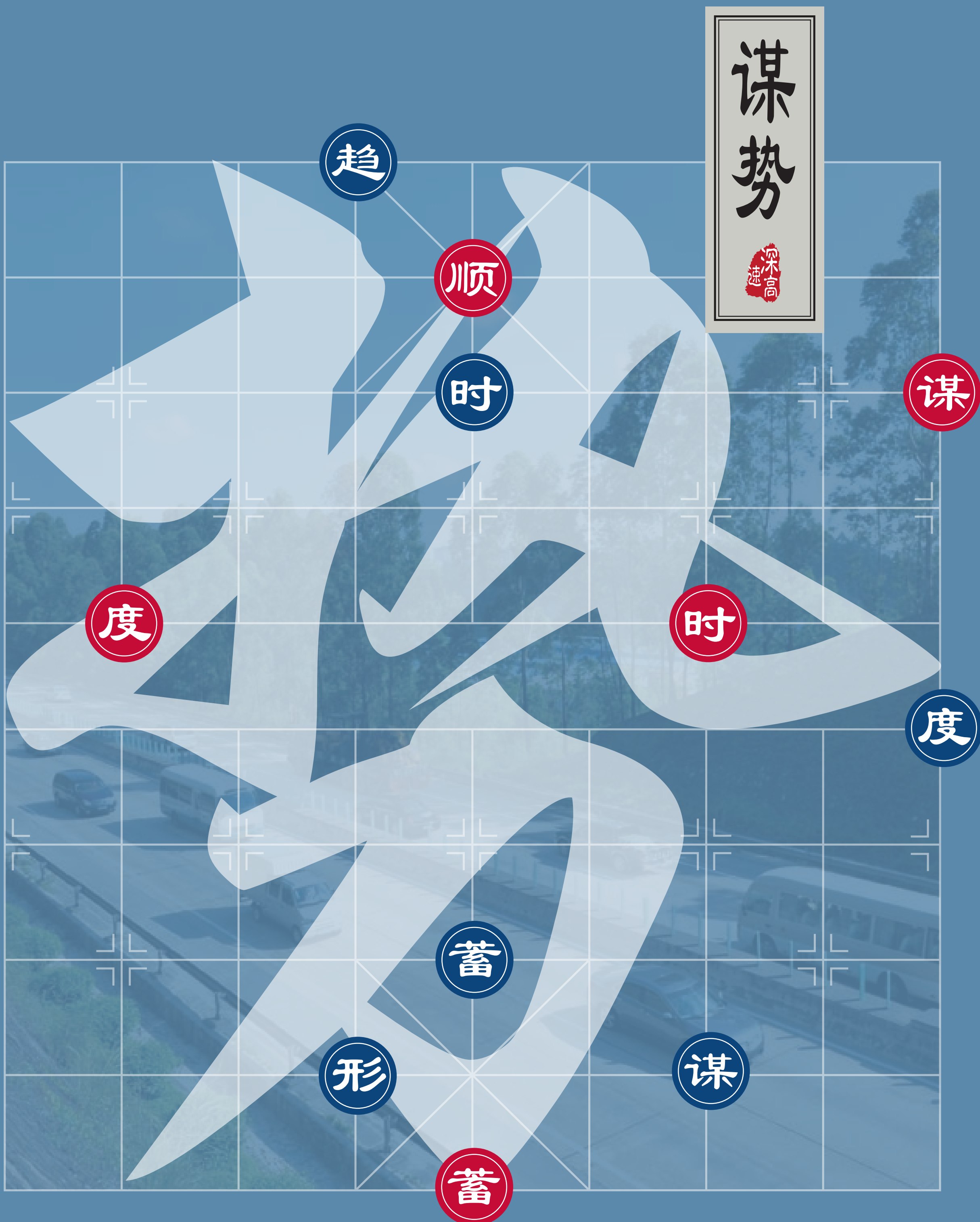
SHENZHEN EXPRESSWAY COMPANY LIMITED

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

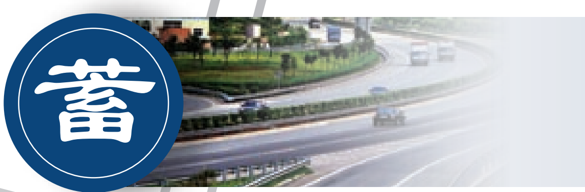
(Stock Code: 00548)



Interim Report 2011

共同進步　分享快樂
Advancing Together, Harvesting Together

势



As quoted ancient wisdom, "smart chess players think globally while lousy players look for one single piece". In playing chess or games, one needs to have an overall strategic plan to win rather than merely seek for a local advantage or capture a certain piece. The final victory is only led by well planning and positioning for any opportunities that may arise. The adoption of Chinese character "**势**"(pronounced as "shi") as the vision theme of this year reflects the unremitting thoughts of the Company on its development strategy and approach.

The character "**势**" has the meaning of momentum or situation. As a result of development in toll highway industry for more fifteen years, the Company has gained certain momentum to lay the foundation for its long-term development. However, being faced with the sophisticated and volatile economic and policy environment, the Company still needs to closely analyse and assess the prevailing situation before making any sound judgment and exploring new business opportunity for its sustained development.

The character "**势**" can also be interpreted as trend and opportunity. The Company will leverage on its advantages for further development and sustainable growth. On the other hand, upon making sound judgment on the situation, the Company will also decisively take steps to seize growth opportunities, ride with the tide and be well poised for take-off.

In Chinese, the character "**势**" is made up of "**执**" (execution) and "**力**" (power). With this annual theme, the Company emphasises once again the necessity of executive power for it to meet the strategic development goals. Meanwhile, the vision theme well illustrates our will power focused on consistently strengthening the executive power of the Company.

Member of Shenzhen International
Holdings Limited

Contents

Introduction to the Company

The Company was established on 30 December 1996. It is principally engaged in the investment, construction, operation and management of toll highways and roads.

A total of 2,180,770,326 shares were issued by the Company, of which 1,433,270,326 A Shares, representing approximately 65.72% of the total share capital of the Company, are listed on SSE and 747,500,000 H Shares, representing approximately 34.28% of the total share capital of the Company, are listed on HKEx.

After over a decade's development, the Company has built a number of high-quality expressways, and also expanded its coverage to Guangdong Province and other economically developed areas in the PRC by ways of acquisition and participation. Meanwhile, the Company provides outstanding construction management and operation management services for government and other enterprises. As at the end of the Reporting Period, the Company operated and invested totally 16 toll highway projects, and the mileage of the highways invested by the Company (on an equity basis) was approximately 429km. The principal business structure of the Company is set out as follows:

SHENZHEN EXPRESSWAY COMPANY LIMITED

Toll Highway Business

- ▶ Meiguan Expressway 100%
- ▶ Jihe East 100%
- ▶ Jihe West 100%
- ▶ Yanpai Expressway 100%
- ▶ Yanba Expressway 100%
- ▶ Nanguang Expressway 100%
- ▷ Shuiguan Expressway 40%
- ▷ Shuiguan Extension 40%

- ▶ Qinglian Expressway 76.37%
- ▷ Yangmao Expressway 25%
- ▷ Guangwu Project 30%
- ▷ Jiangzhong Project 25%
- ▷ GZ W2 Expressway 25%

- ▷ Wuhuang Expressway 55%
- ▷ Changsha Ring Road 51%
- ▷ Nanjing Third Bridge 25%

Entrusted Management Business

- Entrusted Construction Management
- Entrusted Operation Management

Other Businesses

- ▶ Advertising 100%
- ▷ Engineering Consulting 30%

Shenzhen region

Other regions in Guangdong Province

▶ Consolidated project / business

▷ Non consolidated project/ business

Other Provinces in the PRC

Principal Financial Data and Indicators (Prepared in accordance with CAS)

(The unit is in RMB unless otherwise stated)

1. Principal Financial Data

Item	The Period (Unaudited)	2010 Interim (Unaudited)	Change
Revenue	**1,178,677,459.95**	1,054,604,141.90	11.76%
Operating profit	**421,167,920.44**	407,072,414.06	3.46%
Total profit	**420,945,143.99**	414,233,592.86	1.62%
Net profit attributable to owners of the Company	**352,521,341.74**	359,498,732.89	-1.94%
Net profit attributable to owners of the Company – excluding non-recurring items	**338,780,403.88**	343,932,961.12	-1.50%
Net cash flows from operating activities	**656,614,793.87**	745,365,140.47	-11.91%
	As at 30 Jun 2011 (Unaudited)	As at 31 Dec 2010	Change
Total assets	**22,599,286,186.39**	22,616,647,065.72	-0.08%
Total liabilities	**13,207,443,470.19**	13,281,545,805.53	-0.56%
Owners' equity attributable to owners of the Company	**8,658,607,026.17**	8,648,826,937.88	0.11%

Note: Specification on non-recurring items (Details of these items are set out in "Supplementary Information for Financial Statements")

Item	The Period
Profit from entrusted operation management services	**10,660,515.46**
The amortisation of compensation provided by concession grantor	**6,092,477.95**
Other non-operating income and expenses	**(222,776.45)**
Income tax effect	**(2,825,084.12)**
Total	**13,705,132.84**
Including: Effect on minority interests (after tax)	**35,805.02**
Non-recurring profit and loss attributable to owners of the Company	**13,740,937.86**

2. Principal Financial Indicators

Item	The Period (Unaudited)	2010 Interim (Unaudited)	Change
Earnings per share – basic	**0.162**	0.165	-1.94%
Earnings per share excluding non-recurring items – basic	**0.155**	0.158	-1.50%
Earnings per share – diluted	**0.162**	0.165	-1.94%
Return on equity – weighted average (%)	**4.02%**	4.32%	Decrease 0.30 pct.pt
Net cash flows from operating activities per share	**0.301**	0.342	-11.91%
	As at 30 Jun 2011 (Unaudited)	As at 31 Dec 2010	Change
Net assets per share attributable to owners of the Company	**3.9704**	3.9659	0.11%

Business Review

I. Toll Highway Business

The principal activities of the Group are the investment, construction and operation management of toll highways. Currently, the Group is operating and investing in 16 toll highway projects in the Shenzhen region, other regions in Guangdong Province and other provinces in China. The specific performance and business development of the toll highway business of the Group during the Reporting Period is summarised as follows:

1. Operational Performance

			Average daily mixed traffic volume (number of vehicles in thousand)			Average daily toll revenue (RMB'000)		
Toll Highway	Percentage of interests held by the Group	Percentage of revenue consolidated	The Period	2010 Interim	Change	The Period	2010 Interim	Change
Shenzhen region:								
Meiguan Expressway	100%	100%	**120**	109	9.4%	**949**	892	6.4%
Jihe East	100%	100%	**113**	106	6.3%	**1,391**	1,371	1.5%
Jihe West	100%	100%	**97**	84	16.0%	**1,210**	1,091	10.9%
Yanba Expressway (1)	100%	100%	**26**	20	28.4%	**358**	285	26.0%
Yanpai Expressway	100%	100%	**37**	37	-0.2%	**411**	407	0.9%
Nanguang Expressway	100%	100%	**55**	44	24.2%	**579**	442	31.0%
Shuiguan Expressway	40%	—	**120**	129	-6.9%	**1,101**	1,171	-6.0%
Shuiguan Extension	40%	—	**35**	37	-7.4%	**212**	231	-8.2%
Other regions in Guangdong Province:								
Qinglian Expressway (2)	76.37%	100%	**21**	18	19.1%	**1,257**	1,050	19.6%
Yangmao Expressway	25%	—	**24**	21	14.2%	**1,212**	1,158	4.7%
Guangwu Project	30%	—	**24**	14	73.2%	**646**	379	70.5%
Jiangzhong Project	25%	—	**86**	57	51.2%	**951**	806	17.9%
GZ W2 Expressway	25%	—	**33**	24	39.0%	**723**	581	24.4%
Other provinces in the PRC:								
Wuhuang Expressway	55%	—	**38**	37	1.9%	**1,129**	1,257	-10.1%
Changsha Ring Road	51%	—	**9.6**	8.8	9.5%	**81**	72	12.6%
Nanjing Third Bridge	25%	—	**24**	24	1.2%	**829**	807	2.8%

Notes:

(1) Yanba Expressway comprises Yanba A, Yanba B and Yanba C, of which Yanba C was opened for operation on 25 March 2010.

(2) Liannan Section of Qinglian Project has commenced expressway operation since 25 January 2011.

The toll highway business of the Group recorded a stable performance as the national economy has kept growing during the first half of 2011. However, as the highway projects varied among their different functions, years of operation and neighboring road networks, their operational performances varied. During the Reporting Period, for the 16 projects operated and invested by the Group, eight of them recorded two-digit YOY increase in average daily toll revenue, while three of them recorded YOY decrease in their revenues. The analysis and explanation on the related factors are as follows:

Economy environment – In the first half of 2011, the national macro-economy recorded a steady performance in general but there was a slowdown in the economic growth. In the first half of the year, the GDP recorded a YOY growth of approximately 9.6% with a YOY growth of 25.8% recorded in total imports and exports. The steady performance of the economy stabilised the total traffic demand, and the growth of overall operational performance of toll highways was still maintained, but the momentum of economic growth slowed as compared with the recovery growth in "Post-Financial Crisis" in 2010. The YOY economic growth of GDP and total imports and exports dropped 1.5% and 17.3% respectively, resulting in a general shrinkage in the natural growth of toll highway projects. In the meantime, the decline of foreign trade growth also imposed certain pressure on the operation growth of the Group's projects which connect ports, such as Yanba Expressway and Yanpai Expressway.
Source of data: Governmental statistics information website, the website of the customs.

Policy environment – Since December 2010, the toll highways of the Group to which the "Green Passage Toll Free Policy" was applicable have increased from Jihe Expressway, Wuhuang Expressway, Qinglian Expressway, Yangmao Expressway, Changsha Ring Road and Nanjing Third Bridge, to all 16 projects. The revenue and profit of the Group for the Reporting Period decreased by approximately RMB14,136,000 and RMB18,841,000 respectively (2010 Interim: RMB13,041,000 and RMB16,662,000) resulting from the implementation of such policy.

Status of road assets and impact from road network – The completion and operation of highway sections that were previously under construction increased the toll mileage of the projects, driving a faster growth of toll revenues. Yanba C commenced operation in March 2010, and thus the operation period of the whole Yanba Expressway was longer in the Reporting Period. Liannan Section of Qinglian Project has commenced expressway operation since January 2011, increasing the total toll mileage of Qinglian Expressway from 188 kilometers to 216 kilometers. The commencement of operation of these sections together with the stimulation effect after the improvement of the road networks brought steady growth to the overall performances of Yanba Expressway and Qinglian Expressway during the Reporting Period.

In addition, the improvement of road networks, maintenance and repair works on neighboring roads, the construction of the projects and the implementation of urban traffic organisation plans by the government would also cause positive or negative impact on the distribution of traffic volume within the road networks.

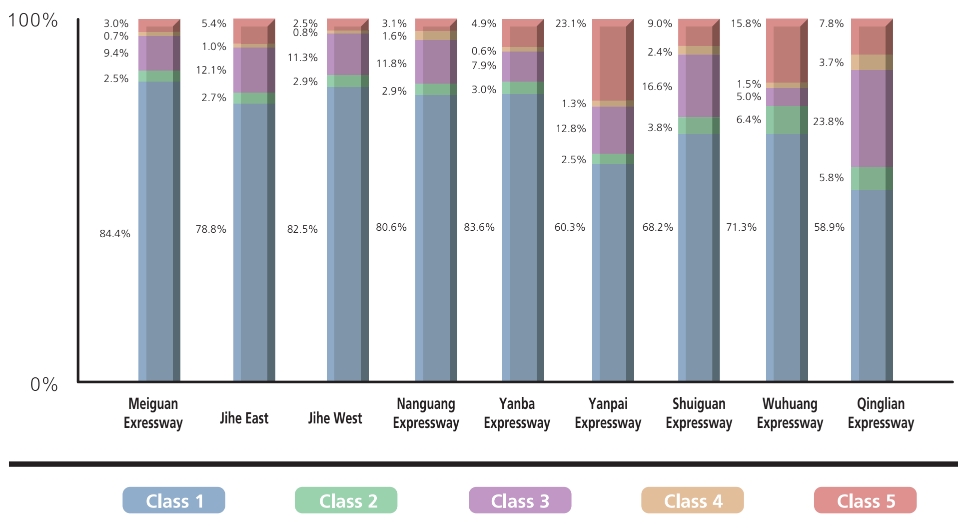
In recent two years, certain municipal roads (such as Songbai Road and Shenhui Road) in Shenzhen were under reconstruction, which had positive impact on the performance of peripheral Nanguang Expressway, Jihe Expressway, Yanpai Expressway and Shuiguan Expressway etc. Following the gradual completion of municipal works, Songbai Road and Shenhui Road have fully resumed opening to traffic at the end of 2010 and early 2011 respectively. Certain traffic volume of those expressways during the construction period returned to local roads, thereby creating an impact on the traffic volume in related expressways.

During the Reporting Period, the road surface construction works were underway for the expansion of Shuiguan Expressway, which, to certain extent, affected the traffic volume of Shuiguan Expressway and Shuiguan Extension. The expansion works were completed in late June 2011, and the expanded Shuiguan Expressway has been in full operation. In addition, with the road surface maintenance and traffic improvement work being carried out in the South Section of Meiguan Expressway and thus affected by the phased of lanes and traffic restrictions, the toll revenues of Meiguan Expressway and the connecting Jihe East recorded a YOY decrease in June. Notwithstanding the decrease, this caused insignificant effect on the operational performance of those projects throughout the entire Reporting Period. Such work was completed in early August 2011.

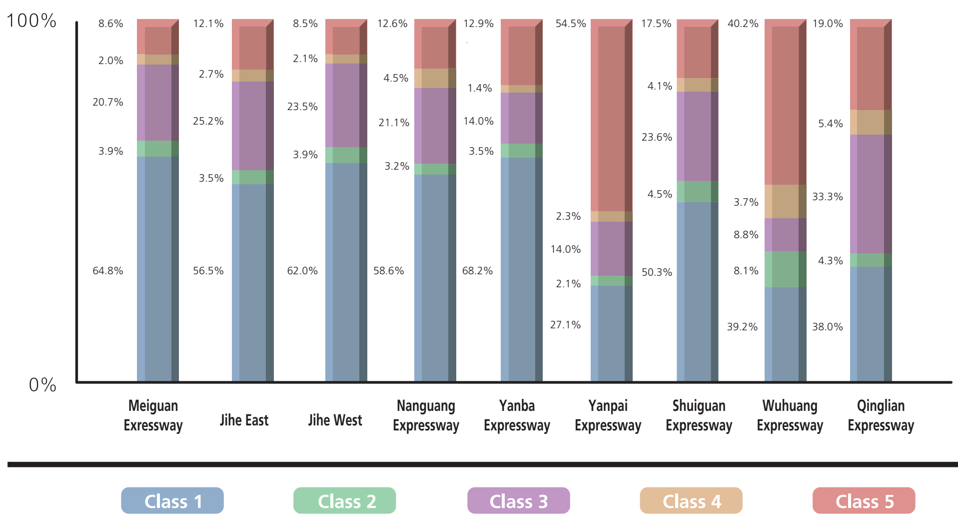
As the second phase of Guangwu Expressway (Hekou to Pingtai section) commenced operation at the end of June 2010, the entire expressway from Guangzhou to Wuzhou has been fully opened. Although there was positive effect on the operational performance of Guangwu Project, it diverted to certain extent the traffic volume, especially more obvious for large vehicles, of Yangmao Expressway. As affected by combined factors such as traffic control measures implemented in Wuhan City and changes in road network including opening of Mawu Expressway, Wuhuang Expressway suffered YOY decrease in the average daily toll revenue. Magerk Company on one hand reinforced its effort in promoting the project to highlight the line location advantage of Wuhuang Expressway, and on the other hand, it enhanced and upgraded the toll collection communication system and commenced operating the vehicle identification stations, so as to improve the management on sorting toll revenue and to cope with the new challenges brought by the changes in road networks.

Information for Reference:

Vehicle Category of Major Highways for the Period - By traffic volume



Vehicle Category of Major Highways for the Period - By toll revenue



2. *Business Development and Improvement*

During the Reporting Period, the Group actively pushed ahead projects under construction, endeavored to improve the traffic capacity and service quality of the projects, and explored business opportunities in the market and responded to environmental changes in pragmatic manner, so as to be well prepared for the improvement of operational performance in the future.

Qinglian Expressway – The reconstruction of Liannan Section of Qinglian Project into an expressway was completed as scheduled in the early 2011, and achieved its management objectives in quality, safety, cost and schedules. The whole 216 km Qinglian Expressway has been fully opened, which improves the traffic conditions and capacity of the project, facilitating a better operational performance of the project during the Reporting Period and laying a solid foundation for the improvement of results after further enhancement in the road networks. Moreover, since Qinglian Class 2 Road bore most of the traffic flow during the period of reconstruction into an expressway of Qinglian Project, the road surfaces were badly worn out. In order to recover its traffic capacity and ensure the traffic safety, the Group has temporarily closed Qinglian Class 2 Road and suspended its toll collection since late September 2010 for maintenance and repair works.

The shareholders of Qinglian Company have agreed to make additional capital contribution of RMB1.9 billion in proportion to their shareholdings. As at the end of the Reporting Period, an aggregate additional capital contribution of RMB1.4 billion was completed. This additional capital contribution not only further improves the capital strength of Qinglian Company, but also optimises the overall borrowing structure and lowers the finance costs of the Group. For details thereof, please refer to the announcement of the Company dated 9 April 2010.

Meiguan Expressway – As at the end of the Reporting Period, for the reconstruction and expansion of the North Section of Meiguan Expressway, approximately 90% of the land requisition, demolition and relocation works, approximately 87% of the earthwork of road understructure and approximately 80% of the pile foundation works have been completed, and the bidding for road surfaces construction is underway. It is expected that this project will be completed in early 2013. Recently, the road surface maintenance and traffic improvement work on the South Section of Meiguan Expressway had been carried out and were completed in early August 2011, with the construction costs amounting to approximately RMB100 million. These works will enhance the traffic capacity and service of the projects.

Given the development of the economy and traffic of the peripheral regions, the government is planning to move northward the toll station on the main route of Meiguan Expressway in the south, and to pay the toll fees collectively by the government for the vehicles using the section to the south of the new toll station. Currently, the Company is proactively negotiating with the relevant competent authorities on the proposal of moving the station and the overall operation arrangement of the project. The Company will timely submit relevant matters to the Board for consideration based on work progress.

Shuiguan Expressway – Qinglong Company is in charge of the expansion of Shuiguan Expressway, which was going well and successfully completed in late June 2011. The expanded Shuiguan Expressway has been in full operation, which will effectively enhance the traffic capacity and service of the project, further improve its toll revenue. The shareholders of Qinglong Company have agreed to make additional capital contribution of RMB330 million in proportion to their shareholdings for the expansion. As at the end of the Reporting Period, an aggregate additional capital contribution of RMB224 million was completed. For details of the additional capital contribution, please refer to the announcement of the Company dated 21 September 2009.

In addition to the business development as mentioned above, the installation of road lighting and monitoring facilities were carried out on Nanguang Expressway, Jihe Expressway, Yanba A, Shuiguan Expressway and Shuiguan Extension during the Reporting Period, further improving the traffic safety and comfortability of expressways of the Group in Shenzhen. LED energy saving lighting facilities were installed on most sections and the trial investment model of Energy Management Contract (EMC) was for the first time used for road lighting installation work in Shenzhen. While enhancing the competitive advantage of the project, we have been committed to realise the Company's planning and idea of environment protection. Moreover, the Company is pushing ahead the preliminary study and relevant negotiations of the Outer Ring project by step, and will make investment decisions upon determination of the investment value and full consideration of the capability of the financial resources of the Company. Currently, the Company does not have any investment or acquisition plans on the toll highways projects.

II. Other Related Businesses

In addition to the toll highway business, leveraged on the relevant management experience and resources, the Company also developed or engaged in businesses such as entrusted management, advertising, construction consulting and inter-networked toll collection, and proactively carried out study and exploration on new industries.

1. Entrusted Management Business

The Company has been gradually involved in entrusted construction and entrusted operation management business related to highways and roads in recent years. For details of business model and historical performance of this business, please refer to the Annual Report 2010 of the Company.

During the Reporting Period, entrusted construction management business of the Company has been pushed ahead as normal, with the construction progress and construction cost of each project basically in line with expectation. The construction of Longhua Extension was completed at the end of April 2011. Section A of Nanping (Phase II) is currently progressing smoothly as a whole, and parts of the contracted sections had finished or were under completion acceptance. While the progress of individual contracted sections were still affected by the delay in demolition and relocation, and the construction of such sections is expected to be completed in mid 2012. Most of the construction works of Section B of Nanping (Phase II), the construction cost of which accounted for about 40% of total investment for Nanping (Phase II), are temporarily not ready to commence construction as affected by the planning adjustment and progress of reclamation works by the government. However, pursuant to the agreement, such delay would not incur performance obligations of the Company under the entrusted construction agreement of Nanping (Phase II). Management of the Coastal Project is currently progressing as scheduled, while the relevant ratification, review and approval process of the entrusted construction agreement is yet to be completed. Moreover, the Company signed an entrusted management agreement for Longda Municipal Section in April 2011, the budget of which amounted to approximately RMB160 million with construction period of 20 months. It is expected that there will not be material effect on the operation management and financial performance of the Company. For the revenue and profit of various items for the Reporting Period, please refer to "Financial Analysis" below.

During the Reporting Period, the entrusted management agreement of Longda Project was normally performed. For the details on the entrusted operation management business of the Company and the profit of the project, please refer to "Other Events" and "Financial Analysis" below.

2. Other Businesses

For the first half of 2011, Advertising Company recorded revenue of RMB33,121,000, representing a YOY increase of 47.74%. During the Reporting Period, in addition to full utilisation of the potential profitability of existing advertising resources, Advertising Company also increased the acquisition of quality outdoor advertising resources so as to continue to strengthen its competitive edges. The registered capital of Advertising Company has been increased from RMB2 million to RMB30 million to strengthen the operating strength of the company. As at the end of the Reporting Period, the relevant procedures for additional capital contribution were completed.

During the year, the Company approved the proposal for additional capital contribution of Consulting Company. Upon the completion of the proposal, the percentage of interests held by the Company in Consulting Company will decrease from 30% to 24%, but the Company will still be the largest shareholder of Consulting Company. As at the date of this report, the relevant work was still in progress. During the Reporting Period, the scale of business of Consulting Company maintained growth.

To further push forward the Company's research and exploration of new industries, as approved by the Board, the Company has set up a limited company with a state-owned enterprises designated by the government of Longli in Guizhou, and such company will principally be engaged in the overall planning of Guilong Urban Economic Zone. The registered capital of such company amounted to RMB10 million and the Company has contributed RMB4.9 million and held 49% interests in such company. For details thereof, please refer to the announcement of the Company dated 21 February 2011.

In order to establish a management mechanism for the development of new industries, define the responsibilities of the management, and enhance the work efficiency and the response capability to market changes, during the Reporting Period, the Board approved the Company to establish a wholly-owned subsidiary which will be engaged in research, investment and management of the new industries. The registered capital of this company is planned to be RMB200 million and the initial contribution is expected to be RMB80 million. As at the date of this report, the procedures for the establishment of this company are still underway.

Financial Analysis

In the first half of 2011, the Group's operating results generally met the Company's expectation. The Group recorded net profit attributable to owners of the Company ("Net Profit") of RMB352,521,000 (2010 Interim: RMB359,499,000), representing a YOY decrease of 1.94%. During the Reporting Period, due to the factors such as slowdown in the growth of macro-economy and changes in the diversion distribution of vehicles of the road network, toll revenue derived from the toll highways invested and operated by the Group had recorded a slower YOY growth, and cost of services increased due to the implementation of business plans and the inflationary effect, which slightly lower the YOY results of the Group for the current period.

