%**	**41.94%**

Note:

(1) Road maintenance expenses excluded the provisions for maintenance/resurfacing obligations of Jihe West, Yanba Expressway, Yanpai Expressway and Nanguang Expressway.

Since 1 January 2008, the Group has made retrospective adjustments to the provisions for maintenance/resurfacing obligations to Jihe West, Yanba (A&B) and Yanpai Expressway in accordance with IFRIC 12 and the Group’s large-scale maintenance work plan for its principal toll highways. Since 1 April 2009, the Group has made provisions for maintenance/resurfacing obligations to Jihe West, Yanba (A&B) and Yanpai Expressway in accordance with the revised maintenance/resurfacing plan for principal toll highways, and made provisions for maintenance/resurfacing obligations to Nanguang Expressway in accordance with the approved large-scale maintenance work plan. As the expansion works on Meiguan Expressway has been arranged to commence, while the Liannan Section of Qinglian Project has not been completed, no provisions for maintenance/resurfacing obligations were made to these projects during the Reporting Period. Please refer to the description in the sections “Making and Adjusting Provisions for Maintenance/resurfacing Obligations” and “Changes in Accounting Estimates” below for details on the accounting policies and changes in accounting estimates for provisions for maintenance/resurfacing obligations.

b. Share of Profit/Loss of Jointly Controlled Entities and Associates

The Group’s share of profit of jointly controlled entities and associates for the Reporting Period amounted to RMB332,972,000 (2008: RMB274,373,000), representing an increase of 21.36% over 2008. Excluding the impacts of “making and adjusting provisions for maintenance/resurfacing obligations” and further payment of enterprise income tax for Jihe East in 2008, the Group’s share of profit of jointly controlled entities and associates decreased by RMB17,075,000, representing a decrease of approximately 5.62%. Excluding the relevant data of Jihe East Company, such increase would be approximately 14.44% over 2008, mainly due to growth in the traffic volume of toll highways operated by invested enterprises and the effective control of operating costs. A detailed analysis of share of profit/loss of jointly controlled entities and associates is as follows:

Principal toll highway	Percentage of interests held	Toll revenue		[1] Operating costs of toll highway		[1] Gross margin of toll highways		[1] Profit/loss attributable to the Group	
		2009 (RMB’000)	YoY Change Ratio	2009 (RMB’000)	YoY Change Ratio	2009	YoY Change in percentage	2009 (RMB’000)	YoY Change (RMB’000)
Jointly controlled entities:									
Jihe East [2]	55%	332,843	-25.90%	98,330	2.69%	70.46%	-8.23	115,722	-38,642
Wuhuang Expressway	55%	397,844	6.87%	[3] 183,984	8.38%	53.75%	-0.58	74,763	-5,829
Changsha Ring Road	51%	23,205	1.07%	22,353	-2.92%	3.67%	N/A	3,089	772

Principal toll highway	Percentage of interests held	Toll revenue		(1) Operating costs of toll highway		(1) Gross margin of toll highways		(1) Profit/loss attributable to the Group	
		2009 (RMB'000)	YoY Change Ratio	2009 (RMB'000)	YoY Change Ratio	2009	YoY Change in percentage	2009 (RMB'000)	YoY Change (RMB'000)
Associates:									
Shuiguan Expressway	40%	391,416	6.31%	86,422	7.00%	77.92%	-0.14	80,361	-3,204
Yangmao Expressway	25%	353,150	6.94%	192,520	39.44%	45.49%	-12.71	16,564	-2,681
Jiangzhong Project	25%	255,885	7.26%	156,213	9.50%	38.95%	-1.59	144	6,342
Nanjing Third Bridge	25%	245,308	4.70%	109,131	3.54%	55.51%	0.50	-1,524	5,244
Guangwu Project	30%	111,596	15.07%	52,737	7.30%	52.74%	3.42	1,303	4,721
GZ W2 Expressway	25%	171,912	55.82%	90,803	33.30%	47.18%	8.92	-11,495	10,272
Shuiguan Extension	40%	73,916	12.89%	33,057	8.13%	55.28%	1.97	5,765	5,509
Total		**2,357,075**	**3.00%**	**1,025,550**	**13.54%**	**56.49%**	**-4.04%**	**(4) 284,692**	**-17,496**

Note:

(1) Operating costs for the Reporting Period and the comparative figures last year excluded provisions for maintenance/resurfacing obligations made and adjusted. Profit/loss attributable to the Group excluded the corresponding impacts. For details on making and adjusting provisions for maintenance/resurfacing obligations, please refer to the description in sections "Making and Adjusting Provisions for Maintenance/resurfacing Obligations" and "Changes in Accounting Estimates" below.

(2) Jihe East Company has been changed from a jointly controlled entity to a subsidiary of the Company, and has been consolidated into the Group since 30 September 2009.

(3) The operating costs for Wuhuang Expressway recorded a decrease of RMB11,913,000 (2008: RMB19,229,000) due to changes in the amortisation method of intangible assets under concession to align the accounting policy of the Group.

(4) Share of profit of Consulting Company of RMB1,944,000 (2008: RMB1,524,000) was not included in the profit/loss attributable to the Group for the Reporting Period.

