SHENZHEN EXPRESSWAY COMPANY LIMITED

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

(Stock Code: 00548)

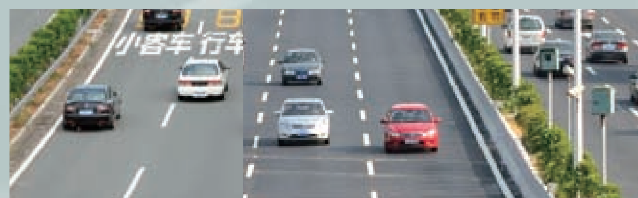
Interim Report 2013

深高速

共同進步　分享快樂
Advancing Together, Harvesting Together

經驗／開拓／將來

路



The road and bridge construction are the foundation of Shenzhen Expressway. Our success lies on our roads such as Meiguan, Jihe and Yanba which connect towns and cities far and near, and the contribution from the people who construct, manage and maintain the roads. Therefore, we adopts the **"路(Road)"** as the theme of this year with an aim to highlight the Company's business and value.

Looking back to 2012, the toll highway industry saw the changes of policies and suffered the pressure from the public's criticism. Under the current operating environment, an important challenge that the management is facing is how to choose the road for our future development. The theme, **"路(Road)"**, also reflects the Company's thought and pursuit for future development.

Looking forward, although the road may be smooth, harsh, unhindered or zigzag, the people in Shenzhen Expressway have the determination and belief to step forward. We hope to gain the support and understanding from all parties on the road ahead and work hand in hand to step forward on the road to success!

Member of Shenzhen International Holdings Limited

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Cautionary Statement in relation to Forward-looking Statement

Beside statements of facts, this report also contains certain "forward-looking statements". These forward-looking statements include, without limitation, statements relating to all anticipation, objectives, estimations and operation plans of the Company. Statements with words or phrases containing "anticipate", "expected", "plan", "believe", "estimate" and similar expressions are intended to identify a number of these forward-looking statements. Forward-looking statements involve certain general or specifically known or unknown risk and negative factors. Users of this report are cautioned that most of these factors are not under the control of the Company and may affect the performance, operations and actual results of the Company. Affected by these factors, the future results of the Company may substantially differ from these forward looking statement. Users of this report should consider the aforesaid and other factors, and should not place undue reliance on such "forward-looking statements". In addition, the Company undertakes no obligation to update or revise any forward-looking statements in this report publicly in respect of any future information, incident or any other reason. The Company and any of its employee or associate make no representation or assurance to the future performance of the Company and expressly disclaim any responsibilities of these forward-looking statements.

Important Notice

The Board, the Supervisory Committee and the Directors, the Supervisors, the senior management of the Company confirm the truthfulness, accuracy and completeness of the content of this interim report and that there are no false representations or misleading statements contained in or material omissions from this report, and assume several and joint legal responsibility.

Mr. Wu Ya De, Director, and Mr. Zhang Li Min, Independent Director, were unable to attend the twelfth meeting of the sixth session of Board in which this report was approved in person due to work engagement and abroad to participate in academic exchange, and had appointed Mr. Yang Hai, Director, and Mr. Wang Hai Tao, Independent Director to attend and vote on their behalf, respectively.

The 2013 interim financial statements of the Company have not been audited.

The 2013 interim financial statements of the Company were prepared in accordance with CASBE, and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

Mr. Yang Hai, Chairman, Mr. Wu Ya De, President, Ms. Gong Tao Tao, Financial Controller, and Mr. Sun Bin, General Manager of Finance Department, declare and confirm the truthfulness, accuracy, and completeness of the financial statements contained in this interim report.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2013 (2012 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

Other notes:

1. Unless otherwise stated, the amounts stated in this report are in RMB.

2. The total of breakdown and the total may not equal in mantissa due to rounding.

3. For the abbreviation of the Company's roads/projects, investee companies, and other common terms, please refer to Chapter VII and Chapter I of this report.

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.

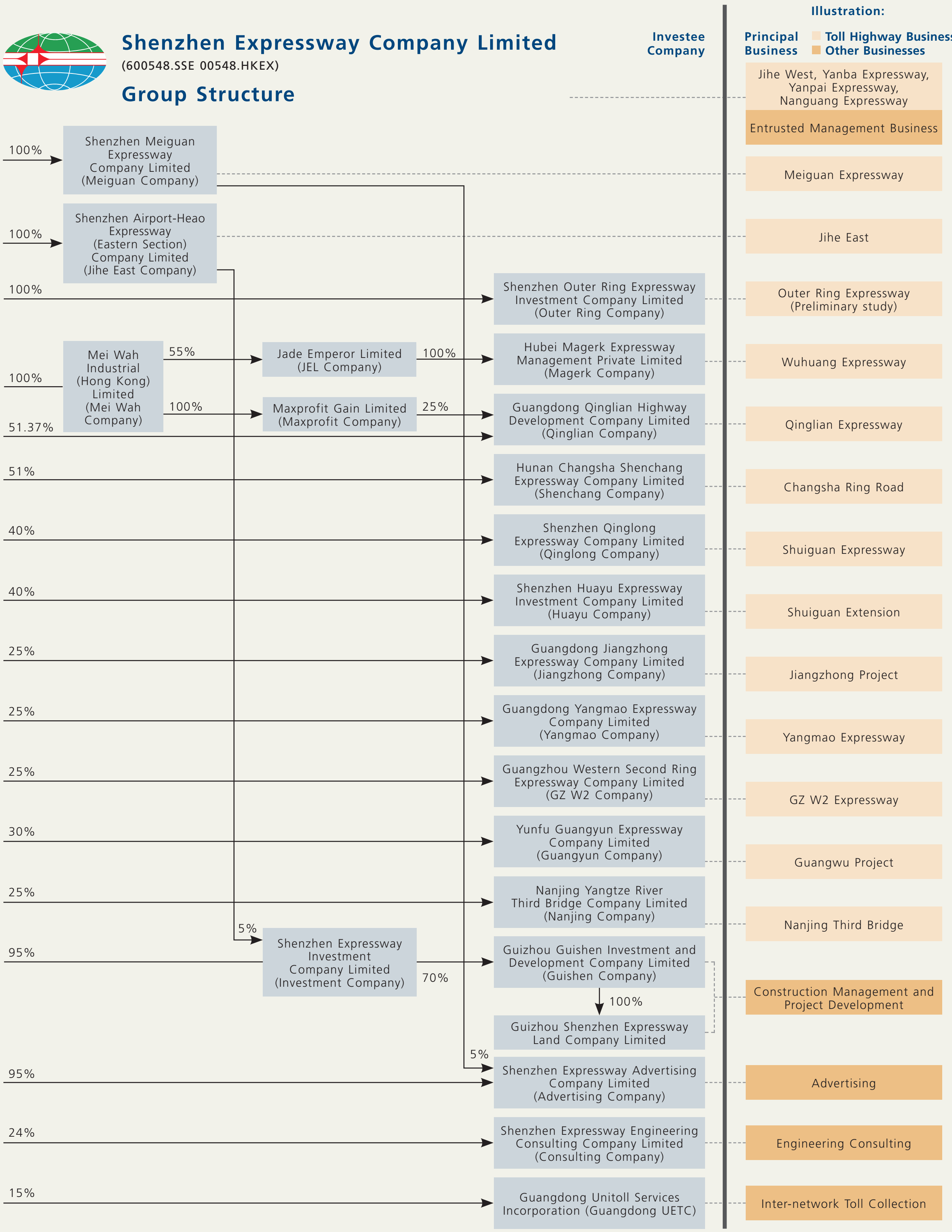
As at the end of the Reporting Period, the Company operated and invested a total of 16 toll highway projects, and the mileage of the highways invested by the Company (on an equity basis) is approximately 427 kilometers. In addition, the Company provides outstanding construction management and highway operation management services for the government and other enterprises. Building on relevant management experience and resources and relying on the core business of toll highway, the Company has launched the businesses related to advertising, construction consulting, and inter-network toll collection.

Note: For the basic information of the Company, please refer to Chapter VI of this report.

Shenzhen Expressway Company Limited

(600548.SSE 00548.HKEX)

Group Structure



Financial Highlights

I. Principal Financial Data and Indicators for the Reporting Period

1. Principal Financial Data

Item (Unit: RMB)	**The Period (Unaudited)**	2012 Interim (Unaudited)	Change
Revenue	**1,489,044,938.80**	1,560,628,257.43	-4.59%
Net profit attributable to owners of the Company	**385,542,987.48**	418,820,805.87	-7.95%
Net profit attributable to owners of the Company – excluding non-recurring items	**372,636,162.07**	406,814,735.03	-8.40%
Net cash flows from operating activities	**809,546,155.31**	808,172,430.14	0.17%
Item (Unit: RMB)	**As at 30 Jun 2013 (Unaudited)**	As at 31 Dec 2012	Change
Total assets	**23,416,730,721.47**	24,209,125,042.19	-3.27%
Total equity attributable to owners of the Company	**9,640,720,675.97**	9,536,486,092.32	1.09%

2. Principal Financial Indicators

Item (Unit: RMB, unless otherwise stated)	**The Period (Unaudited)**	2012 Interim (Unaudited)	Change
Earnings per share – basic	**0.177**	0.192	-7.95%
Earnings per share – diluted	**0.177**	0.192	-7.95%
Earnings per share excluding non-recurring items – basic	**0.171**	0.187	-8.40%
Return on equity – weighted average (%)	**3.98%**	4.48%	Decrease 0.5 percentage point ("pct.pt")
Return on equity excluding non-recurring items – weighted average (%)	**3.85%**	4.35%	Decrease 0.5 pct.pt

3. Non-recurring Items and Their Amounts

Item (Unit: RMB)	**The Period**
Profit from entrusted operation management services	**8,495,100.00**
Amortisation of compensation provided by concession grantor	**7,353,576.16**
Other non-operating income and expenses	**(139,618.07)**
Income tax effect	**(2,814,790.30)**
Effect on minority interests (after tax)	**12,557.62**
Total	**12,906,825.41**

Note: For details of these items, please refer to the Supplementary Information for Financial Statements in Chapter V of this report.

Financial Highlights

II. Financial Highlights for Five Years

Item (Unit: RMB million, unless otherwise stated)	2012	2011	2010 (Restated)	2009 (Restated)	2008 (Restated)
Revenue	3,135	2,952	2,765	1,840	1,435
Of which: Toll Revenue	2,726	2,716	2,615	1,733	1,357
Net profit	685	875	746	540	503
Net cash flows from operating activities	1,531	1,508	1,887	1,012	1,184
Net cash inflows from operating activities and cash return on investments	1,617	1,633	2,041	1,253	1,488
Earnings per share (RMB)	0.314	0.401	0.342	0.248	0.231
Cash dividend per share (RMB)	0.13	0.16	0.16	0.12	0.12

Item (Unit: RMB million, unless otherwise stated)	As at 31 Dec 2012	As at 31 Dec 2011	As at 31 Dec 2010 (Restated)	As at 31 Dec 2009 (Restated)	As at 31 Dec 2008 (Restated)
Total assets	24,209	24,609	23,050	22,791	18,968
Total liabilities	13,336	14,111	13,076	13,346	10,742
Total equity	10,873	10,497	9,974	9,445	8,226
Debt-to-asset ratio (%)	55.09%	57.34%	56.73%	58.56%	56.63%
Net borrowings-to-equity ratio (%)	79.18%	82.99%	89.21%	99.62%	90.44%
Net assets per share (RMB)	4.37	4.22	3.97	3.75	3.21

- As the financial statements of JEL Company have been consolidated into those of the Group since 1 July 2011, which represents the business combinations involving entities under common control, the Group made corresponding restatement to the financial statements for the financial years before according to the relevant requirements of CASBE.

- Description of principal financial ratios:

  Net cash inflows from operating activities and cash return on investments = Net cash flows from operating activities + Cash received from disposal of investments + Cash received from returns on investments

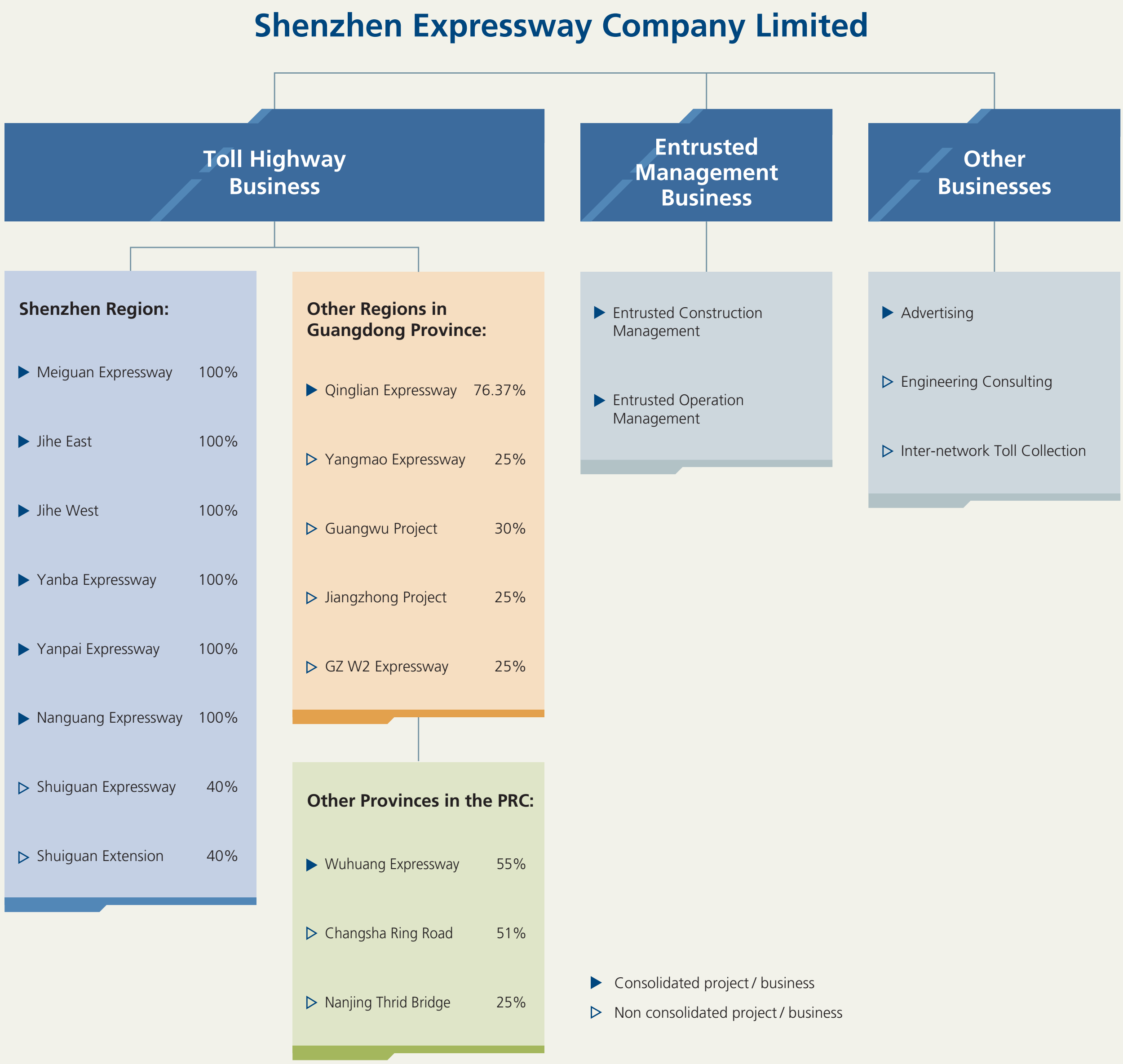
  Debt-to-asset ratio = Total liabilities / Total assets

  Net borrowings-to-equity ratio = (Total amount of borrowings – Cash and cash equivalents) / Total equity

Management Discussion & Analysis

Section 1 – Business Review

The Group's revenues and profits are mainly derived from operation and investment of toll highways. As at the end of the Reporting Period, the Company operated and invested in a total of 16 highway projects, and the mileage of the highways invested by the Company (on an equity basis) was approximately 427 kilometers. In addition, the Company also provided outstanding construction management and highway operation management services for the government and other enterprises. Building on relevant management experience and resources and relying on the core business of toll highway, the Company has launched the businesses related to advertising, construction consulting, and inter-network toll collection. The principal business structure of the Company is set out as follows:



During recent years, the Group has earnestly managed the toll highway projects and focused on improving overall return on assets. Meanwhile, it steadily develops the entrusted management business, prudently attempts to enter into new types of business, to further drive the earning growth and achieve sustainable development of the Group.