I. Analysis of Operating Results

1. *Revenue*

During the Reporting Period, the Group recorded revenue of RMB1,178,677,000, representing a YOY growth of 11.76%, of which toll revenue is the main source of revenue of the Group, which recorded a YOY increase of 10.63% to RMB1,116,625,000. A detailed analysis on revenue is as follows:

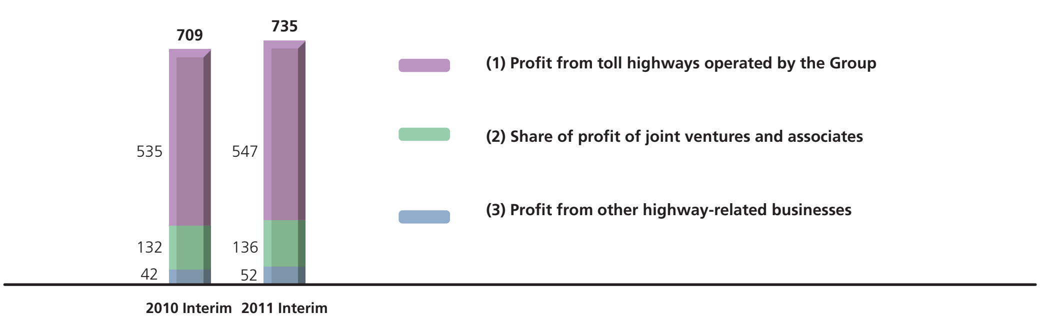
Revenue item	The Period (RMB'000)	Percentage of total	2010 Interim (RMB'000)	Percentage of total	Change
Toll revenue	**1,116,625**	94.74%	1,009,333	95.71%	10.63%
Management services income (Note)	**26,736**	2.26%	20,162	1.91%	32.61%
Other income (including income from advertising service)	**35,316**	3.00%	25,109	2.38%	40.65%
Total	**1,178,677**	100.00%	1,054,604	100.00%	11.76%

Note: Management services income included income from entrusted construction management services of RMB15,454,000 and income from entrusted operation management services of RMB11,282,000.

2. *Profit before Interests, Tax and General and Management Expenses*

During the Reporting Period, the Group's profit before interests, tax and general and management expenses amounted to RMB735,481,000 (2010 Interim: RMB709,399,000), representing a YOY increase of 3.68%. Profit contributed by principal business is as follows:

Profit before Interests, Tax and General and Management Expenses (Unit: RMB million)



(1) Profit from Toll Highways Operated by the Group

- **Profit**

Profit from toll highways operated by the Group for the Reporting Period amounted to RMB547,002,000 (2010 Interim: RMB534,830,000), representing a YOY growth of 2.28%, which was principally attributable to the growth from Jihe West, Nanguang Expressway and Yanba Expressway.

		Toll revenues		Cost of services		Profit before interests, tax and general and management expenses	
Toll highway	Percentage of interests held	The Period (RMB'000)	Change	The Period (RMB'000)	Change	The Period (RMB'000)	Change
Meiguan Expressway	100%	**171,740**	6.40%	**46,235**	22.24%	**120,078**	0.77%
Jihe East	100%	**251,789**	1.48%	**101,139**	7.29%	**142,476**	-3.00%
Jihe West	100%	**219,020**	10.94%	**74,985**	6.59%	**137,388**	12.36%
Yanba Expressway	100%	**64,887**	26.01%	**59,167**	16.03%	**3,622**	N/A
Yanpai Expressway	100%	**74,322**	0.90%	**49,185**	8.97%	**22,858**	-13.83%
Nanguang Expressway	100%	**104,787**	30.97%	**57,496**	22.76%	**43,886**	42.71%
Qinglian Project	76.37%	**230,080**	16.66%	**143,502**	42.63%	**76,694**	-15.00%
Total		**1,116,625**	10.63%	**531,709**	19.21%	**547,002**	2.28%

- **Toll revenue**

For the Reporting Period, the Group recorded toll revenue of RMB1,116,625,000, representing a YOY increase of 10.63%. Among this, Liannan Section of Qinglian Project commenced operation on 25 January 2011, and Qinglian Project recorded a YOY increase of 16.66% in toll revenue as it commenced expressway operation during the Reporting Period. With the gradually enhanced road network and the implementation of the marketing measures, toll revenue from Nanguang Expressway increased by 30.97% YOY. Yanba C was opened for operation in late March 2010, and during 2010 Interim, Yanba Expressway has been in full operation for only three months. Benefited from a YOY increase of toll mileage and synergy effects brought by the commencement of operation of Huishen Coastal Expressway, Yanba Expressway recognised a YOY increase of 26.01% in toll revenue. The YOY growth in toll revenue of other toll highways amounted to 5.33%.

- **Cost of services**

Cost of services for the Group's toll highways recorded a YOY increase of 19.21% to RMB531,709,000 (2010 Interim: RMB446,015,000) for the Reporting Period, which was mainly attributable to the increase of employee expenses and road maintenance expenses. During the Reporting Period, as the Company had made provision for the housing allowances for employees as required by Shenzhen Municipal Government, and there were an increase in the number of employees and an increase in remuneration of toll collection staff in the second half of 2010, the employee expenses recorded a YOY increase. Moreover, Qinglian Class 2 Road is performing an overall repair and the daily maintenance expenses was increased upon the expiry of the liability period of defects of Qinglian Expressway, the Group's road maintenance expenses thus recorded a significant YOY increase. A detailed analysis on cost of services is as follows:

Cost of services item	The Period (RMB'000)	Percentage of total	2010 Interim (RMB'000)	Percentage of total	Change
Employee expenses	**67,050**	14.96%	48,329	13.14%	38.74%
Road maintenance expenses	**57,809**	12.89%	35,058	9.53%	64.89%
Depreciation and amortisation	**284,162**	63.38%	259,763	70.62%	9.39%
Other costs	**39,303**	8.77%	24,657	6.71%	59.40%
Sub-total	**448,324**	100.00%	367,807	100.00%	21.89%
Provisions for maintenance/ resurfacing obligations	**83,385**	—	78,208	—	6.62%
Total	**531,709**		446,015		19.21%

(2) *The Investment Income from Joint Ventures and Associates*

The Group's investment income from joint ventures and associates for the Reporting Period amounted to RMB135,708,000 (2010 Interim: RMB132,158,000), representing a YOY increase of 2.69%. The macro-economy and the changes in the road network resulted in a slowdown in the growth or reduction in the traffic volume of most toll highways operated by our invested companies, which lowered the YOY growth of the Group's investment income. A detailed analysis on investment income from joint ventures and associates is as follows:

		Toll revenue		Cost of services of toll highway		Investment income of the Group	
Toll highway	Percentage of interests held	The Period (RMB'000)	Change	The Period (RMB'000)	Change	The Period (RMB'000)	Change (RMB'000)
Joint Ventures:							
Wuhuang Expressway	55%	**204,421**	-9.86%	**102,700**	-2.55%	**52,849**	7,486
Changsha Ring Road	51%	**14,569**	12.41%	**18,479**	45.75%	**-557**	-1,889
Associates:							
Shuiguan Expressway	40%	**199,223**	-5.99%	**48,202**	11.56%	**38,916**	-6,552
Shuiguan Extension	40%	**38,439**	-8.21%	**18,796**	11.21%	**1,911**	-1,892
Yangmao Expressway	25%	**218,520**	4.22%	**74,531**	4.92%	**20,485**	2,803
Guangwu Project	30%	**116,842**	70.49%	**42,767**	45.53%	**10,501**	7,118
Jiangzhong Project	25%	**172,056**	17.90%	**101,510**	28.62%	**3,927**	-642
GZ W2 Expressway	25%	**130,233**	24.50%	**52,590**	12.62%	**4,421**	-302
Nanjing Third Bridge	25%	**150,939**	3.32%	**67,816**	23.13%	**2,227**	-2,713
Total		**1,245,242**	6.58%	**527,391**	14.83%	(Note) **134,680**	3,417

Note: Investment income from Consulting Company of RMB1,028,000 (2010 Interim: RMB895,000) was not included in the figure of investment income of the Group for the Reporting Period.

(3) Profit from Other Highway-related Businesses

- Profit from entrusted construction management services

  During the Reporting Period, the Company recognised profit from the entrusted construction services of RMB1,829,000 based on the audit results for the budget for the completed Shenyun Project. The government's audit work on the total construction costs for Nanping (Phase I) had not been completed and thus the Company's original estimate for this project remained unchanged. The related service results of Coastal Project, Nanping (Phase II) and Longhua Extension could not be predicted reliably, while the Directors are of the view that future reimbursements of management expenses incurred are probable, therefore the Company recognised revenue and costs for the Reporting Period based on actual management expenses of RMB13,466,000 incurred. The details are set out in notes 5(30)b(i) and 7(5)a(ii) to the Financial Statements.

- 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 RMB11,282,000 and a relevant profit of RMB10,661,000 after deducting relevant tax. The details are set out in note 5(30)b(i) to the Financial Statements.

3. *General and Management Expenses*

The Group's general and management expenses for the Reporting Period amounted to RMB32,126,000 (2010 Interim: RMB21,630,000), representing a YOY increase of 48.52%. Such increase was mainly attributable to the provision for the housing allowances for employees as required by Shenzhen Municipal Government and the increase of development expenses of new businesses.

4. *Financial expenses*

The Group's financial expenses for the Reporting Period amounted to RMB255,871,000 (2010 Interim: RMB253,765,000), which was basically in line with that in the corresponding period. During the Reporting Period, there was a YOY increase in currency exchange gains, which set off the effect of the increment of expensed borrowing interests of Liannan Section of Qinglian Project upon its commencement of operation. A detailed analysis on financial costs is as follows:

Financial expenses item	**The Period (RMB'000)**	2010 Interim (RMB'000)	Change
Interest expenses	**254,845**	259,497	-1.79%
Less: Interest capitalised	**(2,399)**	(9,209)	-73.95%
Interest income	**(5,528)**	(7,258)	-23.84%
Exchange gain/loss and others	**(21,011)**	(12,513)	67.91%
Financial expenses excluding time value of provisions for maintenance/resurfacing obligations	**225,907**	230,517	-2.00%
Add: Time value of provisions for maintenance/resurfacing obligations	**29,964**	23,248	28.89%
Financial expenses	**255,871**	253,765	0.83%

5. *Income Tax*

During the Reporting Period, the Group's income tax amounted to RMB84,864,000 (2010 Interim: RMB65,555,000), representing a YOY increase of 29.45%. Such increase was mainly due to the increase in operating profit, and thus the corresponding increase in taxable income and income tax rate (2011: 24%; 2010: 22%). For the details, please refer to note 5(36) to the Financial Statements.

6. *Amortisation Policies of Concession Intangible Assets and Differences under Different Amortisation Methods*

The Group's concession intangible assets are amortised based on the units-of-usage method, i.e. based on usage amount per unit, 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. For details on this accounting policy and estimates, please refer to notes 2(17)(a) and 2(28)(a) to the Financial Statements.

During the preliminary stages of toll highways' operation and before reaching their designed saturated traffic volumes, the amortisation amount calculated by the units-of-usage method is lower than that calculated by the straight-line method. With the growth in traffic volumes of various toll highways during the Reporting Period, the amortisation difference under the two methods of amortisation attributable to the Company based on its equity interests was RMB51,905,000 and the YOY amortisation difference is reduced. 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. Figures for reference calculated for various toll highways for the Reporting Period is as follows:

		Amortisation amount of operating rights (RMB million)			Amortisation difference attributable to the Company based on its share of interests (RMB million)	
Toll highway	Percentage of interests held	**Units-of-usage method The Period**	Units-of-usage method 2010 Interim	(1) Straight-line method	**The Period**	2010 Interim
The Company and Subsidiaries (2):						
Meiguan Expressway	100%	**23**	21	18	**5**	3
Jihe East (3)	100%	**78**	77	77	**1**	0
Jihe West	100%	**20**	18	14	**6**	4
Yanpai Expressway	100%	**16**	17	23	**-7**	-6
Yanba Expressway	100%	**21**	17	34	**-13**	-17
Nanguang Expressway	100%	**20**	15	43	**-23**	-28
Joint Ventures and Associates:						
Wuhuang Expressway	55%	**42**	44	44	**-2**	0
Changsha Ring Road	51%	**8**	7	9	**-1**	-1
Shuiguan Expressway	40%	**22**	24	20	**1**	1
Shuiguan Extension	40%	**9**	10	12	**-1**	-1
Yangmao Expressway	25%	**36**	37	45	**-2**	-2
Guangwu Project	30%	**29**	17	29	**0**	-4
Jiangzhong Project	25%	**51**	47	64	**-4**	-4
GZ W2 Expressway	25%	**28**	23	55	**-7**	-8
Nanjing Third Bridge	25%	**35**	34	55	**-5**	-5
Total					**-52**	-68

Notes:

(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 just been completed in the first quarter of 2011 and the differences due to this project were not included for the Reporting Period.

(3) The amortisation amount of concession intangible assets of Jihe East Company for the Reporting Period included the amortisation of premium (Units-of-usage method: RMB54 million, straight-line method: RMB61 million).

II. Analysis of Financial Position

1. *Assets, Equity and Liabilities*

The Group's financial position remains solid, with its assets comprising mainly concession intangible assets as well as investments in joint ventures and associates in high-grade toll highways. As at 30 June 2011, the Group's total assets amounted to RMB22,599,286,000 (31 December 2010: RMB22,616,647,000), representing a decrease of 0.08% over the end of 2010, of which concession intangible assets as well as investments in joint ventures and associates in toll highways and other equity in aggregate accounted for 89.78% of the total assets.

As at 30 June 2011, the Group's total equity amounted to RMB9,391,843,000 (31 December 2010: RMB9,335,101,000), representing an increase of 0.61% over the end of 2010. This was mainly attributable to the increased net profit for the Reporting Period and the deduction of dividend distributed for 2010.

Due to the stable and adequate cash flows of the toll highways operated and invested by the Group, as well as the further decrease in the capital expenditures during the Reporting Period, there was a slight decrease in the total borrowings of the Group as compared with that at the end of 2010. As at 30 June 2011, outstanding bills payable, bonds payable and bank borrowings of the Group amounted to RMB9,686,987,000 (31 December 2010: RMB9,915,223,000), of which Qinglian Project had used borrowings of RMB5.138 billion.

2. *Capital Structure and Debt Repayment Capability*

The Company is always committed to maintaining a rational capital structure and enhancing its profitability, in order to maintain its good credit ratings and solid financial position. With the increase of the operating cash flows from highway projects for the Reporting Period, the Group recorded decreases in various financial leverage ratios. Given the Group's stable and robust operating cash flows, and expected growth in cash flow after the commencement of 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.

	30 June 2011	31 December 2010
Debt-to-asset ratio (Total liabilities/Total assets)	**58.44%**	58.72%
Net borrowings-to-equity ratio ((Total borrowings - cash and cash equivalents)/Total equity)	**98.86%**	100.48%

	The Period	2010 Interim
Interest covered multiple (Profit before interests and tax/interest expenses)	**2.48**	2.43
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/interest expenses)	**3.51**	3.38

As at the end of the Reporting Period, net current liabilities of the Group amounted to RMB1,930,594,000. 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 is no significant risk of liquidity in the Group.

3. *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 RMB1,343,034,000 worth of foreign currency-denominated monetary liabilities in HK$, while RMB24,528,000 and RMB99,000 worth of foreign currency-denominated monetary assets were in HK$ and other foreign currencies, respectively. 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 has arranged relevant financial instruments to lock up the exchange rate of foreign currency-denominated liabilities to minimise the risk of exchange rate in the future. The Company has arranged "Non-Deliverable Cross Currency Swap" for a loan of HK$420 million with a maturity period of five years to lock up its interest rate and exchange rate, and "Non-Deliverable Forward" for a loan of HK$227 million with a maturity period of three years to lock up the exchange rate. As at the end of the Reporting Period, the outstanding principal of such five-year loan was HK$399 million. For details thereof, please refer to note 5(24) to the Financial Statements.

4. *Contingencies*

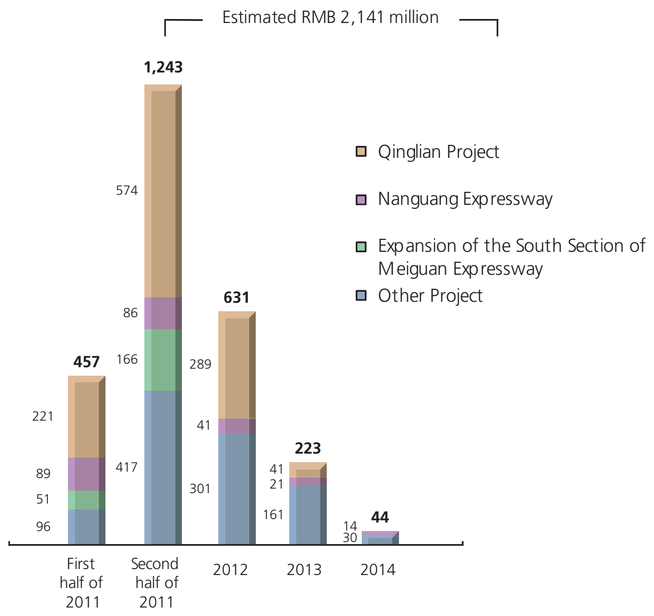
For details on the Group's contingencies during the Reporting Period, please refer to note 8 to the Financial Statements.

III. Capital and Financing

1. *Capital Expenditure*

During the Reporting Period, the Group's capital expenditures comprised mainly the reconstruction of Qinglian Class 1 Highway into an expressway and the remaining construction and investments of Nanguang Expressway, totalling approximately RMB457 million. As at 30 June 2011, the Group's capital expenditure plan comprised mainly construction and investments in the reconstruction of Qinglian Class 1 Highway into an expressway, remaining construction, investments and settlements of projects such as Nanguang Expressway and the reconstruction and expansion of Meiguan Expressway. It is expected that the Group's total capital expenditures will amount to approximately RMB2.141 billion by the end of 2014. The Group 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 totaled RMB957,706,000 (2010 Interim: RMB813,362,000), representing a YOY increase of 17.75%.

3. *Financial Strategies and Financing Arrangements*

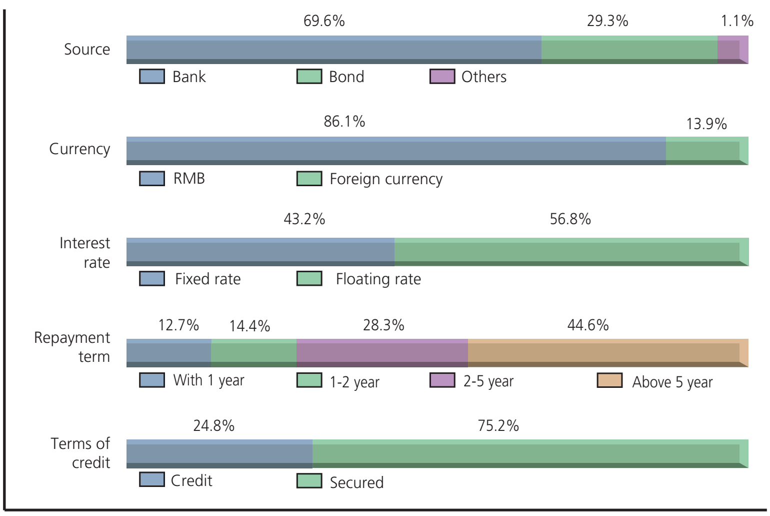
During the Reporting Period, China had further tightened the macro-economic control that the interest rate of loans in RMB and the deposit reserve rate in financial institutions were repeatedly raised, while bank financing was more difficult with the soaring market interest rate. To strengthen the Company's capacity of subsequent financing and development and to prevent the risk of cash flow, the Group continued to optimise its debt structure by way of various measures such as appropriate lowering of the short-term debt ratio, maintaining the scale of foreign currency-denominated loans and applying for the issuance of corporate bonds.

As there is a relatively higher proportion of fixed rate debt and a lagged effect of increase in interest rate to certain extent, the Group's composite borrowing costs for the Reporting Period amounted to 4.91% (2010: composite borrowing costs of 4.77%), which was only 0.14 percentage point slightly higher than that in 2010.

During the Reporting Period, the Company continued to maintain the highest rating of AAA in credit rating for borrowing enterprises. The debt credit rating for the corporate bonds of RMB800 million issued in 2007 and the Bonds with Warrants of RMB1.5 billion issued in 2007 continued to maintain at AAA, while the debt credit rating for the medium-term notes of RMB700 million issued in 2010 maintained at AA+. As at 30 June 2011, the Group had a total of RMB13.79 billion of banking facilities, of which RMB7.2 billion was credit facilities specifically for projects under construction and RMB6.59 billion was general credit facilities. As at the end of the Reporting Period, unutilised banking facilities available amounted to RMB5.48 billion, of which RMB1.03 billion was credit facilities specifically for projects under construction and RMB4.45 billion was general banking credit facilities.

As at the end of the Reporting Period, the Group's borrowings comprised mainly medium to long-term bank loans and bonds. The specific borrowing structure of the Group is shown as follows:

Borrowing Structure (As at 30 June 2011)



During the Reporting Period, there was no proceeds raised by the Company nor was there any proceeds raised in prior years that was utilised in the Reporting Period (as defined by CSRC).

Upon approved by CSRC, the Company has recently issued corporate bonds in amount of RMB1.5 billion to the public. Such bonds are five-year fixed-rate bonds with face interest of 6.0%, carrying an option for increase of face interest by the Company and an investors' put option to sell back the bond at the end of the third year. The proceeds would be utilised for replenishing the working capital of the Company and/or its subsidiaries and for repayment of the existing debts of the Company. The issuance of bonds was completed on 2 August 2011 and the bonds were listed on SSE on 9 August 2011. For details thereof, please refer to the announcements and documents released by the Company between 22 July 2011 and 9 August 2011. The issuance of the corporate bonds would be favourable to the Group's further optimisation of the debt structure, reduction of the risk of finance, and thus foster a stable development of the Group.

Outlook and Plans

I. Analysis on Operating Environment

It is expected that no material changes in the macro-economy would happen in the second half of 2011, while the stability of the operational performance of toll highways will continue in the short term. Our concerns will remain on the economic development trend, assessment on the impacts brought by changes in environment on the Company's operation and development, as well as timely adoption of feasible measures to respond.

Under the comprehensive traffic plan for the "Twelfth Five-Year Plan" introduced by Shenzhen City in 2010, the major mission and direction, being the unification of special economic zones and the establishment of a traffic network connecting the 3 cities namely, Shenzhen, Dongguan and Huizhou, were stepped up. It is expected that this will increase intra-regional communications and thus will give rise to new traffic demand and increase in traffic pressure.

Pursuant to the Notice on Implementation of Special Clean-Up Work for Toll Highways (關於開展收費公路專項清理工作的通知) jointly issued by the five ministries and commissions including National Development and Reform Commission and Ministry of Transport in June 2011, a one-year nationwide special clean-up work for toll highways was commenced on 20 June 2011. The operation of the Group's toll highway projects has been appropriately approved by competent authorities, and relevant disclosures have been continuously made to the investors in the initial listing and subsequent information disclosure documents according to the regulations. However, if the government authorities decide to make adjustments on the concession period or toll rate of the projects as required by the above notice, the operation and management of the Group will be affected to a certain extent. The Company carried out in-depth research on relevant industry policies, and is actively communicating with the competent authorities on the specific circumstances of each project in order to determine the actual impacts of the policies, formulate feasible solutions, and minimise policy risk. From industry management's perspective, the introduction of relevant policies will reinforce the standardised management of toll highway industry, and is beneficial to the long-term health development of the industry. In order to deal with any possible adjustment on the policies, the Company will keep an eye on the direction of the policies and make adjustments to the operation strategies on time according to the Company's development need and internal and external environment, and do our best to protect the interests of the Company and the shareholders.

For the first half of 2011, domestic CPI recorded an increase by 5.4%, which brought more challenges to the Group's daily operation management and construction cost control. In addition, The Central Bank has raised the deposit reserve rate and benchmark interest rate for six times and twice respectively in the first half of 2011. Signs of tightening have been obvious in the credit policy, and the approval of bank loans and credit facilities is strictly controlled, which caused pressure on the Group's financing activities and finance costs control. In view of the tightening credit condition, the Group has to timely grasp the essence and requirements of the policies and make adjustment on its financing strategies, reasonably use various financing products, strengthen the management and planning on capital, in order to relieve capital cost pressure and reduce its risks of financing.

Changes in mode of transportation, including openings of high-speed railways, intercity railways or subways, may give rise to the changes in passengers' choices of transport means, thereby resulting in the changes in traffic volume or vehicle mix of highways. In June 2011, Shenzhen metro phase II with a total of five lines were opened and operated in succession. It is expected the Group's projects in Shenzhen region will be slightly affected, which can be reflected mainly on the reduction of traffic volume of small vehicles, buses and coaches.

The toll-by-weight system is planned to be adopted in the toll highways in western part of Guangdong Province with effect from the last quarter in 2011, which involves Yangmao Expressway and Guangwu Project invested by the Group. However, detailed measures for implementation has not yet been finalised. The implementation of toll-by-weight system may increase the toll revenue, while the cost and complexity of management may also be increased.

Yilian Expressway, which connected Qinglian Expressway and Jinggang'ao Expressway (Hunan Section) is expected to be completed and commence operation in the second half of 2011, thereby allowing Qinglian Expressway to fully develop its line location advantage as the essential route linking Guangdong Province and Hunan Province and improving its overall operational performance. The expanded Shuiguan Expressway has been in full operation, which will improve traffic capacity and traffic efficiency, and thereby lead to further growth in toll revenue and new operating cash flows.

II. Focal Point of Work in the Second Half of the Year

The focal points of work of the Group in the second half of the year include:

- continually enhancing the standardisation and informatisation level of operation management and the emergency traffic soothing capacity during peak traffic hours, to assure traffic efficiency and capacity.

- enhancing communication with the owners of connecting roads, actively planning and implementation of the marketing works for Qinglian Expressway, in order to enhance its operational performance.

- facilitating various works of preventive maintenance management, completing preventive maintenance plans for the expressways in Shenzhen operated by the Group and undertaking the planning and the preparation work for implementation of the maintenance management of the Jihe Expressway.

- strengthening the supervision and management of the construction and entrusted construction projects to achieve the designated targets on safety, quality, cost and schedules.

- pushing forward the negotiations for the adjustment plan for the toll collection mode of the South Section of Meiguan Expressway; attaching greater effort to the research and exploration of new industries and prudently improving the progress of the projects.

- persistently attending to and studying the changes in the credit environment and market policies, strengthening the management of cash flow and reasonably maintaining debt structure and controlling the cost of capital.

For the second half of 2011, there will be no material changes in the Group's overall work targets as compared with those for the beginning of 2011. The management of the Company will continue to focus on such focal points as operation, maintenance, construction, financing and exploration of new industries, and actively push ahead on various work plans in order. The Group will continue to pay attention to the changes in external environment and give prompt responses, in order to improve the Group's operating results and management.

1. Review of Interim Results

The Audit Committee of the Company has reviewed and endorsed the Interim Results Announcement and the Interim Report for the six months ended 30 June 2011 and the relevant financial information has not been audited. The interim financial information for the six months ended 30 June 2011 and the comparative figures for the same period of 2010 are prepared in accordance with CAS.

In light of the acceptance of CAS and China Standards on Auditing and Mainland audit firms by HKEx and in order to improve the efficiency of and reduce the cost of disclosure, for the financial year beginning on or after 1 January 2011, the Company will only prepare one set of financial statements in accordance with CAS. For details thereof, please refer to the announcement dated 25 March 2011 and the circular dated 31 March 2011 of the Company.

2. Dividend Distribution

(1) Dividend distribution scheme for the interim of 2011

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2011 (2010 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

(2) Dividend distribution scheme for the year 2010 and its implementation

Pursuant to the approval at the 2010 Annual General Meeting, the Company paid a final cash dividend of RMB0.16 (tax included) per share for the year 2010 to all shareholders on the basis of the total share capital comprising 2,180,770,326 shares as at the year end of 2010, totalling RMB348,923,252.16. Such dividend distributions were completed as at the date of this report.

3. Movements of Shares

During the Reporting Period, there was no change in the Company's total number of shares or share structure.

4. Profile of Shareholders

(1) 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 the PRC and Hong Kong, the Company had 37,137 shareholders in total, including 36,844 holders of domestic shares and 293 holders of H Shares.