Since 1 April 2009, the Group has adjusted provisions for maintenance/resurfacing obligations to Jihe East in accordance with the revised maintenance/resurfacing plan for principal toll highways. During the Reporting Period, the Group has prepared large-scale maintenance work plan for the toll highways operated by qualified invested enterprises in accordance with the requirements of relevant accounting standards and the Company's accounting policies, and began to make provisions for maintenance/resurfacing obligations during the Reporting Period. Please refer to the description in the sections "Making and Adjusting Provisions for Maintenance/resurfacing Obligations" and "Changes in Accounting Estimates" below for details on the accounting policies and changes in accounting estimates for provisions for maintenance/resurfacing obligations.

c. Profit from Other Highway-related Businesses

◆ Profit from construction services under concession arrangements

During the Reporting Period, the Group recognised revenue and costs from construction services under services concession arrangements for Nanguang Expressway, Qinglian Project, Yanba C, Outer Ring Expressway and the expansion project of Meiguan Expressway within the construction period, based on their percentages of completion in accordance with the relevant requirements of IFRIC 12. The Group recognised profit from construction services based on the budgets of the projects and reasonable estimates of profitability of the construction services. According to estimates of actual construction costs of each project of the Group for the Period, the Company did not recognise profit from construction services for the aforementioned projects (2008: nil). A detailed analysis of revenue from construction services is as follows:

Self-construction expressway	2009 (RMB'000)			2008 (RMB'000)			Percentage of service completed	
	Revenue	**Cost**	**Profit before tax**	**Revenue**	**Cost**	**Profit before tax**	**Period**	**Cumulative**
Yanpai Expressway	_	_	_	56,443	56,443	_	_	100.00%
Nanguang Expressway	140,490	140,490	_	449,716	449,716	_	3.97%	89.36%
Yanba C	27,288	27,288	_	245,111	245,111	_	11.47%	100.00%
Qinglian Project	846,929	846,929	_	2,406,657	2,406,657	_	18.40%	85.87%
Outer Ring Expressway	5,043	5,043	_	14,994	14,994	_	_	_
Expansion of Meiguan Expressway	13,986	13,986	_	6,059	6,059	_	2.05%	2.73%
Total	**1,033,736**	**1,033,736**	_	**3,178,980**	**3,178,980**	_		

- **Profit from entrusted construction management services**

  During the Reporting Period, no profit or loss from any entrusted construction management services was recognised by the Company (2008: RMB5,288,000). During the Reporting Period, the government's audit work on the total costs for Nanping (Phase I) and the estimated budget for Wutong Mountain Project had not been completed and thus the Company's original estimations for these projects remained unchanged, and the Company did not recognise or predict any relevant gains during the Reporting Period. The service results of Coastal Project, Nanping (Phase II), Longhua Extension, Shenyun Project and Hengping Link Section could not be predicted reliably. Since the Directors of the Company are of the view that future reimbursements of management expenses incurred are probable, the Company recognised revenue and costs for the Reporting Period based on actual management costs incurred of RMB43,237,000.

- **Profit from entrusted operation management services**

  During the Reporting Period, pursuant to the provisions of the entrusted operation management agreement, the Company recognised revenue from entrusted operation management services for Longda Project of RMB15,000,000 and a relevant profit of RMB14,218,000 after deducting relevant business tax.

(3) Administrative Expenses and Finance Expenses

The Group's administrative expenses for the Reporting Period amounted to RMB67,719,000 (2008: RMB54,012,000), representing an increase of 25.38% over 2008. Such increase was mainly attributable to the increase in employee benefit expenses, depreciation expenses for new office building and specific consultancy expenses such as those related to internal control. The Group's finance expenses for the Reporting Period amounted to RMB390,944,000 (2008: RMB255,260,000), representing an increase of 53.16% over 2008. Excluding the impact of "making and adjusting provisions for maintenance/resurfacing obligations", the Group's finance expenses increased by 57% over 2008. During the Reporting Period, the Group's finance costs for the Reporting Period generally increased due to a rise in the expensed borrowing interests of Qinglian Project, Nanguang Expressway and Yanba C as well as a decrease in exchange gains, despite decrease in bank borrowing rate. A detailed analysis of finance costs is as follows:

Item	2009 (RMB'000)	2008 (RMB'000)	Change
Interest expenses	491,449	429,221	14.50%
Less: Interest capitalised:	(125,156)	(190,907)	-34.44%
Exchange gain/loss and others	(2,858)	(6,826)	-58.13%
Excluding finance costs of time value of provisions for maintenance/resurfacing obligations	***363,435***	***231,488***	***57.00%***
Add: Time value of provisions for maintenance/resurfacing obligations	27,509	23,772	15.72%
Finance costs	**390,944**	**255,260**	**53.16%**

(4) Income Tax

During the Reporting Period, the Group's income tax expenses amounted to RMB44,826,000 (2008: RMB66,257,000), representing a decrease of 32.35% over 2008. Excluding the impacts of "making and adjusting provisions for maintenance/resurfacing obligations" and further payment of enterprise income tax in 2008, the Group's income tax expenses decreased by 18.15% over 2008.

Pursuant to the relevant written documents and communication results between the Company and Shenzhen tax authorities, the Company recognised income tax liabilities of RMB39,236,000 in 2008, recognised the relevant deferred income tax assets of RMB25,313,000 based on the implied temporary difference of the further tax payment, and made upward adjustment to income tax expenses of RMB13,923,000 in 2008 accordingly. Based on the current communication results between the Company and relevant government authorities such as tax authorities, the Directors of the Company maintained the original judgments and estimates of the above-mentioned further payment of income tax for the Reporting Period. For details on further payment of enterprise income tax by the Group, please refer to the relevant content of notes 5(c) and 10(b) to the Financial Statements.

(5) Recognition of Fair Value of Jihe East Company and Operating Profit

Pursuant to the relevant requirements of accounting standards, the Company recognised the fair value of net assets of Jihe East Company of RMB2,396,000,000 at consolidation date with reference to the valuation report issued by a professional valuer. Of which, the fair value attributable to the 45% interest under the Group's acquisition was basically in line with the costs of the acquisition. The fair value of net assets of the 55% interest originally held by the Group increased by RMB893,000,000 as compared to the original fair value, which was credited to the capital reserve as asset revaluation surplus. As at the end of the Reporting Period, there was no material change in the fair value of Jihe East Company.

During the Reporting Period, the profit of Jihe East Company included in the Company's investment income for the first to third quarter amounted to RMB174,197,000, Profit recognised after Jihe East Company's consolidation into the Group on 30 September 2009 amounted to RMB56,585,000. Excluding the impacts of "making and adjusting provisions for maintenance/resurfacing obligations" and further payment of enterprise income tax in 2008, Jihe East Company recorded net profit attributable to shareholders of the Company for the Reporting Period of approximately RMB230,782,000, representing an increase of 13.55% over 2008.