Management Discussion & Analysis

Section 1 – Business Review

I. Toll Highway Business

During the Reporting Period, the overall traffic volume of the highway projects which were managed and invested by the Group continued to increase. However, owing to various degree of effect brought from macro and regional economic growth, industry policies, changes in road network, the performance of toll revenues of the highway projects differed. Basic operational statistics for each project during the Reporting Period are as follows:

	Average daily mixed traffic volume (number of vehicles in thousand)[1]			Average daily toll revenue (RMB'000)		
Toll highway	**2013 Interim**	2012 Interim	Change	**2013 Interim**	2012 Interim	Change
Shenzhen region:						
Meiguan Expressway	**123**	120	3.2%	**765**	913	-16.3%
Jihe East	**136**	125	8.9%	**1,220**	1,344	-9.2%
Jihe West	**115**	101	14.1%	**986**	1,168	-15.5%
Yanba Expressway[2],[3]	**28**	27	3.0%	**402**	371	8.3%
Yanpai Expressway	**45**	39	15.4%	**486**	498	-2.6%
Nanguang Expressway	**68**	55	23.6%	**713**	575	24.0%
Shuiguan Expressway	**146**	129	13.2%	**1,223**	1,119	9.3%
Shuiguan Extension	**33**	27	20.3%	**155**	159	-2.5%
Other regions in Guangdong Province:						
Qinglian Expressway[3]	**27**	24	12.1%	**1,894**	1,564	21.1%
Yangmao Expressway[3]	**31**	28	11.8%	**1,477**	1,369	7.9%
Guangwu Project[3]	**26**	27	-4.0%	**703**	740	-4.9%
Jiangzhong Project	**85**	92	-8.0%	**895**	958	-6.6%
GZ W2 Expressway	**39**	34	14.8%	**765**	707	8.1%
Other provinces in the PRC:						
Wuhuang Expressway[3]	**39**	40	-3.3%	**1,061**	1,155	-8.2%
Changsha Ring Road	**13**	13	5.7%	**126**	109	16.0%
Nanjing Third Bridge[3]	**30**	26	14.9%	**1,116**	894	24.8%

Notes:

(1) Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume.

(2) For the convenience of residents in Shenzhen to go to the eastern coast for leisure and vacation, the government has made collective payment to the Company for the vehicles travelling to and from Yantian and Dameisha ramp based on the agreed standards and methods since February 2007. During 2013 to 2017, toll fees paid by the government as agreed are RMB19 million annually, which will be included in the toll revenues of Yanba Expressway on a monthly basis. Arrangement after 2017 will be negotiated and confirmed by both parties before the expiry of the agreement.

(3) Projects for which toll-by-weight policy has been implemented.

The performances of the toll highway projects were affected by the combination of such factors as economic environment, policies environment, conditions of the projects and neighboring road networks. A detailed analysis for the Reporting Period is set out as follows:

Economic environment –

During the first half of 2013, the world economy remains gloomy. Although the domestic economy is still in an appreciation trend, the growth is slowing down. During the first half of the year, the GDP of the PRC recorded a YOY growth of 7.6% with a YOY growth of 8.6% in total import and export, representing a drop of 0.2% and a rise of 0.6% respectively[Source of data: Governmental statistics information website, the website of the customs]. Under a relatively weak economic environment, the overall operating performances of the toll highways showed a lack of organic driving force.

During the Reporting Period, the GDP of Guangdong Province increased by 8.5%, slightly higher than the average national level[Source of data: Governmental statistics information website]. In particular, the government of Guangdong Province has focused on promoting investment in the construction and transitional development in the western, eastern and northern regions during recent years, which effectively promoted the economic growth in such regions. Benefitting from such favorable factors as sustainable economic growth, industrial transition, transportation infrastructure and construction of industrial parks along the highways, Yangmao Expressway still maintained a good growth momentum during the first half of 2013.

Industry policies –

During recent years, the external operating environment of the toll highway industry has undergone relatively substantial changes. The tightening policy on the industry and the continual issue of individual policies or administrative measures by the state and local governments have brought relatively substantial negative effects on the toll revenues of our projects.

Starting from 1 June 2012, the toll fees for the expressways in Guangdong Province had been standardised based on the unified toll rate, toll coefficient, calculating method for ramps and rounding principles, and subsequent adjustment was made for the increase of the toll fees as a result of the implementation of aforesaid scheme (foregoing collectively referred to as "Standardisation Scheme"). The implementation of Standardisation Scheme caused relatively substantial negative effects on the operational performance of Jihe Expressway, Meiguan Expressway, Shuiguan Extension, Yanpai Expressway, Jiangzhong Project, Guangwu Project and GZ W2 Expressway, while the effects on other projects in Guangdong Province were relatively minor.

The State Council approved the toll free implementation scheme for small passenger vehicles during major holidays ("Toll Free Scheme on Holidays") in the second half of 2012. Toll fees for passenger cars with seven seats or less were waived for each projects of the Group during the 13 days of holiday, i.e. Spring Festival, Tomb Sweeping Day and Labor Day. During such period, the total traffic volume recorded a rapid growth, while the toll traffic volume and toll revenue dropped significantly.

For details of the policies mentioned above, please refer to the announcements of the Company dated 31 May 2012 and 17 August 2012.

In addition, since December 2010, Green Passage Toll Free Policy has been implemented in all expressway projects in PRC to waive the toll fees for the vehicles used for legal transportation of fresh agricultural products. According to a rough calculation based on available data and historical data[Note], the implementation of the aforesaid three policies resulted in the decrease of RMB187 million, RMB84 million and RMB34 million respectively in toll revenue in the consolidated statements of the Group for 2013 Interim and the impact on net profit was approximately RMB233 million.

Note: Simulation calculation for relevant impact was done by the Company based on the available data and historical data. With the limitation on the adjustment to the data statistical method and the differences of the operating environments in different years, the related estimation can not be entirely accurate. Such data are for investors' reference only. Investors should exercise caution and avoid improper reliance on such data.

Management Discussion & Analysis

Section 1 – Business Review

Status of road network and operating condition –

Constant improvement of the road network and the facilities can promote travelers' choices and demand on the road transport mode and enhance the overall traffic volume in the road network. However, at the same time, it will also change the traffic distribution within the road network and bring either positive or negative effects on the operating performance of specific projects. The section of Nanping (Phase II) from Tanglang Interchange to Nanguang Expressway opened to traffic in August 2012 which brought positive effect on the growth of the traffic volume of Nanguang Expressway. At the end of 2012, a number of expressways commenced operation in Hunan Province, including Yonglan Expressway (Erguang Expressway Yongzhou to Lanshan section in Hunan) and Hengwu Expressway (Dual-line of G4 National Expressway Hengyang to Linwu section in Hunan). Improvement of connecting road networks brings Qinglian Expressway a new growth in traffic volume. On the other hand, Guangzhu Western Expressway (Guangzhou to Zhuhai) fully opened to traffic in January 2013 and brings slightly negative effects to Jiangzhong Project. The further improvement of road networks between Guangdong and Guangxi currently diverts certain traffic volume of Guangwu Project. Although Daguang Expressway Southern Hubei Section (Huangshi to Tongshan in Hubei) which opened to traffic in May 2012, promoted an increase in revenue of Wuhuang Expressway, however, impacted by the negative factors such as Han'e Expressway (Wuhan to Ezhou in Hubei), which basically runs parallel to Wuhuang Expressway, commenced operation at the end of 2012, the full opening of Hurong National Expressway (Shanghai to Chengdu), as well as further implementation of traffic control measures in Wuhan area, both toll traffic volume and toll revenue of Wuhuang Expressway recorded a YOY decrease during the Reporting Period.

According to the data for the Reporting Period, implementation of traffic control measures on or carrying out construction works in neighboring roads obviously enhances the operational performance of such projects as Nanjing Third Bridge, GZ W2 Expressway and Qinglian Expressway. Among these, GZ W2 Expressway is mainly benefited from the restricted access measure on some freight vehicles travelling through Guangzhou Ring Expressway. Nanjing Third Bridge is mainly benefited from the restricted access measure on some freight vehicles and long distance passenger vehicles travelling through Nanjing Yangtze River Second Bridge and relevant sections. The overhaul of Leiyi Section (Leiyang to Yizhang in Hunan) of G4 National Expressway commenced in late May 2013. During the period of overhaul, relevant traffic diversion measures will continue to drive rapid YOY growths in toll traffic volume and toll revenue of Qinglian Expressway. However, it is expected that the restricted access measure on heavy freight vehicles travelling through Guangqing Expressway which connects the southern end of Qinglian Expressway will limit the growth of traffic volume of Qinglian Expressway for a period of time.

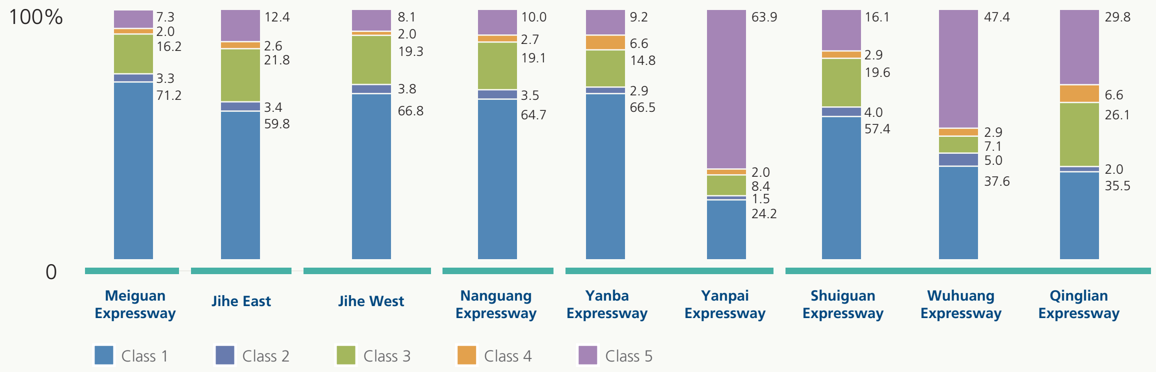
During the Reporting Period, expansion works for Meiguan Expressway and the maintenance works for the road surface of Jihe West negatively affected the traffic conditions and operational performance of the projects and the connected roads. The Company endeavors to minimise the adverse effects on the traffic capacity caused by the construction works by adopting such measures as improvement of the construction plans and implementation of reasonable traffic organisation plan, and without compromising the safety and quality of the construction works.

Operating measures –

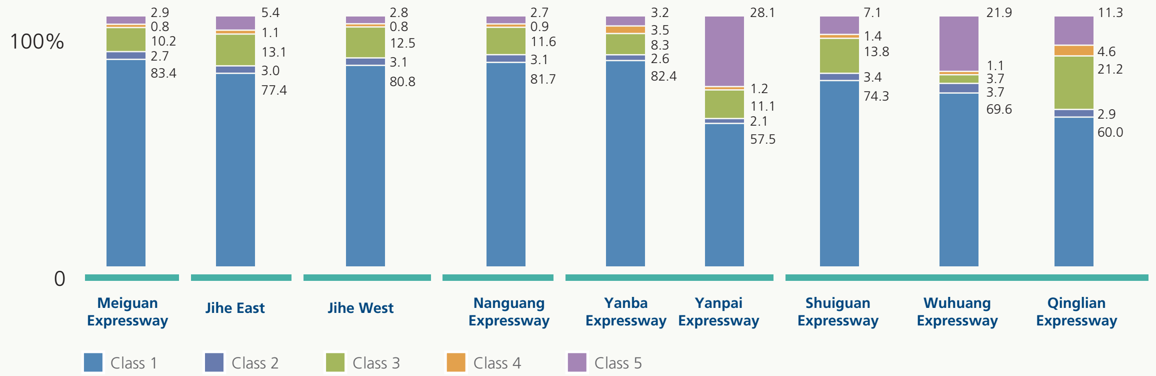
In order to explore the potential and improve the operational performance of the projects, the Group has formulated and implemented proactive marketing campaigns in view of the advantages and features of various highway projects by paying continuous attention to the operational environment and construction progress in peripheral regions and collecting and studying relevant information and data. During the Reporting Period, our marketing campaigns for Nanguang Expressway, Yanpai Expressway and Qinglian Expressway achieved good results and brought positive effect on the growth of the traffic volume of these sections. In addition, the Group also made great efforts to enhance the standardisation and information level of the operational management, improved the peak-hour traffic divergence and emergency response capability, and strengthened road maintenance management to improve the traffic efficiency of the road network in order to provide road users with faster and safer services so as to improve competitiveness and operational performance of the projects.

Reference information:

Vehicle Category of Major Highways — by Revenue



Vehicle Category of Major Highways — by Traffic Volume



Note: For the details of monthly operational statistics, toll fees and classification of vehicles for each project, please refer to "Investor Relations – Operational Statistics" and "Company Business – Toll Roads & Bridges" on our website http://www.sz-expressway.com.

Management Discussion & Analysis

Section 1 – Business Review

Business development and improvement –

During the Reporting Period, the Group continued to carry out the expansion works for Meiguan North, and was carrying out demolition and reconstruction of some sections of old bridges, road surface construction, auxiliary ditch, and drainage and greening works. Owing to the uncontrollable factors including the rainy season, the reconstruction of Guanlan river bridge and road surface construction works were slightly delayed. It is expected the project can be completed at the end of 2013 as scheduled as the Company has strengthened the planning and management of the construction works by putting more resources and enhancing the on-site process control. There is no specific plan or schedule in respect of the proposed repurchase of the whole of Meiguan Expressway or Meiguan South by Shenzhen Municipal Government at the moment.

According to the overall maintenance planning program, the Company has carried out maintenance works for the road surface of Jihe West in 2013. During the Reporting Period, the preliminary design and the working drawing of the project had been reviewed, and the maintenance works for the deterioration of road surface have been commenced. It is expected that the works will be completed at the end of 2013.

The Company has the first refusal right for the development of Outer Ring Expressway. As the project requires large scale of investment with high construction cost, the Company is focusing on revising the design plan and the investment structure, and will discuss and negotiate the feasible models of the investment, construction and management with relevant government authorities and strive for achieving the balance of the benefits between the Company and the community. During the Reporting Period, the Company continued to carry out the preliminary study on Outer Ring Expressway and the investment model and development plan of this project has not yet finalised.

According to the unified arrangements in Guangdong province, the provincial-wide inter-network toll collection for the expressways will be completed in 2013, and the toll-by-weight policy will be implemented for all expressway projects in the province. During the Reporting Period, the Group actively coordinated with all related parties to carry out and implement relevant preparation work. Based on the previous operation data, the implementation of toll-by-weight policy will have a significant driving effect on the operational performance of cross-province highways and may have an immaterial effect on those sections through which small passengers' vehicles travels or on which traffic overload is insignificant.

II. Entrusted Management and Other Businesses

Relying on the core business of toll highway and building on relevant management experience and resources, the Company has launched or engaged in related businesses such as entrusted management, advertising and engineering consulting, and prudently tapping into new business areas as our meaningful attempts and auxiliary business in addition to our major business for further growth of the Group. During the first half of 2013, the entrusted management business realised the revenue of approximately RMB76 million and the advertising and other businesses realised the revenue of approximately RMB50 million, accounting for 5.13% and 3.39% of the Group's revenue respectively.

Entrusted management business –

The entrusted construction management business and the entrusted operation management business are currently the major business of the Group other than our toll highway business. During the Reporting Period, the Group has carried out and provided construction management services for Coastal Project, Nanping (Phase II) and Guilong Project and provided operation management services for Longda Project.

During the Reporting Period, the progress of Coastal Project was satisfactory. As at the end of the Period, an aggregate investment of RMB9.4 billion was made based on the progress in physical shape, representing approximately 78% of the total approved budget. As at the end of June 2013, the delivery and inspection of the section of Coastal Project from Fuyong Interchange to Shenzhen and Hong Kong Western Corridor was completed. It is expected that Coastal Project will open to traffic in the second half of the year, and the official time of the opening will be determined based on the specific factors including the construction progress of the connecting road network.

The section of Section A of Nanping (Phase II) connecting Nanguang Expressway was completed and opened to traffic in August 2012. As at the end of the Period, an aggregate investment of approximately RMB2 billion was made. Most of the construction works of Section B of Nanping (Phase II) are not ready to be commenced at the moment resulting from the adjustment in government's planning and the progress of reclamation works. As a result, the progress of the project will be delayed. However, pursuant to the agreement, such delay would not incur performance obligations of the Company under the entrusted construction agreement. The Company will perform management and coordination tasks based on the actual situation of the project to obtain support from various parties and clearly define their respective responsibilities so as to facilitate the achievement of various management targets of entrusted construction business.

Based on our experience on the entrusted construction business, the Group carried out Guilong Project in Longli, Guizhou Province and participated in the construction of and development in regional roads by build-transfer mode ("BT Mode"). During the Reporting Period, entrusted construction management work for Guilong Project proceeded steadily as scheduled. Relevant land resumption, demolition and relocation was completed. As at the end of the Reporting Period, nearly 60% of progress of the construction in physical shape has been completed and an aggregate fund of approximately RMB189 million was paid.

Management Discussion & Analysis

Section 1 – Business Review

In 2013, the Company continued to be entrusted to carry out the operation management of Longda Project under the model of equity management. During the Reporting Period, each management task was smoothly carried out. In addition, the Company is entrusted to manage Coastal Company under the Entrusted Management Agreement entered into between the Company and SIHCL in November 2009, and the specific arrangement on the entrusted management for the operation term of Coastal Company shall be subject to further negotiation and final approval of Shenzhen Municipal Government. As at the date of this report, the details of the entrusted mode, calculation of management fee and the arrangement of payment are still under negotiation, and are subject to the approval procedures handled by the parties to the entrustment as stipulated.

For the details of the incomes from each of the entrusted management business during the Period, please refer to Section 2 Financial Analysis in this Chapter and note 5(31)(b) to the Financial Statements in Chapter V of this report.

Expansion of entrusted management business –

Compared with the simple entrusted management business, under the BT Mode, the entrusted party is required to raise capital during the construction period. Therefore, the recovery of fund is the key part of management under this mode, and the method, period and safety of the recovery will directly affect the success and revenue of the project. On the basis of pushing ahead the construction management of Guilong Project, the Group, based on the features of the project and the specific circumstances of the Company, has adopted various effective measures through the platform of Investment Company and Guishen Company to carry out an intensive study and discussion on such key issues as how to effectively reduce the risk of fund recovery and timely realise the return on investment, so as to carry out business expansion and practices and cautiously entered into the businesses related to the Company's core business capability while realising reasonable returns.