(2) As at the end of the Reporting Period, the information of the top ten holders of non-restricted circulating shares of the Company based on the shareholders' registers provided by the share registrars and the transfer offices of the Company in the PRC and Hong Kong were as follows:

Name of shareholder	Number of shares held	Type of shares
HKSCC Nominees Limited (1)	706,329,098	H Share
Xin Tong Chan Development (Shenzhen) Company Limited	654,780,000	A Share
Shenzhen Shen Guang Hui Highway Development Company	411,459,887	A Share
Huajian Transportation and Economic Development Centre (2)	87,211,323	A Share
Guangdong Roads and Bridges Construction Development Company Limited	61,948,790	A Share
Ip Kow	12,300,000	H Share
Au Siu Kwok	11,000,000	H Share
Sanya Chengda Investment Company Limited	9,013,124	A Share
Yulong Securities Investment Fund	5,400,000	A Share
Wong Kin Ping + Li Tao	5,000,000	H Share

Notes:

(1) The H Shares held by HKSCC Nominees Limited were held on behalf of various clients.

(2) Huajian Transportation and Economic Development Centre has renamed to China Merchants Hua Jian Highway Investment Co., Ltd.

(3) As at 30 June 2011, so far as is known to the Directors, Supervisors and senior management of the Company, the interests or short positions of shareholders, other than a Director, Supervisor or senior management of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the domestic shares of the Company:

	Number of domestic Shares (1)	Approximate percentage of total issued domestic share capital	Approximate percentage of total issued share capital
SIHCL	1,066,239,887 (3)	74.39%	48.89%
Shenzhen International (2)	1,066,239,887 (3)	74.39%	48.89%

Long positions or short positions in the H Shares of the Company:

	Number of H Shares (4)	Approximate percentage of total issued H Share capital	Approximate percentage of total issued share capital
FIL Limited	52,002,000 (5)	6.96%	2.38%
SIHCL	43,536,000 (6)	5.82%	2.00%
Shenzhen International (2)	43,536,000 (6)	5.82%	2.00%
Advance Great Limited	43,536,000 (6)	5.82%	2.00%
Veritas Asset Management (UK) Limited	40,028,000 (7)	5.35%	1.84%
Allianz SE	37,902,000 (8)	5.07%	1.74%

Notes:

(1) Circulating shares listed on SSE.

(2) Shenzhen International is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of HKEx.

(3) Interests of controlled corporations. 654,780,000 and 411,459,887 domestic shares were long positions held directly by XTC Company and SGH Company respectively as beneficial owners. SGH Company is a wholly-owned subsidiary of SGJ Shenzhen. XTC Company and SGJ Shenzhen are wholly-owned subsidiaries of Shenzhen International Limited. Shenzhen International Limited is a wholly-owned subsidiary of New Vision Limited. New Vision Limited is a wholly-owned subsidiary of Shenzhen International. SIHCL, through its wholly-owned subsidiary Ultrarich International Limited, indirectly held 48.59% interests in Shenzhen International. Pursuant to the SFO, SIHCL was deemed to be interested in shares of the Company owned by Shenzhen International.

(4) Shares listed on the main board of HKEx.

(5) These 52,002,000 H Shares were long positions held directly by FIL Limited as investment manager.

(6) These 43,536,000 H Shares were long positions held directly by Advance Great Limited as beneficial owner. Advance Great Limited is a wholly-owned subsidiary of Successful Plan Assets Limited. Successful Plan Assets Limited is a wholly-owned subsidiary of Shenzhen International Limited. For the relations among SIHCL, Ultrarich International Limited, Shenzhen International, New Vision Limited and Shenzhen International Limited, please refer to note (3).

(7) These 40,028,000 H Shares were long positions held directly by Veritas Asset Management (UK) Limited as investment manager.

(8) These 37,902,000 H Shares were interests of controlled corporations of Allianz SE, including long positions of 8,242,000 shares directly held by RCM Asia Pacific Ltd., long positions of 4,500,000 shares directly held by Allianz Global investors Taiwan Limited, long positions of 20,562,000 shares directly held by Allianz Global Investors Luxembourg S.A., long positions of 1,900,000 shares directly held by Allianz Global Investors Advisory GmbH, long positions of 2,070,000 shares directly held by Allianz Global Investors Ireland Limited and long positions of 628,000 shares directly held by Allianz Belgium S.A., all of which are wholly-owned subsidiaries of Allianz SE.

Save as disclosed above, the register required to be kept under Section 336 of Part 15 of the SFO showed that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 30 June 2011.

(4) During the Reporting Period, there was no change in the Company's controlling shareholders or the de-facto controller.

In July 2011, CSRC granted a wavier of the obligation of SIHCL arising from controlling a total of 1,109,775,887 shares of the Company, representing 50.889% of the total shares capital of the Company as a result of the administrative transfer of state-owned assets. Previously, SIHCL has obtained the waiver from the SFC of the obligation to make a general offer for the shares of the Company for the above transfer. For details thereof, please refer to the announcement of the Company dated 12 July 2011. Before and after the above transfer, the de-facto controller of the Company remains unchanged, which was and still is Shenzhen SASAB. SIHCL, which is wholly-owned by Shenzhen SASAB, indirectly held 48.59% shares of Shenzhen International, the controlling shareholder of the Company, through its wholly-owned subsidiary Ultrarich International Limited.

5. 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 joint ventures.

6. Bond Rating

In June 2011, 中誠信國際信用評級有限責任公司 (China Chengxin International Credit Rating Co., Ltd.) gave a follow-up rating to the Company's RMB1.5 billion Bonds with Warrants issued in 2007 with reference to the comprehensive analysis and evaluation of the Company's operation and relevant industries since 2010. As ruled by 中誠信國際信用評級委員會 (Credit Rating Committee of China Chengxin International), this follow-up rating of the bond remained AAA credit rate.

7. Model Code for Securities Transactions by Directors and Supervisors

The Securities Transaction Code of the Company has been adopted by the Board in accordance with relevant rules such as《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》("Management Rules for Holding and Changing in the Shares of Listed Company by Its Director, Supervisor and Senior Management") issued by CSRC and Appendix 10 to the Listing Rules of HKEx entitled "Model Code for Securities Transactions by Directors of Listed Issuers" in light of the Company's actual situation, as a written guide to regulate dealings in the Company's securities by Directors, Supervisors and relevant staff. After making specific enquiry of all the Directors, Supervisors and senior management, the Company confirms that all of the Directors, Supervisors and senior management have complied with the standards on securities transactions by directors as stipulated by the aforementioned code during the Reporting Period.

8. Disclosure of Interests

During the Reporting Period, none of the Directors, the Supervisors or the senior management had held or traded the stock of the company.

As at 30 June 2011, the interests or short positions of the Directors, the Supervisors or the senior management in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part 15 of the SFO) which were required to be entered into the register maintained by the Company under Section 352 of the SFO (including deemed interests and short positions under such provisions of the SFO) or which were required to be notified to the Company and HKEx pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (collectively, "interests or short positions") were as follows:

Long positions in ordinary shares of Shenzhen International:

Name	Number of ordinary shares held	Approximate percentage of issued share capital of Shenzhen International	Nature of interests	Capacity
Li Jing Qi	20,000,000	0.12%	Personal	Beneficial owner

Interests in share option of Shenzhen International:

Name	Share option unexercised as at 1 January 2011 (Note)	Number of share option granted during the Period	Number of share option exercised during the Period	Share option unexercised as at 30 June 2011	Nature of interests	Capacity
Yang Hai	14,300,000	Nil	Nil	14,300,000	Personal	Beneficial owner
Li Jing Qi	17,000,000	Nil	Nil	17,000,000	Personal	Beneficial owner
Zhao Jun Rong	14,300,000	Nil	Nil	14,300,000	Personal	Beneficial owner
Tse Yat Hong	14,300,000	Nil	Nil	14,300,000	Personal	Beneficial owner
Lin Xiang Ke	5,900,000	Nil	Nil	5,900,000	Personal	Beneficial owner
Zhong Shan Qun	14,300,000	Nil	Nil	14,300,000	Personal	Beneficial owner

Note: These share options were granted on 28 September 2010 and could be exercised during the period from 28 September 2012 to 27 September 2015 with the exercise price HK$ 0.58 per share.

Saved as disclosed above, as at 30 June 2011, none of the Directors, the Supervisors or the senior management had interests or short positions defined above.

9. Changes of the Directors, Supervisors and Senior Management

During the Reporting Period, there was no change in the Directors, the Supervisors or the senior management of the Company.

Pursuant to Rule 13.51B(1) of the Listing Rules of HKEx, the change in the information of the Directors of the Company is as follows:

Access Capital Limited, the company where Mr. Lam Wai Hon, Ambrose, an Independent Director of the Company, held position, has renamed to Investec Capital Asia Limited. Currently, Mr. Lam is the president of Investec Capital Asia Limited.

10. Material Litigation and Arbitration

During the Reporting Period, there is no material litigation or arbitration arising in connection with the Company or its subsidiaries nor is there any material prior litigation or arbitration subsisting in the Reporting Period.

11. Material Acquisition, Sale and Business Combination

During the Reporting Period, there is no material acquisition, sale or business combination by the Company or its subsidiaries nor is there any material prior acquisition, sale or business combination subsisting in the Reporting Period.

12. Connected Transactions

(1) Connected transaction in ordinary course of business and continuing connected transaction – Longda Project

On 28 December 2009, the Company entered into an entrusted management agreement with Baotong Company, pursuant to which Baotong Company entrusted the Company to manage its 89.93% equity interest in Longda Company. The term of the entrusted management commenced on 1 January 2010 and will expire on 31 December 2011. The entrusted management fees are calculated on an annual basis at RMB15 million or 8% of the audited net profit of Longda Company (but in any event shall not exceed RMB25 million), whichever is the higher. The fees will be paid in cash by Baotong Company by installments to the Company. Longda Company is principally engaged in toll collection, maintenance, management of the road asset and its rights, and resources development of Longda Expressway.

As Baotong Company is a wholly-owned subsidiary of Shenzhen International, which is the indirectly controlling shareholder of the Company, in accordance with the Listing Rules of SSE, the transaction constitutes a connected transaction of the Company. According to the Listing Rules of HKEx, this transaction constitutes a continuing connected transaction of the Company. For details thereof, please refer to the announcement of the Company dated 28 December 2009. The entrusted management fees under this transaction were determined after arm's length negotiation between both parties with reference to the experience in operation and management of toll highways of the Company. During the Reporting Period, this connected transaction had no effect on the independence of the Company and the entrusted management agreement was normally performed. Income recognised for the Reporting Period amounted to RMB11,282,000, accounting for 0.96% and 100% of the Group's revenue and entrusted operation management service income respectively.

(2) Connected transaction in ordinary course of business - entrusted settlement service for inter-network toll collection

In order to improve the traffic efficiency of the road network as a whole, inter-network toll collection for all highways in Guangdong Province was carries out in phases, and Guangdong UETC was designated to be responsible for inter-network toll collection settlement and unified management of non-cash settlement systems for all highways in the province. The Company and its subsidiary entered into with Guangdong UETC (which was not connected to the Company at the time the agreements being entered into) a number of agreements of entrusted settlement services for inter-network toll collection of the highways in Guangdong Province to entrust Guangdong UETC to provide toll settlement service to such expressways being invested by the Company as Meiguan Expressway, Jihe Expressway, Yanba Expressway, Yanpai Expressway, Nanguang Expressway and Qinglian Expressway, with terms until the expiry of the concession period for toll collection of respective expressway and the service fees standard were determined by the pricing regulatory department of Guangdong Province. Mr. Zhou Qing Ming, a Vice President of the Company, is currently a director of Guangdong UETC for the Company's equity participation in Guangdong UETC. In accordance with the Listing Rules of SSE, Guangdong UETC is a connected person of the Company, and the abovementioned entrusted settlement service constituted connected transactions of the Company. According to the Listing Rules of HKEx, these transactions did not constitute connected transactions of the Company. During the Reporting Period, these transactions had no effect on the independence of the Company and the entrusted settlement agreement was normally performed. Service fees recognised during the Reporting Period amounted to RMB10,299,000, accounting for 1.83% and 100% of the Group's operating cost and management service expenditures from entrusted operation management service respectively.

13. Management contract

Pursuant to a contract dated 7 June 1995 together with subsequent amendments thereof, the Company's joint venture, Magerk Company, entrusted the toll collection of Wuhaung Expressway and the usage, management, preservation, maintenance and repair of Wuhuang Expressway and its ancillary facilities to 湖北省高等級公路管理局 (Hubei Bureau for the Administration of Higher Class Public Roads), or other sub-contractors whom it may designate from time to time (湖北武黃高速公路經營有限公司 (Hubei Wuhuang Expressway Management Co. Ltd.) is the sub-contractor currently designated), throughout the operating period of Wuhuang Expressway. The service was charged at a fee which is equivalent to a fixed percentage of the toll revenues. The aforesaid matters were disclosed in the announcement and circular of the Company in relation to the acquisition of interests in Wuhuang Expressway by the Company.

For the first half of 2011, investment income of the Group from Wuhuang Expressway amounted to RMB52,849,000, representing 14.99% of the net profit attributable to owners of the Company. The amount of entrusted management fees accounted for by Magerk Company during the Reporting Period was RMB51,616,000, of which RMB28,389,000 was attributable to the Company in proportion to the interests held. This aforesaid management contract has no material impact on the financial position and operating results of the Group.

14. Mortgage and Pledge of Assets

As at the end of the Reporting Period, the Company and its subsidiaries had the following assets mortgaged or pledged:

Asset	Type	Bank	Scope of security	Terms
Toll collection rights of Qinglian project (1)	Pledge	A consortium including China Development Bank, etc.	Principal and interests of bank loans in an aggregate amount of RMB5.9 billion	Until repayment of all liabilities by Qinglian Company under the loan agreement
100% equity interests in Meiguan Company	Pledge	China Construction Bank Shenzhen Branch	Counter-guarantee for the irrevocable guarantee with joint liability in respect of the redemption of the corporate bonds with an amount of RMB800 million upon maturity	Until repayment of corporate bonds (principal and interests)
47.3% of toll collection rights of Nanguang Expressway	Pledge	Agricultural Bank of China Shenzhen Branch	Counter-guarantee for the irrevocable guarantee with joint liability in respect of the redemption of the Bonds with Warrants issued by the Company with an amount of RMB1.5 billion upon maturity	Until repayment of the Bonds with Warrants (principal and interests)
40% of equity interests in Qinglong Company (2)	Pledge	Industrial and Commercial Bank of China Limited Shenzhen Branch	Principal and interests of bank loans in an aggregate amount of RMB1.3 billion	Until repayment of all liabilities by the Company under the loan agreement
RMB275 million fixed deposit	Pledge	Shanghai Pudong Development Bank Shenzhen Branch	Principal and interests of a HK$316 million bank loan	Until 29 September 2011
154,000,000 shares of JEL Company (3)	Pledge	Industrial and Commercial Bank of China (Asia) Limited	Bank loans in amount of HK$380 million, credit facilities of HK$12 million and relative payment liabilities under swap facilities of HK$647 million	Until the 7th month after the repayment of all mortgage-backed liabilities by the Mei Wah Company
Receivable due from Transport Commission of Shenzhen Municipality in amount of RMB137 million (4)	Pledge	China Construction Bank Shenzhen Branch	Factoring facilities of RMB100 million	Until 10 June 2012

Notes:

(1) Pledged by Qinglian Company, a subsidiary of the Company. Interests pledged are toll collection rights of Qinglian Class 1 Highway and Qinglian Class 2 Road during the reconstruction period of Qinglian Class 1 Highway into an expressway; and toll collection rights of Qinglian Expressway and Qinglian Class 2 Road after completion of the reconstruction of Qinglian Class 1 Highway into an expressway. As at the end of the Reporting Period, the balance of such consortium loans used by Qinglian Company was RMB3,846 million.

(2) As at the end of the Reporting Period, the balance of such loans used by the Company was RMB665 million.

(3) Pledged by Mei Wah Company, a wholly-owned subsidiary of the Company. As at the end of the Reporting Period, the balance of loans used by Mei Wah Company under such facilities was HK$7 million, and the outstanding principal of loans for which the Group had arranged swap was HK$626 million.

(4) As at the end of the Reporting Period, the balance of loans used by the Company under such facilities was RMB50 million.

15. External Guarantees

External Guarantees of the Company						
Name of the guaranteed	Date of occurrence (date of agreement)	Amount of guarantee	Type of guarantee	Term of guarantee	Completed or not	Guarantee for connected party or not
China Construction Bank Shenzhen Branch	2007-4-20	RMB 800 million	Counter-guarantee (2)	From August 2007 until repayment of corporate bonds of the Company (principal and interests)	No	No
Agricultural Bank of China Shenzhen Branch	2008-7-11	RMB 1,500 million	Counter-guarantee (2)	From February 2009 until repayment of the Bonds with Warrants (principal and interests)	No	No
Industrial and Commercial Bank of China Limited Shenzhen Branch	2010-9-17	HK$ 220.5 million (3)	Counter-guarantee (3)	Upon the relief of guarantee bank's liability and until repayment of liability (if any) under the agreement	No	No
Total amount of guarantees occurred during the Reporting Period (RMB million)				—		
Total balance of guarantees as at the end of the Reporting Period (RMB million)				2,483		
Proportion of total amount of guarantees to the net assets of the Company				26.44%		

Notes:

(1) Abovementioned three external guarantees had been approved by the 2006 Annual General Meeting, the 2007 Annual General Meeting and the Second Extraordinary General Meeting 2010 of the Company respectively.

(2) Please refer to "Mortgage and Pledge of Assets" above for related details.

(3) As for the financing needs in Hong Kong, Mei Wah Company, a wholly-owned subsidiary of the Company accepted the guarantee provided by the Industrial and Commercial Bank of China Limited (Shenzhen Branch), the total amount of which shall not exceed HK$645 million. The Company provided credit counter-guarantee for the bank which provided guarantee. As at the end of the Reporting Period, the guarantees accepted by Mei Wah Company was HK$220.5 million, equivalent to approximately RMB183 million.

16. Other Agreements

Save as disclosed in this report, the Company did not enter into any other material contracts in relation to entrustment, subcontracting, leasing, guarantee or cash assets management during the Reporting Period. Furthermore, there were no such prior material contracts subsisting during the Reporting Period.

17. Advances and Liabilities or Guarantees Related to the Connected Parties (As defined in the relevant PRC regulatory rules):

Unit: RMB'000

	Fund provided to the connected parties		Fund provided to the Company by the connected parties	
Connected party	Amount accrued	Balance	Amount accrued	Balance
Coastal Company [1]	—	—	(5,715)	35,079
Baotong Company [2]	—	—	(211)	(575)
Nanjing Company	—	—	—	46,500
Total	—	—	(5,926)	81,004

Notes:

(1) The operating fund intercourse to ensure timely payment for expenses incurred by Coastal Project.

(2) Advances from Baotong Company is the management fee received in advance pursuant to the entrusted construction agreement of Longhua Extension. As at the end of the Reporting Period, the balance is the difference between the management fee received in advance by the Company and the revenue recognised by the Company according to the accounting policies.

Besides, a loan from the Spanish Government on-lent by China Construction Bank was secured by a guarantee given by XTC Company, a substantial shareholder of the Company. As at the beginning of the Period, the balance of the loan was US$223,420, which was fully repaid in the Period. The abovementioned guarantee expired on 30 April 2011.

18. Undertakings

(1) The shareholders of the Company, XTC Company and SGH Company, each of which has more than 5% shareholding in the Company, have undertaken in the promoters' agreement that they will not engage in Shenzhen in any industry or business in any form, which, directly or indirectly, competes with the Company. The Company did not notice violation of such undertakings by the above two major shareholders up to the end of the Reporting Period.

(2) Shenzhen International and SGJ Shenzhen made undertakings in《詳式權益變動報告書》("Detailed Report on the Change of Equity Interests") published on 18 October 2007 in the securities market of PRC. The undertakings include avoiding competitions and standardising connected transactions, etc. For details thereof, please refer to the abovementioned《詳式權益變動報告書》("Detailed Report on the Change of Equity Interests") or related contents of the Annual Report 2007 of the Company. Up to the end of the Reporting Period, the Company did not notice violation of such undertakings by Shenzhen International and SGJ Shenzhen.

(3) Shenzhen International made undertakings in respect of the matters such as avoiding competitions and supporting the development of the Company in December 2010 and June 2011 respectively. For details thereof, please refer to《收購報告書》("Acquisition Report") published on 4 January 2011 in the securities market of PRC by SIHCL and the announcement of the Company dated 1 June 2011. Up to the end of the Reporting Period, the Company did not notice violation of such undertakings by Shenzhen International.

(4) SIHCL made undertakings in respect of the matters such as avoiding competitions and supporting the development of the Company in December 2010 and May 2011 respectively. For details thereof, please refer to《收購報告書》("Acquisition Report") published on 4 January 2011 in the securities market of PRC by SIHCL and the announcement of the Company dated 1 June 2011. Up to the end of the Reporting Period, the Company did not notice violation of such undertakings by SIHCL.

19. Employees, Remuneration and Training

As at 30 June 2011, the Group (including the Company and its subsidiaries consolidated into the financial statements) had 3,038 employees, of whom 699 were management and professional staffs while 2,339 were toll collection staff.

Staff remuneration and benefit comprise wage, performance bonus and statutory and company benefits which are based on the principle of "salary is based on the individual position and changes with the position", 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 retirement scheme organised by the local government authorities (social pension insurance), and has applied various protection plans such as basic medical insurance package, work injury insurance and unemployment insurance for its employees. The Company values staff training. During the Reporting Period, the Company had organised 17 trainings, with a total of 672 participants.

20. Information Disclosure

During the Reporting Period, the Company released the Annual Report, 1 shareholder circulars, 20 announcements in the H Share market and simultaneously disclosed 8 information documents released in the A Share market disclosing, among which monthly operational statistics, notice of annual results presentation are voluntarily disclosed information. The above disclosure documents are available on the website of HKEx at http://www.hkex.com.hk and the website of the Company at http://www.sz-expressway.com for inspection and download.

21. 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 adopted and complied with the code provisions of the "Code on Corporate Governance Practices" as set out in Appendix 14 of the Listing Rules of HKEx and has adopted most recommended best practices of such code. The current corporate governance practices of the Company have gone beyond the requirements of relevant regulations and rules in certain aspects. For details thereof, please refer to the Annual Report 2010 of the Company.

22. Information on the Progress of Implementation of Internal Control

In order to implement《企業內部控制基本規範》(Basic Standard for Internal Control of Enterprises) and relevant implementation guidelines jointly issued by the five ministries of the PRC including the Ministry of Finance and CSRC and to continuously improve the operational management and capability of risk prevention of the Company, the Company, in accordance with the requirement of relevant notice issued by the Shenzhen Branch of CSRC, formulated the Working Plan for Implementation of Internal Control ("Plan"), which was considered and approved by the eighteenth meeting of the fifth session of the Board of the Company. For details thereof, please refer to the full text of the Plan released by the Company dated 28 April 2011 on the website of SSE. During the Reporting Period, working for development and assessment of internal control of the Company are going ahead as planed. Specific information was as follows:

(1) The development of internal control system

For the development of internal control system, the main task of the Company in 2011 primarily includes the optimisation of the internal control system of Qinglian Company in accordance with the Plan. The Company will carry out rationalisation and benchmarking of the internal control system of Qinglian Company so as to fully complete the review and updating of the Management Manual on Internal Control of Qinglian Company in accordance with the relevant guidelines. The specific tasks include:

Tasks	Estimated completion time	The status as at the end of the Reporting Period
Defining the implementation organisation of Qinglian Company	March 2011	Completed
Determination of the major procedures for the implementation of internal control of Qinglian Company	March 2011	Completed
Rationalisation and benchmarking of the internal control system of Qinglian Company and delivery to the management of Qinglian Company the list of the deficiency in internal control	April 2011	Completed The project team of the Company delivered to the management of Qinglian Company two lists of deficiency in internal control in relation to the design and implementation and a total of 32 suggestions for improvement in April and June respectively.
Preliminary revision of the Management Manual on Internal Control of Qinglian Company	April to June 2011	Completed The Management Manual on Internal Control of Qinglian Company comprises 15 operating procedures with a total of 89 sub-procedures. As at 30 June 2011, revision on 89 sub-procedures was completed, with 39 sub-procedures having been confirmed by the procedure officer.
Formulation of and carrying out the improvement plans for the deficiency in internal control by Qinglian Company	May to June 2011	Basically completed The first phase with a total of 17 improvements on the deficiency in internal control has been basically completed and the second phase with a total of 15 improvements on the deficiency in internal control was in progress as at the end of the Reporting Period.

(2) Self-assessment on internal control

Tasks	Estimated completion time	The status as at the end of the Reporting Period
Determination of the standards for the assessment of the deficiency in internal control	By March 2011	Completed The Quality Controlling Procedures for Evaluation of Internal Control was approved by the Board.
Preparation of the annual assessment plan for internal control	By May 2011	Completed The 2011 Assessment Plan for Internal Control was approved by the Audit Committee.
Commencement of the self-assessment	May 2011	Completed The meeting for the commencement of annual assessment of internal control was held to issue detailed plan for the assessment, and the training for the assessment of internal control was held to give guidance on the testing methods and skills.
Carrying out the testing on effectiveness	June-September 2011	In progress The departments of the Company have carried out the self-assessments on the effectiveness of internal control in accordance with the requirements and the schedules of the 2011 Assessment Plan for Internal Control.

(3) Audit of internal control

Tasks	Estimated completion time	The status as at the end of the Reporting Period
Engaging the audit firm for auditing internal control	By September 2011	Completed The Company has approved to engage the PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. as the auditor for internal control in 2011.
Determination of the audit plan for internal control with the audit firm	September to October 2011	In progress The matters in relation to the internal control audit, including its timetable, have been preliminarily discussed with the auditors for internal control.

23. Name of Directors

As at the date of this report, 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 Director), Mr. Ting Fook Cheung, Fred (Independent Director), Mr. Wang Hai Tao (Independent Director) and Mr. Zhang Li Min (Independent Director).