(6) Making and Adjusting Provisions for Maintenance/resurfacing Obligations

The impact of the Group's making and adjusting provisions for maintenance/resurfacing obligations on the Group's profit for the Reporting Period and 2008 is analysed as follows:

Item	**Impact of making and adjusting provisions for maintenance/resurfacing obligations (RMB'000)**	
	2009	**2008**
Operating costs	118,971	42,640
Of which: Jihe West	50,725	21,609
Yanba Expressway	28,204	8,403
Yanpai Expressway	24,570	12,628
Nanguang Expressway	15,472	-
Share of profit/loss of jointly controlled entities and associates	46,336	(27,971)
Excluding profit before interests, tax and administrative expenses	*(72,635)*	*(70,611)*
Finance costs	27,509	23,772
Income tax	(36,620)	(16,603)
Profit	**(63,524)**	**(77,780)**

(7) Profit

In 2009, the Group recorded profit of RMB540,219,000 (2008: RMB503,195,000), representing an increase of 7.36% over 2008. Excluding the impacts of “making and adjusting provisions for maintenance/resurfacing obligations” and further payment of enterprise income tax in 2008, the Group’s profit increased 1.25% over 2008. The main reason is the overall increase in revenue and profit of highways operated and invested by the Group, which set off the impact of increase in finance costs resulted from increase in expensed borrowing interests for the Reporting Period.

During the Reporting Period, the increase in revenue of new operation projects such as Qinglian Project and Nanguang Expressway increased the return on assets and return on equity, while the consolidation of Jihe East Company into the Group and its increase in fair value diluted the Group’s return on total assets and return on shareholders’ equity for the Year. As at the end of the Reporting Period, highway assets newly opened for operation accounted for 40% of the Group’s operating assets, diluting the Group’s return on operating assets. In future, with the gradual enhancement of relevant road networks and the growth in traffic volumes of new projects, it is expected that such projects will become the main source of profit growth of the Company in the medium and long term, thereby enhancing the overall profitability of the Company.

	End of 2009	End of 2008	End of 2007	End of 2006
Return on total assets ((profit + finance expenses) / total assets)	4.21%	4.19%	5.31%	6.69%
Return on operating assets ((profit + finance expenses) / year-end operating assets)	4.94%	8.11%	11.64%	9.54%
Return on shareholders’ equity	6.57%	7.14%	9.03%	8.46%

(8) Amortisation Policies of Intangible Assets under Concession and Differences under Different Amortisation Methods

The Group’s intangible assets under concession recognised under IFRIC 12 are amortised based on the units-of-usage method, i.e. based on the units-of-usage method, where the amortisation amount is calculated by the percentage of the actual traffic volume in the respective periods to the total projected traffic volume during the toll operating period. The Group conducted regular reviews on the projected traffic volumes and made corresponding adjustments to ensure reliability and accuracy of the amortisation amount.

As the toll highways operated and invested by the Group had not reached their designated saturated traffic volumes and certain toll highways are at preliminary stages of operation, the amortisation amount calculated by the units-of-usage method was lower than that calculated by the straight-line method for the Reporting Period. The amortisation difference under different amortisation methods attributable to the Group based on its share of interests was RMB187,003,000. With the growth in traffic volumes of various toll highways in future, the above difference will gradually decrease. The adoption of different amortisation methods had no impact on the cash flow generated from various toll highway projects and thus had no impact on the valuation of various projects. Data for reference calculated for various toll highways for the Reporting Period are as follows:

Toll highway	Percentage of interests held	Amortisation amount of operating rights (RMB million)			Amortisation difference attributable to the Company based on its share of interests (RMB million)	
		Units-of-usage method 2009	Units-of-usage method 2008	Straight-line method (1)	2009	2008
The Company and subsidiaries: (2)						
Meiguan Expressway	100%	32	31	36	-4	-5
Jihe West	100%	30	30	28	1	2
Yanba (A&B)	100%	24	22	41	-17	-19
Yanpai Expressway	100%	26	29	47	-21	-18
Nanguang Expressway	100%	21	10	97	-76	-75
Jihe East (3)	55%/100%	73	36	73	-2	3

Toll highway	Percentage of interests held	Amortisation amount of operating rights (RMB million)			Amortisation difference attributable to the Company based on its share of interests (RMB million)	
		Units-of-usage method 2009	Units-of-usage method 2008	Straight-line method (1)	2009	2008
Jointly controlled entities and associates:						
Shuiguan Expressway	40%	44	42	41	1	0
Wuhuang Expressway	55%	77	70	89	-7	-10
Changsha Ring Road	51%	12	12	18	-3	-3
Yangmao Expressway	25%	67	63	90	-6	-7
Jiangzhong Project	25%	87	80	128	-10	-12
Nanjing Third Bridge	25%	57	54	111	-13	-14
Guangwu Project	30%	23	20	57	-10	-11
GZ W2 Expressway	25%	38	25	111	-18	-22
Shuiguan Extension	40%	18	17	24	-2	-3
Total					**-187**	**-194**

Note:

(1) Assuming the book values of the intangible assets are amortised evenly over the allowed operating periods granted by the concession grantors.

(2) The Liannan Section of Qinglian Project has not been completed in the Reporting Period and the differences due to this project were not included.

(3) Jihe East Company has been changed from a jointly controlled entity to a subsidiary of the Company since 30 September 2009. The amortisation amount of intangible assets under concession of Jihe East Company for 2009 included the amortisation of premium in the fourth quarter (Units-of-usage method: RMB26,000, straight-line method: RMB33,000).