With the improvement of Guilong Road and the infrastructure in peripheral regions and the development of the whole Guilong Economic Zone, it is expected that the peripheral land of Guilong Project will have greater potential for appreciation. In order to effectively reduce the risk of fund recovery from Guilong Project and realise expected or even more incomes from the project, Guishen Company won the bid for the land use rights of parcels of land with an area of approximately 883 Mu (equivalent to approximately 589,000 square meters) within the development area of Guilong Project in 2012. During the Reporting Period, a wholly-owned project company was established by Guishen Company to hold and manage such land use rights. In July 2013, the Board of the Company approved Guishen Company and its subsidiaries to adopt a progressive development strategy to conduct further development on the land with an areas of 300 Mu (equivalent to approximately 200,000 square meters) in the obtained lands on their own for a term of 4 years with the total expected investment up to RMB850 million. The realisation of the market value of part of the land will allow the Company to realise the return on investment as soon as possible, and practically avoid the contract risk and market risk relating to the land. Meanwhile, it will also enhance the overall value of the peripheral land of Guilong Project and enrich our experience in project development and operation. In addition, Guishen Company and Longli County Government have agreed an optimisation of the payment arrangement of Guilong Project, further reducing the fund recovery risk of the project.

Other businesses –

The Group is engaged in the businesses of billboard leasing, advertising agency, design production and related services alongside the toll highways and toll stations through its wholly-owned Advertising Company. During recent years, in addition to the active development of advertising spaces along the toll highways operated and managed by the Company, Advertising Company has further expanded its business scale and scope by putting more efforts on acquisition of high-quality outdoor advertising resources. In April 2013, Advertising Company won the bid for four upright billboards in Shennan Avenue for a term of five years in the tender for the first batch of right to occupy the public areas for outdoor advertising in Shenzhen in 2013. For details of revenues from advertising business for the Reporting Period, please refer to Section 2 Financial Analysis in this Chapter and note 5(31)(b) to the Financial Statements in Chapter V of this report.

Moreover, the Company holds 24% and 15% of interests in Consulting Company and Guangdong UETC respectively by way of equity participation. The principal businesses of Consulting Company include project management and consultancy, survey, design, engineering supervision, construction costs consultancy, tendering agency and test and inspection, and those of Guangdong UETC include electronic clearing business for the toll highways in Guangdong Province, including investment, management and services of electronic toll and clearing systems, and the sale of related products. During the Reporting Period, each of the above business, in general, proceeded smoothly and met the Group's expectation. Limited by the scale of investment, the contribution from these businesses currently accounts for a small proportion of the Group's revenues and profits.

Management Discussion & Analysis

Section 2 – Financial Analysis

During the first half of 2013, the Group recorded net profit attributable to owners of the Company of RMB385,543,000 (2012 Interim: RMB418,821,000), representing a YOY decrease of 7.95%. During the Reporting Period, as affected by such factors as implementation of Standardisation Scheme, Toll Free Scheme on Holidays and changes in the traffic distribution in the road network, overall toll revenue derived from the toll highways operated and invested by the Group recorded a slight decrease. Meanwhile, as the rigid cost including the cost of depreciation and amortisation increased as a result of the growth of total traffic volume, the operating results of the Group for the Reporting Period recorded a certain degree of YOY decrease.

I. Analysis of Operating Results

1. *Revenue and Cost of Services*

During the Reporting Period, the Group recorded revenue of RMB1,489,045,000 representing a YOY decrease of 4.59%, of which toll revenue of RMB1,362,141,000, representing a YOY decrease of 1.47%, was the main source of revenue of the Group. During the Reporting Period, the cost of services of the Group amounted to RMB693,048,000, representing a YOY increase of 4.28%. Entrusted management services revenue and cost for the Reporting Period recorded a significant decrease, which was mainly attributable to the recognition of relevant income and cost of the entrusted construction management services based on the government's audit results on Nanping (Phase I) during 2012 Interim. Figures of the revenue and the cost are set out as follows. A detailed analysis is set out in point 2 below:

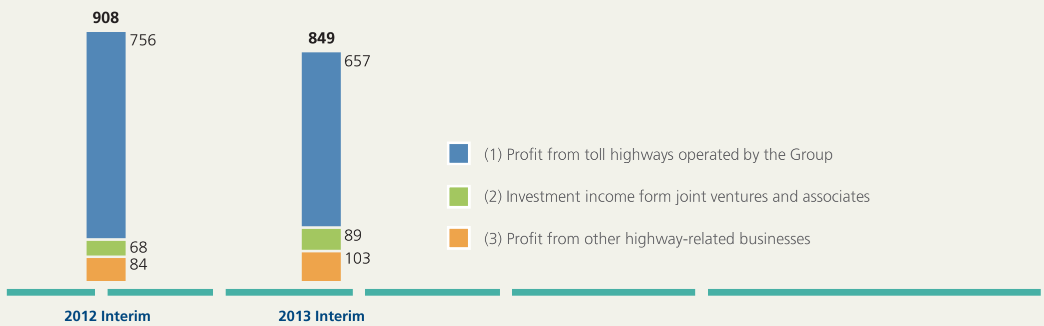
Revenue item	**The Period (RMB'000)**	Percentage of total	2012 Interim (RMB'000)	Percentage of total	Change
Toll revenue	**1,362,141**	91.48%	1,382,456	88.58%	-1.47%
Entrusted management services revenue	**76,411**	5.13%	120,227	7.70%	-36.44%
Other revenue (including advertising services revenue)	**50,493**	3.39%	57,945	3.72%	-12.86%
Total revenue	**1,489,045**	100.00%	1,560,628	100.00%	-4.59%

Cost of services item	**The Period (RMB'000)**	Percentage of total	2012 Interim (RMB'000)	Percentage of total	Change
Cost of traffic services	**663,601**	95.75%	588,723	88.58%	12.72%
Cost of entrusted management services	**113**	0.02%	47,021	7.07%	-99.76%
Cost of other businesses	**29,334**	4.23%	28,880	4.35%	1.58%
Total cost of services	**693,048**	100.00%	664,624	100.00%	4.28%

2. *Profit before Interests, Tax and General and Administrative Expenses* Note

During the Reporting Period, the Group's profit before interests, tax and general and administrative expenses amounted to RMB849,037,000 (2012 Interim: RMB908,314,000), representing a YOY decrease of 6.53%. Profits contributed by principal business are as follows:

Profit before Interests, Tax and General and Administrative Expenses (Unit: RMB Million)



Note: *Profit before interests, tax and general and administrative expenses = total profit + general and administrative expenses + interest expense. This indicator helps the investors understand the Group's sources of profit from the economic activities of various business segments.*

(1) Profit before interests, tax and general and administrative expenses from toll highways operated by the Group

◆ Profit

Profit before interests, tax and general and administrative expenses from toll highways operated by the Group for the Reporting Period amounted to RMB656,573,000 (2012 Interim: RMB755,445,000), representing a YOY decrease of 13.09%, which was mainly attributable to the decrease of profit before interest and tax from such highways as Meiguan Expressway and Jihe Expressway. A detailed analysis on the profit is as follows:

	Toll revenue		Cost of traffic services		Gross margin of traffic services		Profit before interests, tax and general and administrative expenses	
Toll Highway	The Period (RMB'000)	Change	The Period (RMB'000)	Change	The Period	Change (pct.pt)	The Period (RMB'000)	Change (RMB'000)
Meiguan Expressway	138,404	-16.73%	48,306	13.58%	65.10%	-9.31	85,445	-32,675
Jihe East	220,858	-9.74%	121,680	17.96%	44.91%	-12.93	92,365	-41,056
Jihe West	178,501	-16.01%	39,479	5.71%	77.88%	-4.55	133,004	-35,103
Yanba Expressway	72,673	7.62%	43,550	13.74%	40.07%	-3.22	27,734	294
Yanpai Expressway	87,891	-3.09%	37,550	5.27%	57.28%	-3.40	47,663	-11,434
Nanguang Expressway	129,092	23.36%	62,720	25.04%	51.41%	-0.65	62,689	11,043
Qinglian Project	342,725	19.85%	208,691	19.00%	39.11%	0.44	122,076	21,374
Wuhuang Expressway	191,997	-8.67%	101,625	-4.31%	47.07%	-2.41	85,596	-11,315
Total	1,362,141	-1.47%	663,601	12.72%	51.28%	-6.13	656,573	-98,872

◆ Toll revenue

For the Reporting Period, the Group recorded toll revenue of RMB1,362,141,000, representing a YOY decrease of 1.47%. During the Reporting Period, the operational performances of toll highway projects of the Group were affected by the combination of such factors as implementation of the policies such as Standardisation Scheme, Toll Free Scheme on Holidays and changes in the traffic distribution in the road network, of which the implementation of Standardisation Scheme and Toll Free Scheme on Holidays resulted in a decrease by approximately RMB271,000,000 of toll revenues of the Group for the Reporting Period. For detailed analysis on the operational performance of the projects during the Reporting Period, please refer to the content of Section 1 Business Review in this Chapter.

◆ Cost of traffic services

Cost of traffic services for the Group recorded a YOY increase of 12.72% to RMB663,601,000 (2012 Interim: RMB588,723,000) for the Reporting Period. The cost of depreciation and amortisation of the Group correspondingly increased as a result of the growth of total traffic volume. The increase in the salaries for the toll collection staff and the number of staff members also led to a YOY increase in the employee expenses. In addition, the maintenance cost of the Group decreased as Qinglian Company's special maintenance cost for Qinglian Class 2 Road decreased. An analysis on cost of traffic services is as follows:

Cost of traffic services item	The Period (RMB'000)	Percentage of total	2012 Interim (RMB'000)	Percentage of total	Change
Employee expenses	87,324	13.16%	70,221	11.93%	24.36%
Road maintenance expenses	39,075	5.89%	54,098	9.19%	-27.77%
Depreciation and amortisation	447,025	67.36%	368,878	62.66%	21.18%
Other business costs	90,177	13.59%	95,526	16.22%	-5.60%
Total	663,601	100.00%	588,723	100.00%	12.72%

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(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 RMB89,318,000 (2012 Interim: RMB68,449,000), representing a YOY increase of 30.49%. As affected by the implementation of such policies as Standardisation Scheme, Toll Free Scheme on Holidays and those factors such as changes in the traffic distribution in the road network, the toll revenues of joint ventures and associates recorded an overall YOY growth of 6.21%. The increase in gross margin of such highways as Shuiguan Expressway, Yangmao Expressway and Nanjing Third Bridge as a result of the growth in traffic volume led to a YOY increase of investment income of the Group. For detailed analysis on the operational performance of the projects during the Reporting Period, please refer to the content of Section 1 Business Review in this Chapter. A detailed analysis on investment income from joint ventures and associates is as follows:

	Toll revenue		Cost of services		Gross margin		Investment income of the Group[Note]	
Toll highway	**The Period (RMB'000)**	Change	**The Period (RMB'000)**	Change	**The Period**	Change (pct.pt)	**The Period (RMB'000)**	Change (RMB'000)
Held by joint venture:								
Changsha Ring Road	**22,788**	15.34%	**14,619**	2.51%	**35.85%**	8.03	**3,266**	1,072
Held by associate:								
Shuiguan Expressway	**221,272**	8.67%	**76,467**	7.87%	**65.44%**	0.25	**29,523**	4,261
Shuiguan Extension	**28,127**	-3.08%	**21,690**	11.25%	**22.89%**	-9.93	**(1,992)**	-521
Yangmao Expressway	**267,758**	7.43%	**81,800**	-8.73%	**69.45%**	5.41	**31,041**	10,061
Guangwu Project	**127,319**	-5.47%	**52,566**	4.70%	**58.71%**	-4.01	**11,319**	-1,718
Jiangzhong Project	**161,980**	-7.13%	**101,733**	-3.64%	**37.19%**	-2.28	**3,077**	231
GZ W2 Expressway	**138,419**	7.42%	**61,571**	9.24%	**55.52%**	-0.74	**3,728**	2,315
Nanjing Third Bridge	**204,111**	24.74%	**74,612**	20.66%	**63.45%**	1.24	**7,818**	4,990
Total	**1,171,774**	6.21%	**485,057**	3.59%	**58.60%**	1.05	**87,780**	20,691

Note: Investment income of RMB1,538,000 (2012 Interim: RMB1,360,000) from Consulting Company were not included in the figures of investment income of the Group for the Reporting Period.

(3) Profit from other highway-related businesses

◆ Profit from entrusted construction management services

The Group recognised a profit of RMB63,431,000 from the entrusted construction management services for the entrusted construction projects of which the outcome can be estimated reliably. The profit was mainly attributable to the recognition of relevant incomes and costs of the entrusted construction management services based on the estimation of the government's audit results on related service and progress of the projects such as Nanping (Phase II) and Coastal Project. The analysis on the incomes and costs from the entrusted construction management services is as follows:

	Income		Cost		Profit from the entrusted construction management services	
Entrusted construction management services item	**The Period (RMB'000)**	Change (RMB'000)	**The Period (RMB'000)**	Change (RMB'000)	**The Period (RMB'000)**	Change (RMB'000)
Nanping (Phase I)	**–**	-95,535	**–**	-33,746	**–**	-58,569
Nanping (Phase II)	**40,368**	36,766	**(11,046)**	-14,647	**48,935**	48,935
Coastal Project	**21,356**	11,329	**5,662**	-1,948	**14,496**	12,641
Other project	**5,687**	3,623	**5,497**	3,433	**–**	–
Total	**67,411**	-43,817	**113**	-46,908	**63,431**	3,007

During the Reporting Period, profit from entrusted construction management services recorded a slight YOY increase, but relevant incomes and costs saw a certain degree of YOY decrease. It was mainly attributable to the recognition by the Group of relevant incomes and costs from relevant entrusted construction management services based on the government's audit results on and the terms as agreed in the contracts of Nanping (Phase I) for 2012 Interim. In addition, during the Reporting Period, the Group further recognised and adjusted relevant incomes and costs based on the actual settlement for part of the contracted section of Nanping (Phase II). Details of the entrusted construction management services are set out in notes 5(31)b(i) and 7(5)a(ii) to the Financial Statements in Chapter V of this report.

◆ Profit from entrusted operation management services

During the Reporting Period, pursuant to the terms of the agreement, the Company recognised revenue from entrusted operation management services for Longda Project of RMB9,000,000 and a relevant profit of RMB8,495,000 after deducting relevant tax. Details are set out in note 5(31)b(i) to the Financial Statements in Chapter V of this report.

◆ Profit from advertising business

During the Reporting Period, the advertising business of the Group recorded a profit of RMB15,905,000 (2012 Interim: RMB17,215,000) with a YOY decrease of 7.61%. It was mainly incurred by a slight YOY decrease of revenue from advertising business for the Reporting Period and a YOY increase in cost of services resulting from the increase in amortisation expenses for the use right of advertising spaces newly acquired by Advertising Company. Details are set out in note 5(31)b to the Financial Statements in Chapter V of this report.

3. *General and Administrative Expenses*

The Group's general and administrative expenses for the Reporting Period amounted to RMB25,412,000 (2012 Interim: RMB25,460,000), which is substantially the same as that for 2012 Interim.

4. *Financial Expenses*

The Group's financial expenses for the Reporting Period amounted to RMB293,672,000 (2012 Interim: RMB312,087,000), representing a YOY decrease of 5.90%, which was mainly attributable to the decrease in the Group's average borrowing scale and the increase in exchange gains. For details, please refer to point 1 of "Analysis of Financial Position" and point 3 of "Capital and Financing" below. A detailed analysis on financial expenses is as follows:

Financial expenses item	**The Period (RMB'000)**	2012 Interim (RMB'000)	Change
Interest expenses	**306,256**	313,230	-2.23%
Less: Interest capitalised	**(8,597)**	(4,320)	99.00%
Interest income	**(15,173)**	(18,799)	-19.29%
Exchange gain/loss and others	**(1,985)**	4,989	N/A
Add: Time value of provisions for maintenance/resurfacing obligations of highways	**13,171**	16,987	-22.46%
Financial expenses	**293,672**	312,087	-5.90%

5. *Income Tax Expenses*

During the Reporting Period, the Group's income tax expenses amounted to RMB106,882,000 (2012 Interim: RMB130,832,000), representing a YOY decrease of 18.31%. Such decrease was mainly attributable to the decease of taxable income. Details of the Group's applicable income tax rate and income tax expenses for the Reporting Period are set out in notes 3 and 5(37) to the Financial Statements of Chapter V of this report respectively.

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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. That is, the amortised amount is calculated, based on usage amount per unit, 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 conducts regular reviews on the projected traffic volumes and makes corresponding adjustments to ensure reliability and accuracy of the amortised amount. Details on this accounting policy and accounting estimates are set out in notes 2(17)(a) and 2(28)(a) to the Financial Statements in Chapter V of this report.