By Order of the Board
Yang Hai
Chairman

Shenzhen, PRC, 12 August 2011

Interim Financial Report

Consolidated Balance Sheet

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

Assets	Note	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Current Assets			
Cash at bank and on hand	5(1)	**690,991,272.48**	832,427,381.66
Dividends receivable		**9,569,209.91**	—
Accounts receivable	5(2)	**237,346,744.84**	245,327,133.78
Advances to suppliers	5(4)	**28,406,002.45**	13,865,949.18
Interest receivable		**4,661,815.07**	1,715,171.24
Other receivables	5(3)	**33,662,535.59**	36,456,038.12
Inventories	5(5)	**4,725,070.68**	3,401,645.38
Total current assets		**1,009,362,651.02**	1,133,193,319.36
Non-current assets			
Long-term equity investments	5(6)	**2,224,117,147.67**	2,394,169,935.76
Investment properties	5(7)	**16,692,775.00**	16,980,625.00
Fixed assets	5(8)	**1,056,797,366.92**	1,026,607,672.44
Construction in progress	5(9)	**86,372,300.12**	42,034,013.85
Intangible assets	5(10)	**18,065,752,281.68**	17,896,204,675.75
Long-term prepaid expenses		**3,506,649.71**	3,964,038.77
Deferred tax assets	5(11)	**136,685,014.27**	103,492,784.79
Total non-current assets		**21,589,923,535.37**	21,483,453,746.36
Total assets		**22,599,286,186.39**	22,616,647,065.72

Liabilities and owners' equity	Note	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Current liabilities			
Short-term borrowings	5(12)	**771,309,200.00**	1,174,259,800.00
Notes payable	5(13)	**—**	3,024,616.00
Accounts payable	5(14)	**1,023,542,544.48**	939,782,814.66
Advances from customers	5(15)	**24,670,777.73**	14,171,844.00
Employee benefits payable	5(16)	**40,541,815.10**	62,689,956.43
Taxes payable	5(17)	**125,833,619.40**	149,211,799.65
Interests payable	5(18)	**81,761,973.01**	62,367,213.28
Dividends payable		**106,911,126.91**	—
Other payables	5(19)	**283,382,170.55**	386,406,073.32
Current portion of non-current liabilities	5(21)	**482,003,666.41**	195,463,729.63
Total current liabilities		**2,939,956,893.59**	2,987,377,846.97
Non-current liabilities			
Long-term borrowings	5(22)	**5,614,217,760.00**	5,757,383,500.00
Bonds payable	5(23)	**2,838,949,128.33**	2,807,923,750.11
Provisions	5(20)	**984,491,917.15**	882,434,765.75
Deferred tax liabilities	5(11)	**803,039,686.35**	820,729,860.38
Hedging instrument	5(24)	**26,788,084.77**	25,696,082.32
Total non-current liabilities		**10,267,486,576.60**	10,294,167,958.56
Total liabilities		**13,207,443,470.19**	13,281,545,805.53
Owners' equity			
Share capital	5(25)	**2,180,770,326.00**	2,180,770,326.00
Capital surplus	5(26)	**3,161,360,647.88**	3,155,178,649.17
Surplus reserve	5(27)	**1,446,432,645.22**	1,446,432,645.22
Undistributed profits	5(28)	**1,870,043,407.07**	1,866,445,317.49
Total equity attributable to owners of the Company		**8,658,607,026.17**	8,648,826,937.88
Minority interests	5(29)	**733,235,690.03**	686,274,322.31
Total owners' equity		**9,391,842,716.20**	9,335,101,260.19
TOTAL LIABILITIES AND OWNERS' EQUITY		**22,599,286,186.39**	22,616,647,065.72

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Balance Sheet

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

Assets	Note	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Current Assets			
Cash at bank and on hand		**415,657,944.68**	568,822,519.87
Accounts receivable	12(1)	**211,877,311.14**	217,361,364.51
Advances to suppliers		**19,518,915.05**	5,817,924.39
Interest receivable		**4,661,815.07**	1,715,171.24
Other receivables	12(2)	**119,453,956.27**	54,197,326.13
Inventories		**2,355,824.67**	1,620,033.26
Total current assets		**773,525,766.88**	849,534,339.40
Non-current assets			
Long-term receivables	12(3)	**1,302,750,539.48**	1,332,357,225.41
Long-term equity investments	12(4)	**6,597,628,473.35**	6,536,154,096.00
Investment properties		**16,692,775.00**	16,980,625.00
Fixed assets		**564,627,504.02**	585,565,536.27
Construction in progress		**55,440,465.41**	1,746,567.52
Intangible assets		**5,140,039,522.40**	5,160,086,289.08
Long-term prepaid expenses		**3,506,649.71**	3,964,038.77
Deferred tax assets		**136,685,014.27**	103,492,784.79
Total non-current assets		**13,817,370,943.64**	13,740,347,162.84
TOTAL ASSETS		**14,590,896,710.52**	14,589,881,502.24

Liabilities and owners' equity	Note	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Current liabilities			
Short-term borrowings		**624,116,000.00**	798,959,000.00
Notes payable		**—**	3,024,616.00
Accounts payable		**169,277,900.84**	177,072,709.99
Advances from customers		**2,846,214.73**	750,000.00
Employee benefits payable		**29,748,258.99**	46,561,798.21
Taxes payable		**75,324,449.05**	81,855,281.28
Interests payable		**75,105,024.49**	51,995,863.04
Dividends payable		**106,911,126.91**	—
Other payables		**326,520,966.77**	316,618,145.73
Current portion of non-current liabilities		**365,308,805.41**	172,631,343.63
Total current liabilities		**1,775,158,747.19**	1,649,468,757.88
Non-current liabilities			
Long-term borrowings		**1,696,718,000.00**	1,944,794,500.00
Bonds payable		**2,847,479,498.04**	2,816,038,196.64
Provisions		**725,662,067.99**	632,629,231.75
Total non-current liabilities		**5,269,859,566.03**	5,393,461,928.39
Total liabilities		**7,045,018,313.22**	7,042,930,686.27
Owners' equity			
Share capital		**2,180,770,326.00**	2,180,770,326.00
Capital surplus		**2,315,587,934.74**	2,315,587,934.74
Surplus reserve		**1,446,432,645.22**	1,446,432,645.22
Undistributed profits		**1,603,087,491.34**	1,604,159,910.01
Total owners' equity		**7,545,878,397.30**	7,546,950,815.97
TOTAL LIABILITIES AND OWNERS' EQUITY		**14,590,896,710.52**	14,589,881,502.24

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Consolidated Income Statement

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

	Note	For the six months ended 30 June 2011 (Unaudited)	For the six months ended 30 June 2010 (Unaudited)
Revenue	5(30)	**1,178,677,459.95**	1,054,604,141.90
Less: Cost of services	5(30)	**(561,543,381.60)**	(467,700,410.17)
Business tax and surcharges	5(31)	**(43,677,005.94)**	(36,593,960.90)
General and administrative expenses	5(32)	**(32,125,755.03)**	(21,629,981.22)
Financial expenses – net	5(33)	**(255,871,075.85)**	(253,765,021.53)
Add: Investment income	5(34)	**135,707,678.91**	132,157,645.98
Including: share of profit of associates and joint ventures		**135,707,678.91**	132,157,645.98
Operating profit		**421,167,920.44**	407,072,414.06
Add: Non-operating income	5(35)	**107,223.18**	7,835,550.03
Including: Gains on disposal of non-current assets		**8,920.00**	5,749,322.70
Less: Non-operating expenses	5(35)	**(329,999.63)**	(674,371.23)
Including: Losses on disposal of non-current assets		**(238,707.00)**	(278,845.92)
Total profit		**420,945,143.99**	414,233,592.86
Less: Income tax expenses	5(36)	**(84,863,570.37)**	(65,555,371.24)
Net profit		**336,081,573.62**	348,678,221.62
Net profit attributable to owners of the Company		**352,521,341.74**	359,498,732.89
Minority interests		**(16,439,768.12)**	(10,820,511.27)
Earnings per share			
Basic earnings per share	5(37)	**0.162**	0.165
Diluted earnings per share	5(37)	**0.162**	0.165
Other comprehensive income	5(38)	**6,181,998.71**	(3,647,664.39)
Total comprehensive income		**342,263,572.33**	345,030,557.23
Attributable to owners of the Company		**358,703,340.45**	355,851,068.50
Minority interests		**(16,439,768.12)**	(10,820,511.27)

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Income Statement

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

	Note	For the six months ended 30 June 2011 (Unaudited)	For the six months ended 30 June 2010 (Unaudited)
Revenue	12(5)	**492,296,012.28**	425,503,848.97
Less: Cost of services	12(5)	**(252,252,688.04)**	(224,731,472.50)
Business tax and surcharges		**(19,869,233.25)**	(15,792,880.55)
General and administrative expenses		**(32,115,384.08)**	(21,512,444.69)
Financial expenses – net		**(93,628,042.87)**	(112,040,710.57)
Add: Investment income	12(6)	**274,962,635.83**	285,883,121.52
Including: share of profit of associates and joint ventures		**82,858,832.59**	86,794,601.22
Operating profit		**369,393,299.87**	337,309,462.18
Add: Non-operating income		**91,995.18**	7,284,915.95
Including: Gains on disposal of non-current assets		**1,900.00**	—
Less: Non-operating expenses		**(75,851.76)**	(587,209.02)
Including: Losses on disposal of non-current assets		**(28,373.26)**	—
Total profit		**369,409,443.29**	344,007,169.11
Less: Income tax expenses		**(21,558,609.80)**	(8,717,756.62)
Net profit		**347,850,833.49**	335,289,412.49
Other comprehensive income		**—**	—
Total comprehensive income		**347,850,833.49**	335,289,412.49

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Consolidated Cash Flow Statement

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

	Note	For the six months ended 30 June 2011 (Unaudited)	For the six months ended 30 June 2010 (Unaudited)
Cash flows from operating activities			
Cash received from rendering services		**1,188,975,169.90**	1,025,361,349.38
Cash received relating to other operating activities		**16,371,986.31**	62,740,473.96
Sub-total of cash inflows		**1,205,347,156.21**	1,088,101,823.34
Cash paid for goods and services		**(154,261,587.94)**	(83,990,805.64)
Cash paid to and on behalf of employees		**(102,153,429.82)**	(83,949,639.09)
Payments of taxes and surcharges		**(206,129,771.39)**	(135,068,927.34)
Cash paid relating to other operating activities	5(39)(a)	**(86,187,573.19)**	(39,727,310.80)
Sub-total of cash outflows		**(548,732,362.34)**	(342,736,682.87)
Net cash flows from operating activities	5(40)(a)	**656,614,793.87**	745,365,140.47
Cash flows from investing activities			
Cash received from disposal of investments		**52,784,313.24**	18,726,140.57
Cash received from returns on investments		**248,306,943.62**	49,270,738.52
Net cash received from disposal of fixed assets		**7,410.00**	26,569,132.00
Cash received relating to other investing activities		**3,791,522.20**	2,120,358.58
Sub-total of cash inflows		**304,890,189.06**	96,686,369.67
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**(472,687,970.94)**	(531,734,822.35)
Net cash paid to acquire subsidiaries		**(4,900,000.00)**	—
Cash paid relating to other investing activities		**(4,814,735.95)**	(21,568,106.88)
Sub-total of cash outflows		**(482,402,706.89)**	(553,302,929.23)
Net cash flows from investing activities		**(177,512,517.83)**	(456,616,559.56)
Cash flows from financing activities			
Cash received from capital contributions		**63,400,992.64**	—
Including: Cash received from capital contributions by minority owners of subsidiaries		**63,400,992.64**	—
Cash received from borrowings		**914,294,760.00**	861,746,009.63
Cash received from issuance of bonds		**—**	697,326,500.00
Sub-total of cash inflows		**977,695,752.64**	1,559,072,509.63
Cash repayments of borrowings		**(1,139,084,625.43)**	(1,517,565,206.41)
Cash payments for interest expenses and distribution of dividends or profits		**(444,401,877.19)**	(368,710,537.60)
Cash payments relating to other financing activities		**(4,223,391.10)**	(1,100,360.39)
Sub-total of cash outflows		**(1,587,709,893.72)**	(1,887,376,104.40)
Net cash flows from financing activities		**(610,014,141.08)**	(328,303,594.77)
Effect of foreign exchange rate changes on cash and cash equivalents		**(2,405,223.48)**	7,626.30
Net decrease in cash and cash equivalents	5(40)(b)	**(133,317,088.52)**	(39,547,387.56)
Add: Cash and cash equivalents at beginning of period		**535,465,379.37**	479,100,883.88
Cash and cash equivalents at end of period	5(40)(c)	**402,148,290.85**	439,553,496.32

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Cash Flow Statement

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

	For the six months ended 30 June 2011 (Unaudited)	For the six months ended 30 June 2010 (Unaudited)
Cash flows from operating activities		
Cash received from rendering services	**496,065,688.17**	396,080,805.77
Cash received relating to other operating activities	**106,804,078.67**	168,689,255.42
Sub-total of cash inflows	**602,869,766.84**	564,770,061.19
Cash paid for goods and services	**(44,087,989.06)**	(36,651,879.18)
Cash paid to and on behalf of employees	**(61,248,113.81)**	(49,871,868.42)
Payments of taxes and surcharges	**(82,325,019.82)**	(43,011,503.64)
Cash paid relating to other operating activities	**(138,675,418.72)**	(35,882,047.06)
Sub-total of cash outflows	**(326,336,541.41)**	(165,417,298.30)
Net cash flows from operating activities	**276,533,225.43**	399,352,762.89
Cash flows from investing activities		
Cash received from disposal of investments	**118,186,695.51**	65,485,999.76
Cash received from returns on investments	**250,019,889.35**	248,359,258.82
Net cash received from disposal of fixed assets	**1,900.00**	26,568,682.00
Cash received relating to other investing activities	**1,546,009.61**	1,570,317.52
Sub-total of cash inflows	**369,754,494.47**	341,984,258.10
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**(163,491,065.26)**	(155,431,615.89)
Net cash paid to acquire subsidiaries	**(154,718,326.38)**	(100,000,000.00)
Cash paid relating to other investing activities	**—**	(500,462,396.38)
Sub-total of cash outflows	**(318,209,391.64)**	(755,894,012.27)
Net cash flows from investing activities	**51,545,102.83**	(413,909,754.17)
Cash flows from financing activities		
Cash received from borrowings	**328,600,000.00**	469,249,759.63
Cash received from issuance of bonds	**—**	697,326,500.00
Cash received relating to other financing activities	**62,600,000.00**	1,909,642.86
Sub-total of cash inflows	**391,200,000.00**	1,168,485,902.49
Cash repayments of borrowings	**(541,452,006.58)**	(963,811,585.53)
Cash payments for interest expenses and distribution of dividends or profits	**(320,332,216.76)**	(252,817,107.80)
Cash payments relating to other financing activities	**(2,703,464.81)**	(1,099,570.84)
Sub-total of cash outflows	**(864,487,688.15)**	(1,217,728,264.17)
Net cash flows from financing activities	**(473,287,688.15)**	(49,242,361.68)
Effect of foreign exchange rate changes on cash and cash equivalents	**163,805.36**	21,637.70
Net decrease in cash and cash equivalents	**(145,045,554.53)**	(63,777,715.26)
Add: Cash and cash equivalents at beginning of period	**271,860,517.58**	267,620,833.88
Cash and cash equivalents at end of period	**126,814,963.05**	203,843,118.62

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Consolidated Statement of Changes in Owners' Equity

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

	Attributable to owners of the Company					
Item	Share capital	Capital surplus	Surplus reserve	Undistributed profits	Minority interests	Total owners' equity
Opening balance on 1 January 2010	2,180,770,326.00	3,167,955,682.43	1,372,324,752.84	1,456,439,118.37	688,926,755.67	8,866,416,635.31
Movements for the six months ended 30 June 2010						
Net profit	—	—	—	359,498,732.89	(10,820,511.27)	348,678,221.62
Other comprehensive income	—	(3,647,664.39)	—	—	—	(3,647,664.39)
Subtotal	—	(3,647,664.39)	—	359,498,732.89	(10,820,511.27)	345,030,557.23
Profit distribution						
Dividends relating to 2009	—	—	—	(261,692,439.12)	—	(261,692,439.12)
Ending balance on 30 June 2010 (unaudited)	2,180,770,326.00	3,164,308,018.04	1,372,324,752.84	1,554,245,412.14	678,106,244.40	8,949,754,753.42
Opening balance on 1 January 2011	2,180,770,326.00	3,155,178,649.17	1,446,432,645.22	1,866,445,317.49	686,274,322.31	9,335,101,260.19
Movements for the six months ended 30 June 2011						
Net profit	—	—	—	352,521,341.74	(16,439,768.12)	336,081,573.62
Other comprehensive income	—	6,181,998.71	—	—	—	6,181,998.71
Subtotal	—	6,181,998.71	—	352,521,341.74	(16,439,768.12)	342,263,572.33
Capitals injected by owners	—	—	—	—	63,401,135.84	63,401,135.84
Profit distribution						
Distribution to owners	—	—	—	(348,923,252.16)	—	(348,923,252.16)
Ending balance on 30 June 2011 (unaudited)	**2,180,770,326.00**	**3,161,360,647.88**	**1,446,432,645.22**	**1,870,043,407.07**	**733,235,690.03**	**9,391,842,716.20**

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Statement of Changes in Owners' Equity

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Surplus reserve	Undistributed profits	Total Owners' equity
Opening balance on 1 January 2010	2,180,770,326.00	2,315,587,934.74	1,372,324,752.84	1,198,881,317.75	7,067,564,331.33
Movements for the six months ended 30 June 2010					
Net profit	—	—	—	335,289,412.49	335,289,412.49
Profit distribution					
Dividends relating to 2009	—	—	—	(261,692,439.12)	(261,692,439.12)
Ending balance on 30 June 2010 (unaudited)	2,180,770,326.00	2,315,587,934.74	1,372,324,752.84	1,272,478,291.12	7,141,161,304.70
Opening balance on 1 January 2011	2,180,770,326.00	2,315,587,934.74	1,446,432,645.22	1,604,159,910.01	7,546,950,815.97
Movements for the six months ended 30 June 2011					
Net profit	—	—	—	347,850,833.49	347,850,833.49
Profit distribution					
Distribution to owners	—	—	—	(348,923,252.16)	(348,923,252.16)
Ending balance on 30 June 2011 (unaudited)	**2,180,770,326.00**	**2,315,587,934.74**	**1,446,432,645.22**	**1,603,087,491.34**	**7,545,878,397.30**

The attached notes are an integral part of these financial statements.

Legal representative: **Yang Hai** *Financial controller:* **Gong Tao Tao** *Head of accounting department:* **Sun Bin**

Notes to financial statements

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

1 General information

Shenzhen Expressway Company Limited (the "Company") was established as a joint stock limited company in the People's Republic of China (the "PRC") on 30 December 1996. The principal activities of the Company and its subsidiaries (collectively the "Group") are the construction, operation and management of toll highways and expressways in the PRC.

The address of the registered office of the Company is 2-4/F, JiangSu Building, Yitian Road, Futian district, Shenzhen, the PRC.

The Company has its H shares and A shares listing on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC, respectively.

These financial statements have been approved for issue by the Company's Board of Directors on 12 August 2011.

2 Summary of significant accounting policies and accounting estimates

(1) Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as "Chinese Accounting Standards").

As at 30 June 2011, the Group reported net current liabilities of approximately RMB1,930,594,242.57. The directors of the Company made an assessment and concluded that there is no going concern issue based on the facts that the Group has been generating positive and increasing operating cash flows and 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 unutilised banking facilities of approximately RMB5.5 billion at 30 June 2011 and the Group successfully issued corporate bonds with amount of RMB1.5 billion and maturity of 5 years on 2 August 2011, which can meet its obligations and commitments. Therefore, the interim financial information has been prepared by the directors of the Company on a going concern basis.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements for the six months ended 30 June 2011 are in compliance with the Chinese Accounting Standards, and truly and completely present the state of affairs as of 30 June 2011 and the operating results, cash flows and other information for the six months ended 30 June 2011 of the Group and the Company.

(3) Accounting period

The accounting year starts on 1 January and ends on 31 December. The accounting period of these financial statements starts on 1 January 2011 and ends on 30 June 2011.

(4) Functional currency

The functional currency is Renminbi (RMB).

2 Summary of significant accounting policies and accounting estimates (continued)

(5) Business combinations

Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period.

Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, come under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profit and losses for the period not attributable to Company are recognised as minority interests and presented separately in the consolidated financial statements within equity and net profit respectively.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, call deposits with banks and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Summary of significant accounting policies and accounting estimates (continued)

(8) Foreign currency translation

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

(a) Financial assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss and receivables. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

Gain or loss arising from change in the fair value of financial assets at fair value through profit or loss is recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

2 Summary of significant accounting policies and accounting estimates (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of impairment loss.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

(iv) Derecognition of financial assets

A financial assets is derecognised when one of the below criteria is met: (a) the contractual rights to receive the cash flows from the financial asset expire; (b) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (c) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

(b) Financial liabilities

(i) Classification of financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group are mainly other financial liabilities, including payables, borrowings and bonds payable.

(ii) Recognition and measurement

Payables, including accounts payable, other payables and notes payable, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and bonds payable are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

2 Summary of significant accounting policies and accounting estimates (continued)

(9) Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Recognition and measurement (continued)

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis and Option pricing model. When a valuation technique is used to establish the fair value of a financial instrument, it makes the maximum use of observable market inputs and relies as little as possible on entity-specific inputs.

(d) Cash flow hedge

Cash flow hedge refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

The hedged items of cash flow hedge are the designated items with respect to the risks associated with future cash flow change of the Group. Hedging instruments are designated derivative for cash flow hedge whose cash flows are expected to offset changes in the cash flows of a hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months.

The Group documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The Group applies ratio analysis method to evaluate the ongoing effectiveness of the cash flow hedge.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss for the current period.

Amounts accumulated in equity are reclassified to the profit and loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2 Summary of significant accounting policies and accounting estimates (continued)

(10) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

(a) Receivables that are individually significant and subject to separate provision

Receivables that are individually significant are subject to separate impairment assessment. If there is objective evidence that the Group will not be able to collect the full amount under the original terms, a provision for impairment of that receivable is established.

For accounts receivable, the criteria for "individually significant" is that the amount exceeds RMB5,000,000.00; for other receivables, the criteria for "individually significant" is that the amount exceeds RMB1,000,000.00.

Bad debt provision for receivables that are individually significant is established at the difference between the carrying amount and the present value of the estimated cash flows.

(b) Receivables that are subject to provision by groups

For all other receivables that are not individually significant or for which impairment has not yet been identified, the Group performs a collective assessment by including the receivables into groups with similar credit risk characteristics and collectively assesses them for impairment. The impairment losses are determined based on the historical actual loss and taking into consideration of the current circumstances.

Basis of grouping:

Group 1	Receivables from government and related parties
Group 2	Receivables from other third parities

Methods of collective assessment with provisioning percentage as below:

Group 1	Other method
Group 2	Ageing analysis method

	Provisioning percentage applied for accounts receivable	Provisioning percentage applied for other receivables
Within 3 year	—	—
Over 3 years	100%	100%

Ratios used in other method amongst aforesaid groups are as follows:

Name of the group	Explanation
Group 1	No provision for receivables from governments and related parties unless there is objective evidence that the Group will not be able to collect the full amount under the original terms of the receivable.

2 Summary of significant accounting policies and accounting estimates (continued)

(10) Receivables (continued)

(c) *Receivables that are not individually significant but subject to separate provision*

The basis for separate provision is that there is objective evidence that the Group will not be able to collect the full amount under the original terms of the receivable.

The provision for bad debts is determined based on the difference of the carrying amount and present value of estimated future cash flows.

(11) Inventories

(a) *Classification*

Inventories include toll tickets, low value consumables, maintenance and repair parts and materials in stock, and are measured at the lower of cost and net realizable value.

(b) *Costing of inventories*

Cost is determined using the weighted average method.

(c) *Basis for the determination of net realizable value and provisions for declines in the value of inventories*

Provisions for declines in the value of inventories are determined at the excess of the carrying value of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale and related taxes.

(d) *The Group adopts the perpetual inventory system.*

(e) *Amortisation methods of low value consumables*

Low value consumables are expensed when issued.

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures and associates, as well as the long-term equity investments where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other venturers. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method. Other long-term equity investments, where the Group does not have control, joint control or significant influence over the investee and which are not quoted in an active market and whose fair value cannot be reliably measured, are accounted for using the cost method.

2 Summary of significant accounting policies and accounting estimates (continued)

(12) Long-term equity investments (continued)

(a) *Determination of investment cost*

Long-term equity investments accounted for using the cost method are measured at the initial investment costs. For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the date of acquisition, long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the date of acquisition, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted accordingly.

(b) *Subsequent measurement*

For long-term equity investments accounted for using the cost method, investment income is recognised in profit or loss for the cash dividends or profit distribution declared by the investees.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based which the investment gain or losses are recognised. The loss on the intra-group transaction amongst the Group and its investees, of which the nature is asset impairment, is recognised in full, and the related unrealised loss is not eliminated.

(c) *Basis for determination of the existence of control, jointly control or significant influence over the investee*

Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities. In determining whether the Company is able to exercise control over the investee, the effect of potential voting rights over the investee is considered, such as convertible debts and warrants currently exercisable.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

2 Summary of significant accounting policies and accounting estimates (continued)

(12) Long-term equity investments (continued)

(d) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)). For other long-term equity investments which are not quoted in an active market and whose fair value cannot be reliably measured, the excess of its carrying amount over the present value of future cash flows discounted at the prevailing market yield rate for similar financial assets is recognised as impairment loss and cannot be reversed once recognised.

(13) Investment properties

Investment properties, principally comprising buildings that are held for the purpose of lease, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and its cost can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of the investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual amortisation rates of the investment properties are as follows:

	Estimated useful lives	Estimated residual value rate	Annual Amortisation rate
Car parking spaces	30 years	—	3.33%

When an investment property is transferred to an owner-occupied property, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment property at its carrying amount at the date of the transfer.

The estimated useful life, net residual value of the investment property and the Amortisation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of investment properties is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note2 (19)).

2 Summary of significant accounting policies and accounting estimates (continued)

(14) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, traffic equipment, motor vehicles, and office and other equipment.

Fixed assets are recognised when it is probable that related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the date of acquisition. The cost and accumulated depreciation of fixed assets injected by state shareholders to the Company on 1 January 1997 were valued by the asset valuation firms and certified by the State-owned Assets Supervision and Administration Bureau in accordance with Guo Zi Ping (1996) No.911.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual value rate	Annual Amortisation rate
Buildings			
– Office building	20-30 years	5%	3.17%-4.75%
– Temporary house	10 years	5%	9.50%
– Construction	15 years	5%	6.33%
Traffic equipment	8-10 years	5%	9.50%-11.87%
Motor vehicles	5-6 years	5%	15.83%-19.00%
Office and other equipment	5 years	5%	19.00%

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least at each year-end.

(c) The carrying amount of fixed assets is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2 (19)).

(d) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

2 Summary of significant accounting policies and accounting estimates (continued)

(15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2 (19)).

(16) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalization period.

For the general borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings used, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which estimated future cash flows during the period of expected duration or shorter period applied discounted to the initial amount of the borrowings.

(17) Intangible assets

Intangible assets include concession intangible assets, billboard use right and software and are measured at cost.

(a) Concession intangible assets

Concession intangible assets refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users and land use right obtained in conjunction with the concession arrangement. Concession intangible assets are measured at actual cost, which comprises construction related costs and borrowing costs that are eligible for capitalization and incurred before the toll roads are ready for their intended use. The concession intangible assets are first stated at actual project costs or budget costs and then adjusted when project completion audit are finalised.

2 Summary of significant accounting policies and accounting estimates (continued)

(17) Intangible assets (continued)

(a) *Concession intangible assets (continued)*

The concession intangible assets relating to the toll roads injected by the state-owned shareholders on 1 January 1997 were stated at valuation costs, which were valued by the asset valuation firms and certified by the State-owned Assets Supervision and Administration Bureau in accordance with Guo Zi Ping (1996) No.911. The land-use right relating to Shenzhen Airport-Heao Expressway (Western Section) injected to the Company during the restructuring period was stated at revaluation cost admitted by State-owned Assets Supervision and Administration Bureau on 30 June 1996. The land-use right relating to Meiguan Expressway owned by the subsidiary Shenzhen Meiguan Expressway Company Limited ("Meiguan Company") was injected by Xin Tong Chan Development (Shenzhen) Company Limited ("Xin Tong Chan Company") at value specified in related investment agreement.

When toll roads are ready for their intended use, amortisation of concession intangible assets is calculated to write off their costs on a units-of– usage basis ("traffic volume amortisation method"), whereby Amortisation is provided based on the proportion of actual traffic volume of a particular period over the total projected traffic volume throughout the operation periods.

The Company assesses of the total projected traffic volume annually. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies when material difference exists or every 3 to 5 years and then prospectively adjust the Amortisation unit according to the revised total projected traffic volume, to ensure that the relative concession intangible assets would be fully amortised in the operation periods.

Respective operating period and amortisation unit of the toll roads are set out as follows:

Item	Operating period	The traffic volume Amortisation unit (RMB)
Yanba Expressway	April 2001 to December 2031	3.60
Yanpai Expressway	May 2006 to March 2027	1.49
Meiguan Expressway	May 1995 to March 2027	1.48
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	1.22
Nanguang Expressway	January 2008 to January 2033	3.20
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	4.54
Qinglian Expressway	July 2009 to July 2034	31.06
Qinglian Class I Highway	September 1995 to September 2028	7.93
National Highway No. 107 (Qinglian Section)	September 1995 to September 2028	35.36

Subsequent expenses relating to the toll roads, such as routine maintenance, overhaul maintenance, resurfacing and renovation are capitalised in concession intangible assets if relevant economic benefits are likely to flow into the Group and the cost can be measured reliably. All other subsequent expenses are recognised in profit or loss in the period when they are incurred.

2 Summary of significant accounting policies and accounting estimates (continued)

(17) Intangible assets (continued)

(b) *Other intangible assets*

Billboard use rights are amortised on the straight-line basis over their approved useful lives of 5 years. Purchased software is amortised on the straight-line basis over their contracted useful lives of 5 years.

(c) *Periodical review of useful life and Amortisation method*

For an intangible asset with a finite useful life, review and adjustment on its useful life and Amortisation method are performed at each year-end.

(d) *Impairment of intangible assets*

The carrying amount of intangible assets is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2 (19)).

(18) Long-term prepaid expenses

Long-term prepaid expenses include the prepaid expenditures that have been made but should be recgonised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated Amortisation.

(19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the goodwill allocated, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of other assets.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

2 Summary of significant accounting policies and accounting estimates (continued)

(20) Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees.

Except for the compensation to employees for termination of the employment relationship, the employee benefits for the service are recognised in the accounting period in which employees have rendered service, and as costs of assets or expenses whichever the employee service is attributable to.