II. Financial Condition

(1) Assets, Equity and Liabilities

The Group's financial position remains solid, with its assets comprising mainly intangible assets under concession in high-grade toll highways, as well as investments in jointly controlled entities and associates. As at 31 December 2009, the Group's total assets amounted to RMB22,253,514,000, representing an increase of 21.85% over 2008. The increase was primarily owing to the consolidation of Jihe East Company into the Group since 30 September 2009, and the increase in construction investments in projects such as Qinglian Project, Nanguang Expressway and Yanba C. The completed sections of Qinglian Project have adopted expressway toll rates since 1 July 2009, and completed works were transferred to operating highway assets at the end of the Reporting Period. The new operating assets will become important sources of profit growth for the Group in the future.

As at 31 December 2009, the Group's total equity amounted to RMB8,909,852,000 (End of 2008: RMB7,752,141,000), representing an increase of 14.93% over 2008. This was mainly attributable to the recognition of increase in fair value of its original 55% interest held of RMB893,132,000 due to acquisition of further interest in Jihe East Company, increase in the net profit for the Reporting Period after deduction of dividend distributed for 2008 of RMB263,649,000, and increase in equity of RMB930,000 arising from the exercise of warrants attached to the Bonds with Warrants during the Year.

As at 31 December 2009, outstanding bills payable, bonds payable and bank borrowings of the Group amounted to RMB10,178,834,000, representing an increase of RMB2,142,137,000 over the end of 2008 (End of 2008: RMB8,036,697,000), mainly due to the increase in borrowings specifically for acquisition of Jihe East Company of RMB1.07 billion and borrowings for Qinglian Project of RMB860 million. As at the end of the Reporting Period, Qinglian Project had used borrowings of RMB4.916 billion. In addition, the accrued liabilities provided in accordance with the Company's highway maintenance/resurfacing plans and accounting policies, provisions for maintenance/resurfacing obligations, will increase every year until the implementation of relevant maintenance/resurfacing plans. An analysis of major balance sheet items is as follows:

Item		End of 2009 (RMB'million)		End of 2008 (RMB'million)	Change
		Group consolidation	*Of which: Jihe East Company*		
Total assets		**22,254**	*3,235*	**18,264**	**21.85%**
Of which:	Property, plant and equipment	1,111	*46*	697	59.39%
	Construction in progress	18	*1*	268	-93.28%
	Intangible assets under construction	17,663	*3,059*	13,777	28.21%
	Investments in jointly controlled entities and associates	2,175		2,478	-12.23%
Equity and liabilities		**22,254**	*3,235*	**18,264**	**21.85%**
Of which:	Capital and reserves attributable to equity holders of the Company	8,220	*2,317*	7,047	16.65%
	Of which: Other reserves	4,540	*1,624*	3,595	26.29%
	Retained earnings	1,499	-	1,272	17.85%
	Borrowings (Including bank borrowings, bonds payable and bills payable)	10,179	-	8,037	26.65%
	Accrued liabilities	702	*256*	304	130.92%

(2) Capital Structure and Debt Repayment Capability

	31 December 2009	31 December 2008
Debt-to-asset ratio (Total liabilities / Total assets)	59.96%	57.55%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents) / Total equity)	108.87%	96.75%
	2009	**2008**
Interest covered multiple (Profit before interests and tax / interest expenses)	1.86	1.82
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation / interest expenses)	2.49	2.27

The Company is always committed to maintaining a rational capital structure and enhancing its profitability, to maintain its good credit ratings and solid financial position. As at the end of the Reporting Period, the Group's gearing ratio increased over the beginning of the year, mainly due to additional borrowings for equity investments and investments in projects under construction. Given the Group's stable and robust operating cash flows, and expected growth in profit and cash flow after the operation of new projects, the Directors of the Company are of the view that the financial leverage ratios remained at safe levels as at the end of the Reporting Period.

(3) Liquidity and Cash Management

During the Reporting Period, the Company maintained the balance of current liabilities and cash on hand at safe levels, and maintained sufficient banking facilities so as to prevent liquidity risk. As at the end of the Reporting Period, the Group's cash was deposited in commercial banks as current or short-term fixed deposits, with no deposit in non-bank institutions or any amount applied to securities investments. Given the fact that the Group possesses a steady and abundant operating cash flow and enjoys adequate banking facilities, and that appropriate financing arrangements have been made to satisfy the needs of debt repayment and capital expenditures, the Board of the Company is of the view that there are no going concern issues for the Group.

	31 December 2009 (RMB'million)	31 December 2008 (RMB'million)	Change
Net current liabilities	2,259	1,903	18. 71%
Cash and cash equivalents	479	536	-10.63%
Banking facilities available	7,333	6,610	10.94%

(4) Foreign-Currency Denominated Assets and Liabilities

All major operations of the Group are located in China, and the majority of the Group's operating payments and capital expenditures are settled in RMB. As at the end of the Reporting Period, the Group had primarily RMB4,577,000 and RMB1,193,956,000 worth of foreign currency-denominated liabilities in US$ and HK$, respectively, while RMB2,191,000 worth of foreign currency-denominated assets were in HK$. Foreign currency-denominated items were net liabilities after netting off. Despite the positive impact of the current upward trend of RMB exchange rate on the Group, the Company plans to arrange relevant financial instruments to lock the exchange rate of foreign currency-denominated liabilities to minimise exchange risk in the future.