During the preliminary stages of toll highways' operation and before reaching their designed saturated traffic volumes, the amortised amount calculated by the units-of-usage method is lower than that calculated by the straight-line method. During the Reporting Period, the amortisation difference under the two methods of amortisation attributable to the Company based on its equity interests was RMB68 million, of which the amortisation difference of RMB46 million was attributable to Qinglian Expressway which was still in the early stage of its operation. 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 are as follows:

		Amortised 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 2012 Interim	Straight-line method[Note]	**The Period**	2012 Interim
Meiguan Expressway	100%	**26**	22	18	**8**	4
Jihe East	100%	**91**	77	77	**14**	0
Jihe West	100%	**22**	20	14	**8**	6
Yanpai Expressway	100%	**22**	20	23	**-1**	-3
Yanba Expressway	100%	**25**	21	34	**-9**	-13
Nanguang Expressway	100%	**29**	19	50	**-21**	-24
Qinglian Expressway	76.37%	**126**	81	186	**-46**	-83
Wuhuang Expressway	55%	**49**	48	44	**3**	2
Changsha Ring Road	51%	**6**	5	8	**-1**	-1
Shuiguan Expressway	40%	**36**	33	55	**-8**	-10
Shuiguan Extension	40%	**13**	11	12	**0**	-1
Guangwu Project	30%	**23**	33	29	**-2**	1
Yangmao Expressway	25%	**37**	42	45	**-2**	-1
Jiangzhong Project	25%	**56**	56	68	**-3**	-2
GZ W2 Expressway	25%	**31**	28	55	**-6**	-7
Nanjing Third Bridge	25%	**47**	38	55	**-2**	-4
Total					**-68**	-136

Note: Assuming the book values of the intangible assets are amortised evenly over the allowed operating periods granted by the concession grantors.

Since 1 July 2013, the Group adjusted the amortisation amount per unit for Nanguang Expressway, Yanba Expressway and Qinglian Expressway. Details related are set out in note 10 to the Financial Statements in Chapter V of this report.

II. Analysis of Financial Position

1. *Assets, Equity and Liabilities*

The Group's financial position remains solid, and its assets mainly comprise concession intangible assets in high-grade toll highways and equity investments in the enterprises operating toll highways, which account for 84.98% of its total assets, and cash at bank and on hand and other assets accounts for 5.99% and 9.03% of its total assets respectively. As at 30 June 2013, the Group's total assets amounted to RMB23,416,731,000 (31 December 2012: RMB24,209,125,000), representing a decrease of 3.27% over the end of 2012. The decrease was mainly attributable to the decrease in the balance of funds after the repayment of the debts which were due during the Reporting Period, and the provision for amortisation of concession intangible assets and depreciation of fixed assets.

As at 30 June 2013, the Group's total equity amounted to RMB10,914,234,000 (31 December 2012: RMB10,872,916,000), representing an increase of 0.38% over the end of 2012. This was mainly attributable to the increase by net profit for the Reporting Period and the deduction by dividend distributed for 2012.

As at 30 June 2013, outstanding bonds payable and bank borrowings of the Group amounted to RMB9,975,196,000 (31 December 2012: RMB10,563,618,000), representing a decrease of 5.57% over the end of 2012, of which Qinglian Project utilised the borrowings of RMB5.696 billion.

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 RMB317,127,000 worth of foreign currency monetary liabilities denominated in HK$, while RMB2,846,000 and RMB97,000 worth of foreign currency monetary assets were denominated in HK$ and other foreign currencies, respectively. Foreign currency-denominated items were net liabilities after netting off. The Company has arranged a financial instrument of Non-Deliverable Gross Currency Swap ("NDS") for a loan of HK$420 million with a maturity period of five years to lock up its interest rate and exchange rate. As at the end of the Reporting Period, the outstanding principal of such five-year loan was HK$357 million (equivalent to approximately RMB284 million). For details thereof, please refer to note 5(25) to the Financial Statements in Chapter V of this report. The aforesaid derivative financial liabilities measured in fair value and the change in fair value during the Reporting Period are as follows:

Types of investment	Sources of funding	Contracting party	Amounts of the investment	Investment period	Product type	Expected gains	Gains and losses from investments (change in fair values during the Period)	Whether involved in litigation
Derivative	Self-owned	Industrial and Commercial Bank of China (Asia) Limited	HK$420 million	2010.4-2014.9	NDS	N/A	2,916,000	No

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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. Both the debt-to-asset ratio and the net borrowings-to-equity ratio of the Group decreased YOY as at the end of the Reporting Period. At the same time, as affected by the slight decrease of the profit of the Group, the interest covered multiple decreased. Given the Group's stable and robust operating cash flows and its strong capability in financing and capital management, the Directors are of the view that the financial leverage ratios remained at safe levels as at the end of the Reporting Period.

	30 June 2013	31 December 2012
Debt-to-asset ratio (Total liabilities/Total assets)	**53.39%**	55.09%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents)/Total equity)	**78.55%**	79.18%

	Jan-Jun 2013	Jan-Jun 2012
Interest covered multiple ((Profit before tax + interest expenses)/interest expenses)	**2.58**	2.72
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/interest expenses)	**4.04**	3.89

3. *Liquidity and Cash Management*

	30 June 2013 (RMB million)	31 December 2012 (RMB million)	Change (RMB million)
Net current liabilities	**1,017**	1,185	-168
Cash and cash equivalents	**1,402**	1,954	-552
Banking facilities available	**6,141**	5,899	242

During the Reporting Period, as a result of relatively large scale of total liabilities and the increase of pressure on the repayment of short-term debt of the Company, the Group continued to improve its debt structure through related financing arrangements to reduce the pressure from current liabilities, strengthen the collection and monitor of cash on major projects and subsidiaries, appropriately increase its cash on hand and maintain sufficient banking facilities so as to prevent the liquidity risk. Meanwhile, the Group maximised its capital gains by arranging a number of fixed deposits with appropriate deposit terms. As at the end of the Reporting Period, the Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amount applied to investment in securities or entrusted management. For further explanation on the liquidity of the Group, please refer to note 2(1) to the Financial Statements in Chapter V of this report.

4. *Contingencies*

Details on the Group's contingencies during the Reporting Period are set out in note 8 to the Financial Statements in Chapter V of this annual report.

III. Capital and Financing

1. *Capital Expenditure*

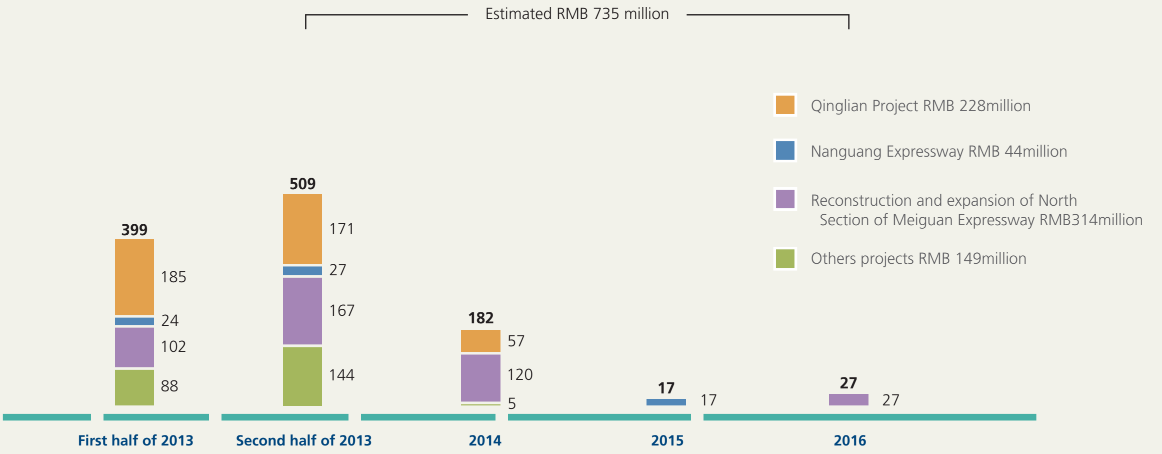
During the Reporting Period, the Group's capital expenditures mainly comprised the remaining construction investments and settlements of projects such as Qinglian Project and Nanguang Expressway, and the reconstruction and expansion for Meiguan Expressway, totaling approximately RMB399 million. The investments in major projects are as follows:

Project name	Project amount (RMB million)	Project progress	Amount invested during the Period (RMB'000)	Accumulated amount actually invested (RMB'000)	Gains from the project
Nanguang Expressway	3,095	99%[Note]	23,712	3,049,622	For details of the operational performance of related projects during the Reporting Period, please refer to "Analysis of Operating Results" above.
Qinglian Project	6,173	100%	185,415	5,893,275	
Reconstruction and expansion for Meiguan Expressway	715	58%	101,718	400,759	

Note: Nanguang Expressway was opened for operation in 2008. The remaining works were postponed as results of the design of Nanping (Phase II). Nanguang Expressway is planned to be completed in 2014.

As at 30 June 2013, the Group's capital expenditure plan mainly covered the expenses on the projects as mentioned above. The Group's capital expenditure will be expected to be approximately RMB735 million by the end of 2016. The Group plans to satisfy such capital needs with its own capital and bank borrowings. According to the Directors' assessment, the Group's financial resources and financing capability currently are sufficient for satisfying the needs of various capital expenditures.

Capital Expenditure Plan (Unit: RMB Million)



Management Discussion & Analysis

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2. Cash Flow

The toll revenue of the Group's principal toll highway operations is collected in cash, thereby providing the Group with a steady operating cash flow. During the Reporting Period, the cash flows of the Group are listed as follows:

	The Period (RMB'000)	2012 Interim (RMB'000)	Change
Net cash flows from operating activities	**809,546**	808,172	0.17%
Net cash flows from investing activities	**(352,876)**	(257,613)	36.98%
Net cash flows from financing activities	**(1,009,606)**	(870,098)	16.03%

During the Reporting Period, the Group's net cash inflows from operating activities and cash return on investments [Note] totaled RMB833,846,000 (2012 Interim: RMB848,258,000), representing a slight YOY decrease of 1.70%. During the Reporting Period, capital expenditures increased and the net cash outflows from investing activities recorded a YOY increase of 36.98%. At the same time, the Group repaid the debt when due and implemented related financing arrangements and debt restructuring, resulting in a YOY increase of 16.03% in net cash outflows from financing activities during the Reporting Period.

Note: The aggregated amount of net cash inflows from operating activities and cash return on investments = Net cash flows from operating activities + Cash received from disposal of investments + Cash received from returns on investments.

According to the articles of association of the Company's joint ventures and associates, those companies will distribute cash to their shareholders if the conditions for cash distribution are fulfilled. According to characteristics of the toll highway industry, such cash return on investments will provide continuous and stable cash flow. The reason that the Company provided the aggregated figures of net cash inflows from operating activities and cash return on investments was to help the users of the financial statements understand the performance of our recurring cash flow from the operating and investing activities.

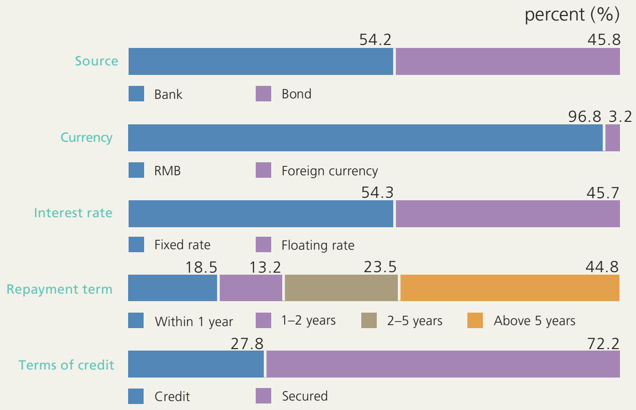
3. Financial Strategies and Financing Arrangements

During the Reporting Period, despite the easing of external financial conditions, the negative effect of the changes of policies in the industry on the operating and financing activities of the Group still existed. During the Reporting Period, the Company has made a financing and fund arrangement in advance based on its need in order to ensure safety and efficiency of the turnover of capital. In addition, the Company actively studied various financing channels, types and schemes and will use them when appropriate in order to continuously improve our debt structure. As the Group has stable and ample operating cash flow and sufficient banking facilities, the Directors are of view that the Company's financial resources and financing capability are sufficient for satisfying the needs of payment of the principal and interests of bonds upon maturity in the future.

The Group's composite borrowing costs for the Reporting Period amounted to 5.86% (2012: 5.75%), which was 0.11 percentage point higher than that in 2012. During the Reporting Period, the Group did not have any overdue principal and interests for bank loans and bonds.

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:

Borrowings Structure (As at 30 Jun 2013)



During the Reporting Period, the Company continued to maintain the highest rating of AAA in credit rating for borrowing enterprises. The follow-up debt credit ratings of the issued enterprise bonds and corporate bonds were maintained at their original ratings of AAA or AA+.

As at 30 June 2013, the Group had obtained a total of RMB13.7 billion of banking facilities, including RMB8.1 billion of credit facilities specifically for projects under construction and RMB5.6 billion of general credit facilities. As at the end of the Reporting Period, unutilised banking facilities amounted to RMB6.1 billion, of which RMB0.9 billion was credit facilities specifically for projects under construction and RMB5.2 billion was general banking credit facilities.

IV. Particulars of Major Subsidiaries and Investee Companies

Units: RMB million unless otherwise stated

			30 June 2013			2013 interim		
Company name	Percentage of interests held by the Group	Registered capital (in millions)	Total assets	Net assets	Revenue	Operating profit	Net profit/ (net loss)	Principal business
Meiguan Company	100%	332	1,089	709	138	86	65	Construction, operation and management of Meiguan Expressway
Jihe East Company	100%	440	2,699	1,945	222	90	67	Construction, operation and management of Jihe East
Mei Wah Company	100%	HK$795	1,197	1,144	–	26	26	Indirectly holding 25% interests in Qinglian Company and 55% interests in Magerk Company
Qinglian Company	76.37%	3,106	9,494	3,061	343	(48)	(37)	Construction, operation and management of Qinglian Expressway and Qinglian Class 2 Road and auxiliary facilities
JEL Company/ Magerk Company	55%	US$28	1,076	887	192	85	64	JEL Company: investment holding (holding interests in Magerk Company); Magerk Company: toll collection and management of Wuhuang Expressway
Qinglong Company	40%	324	2,362	462	223	99	74	Development, construction, toll collection and management of Shuiguan Expressway

For the operational and financial performance of the major subsidiaries and participating companies mentioned above and the toll highways operated by the aforesaid companies during the Reporting Period, please refer to Section 1 Business Review in this Chapter and other relevant parts of this section.

Management Discussion & Analysis

Section 3 Outlook and Plans

I. Analysis on Operating Environment

In the first half of 2013, China has shown some slowdown in economic growth. It will continue to face the pressure of slowdown in economic growth in the second half of the year. However, with the progress of urbanisation, the transition and upgrade of regional economy and the benefits from the higher car ownership, it is expected that the domestic highway traffic demand will maintain a relatively steady growth in the future.

In recent years, China's toll highway industry policies are becoming stricter. Other than the implementation of respective policies such as Green Passage Toll Free Policy and Toll Free Scheme on Holidays, the specific clean-up work for toll highways has also been carried out nationwide since 2011. Some of the regions have further proposed measures subject to the subsequent review of the clean-up work. Recently, Hubei Provincial Price Bureau issued an announcement in respect of the adjustment of operation periods for 5 toll highway projects, and the plan to hold a hearing on lowering toll fees of 2 toll highway projects, including Wuhuang Expressway, in order to further standardise the operation periods and toll fees of toll highways in Hubei Province. Currently, the specific date for the hearing has not yet confirmed. In addition, according to a notice issued by Guangdong Provincial Communication Department, the toll collection of 31 road and bridge projects in Guangdong Province including Qinglian Class 2 Road has been cancelled since the midnight on 30 June 2013. Qinglian Class 2 Road was opened for operation in 1993. Due to its longer operation period and that its road surfaces were badly worn out as it took up most of the traffic flow during the period of reconstruction into an expressway for Qinglian Class 1 Highway, Qinglian Company closed the road since late September 2010 in order to carry out the routine and necessary overhaul, during which toll collection has been suspended. Qinglian Company and its two shareholders were highly concern about the cancel of toll collection of Qinglian Class 2 Road, studied the related policies and requirements seriously, and coordinated with competent authorities of the government through various possible ways to finalise specific arrangements of the cancel of toll collection. As at the date of this report, the toll fees hearings of Wuhuang Expressway and cancel of toll collection of Qinglian Class 2 Road are yet to be finalised, so it is uncertain for the effect of these issues on the Group and no reliable estimation can be made. The Group will follow up with these issues actively and maintain good communication and coordination, in order to protect the interests of the Company and its shareholders and fulfill the obligations of information disclosure in time subject to the progress of the work.

Ministry of Transport issued the draft of amendments to the Regulation on the Administration of Toll Highways in the first half of the year to seek comments from the public on the proposed amendments to the regulations. Some changes and supplements were made in the amendments on the provisions of the regulations relating to the investment and operation of highways, including compensation principles after the implementation of toll-free policy and expansion, determination basis of the operation periods and toll fees, and basic principles of fees after the expiry of the operation periods for maintenance requirement. As the finalised amendments and the details for its implementation have not yet announced, it is unable to estimate the specific effect towards the toll highways industry and the Group at this stage. However, the Company considers that continuous amendments and improvements of the relevant policies will strengthen the standardised management of the industry, which is in favour of its long term and healthy development.

The Group actively explored and tried various business mix in order to diversify the industry risks amid the changes of operating environment. Currently, the Group has made certain achievements in the entrusted management business and advertising business and is further studying the specific direction for the business development and the feasibility of business expansion. With further expansion of the business, the Group may also be affected by related policies on the industry and land of the country. Besides formulating feasible countermeasures to manage and lower the risks, the Company will keep a close eye on the policy updates, keep in touch with the government authorities and timely adjust its operating strategies in line with the development needs and internal and external environments, as well as look for opportunities and directions in favor of the Group's long-term development.