(21) Dividends distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

(22) Provisions

As part of its obligations under the respective service concessions, the Group assumes responsibility for the maintenance and resurfacing of the toll roads it operates. Provisions for maintenance and resurfacing are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(23) Convertible bonds

The convertible bonds are split into liability and equity components at initial recognition. The liability component is determined as the discounted amount of future cash flows, and the equity component is determined as the amount after deducting liability amount form proceeds of the issued. The transaction costs incurred on the issue of the convertible bonds are allocated between the liability component and equity component based on the proportion of their amounts at initial recognition. The liability amount of the convertible bonds is measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies and accounting estimates (continued)

(24) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

(a) The Group's toll revenue from operation of the toll roads is recognised when the related services have been provided, total revenue and total costs can be measured reliably and economic benefits with transaction can flow into the Group.

(b) For construction management services income, when the outcome of the construction management services can be estimated reliably, related income is recognised using the percentage of completion method and the stage of completion is measured by making reference to the project construction costs and related management expenses incurred to date as a percentage to the total estimated construction costs and management expenses. When the outcome of the construction management services cannot be estimated reliably, construction management services income is recognised at the same amount of project management expenses incurred only to the extent that such expenses are probable to be recovered.

(c) For the service concessions contracts entered with the government departments, according to which the Group participates the developing, financing, operating and maintenance of toll road constructions, the Group recognised revenue and cost of services with the percentage of completion method during the construction period if the Group conduct the construction work on its own. The stage of completion is measured by reference to the construction costs of the related infrastructures incurred up to the balance sheet date as a percentage of total estimated costs for each contract. No construction services income would be recognised if the Group sub-contracts the work out to other parties.

(d) Advertising revenue is recognised on a straight-line basis over the contract period.

(e) Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others.

(25) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies, etc.

A government grant is recognised when the conditions attached to it is fulfilled and the grant can be received. The monetary grant from the government is measured at amount received or receivable. The non-monetary grant from the government is measured at its fair value.

(26) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- The deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,
- That tax payer has a legally enforceable right to offset current tax assets against current tax liabilities.

(27) Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

2 Summary of significant accounting policies and accounting estimates (continued)

(28) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Amortisation of concession intangible assets

As stated at Note 2 (17)(a), Amortisation of concession intangible assets is provided under the traffic volume Amortisation method. Appropriate adjustments to the carrying amounts of concession intangible assets will be made should there be a material difference between total projected traffic volume and the actual results.

(b) Provisions for maintenance/resurfacing obligations

As stated at Note 2 (22), the Group has contractual obligations under the service concessions to maintain the toll road infrastructure to a specified level of serviceability. These obligations to maintain or restore the infrastructure, except for upgrading services, are to be recognised and measured as a provision.

The expenditures expected to incur in order to settle the obligations at balance sheet date are determined based on the frequency of major maintenance and resurfacing activities throughout the operating periods of toll roads operated by the Group under the service concessions and the expected costs to be incurred for each event. The expected costs for maintenance and resurfacing and the timing of such events involve estimates. Such estimates are developed based on the Group's resurfacing plan and historical costs incurred for similar activities. The costs are then discounted to the present value based on the market rate which can reflect the time value of money and the risks specific to this obligation.

If the expected expenditures, resurfacing plan and discount rate were different from management's current estimates, the change in provision for maintenance/resurfacing is required to be accounted for prospectively.

(c) Income tax

The Group recognises income taxes in each jurisdiction based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Corporate income tax ("CIT")	Taxable income	(i)
Business tax	Revenue from expressway toll road business	3%
Business tax	Advertising income and other non-expressway toll revenue	5%
Business tax	Taxable revenue amount from construction project and management services	3%
City maintenance and construction tax	The amount of business tax paid	7%
Educational surcharge	The amount of business tax paid	3%
Local educational surcharge(iii)	The amount of business tax paid	2%
Construction fee for country culture development(ii)	The amount of revenue	3%

(i) Corporate income tax

The Company and its subsidiaries including Shenzhen Expressway Advertising Company Limited, Shenzhen Meiguan Expressway Company Limited ("Meiguan Company"), Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited ("Airport-Heao Eastern Company") are incorporated in Shenzhen and are subject to CIT rates gradually increasing to 25% over a five-year period from 2008 to 2012. The applicable rate for 2011 is 24%.

The subsidiary, Guangdong Qinglian Highway Development Company Limited ("Qinglian Company") is subject to CIT rates gradually increasing to 25% over a five-year period from 2008 to 2012. The applicable rate for 2011 is 24%. As approved by the relevant tax authority, Qinglian Company is exempt from CIT for two years commencing from its first year of profitable operation after offsetting prior years' tax losses, followed by a 50% reduction for the nex three years ("2-year exemption and 3-year 50% reduction"). Qinglian Company eligible to enjoy this preferential policy since 2008 and accordingly its applicable CIT rate of year 2011 is 12%.

The subsidiaries, Mei Wah Industrial (Hong Kong) Limited ("Mei Wah") and Maxprofit Gain Limited ("Maxprofit") are incorporated in Hong Kong and British Virgin Islands, respectively. According to Guoshuihan [2010] No.651 issued by State Administration of Taxation on 30 December 2010, Mei Wah and Maxprofit were recognised as resident enterprises of China and are subject to the relevant taxation administration. Mei Wah and Maxprofit are subject to standard CIT rate of 25% for the year 2011.

(ii) Shenzhen Expressway Advertising Company Limited is obligated to pay construction fee for country culture development which is calculated at 3% on the revenue.

(iii) From 1 January 2011, the Company, Shenzhen Expressway Advertising Company Limited, Meiguan Company, Airport-Heao Eastern Company and Qinglian Company are obligated to pay local educational surcharge at 2% of payment made for value added tax, business tax and consumption tax.

4 Business combinations and the consolidated financial statements

Background of subsidiaries

Subsidiaries acquired in business combinations involving entities not under common control

	Type	Place of registration	Nature of business and principal activities	Registered capital	Scope of business	Nature	Legal representative	Code of organisation
Qinglian Company	Direct and indirect holding	Qingyuan City, Guangdong Province, PRC	Operation and management of highways	RMB2,600,000,000	Development, operation and management of Qinglian Expressway and Qinglian Class II Highway	Limited liability company	Wu Ya De	61806320-6
Shenzhen Advertising Company Limited	Direct and indirect holding	Shenzhen City, Guangdong Province, PRC	Advertising agency	RMB30,000,000	Design, prepare and agent advertising and the related consultancy	Limited liability company	Luo Cheng Bao	19224838-4
Meiguan Company	Direct holding	Shenzhen City, Guangdong Province, PRC	Operation and management of highways	RMB332,400,000	Toll management of the expressway from Meilin to Guanlan	Limited liability company	Zhou Qing Ming	61887636-2
Mei Wah	Direct holding	Hong Kong	Investment holding	HKD795,381,300	Investment holding	Foreign enterprise	Not applicable	Inapplicable
Maxprofit	Indirect holding	British Virgin Islands	Investment holding	USD1	Investment holding	Foreign enterprise	Not applicable	Inapplicable
Airport-Heao Eastern Company	Direct holding	Shenzhen City, Guangdong Province, PRC	Operation and management of highways	RMB440,000,000	Toll management of the eastern expressway from Shenzhen airport to Heao	Limited liability company	Zhou Qing Ming	61892043-1
Shenzhen Outer Ring Expressway Investment Company Limited("Outer Ring Company")	Direct holding	Shenzhen City, Guangdong Province, PRC	Operation and management of highways	RMB100,000,000	Construction, operation and management of the Shenzhen section of Shenzhen Outer Ring Expressway	limited liability company	Wu Ya De	55543683-6

	Ending balance of actual investment	Ending balance of other items which forms substantially part of the net investment in the subsidiary	Shareholding percentage (%)	Voting right(%)	Consolidated or not	Minority interests
Qinglian Company	2,894,937,152.92	—	76.37%	76.37%	Yes	733,235,690.03
Shenzhen Advertising Company Limited	3,325,000.01	—	100%	100%	Yes	—
Meiguan Company	631,976,276.16	—	100%	100%	Yes	—
Mei Wah	831,769,303.26	—	100%	100%	Yes	—
Maxprofit	747,761,154.22	—	100%	100%	Yes	—
Airport-Heao Eastern Company	1,241,816,084.00	—	100%	100%	Yes	—
Outer Ring Company	100,000,000.00	—	100%	100%	Yes	—
	6,451,584,970.57	—				733,235,690.03

5 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	30 June 2011			31 December 2010		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Cash on hand						
RMB			**447,038.09**			687,675.22
USD	**11,321.00**	**6.4716**	**73,264.98**	11,321.00	6.6227	74,975.59
Other foreign currencies			**11,015.18**			12,429.32
Subtotal			**531,318.25**			775,080.13
Bank deposits						
RMB			**665,916,971.46**			781,221,290.95
HKD	**29,485,506.66**	**0.8316**	**24,520,147.34**	59,240,383.10	0.8509	50,407,641.99
USD	**3,528.56**	**6.4716**	**22,835.43**	3,528.56	6.6227	23,368.59
Subtotal			**690,459,954.23**			831,652,301.53
Total			**690,991,272.48**			832,427,381.66

As at 30 June 2011, fixed deposits amounting to RMB275,000,000.00 (31 December 2010: RMB275,000,000.00) (Note 5(40)(c)) is pledged as collateral for a short-term borrowing of HKD316,000,000.00 (31 December 2010: HKD316,000,000.00)(Note 5(12)(b)).

The Company is entrusted to manage highway construction projects. As at 30 June 2011, project funds retained for construction management amounting to RMB13,842,981.63 (31 December 2010: RMB21,962,002.29) are disclosed as restricted bank balances (Note 5(40)(c)).

(2) Accounts receivable

	30 June 2011	31 December 2010
Accounts receivable	**237,380,244.84**	245,360,633.78
Less: provision for bad debts	**(33,500.00)**	(33,500.00)
	237,346,744.84	245,327,133.78

(a) The ageing of accounts receivable is analyzed as follows:

	30 June 2011	31 December 2010
Within 1 year	**88,306,546.84**	109,892,819.51
1 to 2 years	**20,750,378.00**	1,410,276.66
2 to 3 years	**509,666.00**	6,954,776.11
Over 3 years	**127,813,654.00**	127,102,761.50
	237,380,244.84	245,360,633.78

5 Notes to the consolidated financial statements (continued)

(2) Accounts receivable (continued)

(b) Accounts receivable are analyzed by categories as follows:

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	–	–	–	–	–	–	–	–
Provision made collectively								
Group 1	231,351,097.84	97.46%	–	–	242,870,238.96	98.98%	–	–
Group 2	6,029,147.00	2.54%	33,500.00	0.56%	2,490,394.82	1.02%	33,500.00	0.58%
Not individually significant but provision separately made	–	–	–	–	–	–	–	–
	237,380,244.84	100.00%	33,500.00	0.01%	245,360,633.78	100.00%	33,500.00	0.01%

(c) Accounts receivable of which provision is made collectively using ageing analysis method are analyzed as follows:

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	5,995,647.00	99.44%	–	–	2,422,282.47	97.26%	–	–
1 to 2 years	–	–	–	–	34,612.35	1.39%	–	–
2 to 3 years	–	–	–	–	–	–	–	–
Over 3 years	33,500.00	0.56%	33,500.00	100.00%	33,500.00	1.35%	33,500.00	100.00%
	6,029,147.00	100.00%	33,500.00	0.56%	2,490,394.82	100.00%	33,500.00	1.35%

As at 30 June 2011, accounts receivables with ageing over 1 year mainly comprise receivables for revenues from entrusted construction management services recognised using the percentage of completion method according to the accounting policy stated at Note 2(24)(b). The Group considers that the amount would be fully received and no bad debt provision has been made.

For other individually significant accounts receivables, the Group has assessed their recoverability and does not notice any circumstance that the Company could not collect the full amount under original clauses.

In accordance with the factoring contract entered with Shenzhen Branch of the China Construction Bank Corporation, certain accounts receivable from Shenzhen Traffic and Transport Committee amounting to RMB137,495,693.49 is pledged as collateral for the factoring facilities.

(d) As at 30 June 2011 and 31 December 2010, all accounts receivable were denominated in RMB.

5 Notes to the consolidated financial statements (continued)

(3) Other receivables

	30 June 2011	31 December 2010
Advances	**12,792,287.70**	3,640,310.96
Guaranteed deposits	**1,668,013.16**	9,625,400.00
Others	**19,202,234.73**	23,190,327.16
	33,662,535.59	36,456,038.12
Less: provision for bad debts	**—**	—
	33,662,535.59	36,456,038.12

(a) *The ageing of other receivables is analyzed as follows:*

	30 June 2011	31 December 2010
Within 1 year	**25,700,116.27**	24,446,002.13
1 to 2 years	**7,714,545.98**	1,317,034.81
2 to 3 years	**247,873.34**	771,170.18
Over 3 years	**—**	9,921,831.00
	33,662,535.59	36,456,038.12

(b) *Other receivables are analyzed by categories as follows:*

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	**—**	**—**	**—**	**—**	—	—	—	—
Provision made collectively								
Group 1	**11,488,471.07**	**34.13%**	**—**	**—**	15,659,902.37	42.96%	—	—
Group 2	**22,174,064.52**	**65.87%**	**—**	**—**	20,796,135.75	57.04%	—	—
Not individually significant but provision separately made	**—**	**—**	**—**	**—**	—	—	—	—
	33,662,535.59	**100.00%**	**—**	**—**	36,456,038.12	100.00%	—	—

5 Notes to the consolidated financial statements (continued)

(3) Other receivables (continued)

(c) Other receivables of which provision is made collectively using ageing analysis method are analyzed as follows:

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	**21,602,646.69**	**97.42%**	**–**	**–**	20,479,100.94	98.48%	–	–
1 to 2 years	**323,544.49**	**1.46%**	**–**	**–**	317,034.81	1.52%	–	–
2 to 3 years	**247,873.34**	**1.12%**	**–**	**–**	–	–	–	–
Over 3 years	**–**	**–**	**–**	**–**	–	–	–	–
	22,174,064.52	**100.00%**	**–**	**–**	20,796,135.75	100.00%	–	–

(d) As at 30 June 2011 and 31 December 2010, all other receivables were denominated in RMB.

(4) Advances to suppliers

The ageing of advances to suppliers is analyzed below:

	30 June 2011		31 December 2010	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	**26,644,718.30**	**93.80%**	13,433,949.18	96.88%
Over 1 year	**1,761,284.15**	**6.20%**	432,000.00	3.12%
	28,406,002.45	**100.00%**	13,865,949.18	100.00%

As at 30 June 2011 and 31 December 2010, all advances to suppliers are denominated in RMB.

(5) Inventories

	30 June 2011	31 December 2010
Toll tickets	**3,827,006.88**	2,885,292.06
Low value consumables	**404,459.60**	12,240.40
Maintenance and repair parts	**493,604.20**	504,112.92
	4,725,070.68	3,401,645.38

As at 30 June 2011, no provision for declines in the value of inventories has been made by the Group (as at 31 December 2010: nil).

(6) Long-term equity investments

	30 June 2011	31 December 2010
Joint ventures, unlisted(a)	**779,991,860.79**	967,168,183.39
Associates, unlisted(b)	**1,415,625,286.88**	1,398,501,752.37
Other long-term equity investment, unlisted(c)	**28,500,000.00**	28,500,000.00
	2,224,117,147.67	2,394,169,935.76

As at 30 June 2011, no provision for impairment of long-term equity investments is required (as at 31 December 2010: nil).

(6) Long-term equity investments (continued)

(a) *Investment in joint ventures*

	Accounting method	Ending balance of investment cost	December 31 2010	Current period movement: Addition	Current period movement: Share of net profit/(loss)	Current period movement: Cash dividend declared	Current period movement: Investment cost recovered(i)	30 June 2011	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rightsheld	Impairment	Impairment provided in the current period
Changsha Shenchang Expressway Company Limited ("Shenchang Company")	Equity method	346,203,994.00	186,386,155.67	–	(556,527.94)	–	(1,049,431.07)	**184,780,196.66**	51%	51%	Inapplicable	–	–
Jade Emperor Limited ("JEL")	Equity method	622,168,905.29	780,782,027.72	–	52,848,846.32	(190,390,857.52)	(52,928,352.39)	**590,311,664.13**	55%	55%	Inapplicable	–	–
Guizhou Guilong Urban Economic Region Investment and Development Company Limited ("Guilong Company") (ii)	Equity method	4,900,000.00	–	4,900,000.00	–	–	–	**4,900,000.00**	49%	49%	Inapplicable	–	–
			967,168,183.39	4,900,000.00	52,292,318.38	(190,390,857.52)	(53,977,783.46)	**779,991,860.79**				–	–

(i) The amounts represent cash flow derived from daily operation of the toll roads and distributed by the joint ventures to the Company as stipulated the joint venture agreements. The amounts are deemed as recovery of investment cost of the Company.

(ii) Guilong Company was established in current period in accordance with the cooperation agreement entered by the Company and Guizhou Longli County Government. It is principally engaged in the investment and management of road construction and land development. The registered capital of Guilong Company is RMB10 million, amongst which RMB4.9 million or 49% of equity interest were held by the Company.

(iii) According to the related joint venture contracts and articles of incorporation, the principal financial and business decisions of the joint ventures shall be made based on the common consent of both investment parties. The Company has no control over these joint ventures. As a result, these joint ventures are not consolidated and are measured by the Company using equity method.

(iv) The Company's 55% equity interest in JEL is pledged as security of short-term borrowings amounting to HKD177,000,000.00 (Note 5(12)(b)) and long-term borrowings amounting to HKD210,000,000.00 (Note 5(22)(a)).

5 Notes to the consolidated financial statements (continued)

(6) Long-term equity investments (continued)

(b) Investment in associates

	Accounting method	Ending balance of investment cost	December 31 2010	Current period movement: Share of net profit/(loss)	Current period movement: Cash dividend declared	Current period movement: Investment cost recovered(i)	30 June 2011	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rightsheld	Impairment	Impairment provided in the current period
Shenzhen Qinglong Expressway Company Limited ("Qinglong Company")	Equity method	145,855,511.92	196,549,491.64	38,916,086.10	(38,916,086.10)	(8,375,739.92)	**188,173,751.72**	40%	40%	Inapplicable	–	–
Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company")	Equity method	2,134,142.45	10,332,299.43	1,028,195.68	–	–	**11,360,495.11**	30%	30%	Inapplicable	–	–
Shenzhen Huayu Expressway Investment Company Limited ("Huayu Company")	Equity method	59,851,927.88	57,721,927.88	1,910,814.31	–	–	**59,632,742.19**	40%	40%	Inapplicable	–	–
Guangdong Jiangzhong Expressway Company Limited ("Jiangzhong Company")	Equity method	291,930,000.00	268,733,659.68	3,927,034.02	–	–	**272,660,693.70**	25%	25%	Inapplicable	–	–
Nanjing Yangtze River Third Bridge Company Limited ("Nanjing Third Bridge Company")	Equity method	270,000,000.00	250,602,768.35	2,226,840.28	–	–	**252,829,608.63**	25%	25%	Inapplicable	–	–
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	Equity method	249,340,567.72	227,831,263.12	20,484,616.51	(10,000,000.00)	–	**238,315,879.63**	25%	25%	Inapplicable	–	–
Guangzhou Western Second Ring Expressway Company Limited ("GZ W2 Company")	Equity method	250,000,000.00	210,760,211.05	4,420,911.06	–	–	**215,181,122.11**	25%	25%	Inapplicable	–	–
Yunfu Guangyun Expressway Company Limited (Guangyun Company)	Equity method	179,180,000.00	175,970,131.22	10,500,862.57	(9,000,000.00)	–	**177,470,993.79**	30%	30%	Inapplicable	–	–
			1,398,501,752.37	83,415,360.53	(57,916,086.10)	(8,375,739.92)	**1,415,625,286.88**				–	–

The Company's 40% equity investment in Qinglong Company is pledged as security for long-term borrowings amounting to RMB665,000,000.00 (Note 5(22)(a)).

5 Notes to the consolidated financial statements (continued)

(6) Long-term equity investments (continued)

(c) Other long-term equity investment

	Accounting method	Ending balance of investment cost	31 December 2010	Current period movement	30 June 2011	Equity interest held*	voting rights held*	Explanation of inconsistency between equity interest held and voting rights held	Impairment	Impairment provided in the current period	Cash dividends declared in the current period
Guangdong Untied Electronic collection Inc. ("United Electronic Company")	Costs method	28,500,000.00	28,500,000.00	–	**28,500,000.00**	17.12%	17.12%	Not applicable	–	–	–

* According to the third extraordinary shareholders' meeting of United Electronic Company in 2009, the registered capital of United Electronic Company would be increased from RMB10,000,000 to RMB200,000,000. As at 30 June 2011, the capital injection is in progress and the then equity interest held by the Company in United Electric Company is 17.12%. The equity percentage held by the Company would decrease to 14.25% upon the completion of capital injection.

5 Notes to the consolidated financial statements (continued)

(6) Long-term equity investments (continued)

(d) Joint ventures and associates

	Equity interest held	Voting rights held	30 June 2011 Total assets	Total liabilities	Net assets	For the six months ended 30 June 2011 Revenue	Net profit
Joint ventures –							
Shenchang Company	51%	51%	374,543,785.64	12,229,674.54	362,314,111.10	14,790,148.47	(1,091,231.25)
JEL	55%	55%	1,309,752,582.34	236,458,647.56	1,073,293,934.78	212,951,346.44	96,088,811.49
Guilong Company	49%	49%	10,000,000.00	–	10,000,000.00	–	–
			1,694,296,367.98	248,688,322.10	1,445,608,045.88	227,741,494.91	94,997,580.24
Associates –							
Qinglong Company	40%	40%	1,984,634,082.43	1,518,289,729.78	466,344,352.65	200,051,313.75	97,290,215.25
Consulting Company	30%	30%	91,675,255.77	53,806,938.74	37,868,317.03	83,365,908.87	3,427,318.93
Huayu Company	40%	40%	528,802,088.49	379,720,233.01	149,081,855.48	38,801,207.99	4,777,035.78
Jiangzhong Company	25%	25%	2,725,439,858.26	1,755,337,083.46	970,102,774.80	183,930,911.91	15,708,136.08
Nanjing Third Bridge Company	25%	25%	3,259,165,257.30	2,247,846,822.78	1,011,318,434.52	150,078,312.99	8,907,361.12
Yangmao Company	25%	25%	1,911,809,554.62	1,139,206,036.10	772,603,518.52	230,523,413.89	81,938,466.04
GZ W2 Company	25%	25%	2,624,036,103.17	1,763,311,614.73	860,724,488.44	131,638,368.02	17,683,644.24
Guangyun Company	30%	30%	1,294,752,181.89	703,182,202.59	591,569,979.30	117,946,376.52	35,002,875.23
			14,420,314,381.93	9,560,700,661.19	4,859,613,720.74	1,136,335,813.94	264,735,052.67

(7) Investment properties

	Car parking spaces
Cost	
31 December 2010 and 30 June 2011	18,180,000.00
Accumulated Amortisation	
31 December 2010	(1,199,375.00)
Current period additions	(287,850.00)
30 June 2011	(1,487,225.00)
Net book value	
30 June 2011	16,692,775.00
31 December 2010	16,980,625.00

As at 30 June 2011, no provision for impairment loss of investment properties is required (as at 31 December 2010: nil).

5 Notes to the consolidated financial statements (continued)

(8) Fixed assets

	Buildings	Traffic equipments	Motor vehicles	Office and other euqipments	Total
Cost					
31 December 2010	574,456,294.62	786,585,844.25	25,426,844.19	50,868,265.02	1,437,337,248.08
Current period additions	33,401,104.50	43,307,996.32	3,231,737.00	962,736.50	80,903,574.32
Current period reductions	(835,803.56)	(29,280.00)	(616,180.00)	(661,881.74)	(2,143,145.30)
30 June 2011	607,021,595.56	829,864,560.57	28,042,401.19	51,169,119.78	1,516,097,677.10
Accumulated depreciation					
31 December 2010	95,355,295.18	273,721,932.05	14,854,891.25	26,797,457.16	410,729,575.64
Current period additions	10,677,567.46	34,631,779.22	1,609,572.48	3,627,244.28	50,546,163.44
Current period reductions	(809,624.46)	(24,151.78)	(585,371.00)	(556,281.66)	(1,975,428.90)
30 June 2011	105,223,238.18	308,329,559.49	15,879,092.73	29,868,419.78	459,300,310.18
Net book value					
30 June 2011	501,798,357.38	521,535,001.08	12,163,308.46	21,300,700.00	1,056,797,366.92
31 December 2010	479,100,999.44	512,863,912.20	10,571,952.94	24,070,807.86	1,026,607,672.44

As at 30 June 2011, buildings and equipments with net book value of RMB6,373,359.07 (cost: RMB145,293,752.11) are fully depreciated but still in use (31 December 2010: net book value of RMB4,582,048.57, cost of RMB108,490,421.57). As at 30 June 2011, buildings with net book value of RMB362,779,051.33 (cost: RMB463,211,448.83) lack certificates of ownership (31 December 2010: net book value of RMB358,190,402.21, cost of 451,871,158.53). Due to the unique feature of the Group's operation, toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire. Thus, the Group has no intention to acquire the related property ownership certificates.

For the six months ended 30 June 2011, depreciation amounting to RMB47,782,211.71 (the same period in 2010: RMB45,914,722.44) and RMB2,763,951.73 (the same period in 2010: RMB4,860,291.16) has been charged in costs of services and in general and administrative expenses, respectively. As at 30 June 2011, no provision for impairment of fixed assets is required (as at 31 December 2010: nil).

In current period, construction in progress amounting to RMB68,337,105.55 has been transferred into fixed assets.

5 Notes to the consolidated financial statements (continued)

(9) Construction in progress

Name	Budget	31 December 2010	Current period additions	Transfer to fixed assets	30 June 2011	Source of funds	% contribution in budget of current period	Progress of construction
Qinglian Expressway (Liannan Section)	66 million	38,250,155.33	28,139,844.67	(66,390,000.00)	–	Borrowings and self-owned funds	42%	Completed
Monitoring projects of expressway lightening	149 million	–	77,928,528.10	–	**77,928,528.10**	Self-owned funds	52%	In progress
Billboard and Light box projects	*	2,096,466.83	1,265,812.00	(1,728,257.00)	**1,634,021.83**	Self-owned funds		In progress
Others	*	1,687,391.69	5,341,207.05	(218,848.55)	**6,809,750.19**	Self-owned funds		In progress
Total		42,034,013.85	112,675,391.82	(68,337,105.55)	**86,372,300.12**			

* The budgets of these projects were not disclosed as the amounts are not material.

As at 30 June 2011, no provision for impairment of construction in progress is required (as at 31 December 2010: nil).

(10) Intangible assets

	Cost	31 December 2010	Current period addtions	Current period amortisation	30 June 2011	Accumulated Amortisation
Concession intangible assets	19,858,516,302.89	17,887,439,709.41	355,793,502.53	(238,247,452.55)	**18,004,985,759.39**	(1,853,530,543.50)
– Shenzhen Airport-Heao Expressway (Western Section)	843,668,552.23	596,715,749.95	–	(19,765,049.68)	**576,950,700.27**	(266,717,851.96)
– Yanba Expressway	1,321,937,644.13	1,220,940,098.18	–	(15,102,066.14)	**1,205,838,032.04**	(116,099,612.09)
– Yanpai Expressway	910,532,308.18	784,332,703.80	–	(16,425,569.14)	**767,907,134.66**	(142,625,173.52)
– Nanguang Expressway*	2,676,962,455.00	2,557,703,420.48	51,295,351.00	(20,009,332.74)	**2,588,989,438.74**	(87,973,016.26)
– Meiguan Expressway	1,187,462,944.98	771,802,243.32	63,744,148.20	(22,923,094.62)	**812,623,296.90**	(374,839,648.08)
– Qinglian Class I Highway & Qinglian Expressway *	9,278,923,893.88	8,749,931,426.73	232,294,690.99	(58,717,305.92)	**8,923,508,811.80**	(355,415,082.08)
– Qinglian Class II Highway*	512,997,570.61	285,192,141.02	–	(7,430,758.77)	**277,761,382.25**	(235,236,188.36)
– Outer Ring Expressway	31,055,671.33	22,596,358.99	8,459,312.34	–	**31,055,671.33**	–
– Shenzhen Airport-Heao Expressway (Eastern Section)	3,094,975,262.55	2,898,225,566.94	–	(77,874,275.54)	**2,820,351,291.40**	(274,623,971.15)
Human resource management software	401,000.00	394,316.67	–	(40,099.98)	**354,216.69**	(46,783.31)
Billboard used land and right	76,025,138.71	8,370,649.67	57,270,000.00	(5,228,344.07)	**60,412,305.60**	(15,612,833.11)
Total	19,934,942,441.60	17,896,204,675.75	413,063,502.53	(243,515,896.60)	**18,065,752,281.68**	(1,869,190,159.92)

* The pledge information relating to the concession intangible assets of Qinglian Class I Highway, Qinglian Expressway and National Highway No.107 (Qinglian Section) are set out in Note 5(22)(a); the pledge information relating to the concession intangible assets of Nanguang Expressway is set out in Note 5(23)(a).