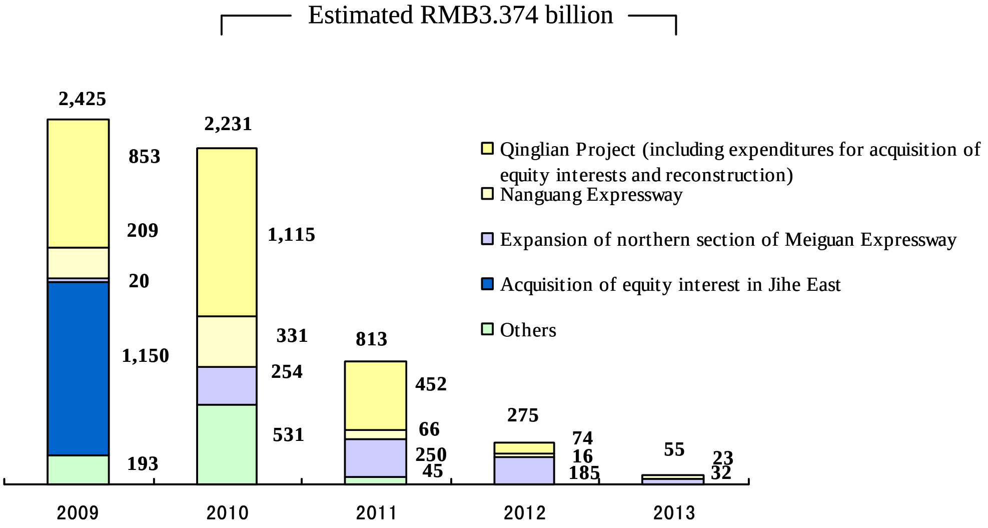
In June 2008, the Company applied to the bank for a foreign currency loan of HK$133 million with a term of 1 year, and arranged forward transaction of foreign exchange for the principal and interests due upon maturity with the bank, with a view to locking the risks related to fluctuation in exchange rate. The agreement had expired in June 2009 and the Company recorded profit in the contractual period as a whole.

III. Capital and Financing

(1) Capital Expenditure

During the Reporting Period, the Group's capital expenditures comprised mainly construction investments in the reconstruction of Qinglian Class 1 Highway into an expressway, the Liannan Section of Qinglian Expressway, Nanguang Expressway and Yanba C, and equity investment in acquisition of equity interests in Jihe East, totalling to approximately RMB2.425 billion. As at 31 December 2009, the Group's capital expenditure plan comprised mainly construction investments in the Liannan Section of Qinglian Expressway, Nanguang Expressway and the expansion works on Meiguan Expressway. It is expected that the Group's total capital expenditures will amount to approximately RMB3.374 billion by the end of 2013. The Company plans to satisfy such capital needs with its own capital reserves and bank borrowings. According to the Directors' assessment, the Group's financial resources and financing capability are sufficient for satisfying the needs of various capital expenditures.

Capital Expenditure Plan (Unit: RMB'million)



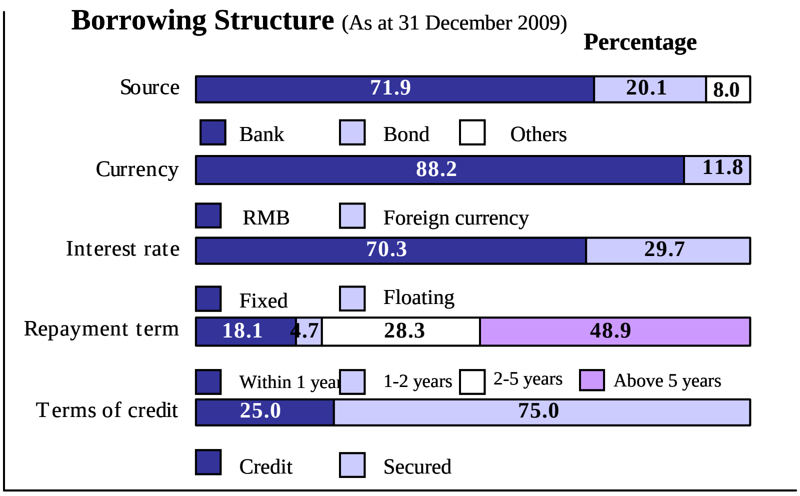
(2) Operating Cash Flow

The toll revenue of the Group's principal toll highway operations is collected in cash, thereby giving a steady operating cash flow. During the Reporting Period, the Group's net cash inflow from operating activities and cash return on investments totalled RMB1,021,642,000 (2008: RMB1,345,737,000), representing a decrease of 24.08% over 2008. After deducting the change in the net amount of the receivables and payables on behalf of Coastal Expressway (Shenzhen Section), the Group's net cash inflow from operating activities and cash return on investments increased by 6.08% over 2008, which was mainly due to the increases in traffic volume and toll revenue of new projects of the Group.

(3) Financial Strategies and Financing Arrangements

During the Year, the PRC government implemented active fiscal policies and accommodative monetary policies to mitigate the negative effects of global economic crisis and to promote continuous economic growth. Commercial banks increased their credit investment. Other governments also introduced various policies and measures to stimulate economic recovery and growth. Foreign currency interest rates maintained at relatively low levels. Under the abovementioned favourable debt financing environment and on the premise of maintaining financial stability and security, the Company appropriately increased the proportion of short-term loans and foreign currency loans. It also broadened new ways of financing such as trust loans and entrusted loans, so as to further reduce its capital costs through adjustment to debt structure. Benefited from its stable cash flows, expected income growth and sound governance standard, the Company continued to maintain the highest rating of AAA in credit rating for borrowing enterprises, and in credit rating for bonds, and continued to enjoy the best lending rate of the People's Bank of China. The Company's composite borrowing costs for the Reporting Period amounted to 5.47%, which is 0.23 percentage point lower than that in 2008 (2008: Composite borrowing costs of 5.7%).

As at 31 December 2009, the Group had obtained a total of RMB15.3 billion of banking facilities, of which RMB7.5 billion was credit facilities specifically for projects under construction and RMB7.8 billion was general credit facilities. At the end of the Reporting Period, unutilised banking facilities available amounted to RMB7.3 billion, of which RMB2.3 billion was credit facilities specifically for projects under construction and RMB5 billion was general credit facilities.



IV. Changes in Accounting Estimates

(1) Adjustments to Provisions for Maintenance/resurfacing Obligations

The Group has conducted regular review on the road maintenance/resurfacing plan formulated and the discount rate used to make provisions for maintenance/resurfacing obligations in order to maintain the reasonable and suitable accounting estimates relating to the provisions for maintenance/resurfacing obligations. The changes in accounting estimates are dealt with by the method of prospective application in accordance with the Accounting Standards for Business Enterprises No. 28 – Accounting Policies, Changes in Accounting Estimates and Errors.