II. Operating Objectives and Plans

In the first half of 2013, the Company successfully realised the operating objectives set at the beginning of the year, and saw no significant differences in terms of revenues and cost control as planned at the beginning of the year. Major works of the Group in the second half of the year include:

- **Operation management:** The Company will improve various operating management measures to achieve the annual target of toll revenue; strengthen promotional campaign and traffic guiding for the road network, and carry out targeted marketing measures to enhance toll traffic volume and toll revenue; closely monitor the effect of the changes of industry policies and road network on the projects and carry out effective countermeasures accordingly.

- **Highway management:** The Company will improve traffic organisation plan in construction projects and ensure the traffic efficiency and capacity. In addition, the Company will strengthen the planning of road maintenance and repair, and complete the maintenance works with high quality as well as control the cost of projects strictly.

- **Construction management:** The Company will enhance the refined and standardised the management of the construction projects and strive for achieving the management objectives. The Company will strengthen entrusted construction project management and timely recover entrusted construction revenue to seize market opportunities for expansion of business scale.

- **Business development:** The Company will conduct the research and negotiation for the proposals in respect of the mode of investment of Outer Ring Expressway and the mode of operation management of Costal Project; deepen specialised studies of corporate strategy, new business and integration of assets; promote progress of the BT linked land development project prudently based on Guilong Project and keep focus on and control the risks.

- **Financial management:** The Company will closely monitor the changes in currency policies and financing environment, and repay the Bonds with Warrants upon their maturity. The Company will explore more financing channels and seize the opportunity to choose the financial instruments with lower costs. The Company will further improve the debt structure, arrange funds plan and coordination and strengthen dividends management of investee companies.

The Company's management will continue to focus on changes in external environment, adhere to the ideas and principles of increasing revenue and income and containing expenditures and costs. Also, the management will proactively cope with different challenges and strive for enhancing the Group's operating performance and management standards.

Significant Events

I. Share Capital and Shareholders

1. *Movements of Shares*

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

2. *Profile of Shareholders*

(1) General information of shareholders

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

Unit: share

Total number of shareholders	The Company had 33,733 shareholders in total, including 33,446 holders of domestic shares and 287 holders of H Shares.					
The top ten shareholders						
Name of shareholder	Nature of shareholders	Percentage	Number of shares held	Change during the Period	Number of restricted circulating shares held	Number of shares pledged or frozen
HKSCC Nominees Limited Note	Overseas legal person	32.41%	706,879,098	-722,000	–	Unknown
Xin Tong Chan Development (Shenzhen) Company Limited	State-owned legal person	30.03%	654,780,000	–	–	None
Shenzhen Shen Guang Hui Highway Development Company	State-owned legal person	18.87%	411,459,887	–	–	None
China Merchants Hua Jian Highway Investment Co., Ltd	State-owned legal person	4.00%	87,211,323	–	–	None
Guangdong Roads and Bridges Construction Development Company Limited	State-owned legal person	2.84%	61,948,790	–	–	None
Au Siu Kwok	Overseas natural person	0.50%	11,000,000	–	–	Unknown
Ip Kow	Overseas natural person	0.42%	9,100,000	–	–	Unknown
Wong Kin Ping + Li Tao	Overseas natural person	0.23%	5,000,000	–	–	Unknown
CCB – ChinaAMC Dividend Fund	Unknown	0.18%	3,951,080	–	–	Unknown
Liu Shen Pei	Domestic natural person	0.18%	3,901,919	+3,901,919	–	Unknown

The top ten holders of non-restricted circulating shares		
Name of shareholder	Number of non-restricted circulating shares held	Type of shares
HKSCC Nominees Limited Note	706,879,098	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
China Merchants Hua Jian Highway Investment Co., Ltd	87,211,323	A Share
Guangdong Roads and Bridges Construction Development Company Limited	61,948,790	A Share
Au Siu Kwok	11,000,000	H Share
Ip Kow	9,100,000	H Share
Wong Kin Ping + Li Tao	5,000,000	H Share
CCB – ChinaAMC Dividend Fund	3,951,080	A Share
Liu Shen Pei	3,901,919	A Share
Connected relationship or concerted action relationship among the abovementioned shareholders:	XTC Company and SGH Company are connected persons under the same control of Shenzhen International. Save as the abovementioned relationship, there is no connected relationship among the other state-owned shareholders in the above table. In addition, the Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the above four state-owned shareholders and other above mentioned shareholders.	

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

(2) Disclosure of interests of shareholders pursuant to the Listing Rules of HKEx

As at 30 June 2013 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, or in accordance with the notice received by the Company and the HKEx, were as follows:

Domestic shares:

Name of shareholder	Capacity	Number of domestic shares of the Company held	Percentage of total issued domestic share capital
Shenzhen International(2)	Interest of corporation controlled(3)	1,066,239,887(L)	74.39%(L)
SIHCL	Interest of corporation controlled(4)	1,066,239,887(L)	74.39%(L)

H Shares:

Name of shareholder	Capacity	Number of H Shares of the Company held	Percentage of total issued H Share capital
JPMorgan Chase & Co.	Beneficial owner, investment manager and custodian corporation/approved lending agent(5)	54,061,043(L) 450,000(S) 53,603,043(P)	7.23%(L) 0.06%(S) 7.17%(P)
Franklin Templeton Investments (Asia) Limited	Investment manager	44,929,582(L)	6.01%(L)
Franklin Templeton Investment Management Limited	Investment manager	44,371,043(L)	5.94%(L)
Advance Great Limited	Beneficial owner	43,536,000(L)	5.82%(L)
Shenzhen International(2)	Interest of corporation controlled(3)	43,536,000(L)	5.82%(L)
SIHCL	Interest of corporation controlled(4)	43,536,000(L)	5.82%(L)
Veritas Asset Management (UK) Limited	Investment manager	40,028,000(L)	5.35%(L)

Note: (L) – long positions, (S) – short positions, (P) – lending pool. Please refer to SFO for relevant definitions.

Significant Events

Notes:

(1) All the domestic shares of the Company are listed on SSE, and all the H Shares of the Company are listed on the main board of HKEx.

(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) Long positions of 654,780,000 domestic shares were directly held by XTC Company as beneficial owner, 411,459,887 domestic shares were directly held by SGH Company as beneficial owner, and 43,536,000 H Shares were directly held by Advance Great Limited as beneficial owner. All of these companies are wholly-owned subsidiaries of Shenzhen International.

(4) SIHCL indirectly held 48.20% interests in Shenzhen International. Pursuant to the SFO, SIHCL was deemed to be interested in shares of the Company owned by Shenzhen International.

(5) Long positions of 53,603,043 shares were directly held by JPMorgan Chase Bank, N.A., 8,000 shares were directly held by J.P. Morgan Whitefriars Inc; as well as long positions and short positions of 232,000 shares were directly held by JF Asset Management Limited. All of these companies are wholly-owned subsidiaries of JPMorgan Chase & Co. Long positions and short positions of 218,000 shares were directly held by J.P. Morgan Securities Ltd., a 98.95%-owned subsidiary of JPMorgan Chase & Co.

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 2013.

3. *Controlling Shareholder or the De-facto Controller*

During the Reporting Period, there was no change in the controlling shareholder or the de-facto controller of the Company.

4. *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.

5. *Other Listed Securities*

During the Reporting Period, the listed bonds rating of the Company on SSE were as follows:

Abbreviation of bonds	Rating institution	Follow-up rating result
11 Shenzhen Expressway	中誠信證券評估有限公司 (China Chengxin Securities Rating Co., Ltd.)	Remained AA+ credit rate of the bond
07 Shenzhen Expressway Bond	中誠信國際信用評級有限責任公司 (China Chengxin International Credit Rating Co., Ltd.)	Remained AAA credit rate of the bond

II. Directors, Supervisors, Senior Management and Staff

1. *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.

2. *Information on the Interests of Directors, Supervisors and Senior Management in Securities*

(1) During the Reporting Period, none of the Directors, the Supervisors or the senior management had held or traded the stock of the Company.

(2) Disclosure of interests of the management pursuant to the Listing Rules of HKEx

As at 30 June 2013, the interests or short positions of the Directors, the Supervisors or the Chief executive 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 as at 30 June 2013	Change during the Period	Approximate percentage of ordinary shares in issued share capital of Shenzhen International	Nature of interests	Capacity
Li Jing Qi	8,288,246	+288,246	0.05%	Personal	Beneficial owner

Interests in share option of Shenzhen International:

Name	Share option unexercised as at 30 June 2013	Change during the Period	Nature of interests	Capacity
Yang Hai	8,580,000(1)	-5,720,000(3)	Personal	Beneficial owner
Li Jing Qi	17,000,000(1)	Nil	Personal	Beneficial owner
Zhao Jun Rong	8,580,000(1)	-5,720,000(3)	Personal	Beneficial owner
Hu Wei	5,250,000(2)	+5,250,000(2)	Personal	Beneficial owner
Tse Yat Hong	14,300,000(1)	Nil	Personal	Beneficial owner
Zhong Shan Qun	8,580,000(1)	-5,720,000(3)	Personal	Beneficial owner

Note:

(1) The share options owned by Directors Yang Hai, Li Jing Qi, Zhao Jun Rong, Tse Yat Hong and Supervisor Zhong Shan Qun were granted on 28 September 2010 and could be exercised during the period from 28 September 2012 to 27 September 2015, according to the grant provisions, with the exercise price HK$0.58 per share.

(2) The share options owned by Director Hu Wei were granted on 18 January 2013 and could be exercised during the period from 28 September 2014 to 27 September 2015, according to the grant provisions, with the exercise price HK$0.91 per share.

(3) Ordinary shares obtained upon exercise of share options by Directors Yang Hai, Zhao Jun Rong and Supervisor Zhong Shan Qun were disposed during the Reporting Period.

Saved as disclosed above, as at 30 June 2013, none of the Directors, the Supervisors or the Chief executive had interests or short positions defined above.

Significant Events

3. *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 China Securities Regulatory Commission 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.

4. *Employees, Remuneration and Training*

As at 30 June 2013, the Group (including the Company and its subsidiaries consolidated into the financial statements) had 3,084 employees, of whom 697 were management and professional staffs while 2,387 were toll collection staff.

Staff remuneration and benefit of the Company comprise wage, performance bonus and statutory and company benefits which are 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 (social pension insurance) and a housing provident fund plan organised by the local government authorities, and has applied various protection plans such as basic medical insurance package, work injury insurance and unemployment insurance for its employees. According to the relevant regulations, the Group is required to pay contributions equivalent to a certain percentage of the employee's aggregate salary (subject to the required maximum cap) to the labor and social security authorities and housing provident fund management center respectively as social insurance contributions for items such as pension and medical insurance and housing provident fund expense. For details of the remuneration and benefits for employees, please refer to notes 2(20) and 5(16) to the Financial Statements in Chapter V of this report.

During the Reporting Period, the Company had organised 23 trainings, with a total of 660 participants.

III. Other Significant Events

1. *Review of Interim Results*

The Audit Committee of the Company has reviewed and endorsed the financial statements for the six months ended 30 June 2013 and the interim report of the Group, and the relevant financial information has not been audited.

The 2013 interim financial information and the comparative figures for the same period of 2012 are prepared in accordance with CASBE, and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

2. *Dividend Distribution*

(1) Dividend distribution scheme for the interim of 2013

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2013 (2012 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

(2) Dividend distribution scheme for the year 2012 and its implementation

Pursuant to the approval at the 2012 Annual General Meeting, the Company paid a final cash dividend of RMB0.13 (tax included) per share for the year 2012 to all shareholders on the basis of the total share capital comprising 2,180,770,326 shares as at the year end of 2012, totalling RMB283,500,142.38. Such dividend distributions were implemented before 12 July 2013.

3. Information on Corporate Governance

The Company is committed to maintaining a high standard of corporate governance. During the Reporting Period, the Company has complied with the code provisions set out in the "Corporate Governance Code" contained in Appendix 14 to the Listing Rules of HKEx. In addition, the Company has also complied with the requirements of《公司法》("Company law of the PRC") and relevant requirements issued by China Securities Regulatory Committee, and strive to pursue better corporate governance practice. For details thereof, please refer to the Annual Report 2012 of the Company.

4. Significant Connected Transaction

During the Reporting Period, there is no significant connected transaction occurred by the Company or its subsidiaries. As at the date of this report, there is no non-operating fund occupancy by the controlling shareholders and its connected parties arising in the Company.

5. Management Contract

Pursuant to a contract dated 7 June 1995 together with subsequent amendments thereof, 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 2013 Interim, the amount of entrusted management fees and net profit accounted for by Magerk Company was RMB48,479,000 and RMB64,202,000 respectively. After deducting minority interests, the net profit attributable to the Group of Magerk Company was RMB35,311,000, representing 9.16% of the net profit attributable to owners of the Company. This aforesaid management contract has no material impact on the financial position and operating results of the Group.

6. Mortgage and Pledge of Assets

As at the end of the Reporting Period, details of the Company's and its subsidiaries' assets mortgaged or pledged are as follows:

Asset	Type	Bank	Scope of security	Term
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(1)	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 right 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	Pledge	Industrial and Commercial Bank of China Limited Shenzhen Branch	Principal and interests of bank loans in an aggregate amount of RMB1.3 billion(2)	Until repayment of all liabilities by the Company under the loan agreement
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 and relative payment liabilities under swap facilities of HK$647 million(3)	Until the 7th month after the repayment of all mortgage-backed liabilities by Mei Wah Company

Significant Events

Notes:

(1) Pledged by Qinglian Company. As at the end of the Reporting Period, the balance of such consortium loans used by Qinglian Company was RMB4,290 million.

(2) As at the end of the Reporting Period, the balance of such loans used by the Company was RMB565 million.

(3) Pledged by Mei Wah Company. As at the end of the Reporting Period, the balance of loans used by Mei Wah Company under such facilities was HK$41 million, and the outstanding principal of loans for which the Group had arranged swap was HK$357 million.

7. *External Guarantees*

Unit: RMB million, unless otherwise stated

External guarantees of the Company (excluding guarantees for subsidiaries)						
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	800	Joint liability 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	1,500	Joint liability 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$43.16(3)	Joint liability 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						0
Total balance of guarantees as at the end of the Reporting Period						2,334.39
Guarantees for subsidiaries of the Company						
Total amount of guarantees occurred for subsidiaries during the Reporting Period						33.99(4)
Total balance of guarantees for subsidiaries as at the end of the Reporting Period						33.99
Total amount of guarantees of the Company (including guarantees for subsidiaries)						
Total amount of guarantees						2,368.38
Proportion of total amount of guarantees to the net assets of the Company						24.57%
Including：						
Amount of the guarantees for shareholders, de-facto controller and their connected parties						0
Amount of the guarantees directly or indirectly for those whose debt-to-asset ratio exceeded 70%						2,334.39
Amount of the guarantees exceed 50% of net assets of the Company						0
Total amount of the above three guarantees						2,334.39

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. The Guarantee for subsidiaries of the Company had been approved by the eighth meeting of the sixth session of Board. The company has no external guarantee in violation of decision-making procedures.

(2) Please refer to point 6 above for related details.

(3) As for the financing needs in Hong Kong, Mei Wah Company accepted the guarantee provided by the Industrial and Commercial Bank of China Limited (Shenzhen Branch) with the total amount not exceeding 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$43.16 million, equivalent to approximately RMB34.39 million.

(4) The Company entered into agreements on 10 January 2013 with relevant banks, pursuant to which the Company provided guarantees with joint liability in proportion of 70% for the bank loans and debt under credit facilities of Guishen Company with the total amount not more than RMB800 million. The total amount of guarantees is RMB560 million. Guishen Company had entered into agreements regarding the bank loans/credit facilities of RMB800 million under abovementioned guarantees. As at 30 June 2013, the balance of the loan used was RMB33.99 million.

8. *Other Agreements*

Save as disclosed in this report, the Company did not enter into any contract in respect of the management and administration of its overall business or any material business, nor did it enter into any other material contracts in relation to entrustment, subcontracting, leasing or guarantee during the Reporting Period. Furthermore, there were no such prior material contracts subsisting during the Reporting Period.

9. *Other Events*

During the Reporting Period, there was no material litigation or arbitration matter, matter which the media generally questioned, or bankruptcy and reorganisation in connection with the Company, nor is there any material acquisition, sale or business combination by the Company or implementation of share option incentive scheme. In addition, there was no such matter subsisting during the Reporting Period.

10. *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 in January 1997 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 shareholders up to the end of the Reporting Period.

(2) Shenzhen International and 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)) 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 the above two Companies.

(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. The undertakings include that Shenzhen International shall inject its highway assets into the Company in 5-8 years in the case of qualified. 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.

Significant Events

(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. The undertakings include that SIHCL shall inject its highway assets into the Company in 5-8 years in the case of qualified. 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.

11. 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. Hu Wei (Non-executive Director), Mr. Tse Yat Hong (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Wang Hai Tao (Independent Director), Mr. Zhang Li Min (Independent Director), Mr. Au Sing Kun (Independent Director) and Mr. Lin Chu Chang (Independent Director).