In current period, interest amounting to RMB2,398,750.31 has been capitalised as the concession intangible assets of Qinglian Expressway.

5 Notes to the consolidated financial statements (continued)

(11) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets without taking into consideration the offsetting of balances

	30 June 2011		31 December 2010	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provisions for maintenance and resurfacing of the toll roads (i)	**254,654,240.83**	**1,018,616,963.32**	226,316,787.99	905,267,151.75
Compensation provided by concession grantors (ii)	**24,117,480.50**	**95,714,900.17**	24,359,359.18	96,722,728.01
Payroll accrued but not paid	**1,475,634.30**	**6,707,428.64**	1,475,634.30	6,707,428.64
	280,247,355.63	**1,121,039,292.13**	252,151,781.47	1,008,697,308.40

(i) A deferred tax asset was recognised based on the temporary difference generated between the tax base and accounting base of provisions for maintenance/resurfacing obligations of toll road.

(ii) A deferred tax asset was recognised based on the temporary difference generated between the tax base and book value of compensation provided by concession grantor in prior years.

(b) Deferred tax liabilities without taking into consideration the offsetting of balances

	30 June 2011		31 December 2010	
	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences
The amortisation of concession intangible assets (i)	**63,774,615.77**	**255,098,463.08**	65,106,699.47	260,426,797.88
Business combinations involving enterprises not under common control (ii)				
– Qinglian Company	**354,551,360.08**	**1,494,449,246.81**	355,768,370.07	1,504,185,326.73
– Airport-Heao Eastern Company	**493,218,606.37**	**1,972,874,425.48**	506,836,110.03	2,027,344,440.12
Convertible bonds (iii)	**35,057,445.49**	**151,069,421.73**	41,677,677.49	180,170,854.27
	946,602,027.71	**3,873,491,557.10**	969,388,857.06	3,972,127,419.00

5 Notes to the consolidated financial statements (continued)

(11) Deferred tax assets and deferred tax liabilities (continued)

(b) Deferred tax liabilities without taking into consideration the offsetting of balances (continued)

(i) The deferred tax liability was recognised based on the temporary difference generated between the tax base (straight line basis) and accounting base (traffic volume basis) of the amortisation of toll road concession intangible assets.

(ii) In 2007, the Company acquired an additional 20.09% equity interest of Qinglian Company and converted it to a subsidiary of the Company. A deferred tax liability was then recognised on temporary difference between the fair values of related identifiable assets and liabilities acquired and their book values.

On 30 September 2009, the Company acquired an additional 45% equity interest of Airport-Heao Eastern Company and converted it to a wholly owned subsidiary of the Company. A deferred tax liability was recognised on temporary difference between the fair values of related identifiable assets and liabilities acquired and their book values.

(iii) A deferred tax liability was recognised on temporary difference between the issued amount of the convertible bonds less bond's liability component initially recognised in the inception date.

(c) Deductible tax losses that are not recognised as deferred tax assets are analyzed as follows:

	30 June 2011	31 December 2010
Deductible tax losses	**256,714,703.94**	195,662,177.88

(d) Deductible tax losses that are not recognised as deferred tax assets will be due in the following years:

	30 June 2011	31 December 2010
Year 2012	**12,153,566.25**	12,153,566.25
Year 2013	**26,718,082.61**	26,718,082.61
Year 2014	**30,139,513.95**	30,139,513.95
Year 2015	**126,651,015.07**	126,651,015.07
Year 2016	**61,052,526.06**	—
	256,714,703.94	195,662,177.88

5 Notes to the consolidated financial statements (continued)

(11) Deferred tax assets and deferred tax liabilities (continued)

(e) Offsetting of balances of deferred tax assets and liabilities

	30 June 2011	31 December 2010
Deferred tax assets	**143,562,341.36**	148,658,996.68
Deferred tax liabilities	**(143,562,341.36)**	(148,658,996.68)

The net values of deferred assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	30 June 2011		31 December 2010	
	Net values of deferred tax assets/liabilities	Temporary differences after offsetting	Net values of deferred tax assets/liabilities	Temporary differences after offsetting
Deferred tax assets	**136,685,014.27**	**535,950,286.93**	103,492,784.79	414,061,321.89
Deferred tax liabilities	**803,039,686.35**	**3,212,158,745.40**	820,729,860.38	3,377,491,432.49

(12) Short-term borrowings

	30 June 2011	31 December 2010
Unsecured	**311,330,400.00**	810,074,600.00
Pledged	**459,978,800.00**	364,185,200.00
	771,309,200.00	1,174,259,800.00

(a) The Group's short-term unsecured borrowings comprise RMB150,000,000.00 and HKD194,000,000.00 (equivalent to RMB161,330,400.00) (31 December 2010: RMB645,000,000.00 and HKD194,000,000.00 (equivalent to RMB165,074,600.00)), of which RMB110,000,000.00 is entrusted loan provided by Hubei Magerk Expressway Management Company Limited ("Magerk Company"), a subsidiary of JEL (Note 7 (5)(c)) through China Merchants Bank Company Limited.

(b) As at 30 June 2011, the Group's short-term pledged borrowings are analyzed as follows:

	Amount	Interest rate per annum
Shenzhen Branch of Shanghai Pudong Development Bank	262,785,600.00	HIBOR+250BPS
Industrial and Commercial Bank of China (Asia)	147,193,200.00	HIBOR+250BPS
Shenzhen Branch of China Construction Bank Corporation	50,000,000.00	6.31%
	459,978,800.00	

The borrowing granted by Shenzhen Branch of Shanghai Pudong Development Bank amounting to HKD316,000,000.00 (equivalent to RMB262,875,600.00) (31 December 2010: HKD316,000,000.00 (equivalent to RMB268,884,400.00)) is secured by a fixed deposit of RMB275,000,000 (31 December 2010: RMB275,000,000) with a maturity of one year (Note 5(1)). The borrowing granted by Industrial and Commercial Bank of China (Asia) amounting to HKD177,000,000.00 (equivalent to RMB147,193,200.00) (31 December 2010: HKD112,000,000.00 (equivalent to RMB95,300,800.00)) was secured by 55% equity interest of JEL held by Mei Wah (Note 6(a)). The borrowing granted by Shenzhen Branch of China Construction Bank amounting to RMB50,000,000.00 (31 December 2010: Nil) is a factoring borrowing secured by certain accounts receivable (Note 5(2)(c)).

5 Notes to the consolidated financial statements (continued)

(12) Short-term borrowings (continued)

(c) There are no short-term borrowings that due but have not been repaid (31 December 2010: nil).

(d) As at 30 June 2011, the weighted average interest rate of short-term borrowings is 3.906% per annum (31 December 2010: 3.83%).

(13) Notes payable

	30 June 2011	31 December 2010
Bank acceptance notes	—	3,024,616.00

(14) Accounts payable

	30 June 2011	31 December 2010
Payables for construction projects and quality deposits	**1,023,542,544.48**	939,782,814.66

As at 30 June 2011, accounts payable with ageing over 1 year amounting to RMB245,768,636.51 (31 December 2010: RMB252,662,553.35), mainly represent payables for construction projects, quality deposits and materials purchase. The payables have not been settled since the final audit for projects are not completed.

As at 30 June 2011 and 31 December 2010, all accounts payable were denominated in RMB.

(15) Advances from customers

	30 June 2011	31 December 2010
Advances from advertising customers	**21,576,562.00**	13,421,844.00
Others	**3,094,215.73**	750,000.00
	24,670,777.73	14,171,844.00

As at 30 June 2011 and 31 December 2010, all advances from customers were denominated in RMB.

(16) Employee benefits payable

	31 December 2010	Current period additions	Current period reductions	30 June 2011
Wages and salaries, bonuses, allowances and subsidie	58,299,389.31	58,625,665.80	(96,825,312.35)	**20,099,742.76**
Staff welfare	—	4,587,139.66	(4,587,139.66)	**—**
Social security contributions	779,083.83	7,596,914.47	(8,278,344.14)	**97,654.16**
Including: Medical insurance	198,458.91	1,935,190.16	(2,108,773.26)	**24,875.81**
Basic pensions	473,734.79	4,619,429.31	(5,033,783.88)	**59,380.22**
Unemployment insurance	55,553.23	541,704.40	(590,294.32)	**6,963.31**
Work injury insurance	25,594.73	249,576.45	(271,963.01)	**3,208.17**
Maternity insurance	25,742.17	251,014.15	(273,529.67)	**3,226.65**
Housing funds	—	16,617,795.00	—	**16,617,795.00**
Labor union funds and employee education funds	3,092,104.54	1,728,923.54	(1,723,005.65)	**3,098,022.43**
Others	519,378.75	3,751,340.25	(3,642,118.25)	**628,600.75**
	62,689,956.43	92,907,778.72	(115,055,920.05)	**40,541,815.10**

5 Notes to the consolidated financial statements (continued)

(17) Taxes payable

	30 June 2011	31 December 2010
Corporate income tax payable	**117,408,034.92**	139,263,876.05
Business tax payable	**6,005,796.63**	7,913,821.46
Educational surcharge payable	**813,939.25**	122,439.09
City maintenance and construction tax payable	**428,024.18**	550,026.43
Others	**1,177,824.42**	1,361,636.62
	125,833,619.40	149,211,799.65

(18) Interest payable

	30 June 2011	31 December 2010
Interests of long-term borrowings with periodic payments of interest and repayment of principal at maturity	**9,198,927.46**	9,990,957.99
Interests of short-term borrowings	**12,550,204.61**	10,136,290.06
Interests of corporate bonds	**40,333,334.00**	18,333,335.00
Interests of convertible bonds	**10,910,959.00**	3,410,959.00
Interests of medium-term notes	**8,768,547.94**	20,495,671.23
	81,761,973.01	62,367,213.28

(19) Other payables

		30 June 2011	31 December 2010
Guaranteed deposits for construction projects or pitches	(a)	**98,097,211.33**	203,734,962.99
Advance from an associate		**46,500,000.00**	46,500,000.00
Payable relating to Coastal Project	(b)	**35,079,463.48**	40,793,854.01
Payable for daily maintenance of roads		**61,702,711.42**	45,549,461.92
Project funds retained for construction management contracts	(c)	**13,842,981.63**	21,962,002.29
Payable related to mechanical and electrical costs		**7,274,012.93**	7,902,261.75
Others		**20,885,789.76**	19,963,530.36
		283,382,170.55	386,406,073.32

(a) Guaranteed deposits for construction projects and pitches are deposits received from the contractors as guarantees for pitches and performance commitment relating to construction projects of Qinglian Expressway, Nanguang Expressway and Nanping Freeway (Phase II) Project ("Nanping (Phase II) Project").

(b) On 6 November 2009, Shenzhen Investment Holdings Company Limited ('SIHCL') signed an 'operation and management entrustment agreement' with the Company and fully entrusted the Company to operate and manage its wholly owned subsidiary, Shenzhen Guangshen Coastal Expressway Investment Company limited ("Coastal Company"). During the entrustment period, the Company operates and manages Coastal Company in accordance with the agreement to complete the construction and operation of Guangshen Coastal Expressway (Shenzhen Section) (the "Coastal Project"). The balance represented total funds received from Coastal Company less advances made for Coastal Project.

5 Notes to the consolidated financial statements (continued)

(19) Other payables (continued)

(c) The Company was entrusted by High Way Bureau of Longgang Distinct in Shenzhen and Municipal Bureau for Urban Administration of Baoan Distinct in Shenzhen for the management of the construction of Hengping Project and Shelter-screen Project of Airport– Heao Expressway (Dalang Section). These projects are funded by Shenzhen Government. The related project payments are made by the Company through special deposit accounts opened for these projects in accordance with relevant provision in the construction management contracts.

As at 30 June 2011, project funds amounting to RMB13,842,981.63 (31 December 2010: RMB21,962,002.29) are deposited in those special deposit accounts and are disclosed as restricted bank balance for the purpose of preparation of cash flow statements.

(d) As at 30 June 2011, other payables aged over 1 year with carrying amount of RMB80,222,369.08 are analyzed as follows (31 December 2010: RMB87,499,059.08):

	30 June 2011	31 December 2010	Reason for unsettlement
Advance from an associate	**46,500,000.00**	46,500,000.00	distribution in advance
Guaranteed deposits for construction projects or pitches	**24,264,764.06**	32,761,354.40	Completion audit not completed
Payable for daily maintenance of roads	**1,988,049.35**	596,259.55	Completion audit not completed
Others	**7,469,555.67**	7,591,445.13	Completion audit not completed
	80,222,369.08	87,449,059.08	

As at 30 June 2011 and 31 December 2010, all other payables are denominated in RMB.

(20) Provisions

	31 December 2010	Current period movement	30 June 2011
Provisions for maintenance/resurfacing obligations	905,267,151.75	98,717,631.81	**1,003,984,783.56**
Less: current portion	(22,832,386.00)	3,339,519.59	**(19,492,866.41)**
	882,434,765.75	102,057,151.40	**984,491,917.15**

(21) Current portion of non-current liabilities

	30 June 2011	31 December 2010
Current portion of long-term borrowings		
Including: Guaranteed	**—**	1,479,643.63
Unsecured (a)	**358,970,800.00**	171,151,700.00
Pledged (b)	**103,540,000.00**	—
	462,510,800.00	172,631,343.63
Current portion of provisions (Note 5(20))	**19,492,866.41**	22,832,386.00
	482,003,666.41	195,463,729.63

5 Notes to the consolidated financial statements (continued)

(21) Current portion of non-current liabilities (continued)

(a) Details of current portion of long-term unsecured borrowings are set out as follows:

					30 June 2011 Amount in foreign currencies	Amount in RMB
	Beginning date	Termination date	Interest rate	Currency		
Shenzhen Branch of China Merchants Bank	2009.7.17	2011.7.17	2.81%	HKD	92,000,000	76,507,200.00
Shenzhen Branch of China Construction Bank	2009.9.17	2011.9.17	HIBOR+150BPS	HKD	21,000,000	17,463,600.00
Shenzhen Branch of China Minsheng Banking	2009.6.10	2012.6.10	5.76%	RMB		100,000,000.00
Shenzhen Ping An Bank	2009.6.15	2012.5.15	5.76%	RMB		15,000,000.00
Shenzhen Ping An Bank	2009.7.29	2012.5.29	4.86%	RMB		45,000,000.00
Shenzhen Shangbu Branch of Guangdong Development Bank	2010.2.8	2012.6.11	5.10%	RMB		80,000,000.00
Shenzhen Shangbu Branch of Guangdong Development Bank	2010.3.1	2012.6.11	5.10%	RMB		25,000,000.00
						358,970,800.00

(b) Current portion of long-term unsecured borrowings are syndicated borrowings for Qinglian Expressway projects amounting to RMB103,540,000.00 (Note 5(22)(a)).

(22) Long-term borrowings

	30 June 2011	31 December 2010
Pledged (a)	**4,582,499,760.00**	4,477,589,000.00
Unsecured(b)	**1,031,718,000.00**	1,279,794,500.00
	5,614,217,760.00	5,757,383,500.00

(a) As at 30 June 2011, details of long-term secured borrowings are set out as follows:

	30 June 2011 Interest rate per annum	Currency	Amount in foreign currencies	Amount in RMB	Pledge details
Industrial and Commercial Bank of China (Asia)	HIBOR+260BPS	HKD	210,000,00.00	174,636,000.00	55% equity interest in JEL held by Mei Wah Company
Syndicated borrowings (part A)	6.12%	RMB		2,052,160,000.00	Operating rights of Qinglian Class I Highway, Qinglian Class II Highway and Qinglian Expressway (upon completion of its reconstruction)
Syndicated borrowings (part B)	6.12%	RMB		1,534,000,000.00	As above
Syndicated borrowings (part C)	6.12%	RMB		156,703,760.00	As above
Industrial and Commercial Bank of China	5.508%	RMB		665,000,000.00	40% equity interest of Qinglong Company held by the Company
				4,582,499,760.00	

5 Notes to the consolidated financial statements (continued)

(22) Long-term borrowings (continued)

(b) The unsecured long-term borrowings comprise RMB528,600,000.00 and HKD605,000,000.00 (equivalent to RMB503,118,000.00) (31 December 2010: RMB765,000,000.00 and HKD605,000,000.00 (equivalent to RMB514,794,500.00)). The interest rates of the unsecured long-term borrowings for the six months ended 30 June 2011 range from 1.79% to 6.40% per annum (same period in 2010: from 1.87% to 5.13%).

(c) The long-term borrowings are repayable as follows:

	30 June 2011	31 December 2010
1 to 2 years	**699,581,800.00**	601,023,200.00
2 to 5 years	**1,397,373,000.00**	1,476,420,300.00
Over 5 years	**3,517,262,960.00**	3,679,940,000.00
	5,614,217,760.00	5,757,383,500.00

As at 30 June 2011, the weighted average interest rate of long-term borrowings was 5.245% per annum (31 December 2010: 5.217%).

(23) Bonds payable

	31 December 2010	Current period addition/ (reduction)	30 June 2011
Convertible bonds	1,316,165,506.18	31,769,628.00	**1,347,935,134.18**
Corporate bonds	792,260,553.47	334,076.82	**792,594,630.29**
Medium-term notes	699,497,690.46	(1,078,326.60)	**698,419,363.86**
	2,807,923,750.11	31,025,378.22	**2,838,949,128.33**

Related information is as follows:

Par value	Date of issuance	Maturity	Issued amount	Coupon rate	
Convertible bonds (a)	1,500,000,000.00	9 October 2007	6 years	1,500,000,000.00	1%
Corporate bonds (b)	800,000,000.00	31 July 2007	15 years	800,000,000.00	5.5%
Medium-term notes (c)	400,000,000.00	15 March 2010	3 years	400,000,000.00	4.47%
Medium-term notes (c)	300,000,000.00	26 March 2010	3 years	300,000,000.00	4.47%

The interests accrued in the balance are as follows:

	31 December 2010	Current period accrued	Current period paid	30 June 2011
Convertible bonds (a)	3,410,959.00	7,500,000.00	—	10,910,959.00
Corporate bonds (b)	18,333,335.00	21,999,999.00	—	40,333,334.00
Medium-term notes (c)	20,495,671.23	14,312,876.71	(26,040,000.00)	8,768,547.94
	42,239,965.23	43,812,875.71	(26,040,000.00)	60,012,840.94

5 Notes to the consolidated financial statements (continued)

(23) Bonds payable (continued)

(a) Convertible bonds

The interests of the convertible bonds are repayable once a year (on 9 October), and the principal is repayable upon maturity together with the final instalment of interest.

The convertible bonds is guaranteed by the Shenzhen Branch of Agricultural Bank of China, which is in turn secured by the Company with 47.30% of operating right of Nanguang Expressway (Note 5(10)). The pledge expired on the date of 9 April 2014.

The fair value of liability component of convertible bonds is determined based on market interest rate of comparable bonds without warrants at issuance date, i.e 5.5%. The issued amount of the convertible bonds after deduction of fair value of liability component, which represents fair value of the conversion option, was included in capital surplus.

As at 30 June 2011, net book value of liability component of the convertible bonds is set out as follows:

	In RMB
Principal of convertible bonds	1,500,000,000.00
Equity component recognised at issuance date	(337,198,296.00)
Less: transaction costs attributable to liability component	(32,018,323.14)
Fair value of liability component at issuance date	1,130,783,380.86
Accumulated amortisation from issuance date to 30 June 2011	217,151,753.32
Net book value as at 30 June 2011	1,347,935,134.18

As at 30 June 2011, the fair value of convertible bonds approximated RMB1,391,896,279.36 which is calculated using cash flows discounted method based on a market interest rate of comparable non-convertible bond at 4.44% per annum.

(b) Corporate bonds

On 31 July 2007, the Company issued long-term corporate bonds with principal amount of RMB800,000,000 bearing fixed interest per annum in accordance with the approval of Fa Gai Cai Jin [2007]1791 issued by National Development & Reform Commission. Interest is repayable once annually on 31 July and the principal is repayable in full upon maturity. The principal and interest of the bonds is unconditionally and irrevocably guaranteed by China Construction Bank Corporation, which is in turn secured by the Company's 100% equity interest in Meiguan Company.

As at 30 June 2011, the fair value of corporate bonds approximated RMB816,932,686.97 which is calculated using cash flows discounted method based on market interest rate of comparable corporate bond at 5.24% per annum.

(c) Medium-term notes

In March 2010, the Company issued medium-term notes with principal amount of RMB700 million. The notes bear a term of three years and interest rate of 3.72% per annum for the first year and 4.47% per annum from the second year.

The fair values of medium-term notes approximated to their carrying amounts as the comparable market rate is close to the coupon rate and the effect of discounting is not significant.

5 Notes to the consolidated financial statements (continued)

(24) Hedging instrument

		30 June 2011	31 December 2010
Cash flow hedges:			
CNY/HKD cross currency interest rate swap	(a)	**25,656,216.23**	24,132,708.82
Forward foreign exchange contracts	(b)	**1,131,868.54**	1,563,373.50
		26,788,084.77	25,696,082.32

(a) CNY/HKD cross currency and interest rate swap

The Company uses a CNY/HKD cross currency interest rate swap contract to hedge its interest rate risk and exchange rate risk against one of its variable-rate foreign currency loans with a notional principal amount of HKD420,000,000 (31 December 2010: HKD420,000,000). The payment term for this loan is: HKD21,000,000 is repayable each year in September from 2010 to 2013, HKD336,000,000 is repayable in September 2014. The notional principal amount of the outstanding CNY/HKD cross currency interest rate swap contract as at 30 June 2011 is HKD399,000,000 (31 December 2010: HKD399,000,000). Through this arrangement, the Company is able to pay an annually fixed interest at 1.8% per annum and to repay the loan's principal at a fixed HKD/RMB exchange rate agreed in the contract while the original annual floating interest expense (3-month HIBOR+150BPS) and the floating principal payments (at HKD/RMB exchange spot rate) attached to the loan is offset by the CNY/HKD cross currency interest rate swap. Such a swap is settled on quarterly basis from June 2010 to September 2014.

(b) Forward foreign exchange contracts

The Company uses a forward foreign exchange contract to hedge its exchange rate risk against one of its foreign currency loans with a notional principal amount of HKD227,000,000 (31 December 2010: HKD227,000,000). The loan will become due in September 2012. The notional principal amount of the outstanding forward foreign exchange contract as at 30 June 2011 was HKD227,000,000. Through this arrangement, the Company is able to pay fixed amount of principal in RMB at the contractual forward HKD/RMB exchange rate and receive foreign currency principal. Such forward foreign exchange contract will be settled in net amount in September 2012.

As at 30 June 2011, there was no ineffective portion of the above two cash flow hedges.

5 Notes to the consolidated financial statements (continued)

(25) Share capital

	31 December 2010	Current period additions	Current period reductions	30 June 2011
Par value RMB1 per share				
Shares not subject to trading restrictions –				
State-owned shares	654,780,000.00	—	—	**654,780,000.00**
Domestic legal person shares	560,620,000.00	—	—	**560,620,000.00**
RMB ordinary shares	217,870,326.00	—	—	**217,870,326.00**
Oversea listed foreign shares	747,500,000.00	—	—	**747,500,000.00**
Total share capital	2,180,770,326.00	—	—	**2,180,770,326.00**

	31 December 2010	Current period additions	Current period reductions	31 December 2010
Par value RMB1 per share				
Shares not subject to trading restrictions –				
State-owned shares	654,780,000.00	—	—	654,780,000.00
Domestic legal person shares	560,620,000.00	—	—	560,620,000.00
RMB ordinary shares	217,870,326.00	—	—	217,870,326.00
Oversea listed foreign shares	747,500,000.00	—	—	747,500,000.00
Total share capital	2,180,770,326.00	—	—	2,180,770,326.00

(26) Capital surplus

	31 December 2010	Current period additions	Current period reductions	30 June 2011
Share premium	2,274,351,523.42	—	—	**2,274,351,523.42**
Other capital surplus –				
Appreciation of initial equity interest upon business combination	893,132,218.74	—	—	**893,132,218.74**
Cash flow hedge-after tax	(12,777,033.26)	6,181,998.71	—	**(6,595,034.55)**
Equity investment reserve	406,180.00	—	—	**406,180.00**
Others	65,760.27	—	—	**65,760.27**
	3,155,178,649.17	6,181,998.71	—	**3,161,360,647.88**

	31 December 2010	Current period additions	Current period reductions	31 December 2010
Share premium	2,274,351,523.42	—	—	2,274,351,523.42
Other capital surplus –				
Appreciation of initial equity interest upon business combination	893,132,218.74	—	—	893,132,218.74
Cash flow hedge-after tax	—	(25,696,082.32)	12,919,049.06	(12,777,033.26)
Equity investment reserve	406,180.00	—	—	406,180.00
Others	65,760.27	—	—	65,760.27
	3,167,955,682.43	(25,696,082.32)	12,919,049.06	3,155,178,649.17

5 Notes to the consolidated financial statements (continued)

(27) Surplus reserve

	31 December 2010	Current period addition	30 June 2011
Statutory surplus reserve	993,041,315.16	—	**993,041,315.16**
Discretionary surplus reserve	453,391,330.06	—	**453,391,330.06**
	1,446,432,645.22	—	**1,446,432,645.22**

	31 December 2009	Current year addition	31 December 2010
Statutory surplus reserve	918,933,422.78	74,107,892.38	993,041,315.16
Discretionary surplus reserve	453,391,330.06	—	453,391,330.06
	1,372,324,752.84	74,107,892.38	1,446,432,645.22

In accordance with Chinese Companies Law, the Company's Articles of Association and the resolution of Board of Directors, companies should appropriate 10% of net profit for the year to the statutory surplus reserve, and companies can cease appropriation when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities.

Companies appropriate discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company does not appropriate any surplus reserve in current period.

(28) Undistributed profits

	30 June 2011	31 December 2010
Undistributed profits at the beginning of the period/year	**1,866,445,317.49**	1,456,439,118.37
Add: Net profit attributable to owners of the Company in current period/year	**352,521,341.74**	745,806,530.62
Less: appropriation for statutory surplus reserve	**—**	(74,107,892.38)
appropriation for discretionary surplus reserve	**—**	—
Dividends	**(348,923,252.16)**	(261,692,439.12)
Undistributed profits at the end of the period/year	**1,870,043,407.07**	1,866,445,317.49

As at 30 June 2011, included in the undistributed profits, RMB212,333,524.17 represents subsidiaries' surplus reserve attributable to the Company (31 December 2010: RMB211,883,146.52).

In accordance with the resolution at the Annual General meeting on 26 May 2011, the Company proposed a cash dividend to all shareholders amounting to RMB348,923,252.16, which was calculated by reference to the 2,180,770,326 shares issued and a dividend of RMB0.16 per share. As at 30 June 2011, cash dividend amounting to RMB106,911,126.91 has not been paid. The cash dividend represents 14.33% of the net profit for the year ended 31 December 2010.

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2011 (same period in 2010: Nil), nor did it recommend any conversion of capital reserve into share capital.

(29) Minority interests

Minority interests attributable to the minority shareholder of Qinglian Company

	30 June 2011	31 December 2010
Guangdong Cement Company Limited	**733,235,690.03**	686,274,322.31

(30) Revenue and cost of services

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Revenue from main business (a)	**1,116,625,432.67**	1,009,332,965.62
Revenue from other businesses (b)	**62,052,027.28**	45,271,176.28
	1,178,677,459.95	1,054,604,141.90
Cost from main business (a)	**531,709,356.65**	446,016,721.74
Cost from other businesses (b)	**29,834,024.95**	21,683,688.43
	561,543,381.60	467,700,410.17

(a) Revenue and cost of services from main operation

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Revenue of main business	Cost of main business	Revenue of main business	Cost of main business
Revenue from toll road	**1,116,625,432.67**	**531,709,356.65**	1,009,332,965.62	446,016,721.74

The Group's revenue from toll road is generated from Guangdong Province.