In the second quarter of 2009, the Company reviewed and adjusted the road maintenance/resurfacing plan previously formulated based on the assessment results of external professional assessment organisations. Meanwhile, in light of macro-economic and political changes, the Company lowered the pre-tax discount rate used to make provisions for maintenance/resurfacing obligations from 10% to 6.62%. Since 1 April 2009, the Group has made provisions for maintenance/resurfacing obligations of Jihe East, Jihe West, Yanba (A&B) and Yanpai Expressway in accordance with the revised maintenance/resurfacing plan for principal toll highways and discount rate.

The above changes in accounting estimates increased shareholders' equity as at 31 December 2009 by RMB18,206,000, and increased net profit for the year 2009 by RMB18,206,000, without material impact on the total assets, financial condition and profitability of the Group for the Reporting Period and the Year as a whole.

(2) Adjustments to Unit Amortisation Amount of Intangible Assets under Concession of Jihe East

The Company completed the acquisition of Jihe East Company on 30 September 2009, and engaged a professional traffic consultant to conduct another forecast on the total traffic volume for future operating period of Jihe East. Since 1 October 2009, the Group has adjusted the unit amortisation amount of intangible assets under concession of Jihe East based on the adjusted forecast total traffic volume for future operating period.

The above changes in accounting estimates increased shareholders' equity as at 31 December 2009 by RMB1,502,000, and increased net profit for the year 2009 by RMB1,502,000, without material impact on the total assets, financial condition and profitability of the Group for the Reporting Period and the Year as a whole.

Please refer to note 4(d) to the Financial Statements for the details on the changes in accounting estimates relating to the Group's provisions for maintenance/resurfacing obligations.

3 Plans and Objectives

Every year, the Company summarises its experience, lessons, gains and losses for the year based on its plans formulated at the beginning of the year. It also conducts regular review on and makes adjustments to its objectives for strategic development based on analysis and understanding of the external environment and its own condition, and incorporates such objectives into the work plans of every year. By implementing and executing specific and effective strategies and measures, the Company's development continues to move forward.

In 2010, the Group will formulate and implement practical and effective annual operating strategies and plans with reference to the new strategic objectives, to ensure the consistency between the Company's annual objectives and its long-term development objectives. The work focuses of the Company in 2010 include:

- **To enhance operations management standards and achieve operating profit targets.** Based on the reasonable expectation that no substantial changes will take place in the operating environment, the Group has set the total toll revenue target for 2010 at not less than RMB1.9 billion, with operating costs and administrative expenses (excluding depreciation, amortisation and provision for maintenance)at not more than RMB0.45 billion, (2009 actual amount: RMB1.34 billion and RMB0.33 billion respectively). Our main tasks for the year include: ① Enhancing the management mode for regional inter-network toll collection to increase toll collection efficiency; ② Further reinforcing standardised management for operational works, and establishing an appropriate management mode for the operation scale of the Company; ③ Strengthening the sales and management planning of Nanguang Expressway, Yanba Expressway and Qinglian Expressway to enhance road operation performance; ④ Optimising the mechanical and electrical management mode and road assets maintenance management mode to enhance road traffic efficiency and capacity; ⑤ Organising road assets maintenance planning, aligning with and implementing the management concept of "optimal costs for the entire operating period" to enhance the management and maintenance standards of road assets and ensure the operation quality of highways.

- **To complete the management tasks for the construction projects.** In 2010, the Group has to effectively push ahead the construction management work of self-constructed projects including the Liannan Section of Qinglian Project and the reconstruction and expansion of Meiguan Expressway, as well as entrusted construction projects including Nanping (Phase II), Shenyun Project and Longhua Extension, striving to achieve pre-set objectives for work schedule, quality, budget and safety. In addition, the Group has to undertake negotiations and discussions for the specific terms and arrangements of Coastal Project to lay a good foundation for the business development of the Company.
- **To maintain a sound financial structure and lower finance costs.** In 2010, the Group will continue to seek to optimise its overall borrowing structure and lower its overall finance costs on the premise of ensuring financial security. Based on its study on financial instruments such as various bond financing instruments, interest rate and exchange rate swap arrangements conducted in 2009, and the operation of such arrangements, the Group will continue to move ahead with the implementation of specific proposals, maintain its concern and study on market policies and financing modes, broaden financing channels and rationally arrange debt portfolios, in order to control its overall capital costs.
- **To begin study of new industries and strengthen investment risk management.** In 2010, the Company will rely to the expressway industry and capitalise on its existing resource and management advantages. It will actively study and explore the directions for investments in new industries, and study relevant industrial policies and profit models, in order to expand room for the Company’s business development. Meanwhile, the Company will conduct studies and evaluations on investment opportunities in toll highway projects in a prudent manner, and strengthen its investment risk management, so as to promote the Company’s business expansion by enhancing the return of the Group.
- **To further enhance comprehensive management capabilities.** In 2010, the Company will continue to consolidate the work achievements of excellent performance management, optimise and improve its internal control regime and further strengthen its risk management, to ensure that the management regimes are duly complied with, and the actual needs of the Group’s business development are met. At the same time, the Company will further enhance the structure of its human resources system and step up efforts in training and recruitment of talents to meet the actual needs of the Group’s development.

USE OF PROCEEDS

To raise fund for the construction of Nanguang Expressway, the Company issued Bonds with warrants of RMB1.5 billion with 108 million warrants attached in September 2007. During the exercise period of 23 October 2009 to 29 October 2009, a total of 70,326 warrants were exercised. As such, the Company raised proceeds of RMB930,000. As at 31 December 2009, the proceeds were fully used in the construction of Nanguang Expressway.