By Order of the Board
Yang Hai
Chairman

Shenzhen, PRC, 16 August 2013

Chapter V

Interim Financial Statements

Consolidated Balance Sheet

As at 30 June 2013
(All amounts in RMB unless otherwise stated)

Assets	Note	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Current assets			
Cash at bank and on hand	5(1)	**1,403,734,038.29**	1,956,056,006.44
Dividends receivable	5(2)	**630,000.00**	–
Accounts receivable	5(3)	**373,433,938.34**	385,812,938.72
Advances to suppliers	5(5)	**6,188,405.85**	320,335,136.60
Interest receivable		**2,014,722.23**	2,236,957.19
Other receivables	5(4)	**117,155,605.61**	37,496,747.37
Inventories	5(6)	**323,117,377.08**	2,980,022.26
Total current assets		**2,226,274,087.40**	2,704,917,808.58
Non-current assets			
Long-term equity investments	5(7)	**1,625,579,611.62**	1,653,743,186.99
Investment properties	5(8)	**15,541,375.00**	15,829,225.00
Fixed assets	5(9)	**1,051,255,412.11**	1,098,074,917.42
Construction in progress	5(10)	**5,308,101.00**	16,357,384.44
Intangible assets	5(11)	**18,409,467,158.78**	18,636,247,042.26
Long-term prepaid expenses		**3,786,340.54**	4,717,014.07
Deferred tax assets	5(12)	**79,518,635.02**	79,238,463.43
Total non-current assets		**21,190,456,634.07**	21,504,207,233.61
Total assets		**23,416,730,721.47**	24,209,125,042.19

Liabilities and owners' equity	Note	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Current liabilities			
Short-term borrowings	5(13)	**200,000,000.00**	1,000,000.00
Accounts payable	5(14)	**447,287,175.81**	661,807,999.88
Advances from customers	5(15)	**16,102,857.02**	19,343,485.00
Employee benefits payable	5(16)	**31,746,988.88**	82,952,114.94
Taxes payable	5(17)	**78,932,908.70**	66,885,479.35
Interest payable	5(18)	**170,984,595.22**	102,406,437.69
Dividends payable	5(19)	**87,457,524.55**	–
Other payables	5(20)	**379,348,548.79**	416,155,154.40
Current portion of non-current liabilities	5(22)	**1,830,172,668.61**	2,538,991,115.62
Other current liabilities		**1,324,332.00**	–
Total current liabilities		**3,243,357,599.58**	3,889,541,786.88
Non-current liabilities			
Long-term borrowings	5(23)	**5,045,665,380.00**	5,217,739,400.00
Bonds payable	5(24)	**3,085,241,616.08**	3,081,681,079.84
Provisions	5(21)	**202,466,535.35**	195,892,410.37
Deferred tax liabilities	5(12)	**906,778,820.32**	935,283,505.52
Derivative liabilities	5(25)	**18,986,658.00**	16,070,892.42
Total non-current liabilities		**9,259,139,009.75**	9,446,667,288.15
Total liabilities		**12,502,496,609.33**	13,336,209,075.03
Owners' equity			
Share capital	5(26)	**2,180,770,326.00**	2,180,770,326.00
Capital surplus	5(27)	**3,183,203,239.93**	3,181,011,501.38
Surplus reserve	5(28)	**1,604,265,015.87**	1,604,265,015.87
Undistributed profits	5(29)	**2,672,482,094.17**	2,570,439,249.07
Total equity attributable to owners of the Company		**9,640,720,675.97**	9,536,486,092.32
Minority interests	5(30)	**1,273,513,436.17**	1,336,429,874.84
Total owners' equity		**10,914,234,112.14**	10,872,915,967.16
Total liabilities and owners' equity		**23,416,730,721.47**	24,209,125,042.19

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Balance Sheet

As at 30 June 2013
(All amounts in RMB unless otherwise stated)

Assets	Note	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Current assets			
Cash at bank and on hand		**825,632,767.50**	1,168,598,474.41
Accounts receivable	12(1)	**326,768,382.16**	340,856,332.71
Advances to suppliers		**1,774,259.61**	4,090,690.03
Interest receivable		**1,271,916.67**	2,236,957.19
Dividends receivable		**630,000.00**	–
Other receivables	12(2)	**494,570,699.77**	818,899,488.99
Inventories		**1,400,489.48**	1,634,514.63
Total current assets		**1,652,048,515.19**	2,336,316,457.96
Non-current assets			
Long-term receivables	12(3)	**1,256,645,090.43**	818,333,335.01
Long-term equity investments	12(4)	**6,545,087,095.64**	6,626,238,971.59
Investment properties		**15,541,375.00**	15,829,225.00
Fixed assets		**558,258,352.47**	590,628,811.45
Construction in progress		**2,837,057.32**	2,837,057.32
Intangible assets		**4,915,497,642.75**	4,982,655,389.41
Long-term prepaid expenses		**1,677,093.47**	2,134,482.53
Deferred tax assets		**77,920,089.89**	77,553,285.95
Total non-current assets		**13,373,463,796.97**	13,116,210,558.26
Total assets		**15,025,512,312.16**	15,452,527,016.22

Liabilities and owners' equity	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Current liabilities		
Accounts payable	**86,943,623.42**	86,207,026.06
Advances from customers	**–**	750,000.00
Employee benefits payable	**20,262,809.50**	56,868,475.27
Taxes payable	**37,943,340.33**	30,057,866.34
Interest payable	**163,522,810.35**	94,227,811.89
Dividends payable	**87,457,524.55**	–
Other payables	**310,995,357.39**	263,316,621.65
Current portion of non-current liabilities	**1,660,959,753.23**	2,372,232,167.49
Total current liabilities	**2,368,085,218.77**	2,903,659,968.70
Non-current liabilities		
Long-term borrowings	**832,657,600.00**	837,462,400.00
Bonds payable	**3,091,310,678.51**	3,088,084,219.09
Provisions	**202,466,535.35**	195,892,410.37
Total non-current liabilities	**4,126,434,813.86**	4,121,439,029.46
Total liabilities	**6,494,520,032.63**	7,025,098,998.16
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	**1,604,265,015.87**	1,604,265,015.87
Undistributed profits	**2,430,369,002.92**	2,326,804,741.45
Total owners' equity	**8,530,992,279.53**	8,427,428,018.06
Total liabilities and owners' equity	**15,025,512,312.16**	15,452,527,016.22

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Consolidated Income Statement

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

	Note	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Revenue	5(31)	**1,489,044,938.80**	1,560,628,257.43
Less: Cost of services	5(31)	**(693,048,022.00)**	(664,623,953.11)
Business tax and surcharges	5(32)	**(53,297,161.38)**	(56,137,730.57)
General and administrative expenses	5(33)	**(25,412,441.91)**	(25,460,333.60)
Financial expenses – net	5(34)	**(293,672,370.58)**	(312,087,121.93)
Add: Investment income	5(35)	**89,318,063.02**	68,448,560.65
Including: share of profit of associates and joint ventures		**89,318,063.02**	68,448,560.65
Operating profit		**512,933,005.95**	570,767,678.87
Add: Non-operating income	5(36)	**775,842.48**	198,654.45
Including: Gains on disposal of non-current assets		**373,156.13**	43,550.00
Less: Non-operating expenses	5(36)	**(915,460.55)**	(199,996.87)
Including: Losses on disposal of non-current assets		**(218,102.43)**	(139,409.40)
Total profit		**512,793,387.88**	570,766,336.45
Less: Income tax expenses	5(37)	**(106,882,439.22)**	(130,832,202.72)
Net profit		**405,910,948.66**	439,934,133.73
Net profit attributable to owners of the Company		**385,542,987.48**	418,820,805.87
Minority interests		**20,367,961.18**	21,113,327.86
Earnings per share			
Basic earnings per share	5(38)	**0.177**	0.192
Diluted earnings per share	5(38)	**0.177**	0.192
Other comprehensive income	5(39)	**2,191,738.55**	(2,366,016.78)
Total comprehensive income		**408,102,687.21**	437,568,116.95
Attributable to owners of the Company		**387,734,726.03**	416,454,789.09
Minority interests		**20,367,961.18**	21,113,327.86

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Income Statement

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

	Note	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Revenue	12(5)	**543,433,034.48**	604,540,070.30
Less: Cost of services	12(5)	**(179,521,556.99)**	(207,977,250.89)
Business tax and surcharges		**(20,226,186.96)**	(20,923,901.83)
General and administrative expenses		**(21,259,524.12)**	(22,778,711.60)
Financial expenses – net		**(119,066,412.38)**	(141,578,357.55)
Add: Investment income	12(6)	**233,227,542.31**	252,929,146.99
Including: share of profit of associates and joint ventures		**89,318,063.02**	68,448,560.65
Operating profit		**436,586,896.34**	464,210,995.42
Add: Non-operating income		**2,400.00**	29,554.44
Including: Gains on disposal of non-current assets		**–**	24,450.00
Less: Non-operating expenses		**(52,838.10)**	(120,724.75)
Including: Losses on disposal of non-current assets		**(4,838.10)**	(101,224.75)
Total profit		**436,536,458.24**	464,119,825.11
Less: Income tax expenses		**(49,472,054.39)**	(53,146,711.54)
Net profit		**387,064,403.85**	410,973,113.57
Other comprehensive income		**–**	–
Total comprehensive income		**387,064,403.85**	410,973,113.57

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Consolidated Cash Flow Statement

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

	Note	**For the six months ended 30 June 2013 (Unaudited)**	For the six months ended 30 June 2012 (Unaudited)
Cash flows from operating activities			
Cash received from rendering services		**1,490,679,488.08**	1,519,956,051.91
Cash received relating to other operating activities	5(40)(a)	**39,912,215.60**	346,260,115.31
Sub-total of cash inflows		**1,530,591,703.68**	1,866,216,167.22
Cash paid for goods and services		**(264,586,054.05)**	(246,529,932.65)
Cash paid to and on behalf of employees		**(156,666,426.58)**	(125,920,910.63)
Payments of taxes and surcharges		**(183,696,421.66)**	(264,501,006.97)
Cash paid relating to other operating activities	5(40)(b)	**(116,096,646.08)**	(421,091,886.83)
Sub-total of cash outflows		**(721,045,548.37)**	(1,058,043,737.08)
Net cash flows from operating activities	5(41)(a)	**809,546,155.31**	808,172,430.14
Cash flows from investing activities			
Cash received from recovery of investments		**2,500,000.00**	14,462,711.63
Cash received from returns on investments		**21,800,000.00**	25,622,465.00
Net cash received from disposal of fixed assets		**1,345,137.07**	64,071.30
Cash received relating to other investing activities		**16,352,663.29**	16,723,819.03
Sub-total of cash inflows		**41,997,800.36**	56,873,066.96
Cash paid to acquire fixed assets and intangible assets		**(390,798,134.64)**	(306,282,355.59)
Cash paid relating to other investing activities		**(4,075,503.81)**	(8,203,865.19)
Sub-total of cash outflows		**(394,873,638.45)**	(314,486,220.78)
Net cash flows from investing activities		**(352,875,838.09)**	(257,613,153.82)
Cash flows from financing activities			
Cash received from capital contributions		**–**	52,735,990.13
Including: Cash received from capital contributions by minority shareholders of subsidiaries		**–**	52,735,990.13
Cash received from borrowings		**556,650,000.00**	140,260,192.00
Sub-total of cash inflows		**556,650,000.00**	192,996,182.13
Cash repayments of borrowings		**(1,096,536,770.00)**	(478,594,500.00)
Cash payments for interest expenses and distribution of dividends or profits		**(469,171,030.18)**	(580,566,251.99)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		**(80,445,098.25)**	(122,690,291.68)
Cash payments relating to other financing activities		**(548,344.67)**	(3,932,968.09)
Sub-total of cash outflows		**(1,566,256,144.85)**	(1,063,093,720.08)
Net cash flows from financing activities		**(1,009,606,144.85)**	(870,097,537.95)
Effect of foreign exchange rate changes on cash		**610,406.53**	(717,141.48)
Net decrease in cash	5(41)(b)	**(552,325,421.10)**	(320,255,403.11)
Add: Cash at beginning of period		**1,954,204,126.56**	2,167,953,309.07
Cash at end of period	5(41)(c)	**1,401,878,705.46**	1,847,697,905.96

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Cash Flow Statement

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Cash flows from operating activities		
Cash received from rendering services	**549,967,594.24**	580,339,535.82
Cash received relating to other operating activities	**5,683,978.29**	205,572,731.48
Sub-total of cash inflows	**555,651,572.53**	785,912,267.30
Cash paid for goods and services	**(85,178,991.17)**	(47,484,465.43)
Cash paid to and on behalf of employees	**(86,166,476.31)**	(70,711,504.03)
Payments of taxes and surcharges	**(63,585,489.52)**	(123,460,929.65)
Cash paid relating to other operating activities	**(18,041,385.95)**	(35,093,601.28)
Sub-total of cash outflows	**(252,972,342.95)**	(276,750,500.39)
Net cash flows from operating activities	**302,679,229.58**	509,161,766.91
Cash flows from investing activities		
Cash received from recovery of investments	**55,488,300.58**	108,636,064.94
Cash received from returns on investments	**165,709,479.27**	210,103,051.33
Net cash received from disposal of fixed assets	**10,650.00**	–
Cash received relating to other investing activities	**730,043,924.89**	227,398,293.51
Sub-total of cash inflows	**951,252,354.74**	546,137,409.78
Cash paid to acquire fixed assets and intangible assets	**(27,061,794.19)**	(75,176,813.90)
Net cash paid to acquire subsidiaries	**–**	(190,000,000.00)
Cash paid relating to other investing activities	**(707,700,946.00)**	(36,489.08)
Sub-total of cash outflows	**(734,762,740.19)**	(265,213,302.98)
Net cash flows from investing activities	**216,489,614.55**	280,924,106.80
Cash flows from financing activities		
Cash received from borrowings	**200,000,000.00**	5,000,000.00
Sub-total of cash inflows	**200,000,000.00**	5,000,000.00
Cash repayments of borrowings	**(820,000,000.00)**	(512,000,000.00)
Cash payments for interest expenses and distribution of dividends or profits	**(241,645,369.85)**	(317,940,568.63)
Cash payments relating to other financing activities	**(490,302.94)**	(3,891,742.36)
Sub-total of cash outflows	**(1,062,135,672.79)**	(833,832,310.99)
Net cash flows from financing activities	**(862,135,672.79)**	(828,832,310.99)
Effect of foreign exchange rate changes on cash	**(2,331.19)**	(35,238.17)
Net decrease in cash	**(342,969,159.85)**	(38,781,675.45)
Add: Cash at beginning of period	**1,166,746,594.52**	1,412,201,859.12
Cash at end of period	**823,777,434.67**	1,373,420,183.67

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Consolidated Statement of Changes in Owners' Equity

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

Item	Attributable to owners of the Company					
	Share capital	Capital surplus	Surplus reserve	Undistributed profits	Minority interests	Total owners' equity
Opening balance on 1 January 2012	2,180,770,326.00	3,184,545,911.42	1,534,894,948.48	2,304,205,866.63	1,292,970,637.65	10,497,387,690.18
Movements for the six months ended 30 June 2012						
Net profit	–	–	–	418,820,805.87	21,113,327.86	439,934,133.73
Other comprehensive income	–	(2,366,016.78)	–	–	–	(2,366,016.78)
Capital contribution	–	–	–	–	52,735,990.13	52,735,990.13
Profit distribution						
Profit distribution to equity owners	–	–	–	(348,923,252.16)	(95,735,938.11)	(444,659,190.27)
Ending balance on 30 June 2012 (Unaudited)	2,180,770,326.00	3,182,179,894.64	1,534,894,948.48	2,374,103,420.34	1,271,084,017.53	10,543,032,606.99
Opening balance on 1 January 2012	**2,180,770,326.00**	**3,181,011,501.38**	**1,604,265,015.87**	**2,570,439,249.07**	**1,336,429,874.84**	**10,872,915,967.16**
Movements for the six months ended 30 June 2013						
Net profit	**–**	**–**	**–**	**385,542,987.48**	**20,367,961.18**	**405,910,948.66**
Other comprehensive income	**–**	**2,191,738.55**	**–**	**–**	**–**	**2,191,738.55**
Profit distribution						
Profit distribution to equity owners	**–**	**–**	**–**	**(283,500,142.38)**	**(83,284,399.85)**	**(366,784,542.23)**
Ending balance on 30 June 2013 (Unaudited)	**2,180,770,326.00**	**3,183,203,239.93**	**1,604,265,015.87**	**2,672,482,094.17**	**1,273,513,436.17**	**10,914,234,112.14**

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Statement of Changes in Owners' Equity

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Surplus reserve	Undistributed profits	Total owners' equity
Opening balance on 1 January 2012	2,180,770,326.00	2,315,587,934.74	1,534,894,948.48	2,051,397,387.15	8,082,650,596.37
Movements for the six months ended 30 June 2012					
Net profit	–	–	–	410,973,113.57	410,973,113.57
Profit distribution					
Profit distribution to equity owners	–	–	–	(348,923,252.16)	(348,923,252.16)
Ending balance on 30 June 2012 (unaudited)	2,180,770,326.00	2,315,587,934.74	1,534,894,948.48	2,113,447,248.56	8,144,700,457.78
Opening balance on 1 January 2013	**2,180,770,326.00**	**2,315,587,934.74**	**1,604,265,015.87**	**2,326,804,741.45**	**8,427,428,018.06**
Movements for the six months ended 30 June 2013					
Net profit	**–**	**–**	**–**	**387,064,403.85**	**387,064,403.85**
Profit distribution					
Profit distribution to equity owners	**–**	**–**	**–**	**(283,500,142.38)**	**(283,500,142.38)**
Ending balance on 30 June 2013 (unaudited)	**2,180,770,326.00**	**2,315,587,934.74**	**1,604,265,015.87**	**2,430,369,002.92**	**8,530,992,279.53**

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

Legal representative: **Yang Hai** *Chief Financial Officer:* **Gong Taotao** *Head of accounting department:* **Sun Bin**

Notes to Financial Statements

For the six months ended 30 June 2013
(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 and head office of the Company is 2-4/F, JiangSu Building, Yitian Road, Futian District, Shenzhen, the PRC.