(b) Revenue and cost of services from other businesses

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Revenue from other businesses	Cost of other businesses	Revenue from other businesses	Cost of other businesses
Management services revenue (i)	**26,735,811.85**	**10,207,087.53**	20,161,524.42	9,930,302.29
Advertising services revenue	**33,120,750.00**	**18,414,909.08**	22,417,867.00	10,819,578.28
Other revenue	**2,195,465.43**	**1,212,028.34**	2,691,784.86	933,807.86
	62,052,027.28	**29,834,024.95**	45,271,176.28	21,683,688.43

5 Notes to the consolidated financial statements (continued)

(30) Revenue and cost of services (continued)

(b) Revenue and cost of services from other operation (continued)

(i) Management services revenue

The Company was engaged by the local government authorities to manage the construction of several toll road construction projects, namely the Nanping Freeway (Phase I) Project ("Nanping (Phase I) 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 ("Shenyun Project"), the Longhua expanding section of Longda Expressway ("Longhua Extension") (Note 7(5)(a)(ii)) and Coastal Project. In return, the Company is entitled to receive management services income. Most parts of Nanping (Phase I) Project, Hengping Project and Wutong Mountain Project have been completed in prior years. In current period, the Group mainly manages the construction of Nanping (Phase II) Project, Shenyun Project, Longhua Extension and Coastal Project. The management services income is determined based on the cost savings achieved in managing these construction management projects according to the provisions of the relevant contracts. For the Nanping (Phase II) Project, Shenyun Project and Longhua Extension, the Company is solely granted all the cost savings in construction in case the savings does not exceed by 2.5% of the total budgeted contract costs; while the Company would share the portion of any savings exceeding 2.5% of the total budgeted contract costs. For the Coastal Project, the management service revenue is 1.5% of the construction budget and will be agreed in specific in the entrustment agreements.

In current period, the Company recognised construction management services revenues of Shenyun Project amounting to RMB1,987,581.70 (same period in 2010: RMB177,774.89) according to the audit results of the project. As the outcome of the construction management services could not be estimated reliably, the construction management services income and business tax of the Coastal Project, Nanping (Phase II) Project and Longhua Expending Project recognised totally amounting to RMB13,466,067.53 (same period in 2010: RMB12,393,384.40), based on project management expenses incurred.

According to the related management services contracts, the Company undertakes to bear cost overruns for the above projects. For the Hengping Project, the Nanping (Phase II) Project and the Shenyun Project, 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; whereas the Company would share the overruns with the related government departments for any overruns exceeding 2.5% of the total budgeted contract costs. For the Coastal Project, the related execution agreements including the terms of cost overrun have not been contracted yet. Nevertheless, the outflow of resources arising from expected cost overruns of these projects is considered remote by the Company, after taking into account the actual progress and the status of these projects.

(30) Revenue and cost of services (continued)

(b) Revenue and cost of services from other operation (continued)

(i) Management services revenue (continued)

On 28 December 2009, the Company entered into an operation and management entrustment agreement with Baotong Company, a wholly-owned subsidiary of Shenzhen International Holdings Limited ("Shenzhen International"). Pursuant to the agreement, Baotong Company entrusts the Company to manage the 89.93% equity interests held in Shenzhen Longda Expressway Company Limited ("Longda Company"). However, Baotong Company retains the legal ownership in Longda Company and its entitlement to risks and rewards/obligations of Longda Company. In return for the services rendered, the Company is entitled to a management entrustment fee determined at the higher amount of an annual fee of RMB15 million, or at 8% of the annual audited net profit of Longda Company (but in any event shall not exceed RMB25 million). The management entrustment fee for the period amounts to RMB11,282,162.62 (same period in 2010: RMB7,590,365.13).

(31) Business tax and surcharges

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Business tax	**38,157,321.41**	34,636,407.16
Construction fee for country culture development(ii)	**459,987.87**	644,546.01
Educational surcharge	**1,897,420.64**	857,001.38
City maintenance and construction tax	**2,683,985.80**	285,693.30
Others	**478,290.22**	170,313.05
	43,677,005.94	36,593,960.90

(32) General and administrative expenses

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Salary and wages	**17,325,369.34**	10,213,564.97
Depreciation	**2,763,951.73**	4,860,291.16
Audit fees	**1,456,500.00**	1,760,000.00
Expenses paid to stock exchange	**1,859,443.36**	1,404,763.25
Office management expenses	**581,856.00**	1,036,222.10
Others	**8,138,634.60**	2,355,139.74
	32,125,755.03	21,629,981.22

5 Notes to the consolidated financial statements (continued)

(33) Financial expenses – net

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Interest expense	**252,445,751.37**	250,287,065.23
Time value of provision for maintenance/resurfacing obligations	**29,964,342.72**	23,247,952.52
Less: interest income	**(5,527,958.49)**	(7,257,742.79)
Exchange gains	**(21,794,500.99)**	(14,419,508.81)
Others	**783,441.24**	1,907,255.38
	255,871,075.85	253,765,021.53

(34) Investment income

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Income from long-term equity investments under equity method	**135,707,678.91**	132,157,645.98

There is no significant restriction on the remittance of investment income.

(35) Non-operating income and non-operating expenses

(a) *Non-operating income*

	For the six months ended 30 June 2011	For the six months ended 30 June 2010	Amount recorded as non-recurring 31 December profit or loss in this period
Bounty	**—**	800,000.00	—
Gain on disposal of fixed assets	**8,920.00**	5,794,322.70	8,920.00
Others	**98,303.18**	1,241,227.33	98,303.18
	107,223.18	7,835,550.03	107,223.18

(b) *Non-operating expenses*

	For the six months ended 30 June 2011	For the six months ended 30 June 2010	Amount recorded as non-recurring 31 December profit or loss in this period
Donation	**50,000.00**	200,000.00	50,000.00
Loss on disposal of fixed assets	**238,707.00**	278,845.92	238,707.00
Others	**41,292.63**	195,525.31	41,292.63
	329,999.63	674,371.23	329,999.63

5 Notes to the consolidated financial statements (continued)

(36) Income tax expense

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Current income tax calculated according to tax law and related regulations	**135,745,973.88**	107,053,119.74
Deferred income tax	**(50,882,403.51)**	(41,497,748.50)
	84,863,570.37	65,555,371.24

The reconciliation from income tax calculated based on the applicable tax rates and profit before tax presented in the consolidated financial statements to the income tax expense is listed below:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Profit before tax	**420,945,143.99**	414,233,592.86
Income tax expense calculated at applicable tax rate of 24% (same period in 2010: 22%)	**101,026,834.56**	91,131,390.43
Effect of different tax rate applied for deferred tax calculation	**(1,133,498.11)**	(5,200,949.82)
Income not subject to tax	**(33,748,376.54)**	(29,861,191.31)
Unrecognised tax losses	**15,731,054.99**	10,074,111.21
Others	**2,987,555.47**	(587,989.27)
Income tax expense	**84,863,570.37**	65,555,371.24

(37) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Consolidated net profit attributable to ordinary owners of the Company	**352,521,341.74**	359,498,732.89
Weighted average number of ordinary shares outstanding	**2,180,770,326.00**	2,180,770,326.00
Basic earnings per share	**0.162**	0.165
Including: Basic earnings per share from continuing operations	**0.162**	0.165

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares in this period, diluted earnings per share equal to basic earnings per share.

5 Notes to the consolidated financial statements (continued)

(38) Other comprehensive income

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Gain/(loss) from cash flow hedges – after tax	**6,181,998.71**	(3,647,664.39)

(39) Notes to consolidated cash flow statement

(a) Cash paid relating to other operating activities

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Payments of quality deposits for Nanping (Phase II) Project	**53,108,104.02**	—
Management expenses paid for Coastal Project	**2,412,184.35**	—
Audit, valuation, lawyers and advisory fees paid	**5,473,085.04**	1,889,589.89
Expenses paid to stock exchanges	**315,238.67**	1,404,763.25
Upfront expenses paid for Coastal Project	—	10,037,138.38
Management expenses paid for Nanping Project	—	12,231,461.74
Other operating expenses paid	**24,878,961.11**	14,164,357.54
	86,187,573.19	39,727,310.80

5 Notes to the consolidated financial statements (continued)

(40) Supplementary information to consolidated cash flow statements

(a) *Reconciliation from net profit to cash flows from operating activities*

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Net profit	**336,081,573.62**	348,678,221.62
Add: Amortisation of investment properties	**287,850.00**	287,850.00
Depreciation of fixed assets	**50,546,163.44**	50,775,013.60
Amortisation of intangible assets	**243,515,896.60**	218,101,524.65
Amortisation of long-term prepaid expenses	**457,389.06**	712,008.83
Losses/(gains) on disposal of fixed assets	**229,787.18**	(5,515,476.78)
Financial expenses	**255,871,075.85**	253,765,021.53
Investment income	**(135,707,678.91)**	(132,157,645.98)
Net movement in deferred tax assets and liabilities	**(50,882,403.51)**	(41,497,748.50)
Decrease/(increase) in inventories	**(1,323,425.30)**	412,739.30
Decrease/(increase) in operating receivables	**24,639,840.65**	(25,710,106.28)
Decrease in operating payables	**(150,486,743.49)**	(694,354.44)
Provisions charged into cost of services	**83,385,468.68**	78,208,092.92
Net cash flows from operating activities	**656,614,793.87**	745,365,140.47

(b) *Net change in cash*

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Cash at the end of the period	**402,148,290.85**	439,553,496.32
Less: cash at the beginning of the period	**(535,465,379.37)**	(479,100,883.88)
Net decrease in cash	**(133,317,088.52)**	(39,547,387.56)

(c) *Cash and cash equivalents*

	30 June 2011	31 December 2010
Cash at bank and on hand (Note 5(1))	**690,991,272.48**	832,427,381.66
Less: restricted bank balances (Note 5(1))	**(13,842,981.63)**	(21,962,002.29)
Pledged fixed deposits (Note 5(1))	**(275,000,000.00)**	(275,000,000.00)
Cash at the end of the period	**402,148,290.85**	535,465,379.37

6 Segment information

The reportable segments of the Group are the business units that provide different products or service, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies. The Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group has only one reportable segment, i.e. toll road segment, which takes charge of operation and management of toll roads in mainland China.

Other businesses principally comprise provision of advertising services, construction management services and other services. The Group has no inter-segment transfers. These businesses do not compose independent reportable segments.

(a) Segment information as at and for the six months ended 30 June 2011 is as follows:

	Toll road	Other	Unallocated	Total
Revenue from external customers	1,116,625,432.67	62,052,027.28	—	1,178,677,459.95
Interest expenses	261,395,611.76	3,422.58	—	261,399,034.34
Share of profit of associates and joint ventures	134,679,483.22	1,028,195.69	—	135,707,678.91
Depreciation and Amortisation	284,373,962.92	6,305,575.93	4,127,760.25	294,807,299.10
Total profit	426,622,885.50	26,448,013.52	(32,125,755.03)	420,945,143.99
Income tax expense	78,676,971.23	6,186,599.14	—	84,863,570.37
Net profit	347,945,914.27	20,261,414.38	(32,125,755.03)	336,081,573.62
Total assets	22,114,763,040.96	289,350,616.16	195,172,529.27	22,599,286,186.39
Total liabilities	13,034,562,825.48	80,356,382.27	92,524,262.44	13,207,443,470.19
Long-term equity investments in associates and joint ventures	2,184,256,652.56	11,360,495.11	—	2,195,617,147.67
Additions to non-current assets other than long-term equity investments	220,915,700.81	58,120,580.29	(2,513,704.00)	276,522,577.10

(b) Segment information as at and for the six months ended 30 June 2010 is as follows:

	Toll road	Other	Unallocated	Total
Revenue from external customers	1,009,332,965.62	45,271,176.28	—	1,054,604,141.90
Interest expenses	261,020,209.62	2,554.70	—	261,022,764.32
Share of profit of associates and joint ventures	131,262,820.96	894,825.02	—	132,157,645.98
Depreciation and Amortisation	262,409,173.01	2,862,891.06	4,604,333.01	269,876,397.08
Total profit	411,486,068.51	17,912,990.52	(15,165,466.17)	414,233,592.86
Income tax expense	61,855,374.83	3,699,996.41	—	65,555,371.24
Net profit	349,630,693.69	14,212,994.10	(15,165,466.17)	348,678,221.62
Total assets	21,909,948,309.84	189,363,633.74	211,065,035.40	22,310,376,978.98
Total liabilities	13,175,356,384.20	34,704,652.48	150,561,188.88	13,360,622,225.56
Long-term equity investments in associates and joint ventures	2,230,310,222.05	9,015,242.41	—	2,239,325,464.46
Additions to non-current assets other than long-term equity investments	95,554,856.39	(1,424,949.89)	(24,560,130.39)	69,569,776.11

7 Related parties and related party transactions

(1) Information of the parent of the Company:

(a) General information of the parent company:

Type	Place of registration	Legal representative	Code of organisation	Nature of business
Shenzhen International	Foreign enterprise	Bermuda	Not applicable	Not applicable Investment holding

The Company's ultimate controlling party is SIHCL. As at 17 November 2010, Shenzhen Investment Holdings Corporation, the original ultimate holding company of Shenzhen International, transferred its 40.55% equity of Shenzhen International (including direct and indirect interest) to SIHCL, which is supervised and managed by the Shenzhen State-owned Assets Supervision and Administration Bureau. After the transfer, SIHCL became the ultimate holding company of the Company. SIHCL applied for exemption for the obligation of granting an acquisition offer relating to the share transfer. As at 12 July 2011, the application was approved by China Securities Regulatory Commission.

(b) Registered capital and changes in registered capital of the parent company:

	31 December 2010	Current period additions	Current period reductions	30 June 2011
Shenzhen International	HKD2,000,000,000.00	—	—	**HKD2,000,000,000.00**

(c) The proportions of equity interests and voting rights in the Company held by the parent company:

	30 June 2011		31 December 2010	
	% interest held	% voting rights	% interest held	% voting rights
Shenzhen International	**50.89%**	**50.89%**	50.89%	50.89%

(2) Information of subsidiaries

The information for the subsidiaries is set out in Note 4(1).

7 Related parties and related party transactions (continued)

(3) Information of joint ventures and associates

	Type	Place of registration	Legal representative	Nature of business	Registered capital	% equity interest	% voting right	Code of organisation
Joint ventures –								
Shenchang Company	Limited liability company	Changsha City, Hunan Province	Luo Cheng Bao	(i)	RMB200,000,000	51%	51%	71216935-7
JEL	Foreign enterprise	Cayman Islands	Inapplicable	(ii)	USD30,000,000	55%	55%	Inapplicable
Guilong Company	Limited liability company	Longli Country, Guizhou Province	Yang Ming	(iv)	RMB10,000,000	49%	49%	57332917-x
Associates –								
Qinglong Company	Limited liability company	Shenzhen City, Guandong Province	Wu Xian	(i)	RMB100,000,000	40%	40%	19230570-5
Consulting Company	Limited liability company	Shenzhen City, Guandong Province	Cai Cheng Guo	(iii)	RMB15,000,000	30%	30%	74124302-6
Huayu Company	Limited liability company	Shenzhen City, Guandong Province	Wu Xian	(i)	RMB150,000,000	40%	40%	73417205-5
Jiangzhog Company	Limited liability company	Guangzhou City, Guangdong Province	Lu Ya Xing	(i)	RMB1,045,000,000	25%	25%	74296235-6
Nanjing Third Bridge Company	Limited liability company	Nanjing City, Jiangsu Province	Feng Bao Chun	(i)	RMB1,080,000,000	25%	25%	74537269-3
Yangmao Company	Limited liability company	Guangzhou City, Guandong Province	Luo Ying Sheng	(i)	RMB200,000,000	25%	25%	74170833-x
GZ W2 Company	Other limited liability company	Guangzhou City, Guandong Province	Zhang Yu Jiang	(i)	RMB1,000,000,000	25%	25%	76400825-6
Yunfu Guangyun Expressway Company	Limited liability company	Yunfu City, Guandong Province	Gu Shui Ling	(i)	RMB10,000,000	30%	30%	74448922-4

(i) Expressway construction and operation.

(ii) JEL is a joint venture of Mei Wah Company (a subsidiary of the Company) and Shenzhen International (the parent of the Company). The Group holds 55% of JEL's equity interest. JEL is mainly engaged in investment holding of Magerk Company. The main business of Magerk Company is toll operation of Wuhuang Expressway.

(iii) Construction advisory and consultancy.

(iv) Investment and management of road construction, land development and the project management.

7 Related parties and related party transactions (continued)

(4) Information of other related parties

	Relationship with the Group	Code of organisation
Xin Tong Chan Company	Shareholder of the Company	19224376-X
Baotong Company	Under same control of Shenzhen International	72618130-6
Coastal Company	Ultimately controlled by SIHCL	68201030-1
United Electronic Company	One of its directors is the Company's key management personnel	74084676-5

(5) Related party transactions

(a) Rendering or receiving of services

(i) Receiving of services

Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	For the six months ended 30 June 2011 Amount	For the six months ended 30 June 2011 Percentage in the total amount of similar transactions	For the six months ended 30 June 2010 Amount	For the six months ended 30 June 2010 Percentage in the total amount of similar transactions
Consulting Company	Receiving project management services	Negotiated price	**17,395,117.41**	**31.01%**	16,339,289.80	20.91%
United Electronic Company	Receiving networked toll settlement services	Determined by price bureau	**10,299,483.85**	**100.00%**	–	–

The Group signed management services contracts with Consulting Company. Total management services expense amounts to RMB130,101,437.30, of which mainly are management services provided to Qinglian Company for its expressway project bided. Up to 30 June 2011, the Group paid accumulative management services expenses to Consulting Company amounting to RMB114,113,912.51.

United Electronic Company is appointed by the People's Government of Guangdong Province to take charge of the management of networking toll system in Guangdong province. The Company and its subsidiaries have signed a series of agreements with United Electronic Company and entrusted it to provide tolls settlement services for Meiguan Expressway, Airport-Heao Expressway, Yanba Expressway, Yanpai Expressway, Nanguang Expressway and Qinglian Expressway operated by the Group. The service periods end on the expiry dates of operation of individual toll road. The related service charge are determined by commodity price bureau of Guangdong Province.

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(a) Rendering or receiving of services (continued)

(ii) Rendering of services

			For the six months ended 30 June 2011		For the six months ended 30 June 2010	
Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	Amount	Percentage in the total amount of similar transactions	Amount	Percentage in the total amount of similar transactions
Baotong Company	Entrusted construction management services	Negotiated price	**331,700.80**	**2.15%**	537,145.97	4.28%
Coastal Company	Entrusted construction management services	–	**10,193,397.53**	**65.96%**	8,059,853.06	64.11%

On 20 May 2009, Baotong Company signed a management service contract with the Company and entrusted the Company to manage the construction of Longhua Extension with construction period of 24 months from the signing date (The project is located in Bao'an District, starting from Yuanfen pedestrian bridge in Bulong Road and ending at the connection to Longda Expressway. The total length of the project is about 1,949 km). As the entrusting party, Baotong Company is responsible for the financing and payment of the construction funds. Management services revenues comprise management services compensation and premiums from investment controls (if any). The basic management services compensation amounts to RMB5,000,000. The premiums from investment controls are calculated on the basis of project budget and project closing expense. All savings are defined as premiums if in case the saving project from closing expense does not exceed by 2.5% of the total project budget, while the Company would also share the portion of any savings exceeding 2.5% of the project budget. In current period, the Company recognised management services amounting to RMB331,700.80 (the same period in 2010: RMB537,145.97) according to the same amount of management expenses and related taxation incurred only to the extent that such costs are probable to be recovered.

As mentioned in Note 5(19)(b), the Company provides project management services for construction, operation and maintenance of the Coastal Project for government authority. Coastal Project is owned by Shenzhen Guangshen Yanjiang Expressway Investment Co., Ltd, which is hold by SIHCL, the Company's ultimate holding company. The management service revenue is 1.5% of the construction budget. During the period, the Company has recognised construction management services fee amounting to RMB10,193,397.53 (same period in 2010: RMB8,059,853.06).

(b) Related party trusteeship

Entrusting party	Type of entrustment	Entrusted party	Date of the commencement of the trusteeship	Date of the termination of the trusteeship	The basis of pricing for the trusteeship	Entrusted revenue recognised in this period
Baotong Company	Equity trusteeship	The Company	1 January 2010	31 December 2011	Negotiated price	11,282,162.62

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(c) *Financing*

	Amount	Date of the commencement of the financing	Date of the termination of the financing
Entrusted loan – Magerk Company	110,000,000.00	14 March 2011	13 October 2011

(d) *Remuneration of key management personnel*

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Remuneration of key management personnel	**3,636,000.00**	3,421,000.00

(6) Receivables from and payables to related parties

		30 June 2011	31 December 2010
Other receivables	Baotong Company	**574,955.13**	364,260.33
Other payables	Nanjing Third Bridge Company	**46,500,000.00**	46,500,000.00
	Coastal Company	**35,079,463.48**	40,793,854.01
	United Electronic Company	**1,689,407.82**	1,702,071.44
		83,268,871.30	88,995,925.45

(7) Commitments in relation to related parties

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet date are as follows:

(a) *Receiving of services*

	30 June 2011	31 December 2010
Consulting Company	**15,987,524.79**	25,971,029.20

(b) *Receiving guarantee*

	30 June 2011	31 December 2010
Xin Tong Chan Company	—	USD223,420.00

The borrowing amounting to USD223,420 is guaranteed by Xin Tong Chan Company, which was granted by the Spanish Government through the China Construction Bank Corporation, was due in current period.

8 Contingencies

(a) In 2007, the Company has entered into two project construction management contracts with the Shenzhen Communications Bureau who represent the Shenzhen government. Related contracts for 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 to the Shenzhen Communications Bureau amounting to RMB50,000,000.00 and RMB1,000,000.00 respectively.

In current period, the Company signed a construction management service contract with Shenzhen Traffic Public Facilities Construction Center who represent the Shenzhen government, entrusted to manage the construction of Longda Municipal Project. The Company had arranged with bank to issue irrevocable performance guarantees to Shenzhen Traffic Public Facilities Construction Center amounting to RMB2,000,000.00.

(b) In 2008, according to the demand by the Shenzhen Local Tax Bureau (the "Local Tax Bureau") and the communication with related government departments, the Group had made a provision for enterprise income tax as at 31 December 2008 in the amount of RMB39,236,062.97. As of the date of approval of this financial information, there is no progress in the current period and the amount of tax liabilities still could not be ascertained with reasonably certainty. Thus no change has been made to the provision for the enterprise income tax liabilities and no provision has been made for the potential penalty. The provision of RMB39,236,062.97 has not yet paid.

(c) Arbitration in progress

On 8 December 2004, the Company signed a construction contract ("the 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. Up to the date of approval of these financial statements, the arbitration process was still in progress. The directors of the Company 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. Up to the date of approval of these financial statements, the arbitration has been revoked, and the Company is still in the negotiation with the Great Wall on the quantities and unit price of the project. According to the relevant provisions and the views of the lawyer, the directors of the Company considered that the outcome of the negotiation will have no significant impact on the operating results of the Company.

9 Commitments

(1) Capital commitments

(a) Capital expenditures contracted for but are not yet recognised on the balance sheet are as follows:

	30 June 2011	31 December 2010
Expressway construction projects	**320,820,831.48**	40,791,486.02

It mainly represents capital commitments to Nanguang Expressway project, Qinglian Expressway project and the reconstruction and extension of Meiguan Expressway.

(b) Capital commitments approved by the management but are not yet contracted for

	30 June 2011	31 December 2010
Expressway construction projects	**735,478,924.12**	1,240,535,786.26

(2) Investment commitments

In accordance with the minutes of Board of Directors, the Group plans to inject RMB132 million by cash to an associate, Qinglong Company, which will be used on the extension project of Shuiguan Expressway. As at 30 June 2011, the Group has injected RMB89.6 million accumulatively, while the investment commitment is RMB42.4 million; The Group plans to inject RMB1,455.6 million to Qinglian Company, which comprises RMB757.4 million transferred from payables to shareholders to registered capital and RMB698.2 million injected by cash, and will be used on the extension project of Qinglian Expressway. As at 30 June 2011, the Group has injected RMB1,069 million accumulatively, which comprised RMB497 million transferred from payables to shareholders to registered capital and RMB572 million injected by cash, while the investment commitment is RMB386.6 million, which comprised RMB260.6 million transferred from payables to shareholders to registered capital and RMB126 million injected by cash.

In accordance with the resolution passed in board meeting, the Company will set up a wholly owned subsidiary, taking charge of the research, investment and management of new industry, with registered capital amounting to RMB200 million. The initial contribution will be RMB80 million in cash, and the rest capital would be injected within legal term.

(3) Performance status of commitments for the previous period

The Group has fully executed capital commitments outstanding as at 31 December 2010. In current period, in accordance with the board resolution, the Group injected RMB428 million to Qinglian Company, which comprised RMB138 million transferred from payables and cash injection of RMB290 million.

10 Events after the balance sheet date

In accordance to an approval issued by China Securities and Regulatory Committee (Zheng Jian Xu Ke [2011] No.1131) in July 2011, the Company has been approved to publicly issue corporate bonds with face value not exceeding RMB1.5 billion. The bonds bear interest rate of 6% per annum and a term of 5 years, attached with option of upward interest adjustment and redemption option exercisable at the end of the third year. The bonds have been issued in full on 2 August 2011.

11 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to HK dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies. The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. The Group has entered into a forward exchange contract and an CNY/HKD cross currency interest rate swap contract to minimize foreign exchange risk.

As at 30 June 2011 and 31 December 2010, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	30 June 2011		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency –			
Cash at bank and on hand	24,528,380.72	98,882.21	24,627,262.93
Financial liabilities denominated in foreign currency –			
Short-term borrowings	571,309,200.00	—	571,309,200.00
Current portion of non-current liabilities	93,970,800.00	—	93,970,800.00
Long-term borrowings	677,754,000.00	—	677,754,000.00
	1,343,034,000.00	—	1,343,034,000.00

11 Financial instrument and risk (continued)

(1) Market risk (continued)

(a) Foreign exchange risk (continued)

	31 December 2010		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency –			
Cash at bank and on hand	50,417,437.07	100,978.42	50,518,415.49
Financial liabilities denominated in foreign currency –			
Short-term borrowings	529,259,800.00	—	529,259,800.00
Current portion of non-current liabilities	96,151,700.00	1,479,643.63	97,631,343.63
Long-term borrowings	693,483,500.00	—	693,483,500.00
	1,318,895,000.00	1,479,643.63	1,320,374,643.63

Regardless of the borrowing amounting to HKD227 million and HKD399 million of which the foreign exchange risks have been hedged by the forward exchange contract and the cross currency interest rate swap (Note 5(24)), as at 30 June 2011, if the currency had weakened/strengthened by 10% against the HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB68,135,793.53 (31 December 2010: RMB73,581,416.29) lower/higher for various financial assets and liabilities denominated in HKD.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term borrowings and bonds payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2011, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB3,330,484,560.00 (31 December 2010: RMB3,068,826,890.46).

Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group's finance department at its headquarters continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. The Group has entered into an CNY/HKD cross currency interest rate swap contract to minimize interest rate risk.

Regardless of the borrowing amounting to HKD399 million, of which the interest rate risk has been hedged by the cross currency interest rate swap (Note 5(24)), as at 30 June 2011, if interest rates on the floating rate borrowings had been 10% higher/lower while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB6,707,691.70 (the same period in 2010: approximately RMB5,199,604.15).

11 Financial instrument and risk (continued)

(2) Credit risk

The Group expects that there is no significant credit risk. The maximal credit risk mainly arises from cash at bank and on hand and other receivables.

The table below shows the bank deposits of the major counterparties of the Group as at the balance sheet date:

	30 June 2011	31 December 2010
State-owned banks	**261,144,994.18**	153,931,134.82
Other banks	**429,314,960.05**	677,721,166.71
	690,459,954.23	831,652,301.53

It is expected that there is no significant credit risk associated with the bank deposits as the state-owned banks have the support of the government and others are the listed banks or commercial banks at medium/large size. The directors do not expect any losses from non-performance by these counterparties.