The main part of Nanguang Expressway was completed and opened to traffic in January 2008. Affected by adjustment of design of Nanping (Phase II), the construction of small part of finishing works such as the interchange of Nanguang Expressway and Nanping (Phase II) will be postponed. It is expected to open for traffic in phase with Nanping (Phase II) in the second half of 2011. As the overall road network efficiency has not been fully realised for the time being, there are certain discrepancies between operating performance of Nanguang Expressway at this stage and expectation. The average daily mixed traffic volume and average daily toll revenue of Nanguang Expressway for the year 2009 is 32,000 and RMB302,000, representing an increase of 97% and 72%, respectively. It is estimated that following the gradual enhancement of the neighbouring road network, the operating performance of Nanguang Expressway will grow further.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Reporting Period, no listed securities of the Company were purchased, sold or redeemed by the Company, any of its subsidiaries or any of its jointly controlled entities.

PROFILE OF SHAREHOLDERS

As at the end of the Reporting Period, based on the shareholders' registers provided by the share registrars and the transfer offices of the Company in Hong Kong and the PRC, the Company had 45,444 shareholders in total, including 45,141 holders of domestic shares and 303 holders of H Shares. The information of the top ten holders of non-restricted circulating shares of the Company was as follows:

Unit: Share

Information of the top ten holders of non-restricted circulating shares		
Name of shareholder	**Number of non-restricted circulating shares held**	**Type of shares**
HKSCC Nominees Limited (Note)	677,115,098	H Share
新通產實業開發（深圳）有限公司 (Xin Tong Chan Development (Shenzhen) Company Limited)	654,780,000	A Share
深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company)	411,459,887	A Share
華建交通經濟開發中心 (Huajian Transportation and Economic Development Centre)	87,211,323	A Share
廣東省路橋建設發展有限公司 (Guangdong Roads and Bridges Construction Development Company Limited)	61,948,790	A Share
Kingboard Investments limited	30,982,000	H Share
Au Siu Kwok	11,000,000	H Share
Ip Kow	11,000,000	H Share
Kingboard Chemical Holdings limited	6,936,000	H Share
BOC - China AMC Sector Selected Securities Investment Fund (LOF)	5,133,698	A Share

Note: The H Shares held by HKSCC Nominees Limited were held on behalf of various clients.

EMPLOYEES, REMUNERATION AND TRAINING

As at 31 December 2008, the Company and its wholly-owned subsidiaries had 1,881 employees, of whom 416 were management and professional staff while 1,465 were toll collection staff.

An employee's remuneration and benefits comprise namely monthly salary, annual performance bonus and statutory and company benefits and is based on a principle "salary is determined based on the individual staff's position salary changes with the position" and is determined according to the market value of the position and the overall performance of staff. Pursuant to statutory requirements, the Company has participated in an employee's retirement schemes which is organised by the local government authorities (social pension insurance), and has applied various protection plans such as basic medical insurance package, industrial injury insurance, unemployment insurance and child-bearing insurance for its employees. According to the relevant regulations, the Group should pay contributions equivalent to a certain percentage of the employee's aggregate salary (subject to a maximum cap) to the labor and social security authorities as social insurance contributions for items such as pension and medical insurance.

The Company values staff training. In 2009, the Company and its departments organised over 40 training sessions with accumulated training hours of 9,850 hours (2008: 9,530 hours) and training costs amounting to approximately RMB795,000 (2008: RMB930,000). Training content covered the major business segments of the Company, including general management, operation and engineering technology. 2,326 person-times (2008: 1,559 person-times) participated in the training, among them were staff of all levels from toll collectors to senior management.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance. During the Reporting Period, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules of HKEx. The codes on corporate governance currently adopted by the Company go beyond the requirements of the aforesaid code in certain aspects.

COMPLIANCE WITH THE MODEL CODE

The Securities Transaction Code of the Company has been adopted by the Board in accordance with Appendix 10 to the Listing Rules of HKEx headed Model Code for Securities Transactions by Directors of Listed Issuers, as written guidelines to regulate dealings in the Company’s securities by the Directors, Supervisors and relevant staff. The standards set out in Appendix 10 to the Listing Rules of HKEx have been incorporated into the Securities Transaction Code of the Company.

After specifically inquiring with all the Directors, Supervisors and senior management, the Company confirms that all the Directors, Supervisors and senior management complied with the standards for securities transactions by directors as stipulated under the aforesaid code during the Reporting Period.

AUDIT COMMITTEE/RESULTS REVIEW

The audit committee of the Company has reviewed and confirmed the results announcement and financial statements of the Company for the year ended 31 December 2009.

AUDITORS’ PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2009 have been agreed by the Group’s auditors, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DEFINITIONS

1. Names of Highway and Road Projects

Changsha Ring Road	Changsha National Highway Ring Road (Northwestern Section), located in Hunan Province
Coastal Expressway (Shenzhen Section)	The section of Guangshen Coastal Expressway from Nanshan district of Shenzhen to Dongbao River (the boundary between Dongguan City and Shenzhen City)
Coastal Expressway Airport Feeder	The Shenzhen Airport Subsidiary of Guangshen Coastal Expressway
Guangwu Project	The Ma'an to Hekou Section of the expressway from Guangzhou, Guangdong to Wuzhou, Guangxi (called Guangwu Expressway for short), located in Guangdong Province
GZ W2 Expressway	Xiaotang to Maoshan Section of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway, located in Guangdong Province
Hengping Highway	Shenzhen Hengping Class 1 Highway Hengping. Hengping Link Section refers to the work for the link section between Hengping Highway and NH205. Hengping Resumed Section refers to the section of approximately 6.7km of Hengping Highway completed at the end of December 2008, the management of which was entrusted to the Company
Jiangzhong Project	The expressway from Zhongshan to Jiangmen and the second phase of the expressway from Jiangmen to Heshan (called Jianghe Expressway for short), located in Guangdong Province
Jihe Expressway	The expressway from Shenzhen airport to He'ao in Shenzhen City, comprising Jihe East and Jihe West
Longda Expressway	The expressway from Longhua in Shenzhen City to Dalingshan in Dongguan City
Longhua Extension	Longhua Extension of Longda Expressway Project
Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, also referred to as Liming Avenue
Nanjing Third Bridge	Nanjing Yangtze Third Bridge, located in Jiangsu Province
Nanping (Phase I), Nanping (Phase II)	Shenzhen Nanping Freeway (also referred to as Nanping Avenue) Phase I, main route of Nanping Freeway Phase II
Outer Ring Expressway	The Shenzhen Outer Ring Expressway
Qinglian Project	Qinglian Expressway, Qinglian Class 1 Highway, Qinglian Class 2 Highway and/or the reconstruction into an expressway for Qinglian Class 1 Highway from Qingyuan to Lianzhou (as the case may be), located in Guangdong Province
Shenyun Project	Shenyun-North Ring Interchange renovation project in Shenzhen
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City, also referred to as the No.2 Longgang Passage

Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City, also referred to as Yuping Avenue)
Wuhuang Expressway	The expressway from Wuhan to Huangshi, located in Hubei Province
Wutong Mountain Project	Shenzhen Wutong Mountain Avenue (Ancillary Road) and Jihe Expressway Yantian Subsidiary Route Checkpoint Station Project
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising Yanba A, Yanba B and Yanba C
Yangmao Expressway	The expressway from Yangjiang to Maoming, located in Guangdong Province
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Route to Jihe Expressway

2. Enterprises invested

Consulting Company	深圳高速工程顧問有限公司(Shenzhen Expressway Engineering Consulting Company Limited), a company incorporated in Shenzhen City with limited liability
Guangdong UETC	廣東聯合電子收費股份有限公司 (Guangdong United Electronic Toll Collection Inc.) , a joint stock limited company incorporated in Guangdong Province with limited liability
Jihe East Company	深圳機荷高速公路東段有限公司 (Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited), a company incorporated in Shenzhen City with limited liability
Magerk Company	湖北馬鄂高速公路經營有限公司(Hubei Magerk Expressway Management Private Limited), a wholly foreign-owned enterprise incorporated in Hubei Province, which owns the operating rights of Wuhuang Expressway
Maxprofit Company	Maxprofit Gain Limited, a company incorporated in British Virgin Islands with limited liability
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
Qinglian Company	廣東清連公路發展有限公司(Guangdong Qinglian Highway Development Company Limited), a Sino-foreign joint-venture enterprise incorporated in Guangdong Province, which owns Qinglian Project
Qinglong Company	深圳清龍高速公路有限公司(Shenzhen Qinglong Expressway Company Limited), a Sino-foreign joint-venture enterprise incorporated in Shenzhen City, which owns Shuiguan Expressway

3. Others

A Shares	Renminbi-denominated ordinary shares of the Company with a par value of RMB1.00 each, which were issued in the PRC and subscribed in RMB and are listed on SSE

Baotong Company	深圳市寶通公路建設開發有限公司(Shenzhen Baotong Highway Construction and Development Company Limited), which owns 89.93% equity interest in Longda Company, and is a wholly-owned subsidiary of Shenzhen International
Coastal Company	深圳市廣深沿江高速公路投資有限公司(Shenzhen Guangshen Coastal Expressway Investment Company Limited), and is a wholly-owned subsidiary of 深圳市投資控股有限公司(Shenzhen Investment Holdings Company Limited)
Board	The board of Directors of the Company
Bonds With Warrants	Convertible corporate bonds, in which bonds and subscription warrants are tradable separately
CAS	The Accounting Standards for Business Enterprises (2006) of the People's Republic of China
The Company, Company	Shenzhen Expressway Company Limited
Director(s)	The director(s) of the Company
The Group, Group	The Company and its subsidiaries
H Shares	Overseas-listed foreign shares of the Company with a par value of RMB1.00 each, which were issued in Hong Kong and subscribed in HK$ and are listed on HKEx
HK$	Hong Kong dollars, the lawful currency of the Hong Kong Special Administration Region of the PRC
HKEx	The Stock Exchange of Hong Kong Limited
HKFRS	Hong Kong Financial Reporting Standards
IFRIC 12	HK(IFRIC) - Int 12 "Service Concession Arrangements" issued by the Hong Kong Institute of Certified Public Accountants
Listing Rules	The Rules Governing the Listing of Securities on HKEx and/or the Rules Governing the Listing of Stocks on SSE (as the case may be)
Longda Company	深圳龍大高速公路有限公司(Shenzhen Longda Expressway Company Limited), which owns Longda Expressway
New Tax Law	《中華人民共和國企業所得稅法》(The Enterprise Income Tax Law of the People's Republic of China), which came into effect on 1 January 2008
PRC	The People's Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
The Reporting Period, The Period, The Year	For the year ended 31 December 2009
RMB	Renminbi, the lawful currency of the PRC
Shenzhen International	Shenzhen International Holdings Limited, whose shares are listed on the main board of HKEx, the controlling shareholder of 新通產實業開發（深圳）有限公司(Xin Tong Chan Development (Shenzhen) Company Limited) and 深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company), both of which are shareholder of the Company

SSE	The Shanghai Stock Exchange
Supervisor(s)	The supervisor(s) of the Company

By Order of the Board
Yang Hai
Chairman

Shenzhen, the PRC, 19 March 2010

As at the date of this announcement, the directors of the Company are Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Executive Director and President), Mr. Li Jing Qi (Non-executive Director), Mr. Zhao Jun Rong (Non-executive Director), Mr. Tse Yat Hong (Non-executive Director), Mr. Lin Xiang Ke (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Lam Wai Hon, Ambrose (Independent non-executive Director), Mr. Ting Fook Cheung, Fred (Independent non-executive Director), Mr. Wang Hai Tao (Independent non-executive Director) and Mr. Zhang Li Min (Independent non-executive Director).

This Results Announcement, which has been published on the website of HKEx at http://www.hkex.com.hk, only gives a summary of the information and particulars contained in the full Annual Report of the Company. A detailed Annual Report containing all the information to accompany annual report required by Appendix 16 to the Listing Rules of HKEx will be subsequently published on the website of HKEx at http://www.hkex.com.hk in due course.