Shenzhen International Holdings Limited ('Shenzhen International') is the parent company of the Company and Shenzhen Investment Holdings Company Limited ('SIHCL') is the ultimate controlling company of the Company.

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 interim financial statements have been approved for issue by the Company's Board of Directors on 16 August 2013.

These interim financial statements have not been audited.

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 2013, the Group reported net current liabilities of RMB1,017,083,512.18. 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 operating cash flows and the Group had unutilized banking facilities of approximately RMB6.141 billion as at 30 June 2013 with no reservation kept by the related banks, which can meet its obligations and capital 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 2013 are in compliance with the Chinese Accounting Standards, and truly and completely present the state of affairs as of 30 June 2013 and the operating results, cash flows and other information for the six months ended 30 June 2013 of the Group and the Company.

(3) Accounting year

The accounting year starts on 1 January and ends on 31 December. The accounting period of these financial statements starts on 1 January 2013 and ends on 30 June 2013.

(4) Functional currency

The functional currency of the Company is Renminbi (RMB).

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

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) 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 acquiree'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. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(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.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. Financial assets held by the Group are financial assets at fair value through profit or loss and receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term. They are presented as financial assets held for trading on the balance sheet.

Receivables

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

(ii) Recognition and measurement of financial assets

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: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) 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 (3) 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.

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.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(9) Financial instruments (continued)

(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. Derivative liabilities 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 (e.g., whether the actual offsetting result of the hedge falls in the range from 80% to 125%). 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 parties

Methods of collective assessment with provisioning percentage as below:

Group 1	Other method
Group 2	Ageing analysis method

The provision ratios used under the ageing analysis method for the above groupings are as follows:

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

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(10) Receivables (continued)

(b) Receivables that are subject to provision by groups (continued)

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.

(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 purchased land to be developed, toll tickets, low value consumables, maintenance and repair parts and materials in stock, and are measured at the lower of cost and net realisable value.

(b) Costing of inventories

The cost of purchased land to be developed is determined using specific identification method. The toll tickets, low value consumables, maintenance and repair parts and materials in stock's costs are determined using the weighted average method.

(c) Basis for the determination of net realisable 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 realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs necessary to achieve completion and 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.

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

(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 investees and which are not quoted in an active market and whose fair value cannot be reliably measured, are accounted for using the cost method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and the methods of investment income recognition

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

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 acquisition date, the 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 acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(12) Long-term equity investments (continued)

(b) Subsequent measurement and the methods of investment income recognition (continued)

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. If the accounting policies and the accounting periods are inconsistent between the Company and investees, the financial statements of investees are adjusted in accordance with the accounting policies and accounting period of the Company. 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 on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any 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.

(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.

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

(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 (Note 2(19)).

(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 recognised according to the valuation results performed by the valuer which were 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.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(14) Fixed assets (continued)

(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:

Category	Estimated useful lives	Estimated residual value rate	Annual depreciation rate
Buildings			
– Office building	20-30 years	5%	3.17%-4.75%
– Temporary house	10 years	5%	9.50%
– Structure	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) Impairment of fixed assets

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.

(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 capitalisation 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)).

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

(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 capitalisation 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. Capitalisation 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 capitalisation 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 capitalisation period.

For the general borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation 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 capitalisation 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.

The concession intangible assets relating to the toll roads injected by the state-owned shareholders on 1 January 1997 were stated at valuation, which were performed 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 by the promoter of the Company during the restructuring period was stated at revaluation admitted by State-owned Assets Supervision and Administration Bureau on 30 June 1996. The land-use right relating to Meiguan Expressway owned by Shenzhen Meiguan Expressway Company Limited ('Meiguan Company'), the subsidiary, was injected by Xin Tong Chan Development (Shenzhen) Company Limited ('Xin Tong Chan Company'), one of the promoters of the 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 ('unit usage'), 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.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(17) Intangible assets (continued)

(a) Concession intangible assets (continued)

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 and probably endures 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 unit usage (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	3.68
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	4.54
Wuhuang Expressway	September 1997 to September 2022	6.52
Qinglian Expressway	July 2009 to July 2034	33.15
National Highway No. 107 (Qinglian Section)	September 1995 to February 2028 (Note 2(28)(c))	35.36

Subsequent expenditures incurred for concession intangible assets are included in the cost of the concession intangible assets when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(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.

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

(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.

(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.

Employees of the Group participate in the defined contribution pension plan set up and administered by government authorities. Based on salaries of the employees, basic pensions are provided for monthly according to stipulated proportions (13% to 14%) and not exceeding the stipulated upper limit, which is paid to local labour and social security institutions.

Where the Group terminates the employment relationship with employees before the end of the employment contract or offers compensation for encouraging employees to accept voluntary redundancy, a provision for termination benefits for the compensation arising from termination of the employment relationship with employees is recognised, with a corresponding charge to profit or loss when the Group has made a formal plan for termination of the employment relationship or an offer for voluntary redundancy which will be implemented immediately and cannot be withdrawn by the Group unilaterally.

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 in the shareholders' meeting.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(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 component at initial recognition. The liability component is determined as the discounted amount of future cash flows, and the equity component is determined as proceeds less liability component. 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.

(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 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, 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 settlement 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.

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

(24) Revenue recognition (continued)

(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.

(f) Income from an operating lease is recognised on a straight-line basis over the period of the lease.

(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.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

(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.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

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

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.

(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 period 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.

The directors performed a periodic assessment of the total projected traffic volume. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies and make an appropriate adjustment if material difference exists and probably endures. The Group had appointed independent professional traffic consultants to perform independent professional traffic studies to its main toll roads in 2006 and 2010, and prospectively adjusted the amortisation unit according to the revised total projected traffic volume.

(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.

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

(28) Critical accounting estimates and judgments (continued)

(b) Provisions for maintenance/resurfacing obligations (continued)

The expenditures expected to incur in order to settle the obligations 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 provision for maintenance/resurfacing will be changed prospectively.

(c) Impairment of concession intangible assets

According to the accounting policy stated in Note 2(19), concession intangible assets are tested by the Group for impairment if there is any indication that the assets may be impaired at the balance sheet date.

On 15 June 2013, as required by Ministry of Transportation together National Development and Reform Commission and Ministry of Finance, Hubei Provincial Price Bureau issued a public notice that a hearing will be held in accordance with the related laws and administrative regulations to discuss and lower the toll rates of Wuhuang Expressway. The Company performed an impairment test for Wuhuang Expressway based on the best estimation and considered that the recoverable amount would be able to cover its carrying value. The assessment of the Company relied on the best estimation of projected traffic volume and price adjustment to be made for Wuhuang Expressway. Should there be a material difference between the projected traffic volume as well as estimated price adjustment and the actual results, a change of accounting estimate will be made.

Pursuant to a recent notice issued by Guangdong Provincial Transportation Department (Yue Jiao Ming Dian (2013) No. 56), the toll collection period of toll roads with their financing loans being repaid by government when their operation begin shall not exceed 20 years. Pursuant to this notice, National Highway No. 107 (Qinglian Section) operated by Qinglian Company ceased toll collection since 24am 30 June 2013. The original approved toll collection period of National Highway No. 107 (Qinglian Section) will end in February 2028. As at 30 June 2013, the net book value of the concession intangible assets and relevant fixed assets of National Highway No. 107 (Qinglian Section) were RMB247,930,292.31 and RMB145,005.44, respectively. Since the toll collection right of National Highway No. 107 (Qinglian Section) was a beneficial right obtained through legal investments and approval procedures, the Company has started negotiation with relevant government authority to protect its legal rights and discuss the potential compensation. As at the date of approval of the interim financial statements, the communication was still at early stage and it is pre-mature for the Company to estimate the future progress. As a result, the Company did not make any accounting treatment for this matter in current period.

(d) Income tax and deferred tax

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. 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.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(28) Critical accounting estimates and judgments (continued)

(d) Income tax and deferred tax (continued)

The Group recognises deferred tax assets based on estimates that it is probable to generate enough taxable incomes in the foreseeable future that the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable incomes of the company who has tax loss. Where the final outcome of timing and amount is different from that initially estimated, such differences will impact the current income taxes and deferred tax assets 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')	(i)	Taxable income	25%
Business tax		Revenue from expressway toll road business	3%
Business tax		Advertising income and revenue from other non-expressway toll road business	5%
Business tax		Taxable revenue from construction projects and management services	3%
City maintenance and construction tax		Amount of business tax paid	7%
Educational surcharge		Amount of business tax paid	3%
Local educational surcharge		Amount of business tax paid	2%
Construction fee for culture undertakings	(ii)	Amount of revenue	3%
Value added tax		Taxable advertisement income	6%

(i) CIT

The applicable CIT rate of the Company and its subsidiaries are analysed as follows:

	Applicable rate
The Company	25%
Shenzhen Expressway Advertising Company Limited ('Advertising Company')	25%
Meiguan Company	25%
Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited ('Airport-Heao Eastern Company')	25%
Guangdong Qinglian Highway Development Company Limited ('Qinglian Company')	25%
Mei Wah Industrial (Hong Kong) Limited ('Mei Wah Company')	25%
Maxprofit Gain Limited ('Maxprofit Company')	25%
Shenzhen Outer Ring Expressway Investment Company Limited ('Outer Ring Company')	25%
Jade Emperor Limited ('JEL Company')	25%
Hubei Magerk Expressway Management Private Limited ('Magerk Company')	25%
Shenzhen Expressway Investment Company Limited ('Expressway Investment Company')	25%
Guizhou Guishen Investment and Development Company Limited ('Guishen Company')	25%
Guizhou Shenzhen Expressway Land Company Limited ('Guishen Land Company')	25%

The previous applicable CIT rate for the Company and Advertising Company, Meiguan Company, Airport-Heao Eastern Company and Magerk Company (all are the subsidiaries of the Company) was 15%. According to the CIT Law and relevant regulations, the CIT rate applicable to the Company, Advertising Company, Meiguan Company, Airport-Heao Eastern Company and Magerk Company will be gradually increased to 25% over a five-year period from 2008 to 2012, and accordingly the applicable CIT rate is 25% in current period.

3 Taxation (continued)

(i) CIT (continued)

According to the CIT Law and relevant regulations, the CIT rate applicable to Qinglian Company, the subsidiary of the Company, will be gradually increased to 25% over a five-year period from 2008 to 2012. According to the Reply Letter of Guoshuifa [1997] No.072, 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 next three years. According to Guoshuifa [2007] No.39 issued by State Council, Qinglian Company started to enjoy this preferential policy in 2008 and accordingly its applicable CIT rate of current period is 25%.

According to Guoshuihan [2010] No.651, 'Reply letter from State Administration of Taxation concerning about the recognition as resident enterprises of related overseas enterprises of Shenzhen Expressway Company Limited', issued by State Administration of Taxation on 30 December 2010, Mei Wah Company, Maxprofit Company and JEL Company were recognised as resident enterprises of China and would be subject to the relevant taxation administration with effective date from 2008.

(ii) Advertising Company is obligated to pay construction fee for culture undertakings which are calculated at 3% on its revenue.

4 Business combinations and the consolidated financial statements

(1) Background of subsidiaries

(a) Subsidiaries acquired through incorporation are analysed as follows:

	Type	Place of Registration	Nature of business and principal activities	Registered capital	Bonds issued	Scope of business	Nature	Legal representative	Code of organisation
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
Expressway Investment Company	Direct holding	Shenzhen City, Guangdong Province, PRC	Investment	RMB400,000,000	–	Industrial investment and project construction	Limited liability company	Ge Fei	440304-180904
Guishen Company	Indirect holding*	Longli County, Guizhou Province, PRC	Infrastructure construction	RMB500,000,000	–	Investment, construction and management of road and urban and rural infrastructure	Limited liability company	Du Ya Fan	522730-001615
Guishen Land Company	Indirect holding*	Longli County, Guizhou Province, PRC	Comprehensive Land Development	RMB1,000,000	–	Comprehensive Land development and real estate development	Limited liability company	Ge Fei	0720031-7

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

4 Business combinations and the consolidated financial statements (continued)

(1) Background of subsidiaries (continued)

(a) Subsidiaries acquired through incorporation are analysed as follows: (continued)

	Ending balance of actual investment	Ending balance of other items which forms substantially part of the net investment in the subsidiary	Share holding	Voting right	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Outer Ring Company	100,000,000.00	–	100%	100%	Yes	–	Not applicable
Expressway Investment Company	400,000,000.00	–	100%	100%	Yes	–	Not applicable
Guishen Company	350,000,000.00	–	70%	70%	Yes	150,004,803.69	–
Guishen Land Company	1,000,000.00	–	70%	70%	Yes	–	–

* Expressway Investment Company holds 70% equity interests of Guishen Company. Guishen Company holds 100% equity interests of Guishen Land Company.

(b) Subsidiaries acquired through business combinations involving enterprises under common control are analysed as follows:

	Type	Place of registration	Nature of business and principal activities	Registered capital	Bond issued	Scope of business	Nature	Legal representative	Code of organisation
JEL Company	indirect holding	The Cayman Islands	Investment holding	USD30,000,000	–	Investment holding	Foreign enterprise	Not applicable	Not applicable
Magerk Company	Indirect holding*	Hubei Province. PRC	Toll road operation	USD28,000,000	–	Toll management of the expressway from Wuhan to Huangshi	Limited liability company	Li Jian	615407405

	Ending balance of actual investment	Ending balance of other items which forms substantially part of the net investment in the subsidiary	Share holding	Voting rights	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
JEL Company	527,498,195.49	–	55%	55%	Yes	399,371,099.55	–
Magerk Company	231,883,200.00	–	55%	55%	Yes	–	Not applicable

* Mei Wah Company, a fully owned subsidiary of the Company holds 55% equity interest of JEL Company. JEL Company holds 100% equity interests of Magerk Company.

4 Business combinations and the consolidated financial statements (continued)

(1) Background of subsidiaries (continued)

(c) Subsidiaries acquired through business combinations involving enterprises not under common control

	Type	Place of registration	Nature of business and principal activities	Registered capital	Bond issued	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	RMB 3,105,959,997.64	–	Development, operation and management of Qinglian Expressway and National Highway No.107 (Qinglian Section)	Limited liability company	Wu Ya De	61806320-6
Advertising Company	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 Company	Direct holding	Hong Kong	Investment holding	HKD795,381,300	–	Investment holding	Foreign enterprise	Not applicable	Not applicable
Maxprofit Company	Indirect holding	British Virgin Islands	Investment holding	USD82,780,081	–	Investment holding	Foreign enterprise	Not applicable	Not applicable
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

	Ending balance of actual investment	Ending balance of other items which forms substantially part of the net investment in the subsidiary	Share holding	Voting rights	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Qinglian Company	2,799,690,825.95	–	76.37%	76.37%	Yes	724,137,532.93	8,682,117.75
Advertising Company	3,500,000.01	–	100%	100%	Yes	–	Not applicable
Meiguan Company	636,217,882.46	–	100%	100%	Yes	–	Not applicable
Mei Wah Company	831,769,303.26	–	100%	100%	Yes	–	Not applicable
Maxprofit Company	933,069,337.68	–	100%	100%	Yes	–	Not applicable
Airport-Heao Eastern Company	1,034,995,298.29	–	100%	100%	Yes	–	Not applicable

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

4 Business combinations and the consolidated financial statements (continued)

(2) Newly incorporate unit in this period

	Net assets at 30 June 2013	Net Income for the six months ended 30 June 2013
Guishen Land Company	1,000,000.00	–

5 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	30 June 2013			31 December 2012		
	Original amount	Exchange rate	Equivalent to RMB	Original amount	Exchange rate	Equivalent to RMB
Cash on hand						
RMB			12,417,684.18			10,528,775.94
USD	11,321.00	6.1787	69,949.06	11,321.00	6.2855	71,158.15
Other foreign currencies			43,459.40			98,603.72
Subtotal			12,531,092.64			10,698,537.81
Bank deposits						
RMB			1,388,373,284.74			1,941,757,315.20
HKD	3,521,755.98	0.7966	2,805,430.83	4,410,851.37	0.8109	3,576,759.37
USD	3,921.55	6.1787	24,230.08	3,721.91	6.2855	23,394.06
Subtotal			1,391,202,945.65			1,945,357,468.63
Total			1,403,734,038.29			1,956,056,006.44

The Company is engaged to manage highway construction projects. As at 30 June 2013, project funds retained for construction management were RMB1,855,332.83 (31 December 2012: RMB1,851,879.88). The above project funds retained for construction management were disclosed as restricted bank balances in cash flow statement (Note 5(41)(c)).