As a result of the business nature of the Group, the Group has no significant concentration of credit risk arising from its customers, except for the amount due from government authorities in the Shenzhen of approximately RMB188 million (2010: RMB193 million) in relation to the project management services provided (Note 5(2)).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities so as to meet the short-term and long-term liquidity requirements.

The financial assets and liabilities of the Group as at the balance sheet date are analyzed by their maturity date below at their undiscounted contractual cash flows:

			30 June 2011		
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets denominated in foreign currency –					
Cash at bank and on hand	690,991,272.48	–	–	–	690,991,272.48
Receivables(i)	285,240,305.41	–	–	–	285,240,305.41
	976,231,577.89	–	–	–	976,231,577.89
Financial liabilities denominated in foreign currency –					
Short-term borrowings	780,796,865.12	–	–	–	780,796,865.12
Current portion of non-current liabilities(iii)	479,566,839.16	–	–	–	479,566,839.16
Payables(ii)	1,413,835,841.94	–	–	–	1,413,835,841.94
Long-term borrowings	27,531,453.48	634,055,360.62	1,587,528,684.23	5,319,046,371.26	7,568,161,869.59
Debenture payables	85,040,000.00	785,040,000.00	1,647,000,000.00	1,108,000,000.00	3,625,080,000.00
Derivative financial liabilities	1,007,245.40	1,047,773.10	35,919,708.20	–	37,974,726.70
	2,787,778,245.10	1,420,143,133.72	3,270,448,392.43	6,427,046,371.26	13,905,416,142.51

11 Financial instrument and risk (continued)

(3) Liquidity risk (continued)

	31 December 2010				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets denominated in foreign currency –					
Cash at bank and on hand	832,427,381.66	—	—	—	832,427,381.66
Receivables(i)	283,498,343.14	—	—	—	283,498,343.14
	1,115,925,724.80	—	—	—	1,115,925,724.80
Financial liabilities denominated in foreign currency –					
Short-term borrowings	1,187,715,742.26	—	—	—	1,187,715,742.26
Notes payable	3,032,272.84	—	—	—	3,032,272.84
Current portion of non-current liabilities(iii)	177,193,107.26	—	—	—	177,193,107.26
Payables(ii)	1,326,188,887.98	—	—	—	1,326,188,887.98
Long-term borrowings	26,396,714.24	616,210,543.62	1,583,141,259.39	4,367,052,973.70	6,592,801,490.95
Debenture payables	85,040,000.00	85,040,000.00	2,373,040,000.00	1,108,000,000.00	3,651,120,000.00
Derivative financial liabilities	610,465.47	610,643.33	10,982,414.21	—	12,203,523.01
	2,806,177,190.05	701,861,186.95	3,967,163,673.60	5,475,052,973.70	12,950,255,024.30

(i) Receivables comprise accounts receivable, other receivables, dividends receivable and interest receivable.

(ii) Payables comprise accounts payable, dividends payable and other payables.

(iii) Exclude current portion of provisions for maintenance/resurfacing obligations

Since the Group has steady and sufficient cash flow from operation and sufficient banking facilities, and basing on the facts such as making proper financing arrangement to fulfill the needs of payment of debts and capital expenditures, the directors consider that there's no significant liquidity risk in the Group.

(4) Fair value

(a) Financial instruments not measured at fair value

Financial assets and liabilities not measured at fair value mainly represent receivables, short-term borrowings, payables, Long-term borrowings and bonds payables.

Except for financial assets and liabilities listed below, the carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	30 June 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities –				
Long-term borrowings	**5,614,217,760.00**	**5,332,868,016.93**	5,757,383,500.00	5,453,561,891.36
Debenture payables	**2,838,949,128.33**	**2,907,248,330.19**	2,807,923,750.11	2,880,636,879.39
	8,453,166,888.33	**8,240,116,347.12**	8,565,307,250.11	8,334,198,770.75

The fair value of long-term borrowings and bonds payables not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms.

11 Financial instrument and risk (continued)

(4) Fair value (continued)

(b) Financial instruments measured at fair value

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2011, the financial assets measured at fair value by the above three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets	—	—	—	—
Financial liabilities –				
Derivative financial liabilities	—	26,788,084.77	—	26,788,084.77

As at 31 December 2010, the financial assets measured at fair value by the above three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets	—	—	—	—
Financial liabilities –				
Derivative financial liabilities	—	25,696,082.32	—	25,696,082.32

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis. Inputs to valuation techniques include prepayment rates, rates of estimated credit losses, and interest rates or discount rates.

12 Notes to the Company's financial statements

(1) Accounts receivable

	30 June 2011	31 December 2010
Accounts receivable	**211,877,311.14**	217,361,364.51
Less: provision for bad debts	**—**	—
	211,877,311.14	217,361,364.51

(a) The ageing of accounts receivable is analyzed as follows:

	30 June 2011	31 December 2010
Within 1 year	**62,837,113.14**	81,961,662.59
1 to 2 years	**20,750,378.00**	1,375,664.31
2 to 3 years	**509,666.00**	6,954,776.11
Over 3 years	**127,780,154.00**	127,069,261.50
	211,877,311.14	217,361,364.51

(b) Accounts receivable are analyzed by categories as follows:

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	**—**	**—**	**—**	**—**	—	—	—	—
Provision made collectively								
Group 1	**211,316,816.14**	**99.74%**	**—**	**—**	216,443,376.67	99.58%	—	—
Group 2	**560,495.00**	**0.26%**	**—**	**—**	917,987.84	0.42%	—	—
Not individually significant but provision separately made	**—**	**—**	**—**	**—**	—	—	—	—
	211,877,311.14	**100.00%**	**—**	**—**	217,361,364.51	100.00%	—	—

For other individually significant accounts receivables, the Group has assessed their recoverability and does not notice any circumstance that the Company couldn't collect the full amount under original clauses.

(c) Accounts receivable of which provision is made collectively using ageing analysis method are analyzed as follows:

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	**560,495.00**	**100.00%**	**—**	**—**	917,987.84	100.00%	—	—

As at 30 June 2011, all accounts receivable were denominated in RMB (as at 31 December 2010: the same).

12 Notes to the Company's financial statements (continued)

(2) Other receivables

	30 June 2011	31 December 2010
Advances	**110,784,130.18**	33,290,932.34
Guaranteed deposits	**724,471.00**	9,425,400.00
Others	**7,945,355.09**	11,480,993.79
	119,453,956.27	54,197,326.13
Less: provision for bad debts	**—**	—
	119,453,956.27	54,197,326.13

(a) The ageing of other receivables is analyzed as follows:

	30 June 2011	31 December 2010
Within 1 year	**96,377,557.67**	32,464,753.37
1 to 2 years	**19,862,108.30**	10,440,511.48
2 to 3 years	**2,717,859.32**	1,370,230.28
Over 3 years	**496,430.98**	9,921,831.00
	119,453,956.27	54,197,326.13

(b) Other receivables are analyzed by categories as follows:

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	**—**	**—**	**—**	**—**	—	—	—	—
Provision made collectively								
Group 1	**102,010,022.77**	**85.40%**	**—**	**—**	41,398,564.75	76.38%	—	—
Group 2	**17,443,933.50**	**14.60%**	**—**	**—**	12,798,761.38	23.62%	—	—
Not individually significant but provision separately made	**—**	**—**	**—**	**—**	—	—	—	—
	119,453,956.27	**100.00%**	**—**	**—**	54,197,326.13	100.00%	—	—

(c) Other receivables of which provision is made collectively using ageing analysis method are analyzed as follows:

	30 June 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	**10,948,093.13**	**62.76%**	**—**	**—**	12,500,511.33	97.67%	—	—
1 to 2 years	**6,495,840.37**	**37.24%**	**—**	**—**	298,250.05	2.33%	—	—
	17,443,933.5	**100.00%**	**—**	**—**	12,798,761.38	100.00%	—	—

As at 30 June 2011, all other receivables were denominated in RMB (as at 31 December 2010: the same).

12 Notes to the Company's financial statements (continued)

(3) Long-term receivables

	30 June 2011	31 December 2010
Loans to Qinglian Company	**1,302,750,539.48**	1,332,357,225.41

(4) Long-term equity investments

		30 June 2011	31 December 2010
Subsidiaries	(a)	**4,963,822,989.81**	4,922,766,187.96
Joint ventures	(b)	**189,680,196.66**	186,386,155.67
Associates	(c)	**1,415,625,286.88**	1,398,501,752.37
Other long-term equity investment	(c)	**28,500,000.00**	28,500,000.00
		6,597,628,473.35	6,536,154,096.00
Less: Provision for impairment of long-term equity investments		**—**	—
		6,597,628,473.35	6,536,154,096.00

As at 30 June 2011, no provision for impairment of long-term equity investments is required (as at 31 December 2010: nil).

12 Notes to the Company's financial statements (continued)

(4) Long-term equity investments (continued)

(a) *Subsidiaries*

	Ending balance of investment costs	31 December 2010	Current period additions	Investment cost recovered	30 June 2011	Cash dividend declared	Equity interest held (%)	Voting rights held (%)	Impairment
Airport-Heao Eastern Company	1,241,816,084.00	1,320,454,729.44	–	(78,638,645.44)	**1,241,816,084.00**	(102,058,342.08)	100%	100%	–
Meiguan Company	631,976,276.16	662,099,155.25	–	(30,122,879.09)	**631,976,276.16**	(90,045,461.16)	100%	100%	–
Shenzhen Expressway Advertising Company Limited	3,325,000.01	3,325,000.01	–	–	**3,325,000.01**	–	95%	95%	–
Mei Wah	831,769,303.26	831,769,303.26	–	–	**831,769,303.26**	–	100%	100%	–
Qinglian Company	2,154,936,326.38	2,005,118,000.00	149,818,326.38	–	**2,154,936,326.38**	–	51.37%	51.37%	–
Outer Ring Company	100,000,000.00	100,000,000.00	–	–	**100,000,000.00**	–	100%	100%	–
	4,963,822,989.81	4,922,766,187.96	149,818,326.38	(108,761,524.53)	**4,963,822,989.81**	(192,103,803.24)			–

The Company uses cost method to account for investments in the above subsidiaries.

As stated in Note 5(23)(b), the full amount of principal and interest of the Company's corporate bonds is unconditionally and irrevocably guaranteed by China Construction Bank Corporation, which is in turn secured by the Company's 100% equity interest in Meiguan Company.

(4) Long-term equity investments (continued)

(b) Joint ventures

	Ending balance of investment cost	31 December 2010	Current period additions	Current period reductions	30 June 2011
Guilong Company	4,900,000.00	—	4,900,000.00	—	**4,900,000.00**
Shenchang Company	346,203,994.00	186,386,155.67	—	(1,605,959.01)	**184,780,196.66**
		186,386,155.67	4,900,000.00	(1,605,959.01)	**189,680,196.66**

For details please refer to Note 6(a).

(c) For detail information of associates and other long-term equity investments, please refer to Note 5(6)(b) and Note 5(6)(c).

(5) Revenue and cost of services

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Revenue from main operation (a)	**463,016,070.92**	402,586,417.35
Revenue from other operation (b)	**29,279,941.36**	22,917,431.62
	492,296,012.28	425,503,848.97
Cost from main operation (a)	**240,833,572.28**	213,316,421.31
Cost from other operation (b)	**11,419,115.76**	11,415,051.19
	252,252,688.04	224,731,472.50

(a) Revenue and cost of services from main operation

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Revenue from main operation	Cost from main operation	Revenue from main operation	Cost from main operation
Revenue from toll road	**463,016,070.92**	**240,833,572.28**	402,586,417.35	213,316,421.31

The Group's revenue from toll road are all generated from Shenzhen region.

(b) Revenue and cost of services from other operation

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Revenue from main operation	Cost from main operation	Revenue from main operation	Cost from main operation
Management services revenue	**26,735,811.85**	**10,207,087.53**	20,161,524.42	9,930,302.29
Other revenue	**2,544,129.51**	**1,212,028.23**	2,755,907.20	1,484,748.90
	29,279,941.36	**11,419,115.76**	22,917,431.62	11,415,051.19

12 Notes to the Company's financial statements (continued)

(6) Investment income

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Income from long-term equity investment under cost method	**192,103,803.24**	199,088,520.30
Income from long-term equity investment under equity method	**82,858,832.59**	86,794,601.22
	274,962,635.83	285,883,121.52

13 Net current assets

	Group	
	30 June 2011	31 December 2010
Current assets	**1,009,362,651.02**	1,133,193,319.36
Less: current liabilities	**(2,939,956,893.59)**	(2,987,377,846.97)
Net current assets	**(1,930,594,242.57)**	(1,854,184,527.61)

	Company	
	30 June 2011	31 December 2010
Current assets	**773,525,766.88**	849,534,339.40
Less: current liabilities	**(1,775,158,747.19)**	(1,649,468,757.88)
Net current assets	**(1,001,632,980.31)**	(799,934,418.48)

14 Total assets less current liabilities

	Group	
	30 June 2011	31 December 2010
Total assets	**22,599,286,186.39**	22,616,647,065.72
Less: current liabilities	**(2,939,956,893.59)**	(2,987,377,846.97)
Total assets less current liabilities	**19,659,329,292.80**	19,629,269,218.75

	Company	
	30 June 2011	31 December 2010
Total assets	**14,590,896,710.52**	14,589,881,502.24
Less: current liabilities	**(1,775,158,747.19)**	(1,649,468,757.88)
Total assets less current liabilities	**12,815,737,963.33**	12,940,412,744.36

1 Detailed list of non-recurring profit or loss items

	For the six months ended 30 June 2011	For the six months ended 30 June 2011	Note
Profits from entrusted management services	**10,660,515.46**	7,194,907.10	Profits from entrusted management services to Longda Company in current period.
The Amortisation of compensation provided by concession grantor	**6,092,477.95**	5,605,991.72	The Amortisation of compensation to Yanpai Expressway and Yanba Expressway provided by concession grantor recognised in current period according to traffic volume method which disclosed as a deduction of the Amortisation of the related concession intangible assets.
Other profit or loss items that meet the definition of non-recurring profit or loss	**(222,776.45)**	7,161,178.80	The net amount of other non-recurring profit and loss.
	16,530,216.96	19,962,077.62	
Impact of income tax (24%, the same period in 2010: 22%)	**(2,825,084.12)**	(4,391,657.08)	Tax impact of the non-recurring profit and loss.
Impact of minority interests (after tax))	**35,805.02**	(4,648.77)	
	13,740,937.86	15,565,771.77	

Basis for preparation of detailed list of non-recurring profit or loss items

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary business, or that are relevant to ordinary business, but are so extraordinary that would have an influence on users of financial statements making proper judgements on the performance and profitability of an enterprise.

2 Return on net assets and earnings per share

	Weighted average return on net assets(%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	For the six months ended 30 June 2011	For the six months ended 30 June 2010	For the six months ended 30 June 2011	For the six months ended 30 June 2010	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Net profit attributable to ordinary owners of the Company	**4.02%**	4.32%	**0.162**	0.165	**0.162**	0.165
Net profit after deducting non-recurring profit or loss attributable to ordinary owners of the Company	**3.86%**	4.14%	**0.155**	0.158	**0.155**	0.158

For the six months ended 30 June 2011
(All amounts in RMB unless otherwise stated)

3 Illustration of fluctuation and related reasons on major financial statements items

The significant items with fluctuations over 30% (including 30%) are analysed as below:

		30 June 2011	31 December 2010	Increase/ (decrease)(%)
Dividends receivable	1	**9,569,209.91**	—	100.00
Interests receivable	2	**4,661,815.07**	1,715,171.24	171.80
Advances to suppliers	3	**28,406,002.45**	13,865,949.18	104.86
Construction in progress	4	**86,372,300.12**	42,034,013.85	105.48
Deferred tax assets	5	**136,685,014.27**	103,492,784.79	32.07
Short-term borrowings	6	**771,309,200.00**	1,174,259,800.00	(34.32)
Notes payable	7	**—**	3,024,616.00	(100.00)
Advances from customers	8	**24,670,777.73**	14,171,844.00	74.08
Employee benefits payable	9	**40,541,815.10**	62,689,956.43	(35.33)
Interests payable	10	**81,761,973.01**	62,367,213.28	31.10
Dividends payable	11	**106,911,126.91**	—	100.00
Current portion of non-current liabilities	12	**482,003,666.41**	195,463,729.63	146.59

		For the six months ended 30 June 2011	For the six months ended 30 June 2010	Increase/ (decrease)(%)
General and administrative expenses	13	**32,125,755.03**	21,629,981.22	48.52
Minority interests	14	**16,439,768.12**	10,820,511.27	51.93
Net cash generated from investing activities	15	**(177,512,517.83)**	(456,616,559.56)	(61.12)
Net cash generated from financing activities	16	**(610,014,141.08)**	(328,303,594.77)	85.81

1. According to Guoshuihan [2010] No.651 issued by State Administration of Taxation, Mei Wah, Maxprofit and JEL are recognised as resident enterprises of China. Magerk Company received tax rebate from tax authority related to the withholding tax paid for year 2008's dividends distributed. Mei Wah recognised the related dividends receivable basing on its investment proportion accordingly.
2. The accrued interests income from the fixed deposit increased.
3. Prepaid project funds for roads maintenance increased.
4. There was an addition of construction in progress of road lamp and related monitoring projects for expressways in Shenzhen in current period.
5. The Group provided provisions for maintenance/resurfacing obligation in current period and the deferred tax assets increased accordingly.
6. The Company adjusted the lending structure and reduced short-term borrowings in current period.
7. No project funds were settled by notes in current period.
8. Advances from advertising customers increased in current period.
9. Stuff bonuses of year 2010 were paid in current period.
10. The interest expenses accrued in current period for corporate bonds with principal amounting to RMB800 million and for convertible bonds with principal amounting to RMB1,500 million would be paid in the second half of every year.
11. It represented the dividends payable to holders of foreign shares listed in foreign capital market.
12. Current portion of long-term borrowings increased.
13. Housing funds were accrued in line with relevant clauses of Shenzhen government, and general and administrative expenses increase accordingly.
14. Loss of Qinglian Company increased in current period, and minority interests loss increased accordingly.
15. Cash received from investment income from joint ventures and associates and investment costs recovered increased in current period.
16. The Group received medium-term notes with principal amounting to RMB700 million in the same period of last year, and the net borrowings repaid in the same period of last year were more than it in current period by approximately RMB431 million.

Definitions

I. Highway and Project Operated, Invested and Managed by the Company

Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City, among which, the section from Qinghu to Liguang, approximately 11 km, refers to the North Section of Meiguan Expressway and the section from Meilin to Qinghu, approximately 8 km, refers to the South Section of Meiguan Expressway
Jihe Expressway	The expressway from Shenzhen International Airport to He'ao in Shenzhen City, comprising Jihe East and Jihe West
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Road of Jihe Expressway
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising Yanba A, Yanba B and Yanba C
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, also referred to as Liming Avenue
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)
Outer Ring Expressway	Shenzhen Outer Ring Expressway
Coastal Expressway (Shenzhen Section)	The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) of the Coastal Expressway from Guangzhou to Shenzhen
Longda Expressway	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan
Qinglian Project	Qinglian Expressway, Qinglian Class 1 Highway, Qinglian Class 2 Road 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, among which, the Lianzhou to Fengbu Section of Qinglian Project refers to Liannan Section
Yangmao Expressway	The expressway from Yangjiang to Maoming, located in Guangdong Province
Guangwu Project	The section from Ma'an to Hekou of the expressway from Guangzhou, Guangdong to Wuzhou, Guangxi ("Guangwu Expressway"), located in Guangdong Province
Jiangzhong Project	The expressway from Zhongshan to Jiangmen and the second phase of the expressway from Jiangmen to Heshan, located in Guangdong Province
GZ W2 Expressway	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway, located in Guangdong Province

Wuhuang Expressway	The expressway from Wuhan to Huangshi, located in Hubei Province
Changsha Ring Road	Changsha Ring Expressway (Northwestern Section), located in Hunan Province
Nanjing Third Bridge	Nanjing Yangtze Third Bridge, located in Jiangsu Province
Longda Project	The entrusted management of 89.93% equity interest in Longda Company by the Company, including the daily operation management of Longda Expressway
Nanping Project	The management of the construction project of Shenzhen Nanping Freeway (also referred to as Nanping Avenue) undertaken by the Company, among which, the first phase of Nanping Freeway refers to Nanping (Phase I) and the second phase of Nanping Freeway refers to Nanping (Phase II), comprising section A and section B
Shenyun Project	The management of the construction project of Shenyun-North Ring Interchange renovation in Shenzhen undertaken by the Company
Longhua Extension	The management of the construction project of Longhua Extension to Longda Expressway undertaken by the Company
Longda Municipal Section	The management of the construction project of municipal facilities of Dalang Section of Longda Expressway undertaken by the Company
Coastal Project	The entrusted management of Coastal Company undertaken by the Company, including the management of Coastal Expressway (Shenzhen Section) during the construction period and operation period. During the Reporting Period, it specifically refers to the entrusted management of Coastal Expressway (Shenzhen Section) during the construction period

II. Enterprise Invested by the Company

Meiguan Company	深圳市梅觀高速公路有限公司 (Shenzhen Meiguan Expressway Company Limited), which owns Meiguan Expressway
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), which owns Jihe East
Qinglong Company	深圳清龍高速公路有限公司 (Shenzhen Qinglong Expressway Company Limited), which owns Shuiguan Expressway
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited, which indirectly holds interests in Qinglian Company and Magerk Company
Qinglian Company	廣東清連公路發展有限公司 (Guangdong Qinglian Highway Development Company Limited), which owns Qinglian Project
JEL Company	Jade Emperor Limited, a subsidiary of Mei Wah Company, which holds 100% interests in Magerk Company
Magerk Company	湖北馬鄂高速公路經營有限公司 (Hubei Magerk Expressway Management Private Limited), which owns the operating rights of Wuhuang Expressway

Nanjing Company	南京長江第三大橋有限責任公司 (Nanjing Yangtze River Third Bridge Company Limited), which owns Nanjing Third Bridge
Advertising Company	深圳市高速廣告有限公司 (Shenzhen Expressway Advertising Company Limited)
Consulting Company	深圳高速工程顧問有限公司 (Shenzhen Expressway Engineering Consulting Company Limited)
Guangdong UETC	廣東聯合電子收費股份有限公司 (Guangdong United Electronic Toll Collection Inc.)

III. Others

the Period, the Reporting Period	For the six months ended 30 June 2011
2010 Interim	For the six months ended 30 June 2010
YOY	Year-on-year change rate as compared to 2010 Interim
Company, the Company	Shenzhen Expressway Company Limited
Group, the Group	The Company and its consolidated subsidiaries
Board	The board of Directors of the Company
Director(s)	The director(s) of the Company
Independent Director(s)	The independent non-executive Director(s) of the Company
Supervisory Committee	The Supervisory Committee of the Company
Supervisor(s)	The supervisor(s) of the Company
Articles	The articles of association of the Company
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
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
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
SSE	The Shanghai Stock Exchange

HKEx	The Stock Exchange of Hong Kong Limited
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
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)
CAS	The Accounting Standards for Business Enterprises (2006) of the PRC
Bonds with Warrants	Convertible corporate bonds, in which bonds and subscription warrants are tradable separately
XTC Company	新通產實業開發(深圳)有限公司 (Xin Tong Chan Development (Shenzhen) Company Limited), formerly known as 深圳市高速公路開發公司 (Shenzhen Freeway Development Company Limited), a shareholder of the Company
SGH Company	深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company), a shareholder of the Company
Huajian Company	華建交通經濟開發中心 (Huajian Transportation and Economic Development Centre), a shareholder of the Company, renamed as China Merchants Hua Jian Highway Investment Co., Ltd. in June 2011
Shenzhen SASAB	深圳市國有資產監督管理局 (Shenzhen State-owned Assets Supervision and Administration Bureau)
SIHC	深圳市投資管理公司(Shenzhen Investment Holding Corporation), which is the investment holding institutions under the People's Government of Shenzhen, supervised and managed by Shenzhen SASAB
SIHCL	深圳市投資控股有限公司(Shenzhen Investment Holdings Company Limited), which is wholly-owned by Shenzhen SASAB
Shenzhen International	Shenzhen International Holdings Limited, the shares of which are listed on the main board of HKEx, the controlling shareholder of XTC Company and SGH Company
SGJ Shenzhen	深國際控股(深圳)有限公司 (Shenzhen International Holdings (SZ) Limited), formerly known as 怡萬實業發展(深圳)有限公司 (Yiwan Industry Development (Shenzhen) Company Limited), a wholly-owned subsidiary of Shenzhen International, which holds 100% equity interest in SGH Company
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), a wholly-owned subsidiary of Shenzhen International, which owns 89.93% equity interest in Longda Company

Longda Company	深圳龍大高速公路有限公司 (Shenzhen Longda Expressway Company Limited), a subsidiary of Shenzhen International, which owns Longda Expressway
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), which is a wholly-owned subsidiary of SIHCL, and is engaged in the construction and operation of Coastal Expressway (Shenzhen Section)
PRC	The People's Republic of China excluding, for the purpose of this report, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
RMB	Renminbi, the lawful currency of the PRC
HK$	Hong Kong dollars, the lawful currency of the Hong Kong Special Administration Region of the PRC

Note: For details of the highways, projects and enterprises invested, please refer to the content of Annual Report 2010 of the Company.

Corporate Information

Registered Names in Chinese and English	深圳高速公路股份有限公司 Shenzhen Expressway Company Limited
Legal Representative	YANG Hai
Registered Address and Place of Business	Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen (Postal Code: 518026)
Website	http://www.sz-expressway.com
E-mail	ir@sz-expressway.com
Secretary of the Board/ Company Secretary	WU Qian
Telephone	(86) 755-8285 3331
Securities Officer	GONG Xin, XIAO Wei
Telephone	(86) 755-8285 3338
Fax	(86) 755-8285 3400
Investor Hotline	(86) 755-8285 3330
E-mail	secretary@sz-expressway.com
Contact Address	Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen
Listing Exchanges	A Share: The Shanghai Stock Exchange Security Code: 600548 Abbreviation: Shenzhen Expressway
	H Share: The Stock Exchange of Hong Kong Limited Security Code: 00548 Abbreviation: Shenzhen Expressway
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PRC Legal Adviser	Guangdong Junyan Law Firm 13/F, Dutyfree Business Building, First Fuhua Road, Shenzhen	
Hong Kong Legal Adviser	Loong & Yeung, Solicitors Suite 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong	
Domestic Share Registrar and Transfer Office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch 36/F, China Insurance Building, 166 Lu Jia Zui Road East, Pudong New District, Shanghai	
Share Registrar and Transfer Office in Hong Kong	Hong Kong Registrars Limited 46/F, Hopewell Centre, 183 Queen's Road East, Hong Kong	
Investor Relations Consultant of A Shares	Everbloom Investment Consultant Company Limited Room 512-515, 5th Floor, Rongchao Trade Centre, 4028 Jintian Road, Futian District, Shenzhen	
Investor Relations Consultant of H Shares	Rikes Hill & Knowlton Limited 36th Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong	
Place of Business in Hong Kong	Suite 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong Tel: (852) 2543 0633 Fax: (852) 2543 9996	
Principal Banks	Industrial and Commercial Bank of China China Merchants Bank China Development Bank	

Confirmation to the Interim Report 2011

As the Directors and senior management of Shenzhen Expressway Company Limited ("Company"), we confirm that there are no false representations or misleading statements contained in or material omissions from the Interim Report 2011 of the Company, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of the report.

12 August 2011

Directors who signed this Confirmation:

Yang Hai	*Wu Ya De*	*Li Jing Qi*	*Zhao Jun Rong*
Tse Yat Hong	*Lin Xiang Ke*	*Zhang Yang*	*Chiu Chi Cheong, Clifton*
Lam Wai Hon, Ambrose	*Ting Fook Cheung, Fred*	*Wang Hai Tao*	*Zhang Li Min*

Senior Management who signed this Confirmation:

Li Jian	*Zhou Qing Ming*	*Ge Fei*	*Liao Xiang Wen*
Gong Tao Tao	*Wu Xian*	*Wu Qian*	