(2) Dividends receivable

	30 June 2013	31 December 2012
Dividend receivable due from Associate Shenzhen Expressway Engineering Consulting Company Limited ('Consulting Company')	630,000.00	–

5 Notes to the consolidated financial statements (continued)

(3) Accounts receivable

	30 June 2013	31 December 2012
Accounts receivable	**373,467,438.34**	385,846,438.72
Less: provision for bad debts	**(33,500.00)**	(33,500.00)
	373,433,938.34	385,812,938.72

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

	30 June 2013	31 December 2012
Within 1 year	**259,432,236.79**	307,435,317.87
1 to 2 years	**74,333,340.94**	45,277,003.37
2 to 3 years	**6,220,950.00**	–
Over 3 years	**33,480,910.61**	33,134,117.48
	373,467,438.34	385,846,438.72

(b) Accounts receivable is analysed by categories as follows:

	30 June 2013				31 December 2012			
	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	**278,830,517.66**	**74.66%**	–	–	306,436,293.86	79.42%	–	–
– Group 2	**94,636,920.68**	**25.34%**	**33,500.00**	**0.04%**	79,410,144.86	20.58%	33,500.00	0.04%
Not individually significant but provision separately made	–	–	–	–	–	–	–	–
	373,467,438.34	**100.00%**	**33,500.00**	**0.01%**	385,846,438.72	100.00%	33,500.00	0.01%

(c) Group 2 is accounts receivable of which provision was made collectively using ageing analysis method and is analysed as follows:

	30 June 2013				31 December 2012			
	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	**94,603,420.68**	**99.96%**	–	–	79,376,644.86	99.96%	–	–
1 to 2 years	–	–	–	–	–	–	–	–
2 to 3 years	–	–	–	–	–	–	–	–
Over 3 years	**33,500.00**	**0.04%**	**33,500.00**	**100.00%**	33,500.00	0.04%	33,500.00	100.00%
	94,636,920.68	**100.00%**	**33,500.00**	**0.04%**	79,410,144.86	100.00%	33,500.00	0.04%

Notes to Financial Statements

For the six months ended 30 June 2013
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5 Notes to the consolidated financial statements (continued)

(3) Accounts receivable (continued)

(d) Accounts receivable from related parties is analysed as follows:

		30 June 2013			31 December 2012		
	Relationship with the Group	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Shenzhen Guangshen Coastal Expressway Investment ('Coastal Company')	Controlled by the ultimate holding company, together with the Company	**100,097,822.88**	**26.80%**	**–**	78,741,667.61	20.41%	–
Shenzhen Baotong Highway Construction and Development Company Limited ('Baotong Company')	Controlled by the parent company, together with the Company	**2,295,854.23**	**0.61%**	**–**	2,295,854.23	0.60%	–
		102,393,677.11	**27.41%**	**–**	81,037,521.84	21.01%	–

(e) As at 30 June 2013 and 31 December 2012, there was no accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(f) As at 30 June 2013 and 31 December 2012, all accounts receivable were denominated in RMB.

(4) Other receivables

	30 June 2013	31 December 2012
Advances	**106,977,814.93**	26,183,786.84
Others	**10,177,790.68**	11,312,960.53
	117,155,605.61	37,496,747.37
Less: provision for bad debts	**–**	–
	117,155,605.61	37,496,747.37

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

	30 June 2013	31 December 2012
Within 1 year	**79,704,959.85**	29,929,859.11
1 to 2 years	**35,235,901.02**	6,398,220.25
2 to 3 years	**2,214,744.74**	1,168,668.01
	117,155,605.61	37,496,747.37

5 Notes to the consolidated financial statements (continued)

(4) Other receivables (continued)

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

	30 June 2013				31 December 2012			
	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	106,977,814.93	91.31%	-	-	26,183,786.84	69.83%	–	–
– Group 2	10,177,790.68	8.69%	-	-	11,312,960.53	30.17%	–	–
Not individually significant but provision separately made	-	-	-	-	–	–	–	–
	117,155,605.61	100.00%	-	-	37,496,747.37	100.00%	–	–

(c) Group 2 is other receivables of which provision was made collectively using ageing analysis method and is analysed as follows:

	30 June 2013				31 December 2012			
	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	7,630,739.28	74.97%	-	-	9,836,465.60	86.95%	–	–
1 to 2 years	1,653,286.66	16.24%	-	-	1,330,357.89	11.76%	–	–
2 to 3 years	893,764.74	8.79%	-	-	146,137.04	1.29%	–	–
	10,177,790.68	100.00%	-	-	11,312,960.53	100.00%	–	–

(d) Other receivables from related parties are analysis as follows:

		30 June 2013			31 December 2012		
	Relationship with the Group	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Shenzhen Longda Expressway Company Limited ("Longda Company)	Controlled by the parent company, together with the Company	10,000.00	0.01%	-	–	–	–
Shenzhen Huayu Expressway Investment Company Limited ('Huayu Company')	Associate of the company	20,000.00	0.02%	-	–	–	–
		30,000.00	0.03%	-	–	–	–

(e) As at 30 June 2013 and 31 December 2012, all other receivables were denominated in RMB.

Notes to Financial Statements

For the six months ended 30 June 2013
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5 Notes to the consolidated financial statements (continued)

(5) Advances to suppliers

	30 June 2013	31 December 2012
Advances for acquisition of land use right	–	309,010,800.00
Others	6,188,405.85	11,324,336.60
	6,188,405.85	320,335,136.60

(a) The ageing of advances to suppliers is analysed below:

	30 June 2013		31 December 2012	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	4,896,495.85	79.12%	319,254,629.93	99.66%
1 to 2 years	894,910.00	14.46%	695,506.67	0.22%
2 to 3 years	397,000.00	6.42%	385,000.00	0.12%
	6,188,405.85	100.00%	320,335,136.60	100.00%

As at 30 June 2013, advances to suppliers with aging over 1 year mainly represent advances made for the maintenance fee for traffic equipment which were not fully settled since the contracts have not been completed.

(b) Advances to related parties are analysed as follows:

		30 June 2013			31 December 2012		
	Relationship with the Group	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Consulting Company	An associate of the Company	2,355,795.00	38.07%	-	3,127,180.20	0.98%	-

(c) As at 30 June 2013 and 31 December 2012, there were no advances to shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(d) As at 30 June 2013 and 31 December 2012, all advances to suppliers were denominated in RMB.

5 Notes to the consolidated financial statements (continued)

(6) Inventories

	30 June 2013	31 December 2012
Land to be developed	**320,151,570.00**	–
Toll tickets	**2,063,866.25**	2,086,963.86
Maintenance and repair parts	**520,841.40**	402,531.60
Low value consumables	**381,099.43**	490,526.80
	323,117,377.08	2,980,022.26

Guishen Company, a subsidiary of the Company, made prepayment as a result of tender for land use right of a piece of land located in Longli County, Guizhou Province with area of approximately 883 mu in 2012. In late June 2013, the Land Bureau of Longli Country completed related land acquisition and resettlement procedures and passed the land to Guishen Company for further management. As a result, Guishen Company became to own this land use right in substance and therefore recognized the related purchase and other direct costs as inventory based on its intention of holding. As at 30 June 2013, the application for the land use right certificate was still in progress.

As at 30 June 2013, no provision for declines in the value of inventories has been made by the Group (31 December 2012: nil).

(7) Long-term equity investments

	30 June 2013	31 December 2012
Joint ventures, unlisted (a)	**177,905,118.38**	174,639,254.25
Associates, unlisted (b)	**1,417,504,493.24**	1,448,933,932.74
Other long-term equity investments, unlisted (c)	**30,170,000.00**	30,170,000.00
	1,625,579,611.62	1,653,743,186.99

No substantial restriction existed which prohibited the recovery of long-term equity investments of the Group.

As at 30 June 2013, no provision for impairment of long-term equity investments was required (31 December 2012: nil).

(a) Investment in a joint venture

	Accounting method	Ending balance of investment cost	31 December 2012	Current period movement Share of net profit	30 June 2013	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rights held	Impairment	Impairment provided in current period
Changsha Shenchang Expressway Company Limited ('Shenchang Company')	Equity method	334,800,130,01	174,639,254.25	3,265,864.13	**177,905,118.38**	51%	(i)	(i)	–	–

(i) According to the related joint venture contracts and articles of incorporation, the principal financial and operating decisions of the joint venture shall be made based on the common consent of both investment parties. As a result, the joint venture is deemed as the Company's joint venture and is accounted for using equity method.

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(7) Long-term equity investments (continued)

(b) Investment in associates

	Accounting method	Ending balance of investment cost	31 December 2012	Current period movement: Share of net profit/(loss)	Current period movement: Cash dividend declared	Current period movement: Investment cost recovered	30 June 2013	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rights held	Impairment	Impairment provided in current period
Shenzhen Qinglong Expressway Company Limited ('Qinglong Company')	Equity method	93,765,014.40	243,565,995.18	29,523,002.64	(29,523,002.64)	(57,310,330.69)	**186,255,664.49**	40%	40%	Not applicable	–	–
Consulting Company	Equity method	2,134,142.45	16,175,428.76	1,538,232.78	(630,000.00)	–	**17,083,661.54**	24%	24%	Not applicable	–	–
Shenzhen Huayu Expressway Investment Company Limited ('Huayu Company')	Equity method	59,851,927.88	51,348,747.21	(1,992,395.10)	–	–	**49,356,352.11**	40%	40%	Not applicable	–	–
Guangdong Jiangzhong Expressway Company Limited ('Jiangzhong Company')	Equity method	291,930,000.00	273,093,209.40	3,077,199.76	–	–	**276,170,409.16**	25%	25%	Not applicable	–	–
Nanjing Yangtze River Third Bridge Company Limited ('Nanjing Third Bridge Company')	Equity method	254,526,376.43	253,139,303.59	7,817,717.83	–	(8,518,305.04)	**252,438,716.38**	25%	25%	Not applicable	–	–
Guangdong Yangmao Expressway Company Limited ('Yangmao Company')	Equity method	249,340,567.72	246,838,680.83	31,041,719.37	(12,500,000.00)	–	**265,380,400.20**	25%	25%	Not applicable	–	–
Guangzhou Western Second Ring Expressway Company Limited ('GZ W2 Company')	Equity method	250,000,000.00	220,311,122.15	3,727,601.04	–	–	**224,038,723.19**	25%	25%	Not applicable	–	–
Yunfu Guangyun Expressway Company Limited ('Guangyun Company')	Equity method	147,671,314.40	144,461,445.62	11,319,120.55	(9,000,000.00)	–	**146,780,566.17**	30%	30%	Not applicable	–	–
			1,448,933,932.74	86,052,198.89	(51,653,002.64)	(65,828,635.73)	**1,417,504,493.24**				–	–

The Company's 40% equity investment in Qinglong Company is pledged as security for long-term borrowings amounting to RMB565,000,000.00 (Note 5(23)(a)).

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(7) Long-term equity investments (continued)

(c) Other long-term equity investment

	Accounting method	Ending balance of investment cost	31 December 2012	Capital injection in current year	30 June 2013	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rights held	Impairment	Impairment provided in current year	Cash dividends declared in current period
Guangdong Unitoll Services Incorporation ('Unitoll Company')	Cost method	30,170,000.00	30,170,000.00	–	**30,170,000.00**	15%	15%	Not applicable	–	–	–

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(7) Long-term equity investments (continued)

(d) Joint ventures and associates

	Equity interest held	Voting rights held	30 June 2013 Total assets	Total liabilities	Net assets	For the six months ended 30 June 2013 Revenue	Net profit/(loss)
Joint ventures –							
Shenchang Company	51%	51%	359,080,477.12	10,246,911.67	348,833,565.45	23,286,629.37	6,403,655.16
Associates –							
Qinglong Company	40%	40%	2,361,694,333.02	1,900,145,198.44	461,549,134.58	223,214,124.96	73,807,506.60
Consulting Company	24%	24%	163,152,460.32	91,970,537.24	71,181,923.08	99,130,432.14	6,409,303.25
Huayu Company	40%	40%	493,549,870.09	370,158,989.81	123,390,880.28	29,198,259.72	(4,980,987.75)
Jiangzhong Company	25%	25%	2,481,336,207.06	1,497,194,570.42	984,141,636.64	173,217,598.99	12,308,799.04
Nanjing Third Bridge Company	25%	25%	3,615,384,679.06	2,605,629,813.54	1,009,754,865.52	206,759,335.00	31,270,871.32
Yangmao Company	25%	25%	1,810,817,724.43	929,956,123.63	880,861,600.80	286,843,104.28	124,166,877.56
GZ W2 Company	25%	25%	2,552,934,486.62	1,656,779,593.86	896,154,892.76	141,373,464.24	14,910,404.16
Guangyun Company	30%	30%	1,200,639,977.32	711,371,423.42	489,268,553.90	128,749,915.83	37,730,401.83
			14,679,509,737.92	9,763,206,250.36	4,916,303,487.56	1,288,486,235.16	295,623,176.01

(8) Investment properties

	Car parking spaces
Cost	
31 December 2012 and 30 June 2013	18,180,000.00
Accumulated amortisation	
31 December 2012	(2,350,775.00)
Current period additions	(287,850.00)
30 June 2013	(2,638,625.00)
Net book value	
30 June 2013	15,541,375.00
31 December 2012	15,829,225.00

As at 30 June 2013, no provision for impairment loss of investment properties was required (31 December 2012: nil).

5 Notes to the consolidated financial statements (continued)

(9) Fixed assets

	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Total
Cost					
31 December 2012	584,147,250.31	1,090,052,367.86	29,796,544.18	56,655,423.90	1,760,651,586.25
Transfers from construction in progress in current period (Note 5(10))	921,908.00	9,746,700.00	–	–	10,668,608.00
Other additions in current period	–	4,184,480.40	477,447.00	670,303.01	5,332,230.41
Current period reductions	–	(1,400,528.37)	(117,353.00)	(1,865,262.91)	(3,383,144.28)
30 June 2013	585,069,158.31	1,102,583,019.89	30,156,638.18	55,460,464.00	1,773,269,280.38
Accumulated depreciation					
31 December 2012	139,544,686.03	463,296,502.10	19,750,151.01	39,985,329.69	662,576,668.83
Current period additions	11,249,392.07	45,519,940.02	1,705,266.13	3,081,867.31	61,556,465.53
Current period reductions	–	(399,150.86)	(105,617.70)	(1,614,497.53)	(2,119,266.09)
30 June 2013	150,794,078.10	508,417,291.26	21,349,799.44	41,452,699.47	722,013,868.27
Net book value					
30 June 2013	434,275,080.21	594,165,728.63	8,806,838.74	14,007,764.53	1,051,255,412.11
31 December 2012	444,602,564.28	626,755,865.76	10,046,393.17	16,670,094.21	1,098,074,917.42

As at 30 June 2013, the Group has buildings with net book value of RMB301,702,476.34 (cost: RMB440,743,982.65) lack certificates of ownership (31 December 2012: net book value of RMB309,660,176.98, cost of RMB440,743,982.65). As all toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire, the Group has no intention to acquire the related property ownership certificates.

For the six months ended 30 June 2013, depreciation amounting to RMB58,259,129.98 (the same period in 2012: RMB59,524,915.46) and RMB3,297,326.55 (the same period in 2012: RMB3,069,272.70) has been charged into costs of services and general and administrative expenses, respectively.

As at 30 June 2013, no provision for impairment of fixed assets is required (31 December 2012: nil).

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(10) Construction in progress

Name	Budget amount	31 December 2012	Current period additions	Transfer to fixed assets	Other transfers	30 June 2013	Source of funds	% contribution in budget of current year	Progress of construction
Billboard and light box projects	10 million	1,123,230.00	666,208.00	(921,908.00)	–	**867,530.00**	Self-owned funds	6.66%	In progress
Project of central isolation area of Wuhuang Expressway	13 million	9,746,700.00	–	(9,746,700.00)	–	**–**	Self-owned funds	–	Completed
Others	*	5,487,454.44	–	–	(1,046,883.44)	**4,440,571.00**	Self-owned funds	*	In progress
Total		16,357,384.44	666,208.00	(10,668,608.00)	(1,046,883.44)	**5,308,101.00**			

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

As at 30 June 2013, no provision for impairment of construction in progress was required (31 December 2012: nil).

(11) Intangible assets

	Cost	31 December 2012	Current period additions	Current period amortisation	30 June 2013	Accumulated amortisation
Concession intangible assets	21,975,512,275.55	18,581,664,219.22	129,837,865.24	(389,926,196.00)	**18,321,575,888.46**	(3,653,936,387.09)
– Qinglian Expressway*	9,391,099,517.68	8,784,297,595.90	–	(125,665,386.46)	**8,658,632,209.44**	(732,467,308.24)
– Nanguang Expressway*	2,787,063,077.93	2,607,675,384.63	23,460,111.67	(29,169,116.35)	**2,601,966,379.95**	(185,096,697.98)
– Shenzhen Airport-Heao Expressway (Eastern Section)	3,094,975,262.55	2,574,251,040.77	–	(91,406,466.09)	**2,482,844,574.68**	(612,130,687.87)
– Yanba Expressway*	1,321,937,644.13	1,155,889,969.70	–	(18,112,951.48)	**1,137,777,018.22**	(184,160,625.91)
– Wuhuang Expressway	1,523,192,561.64	951,756,108.70	–	(49,261,147.01)	**902,494,961.69**	(620,697,599.95)
– Meiguan Expressway	1,532,701,602.41	985,081,054.91	98,388,408.13	(25,508,221.67)	**1,057,961,241.37**	(474,740,361.04)
– Yanpai Expressway	910,532,308.18	703,635,716.21	–	(21,329,027.02)	**682,306,689.19**	(228,225,618.99)
– Shenzhen Airport-Heao Expressway (Western Section)	843,668,552.23	514,253,419.92	–	(21,935,076.50)	**492,318,343.42**	(351,350,208.81)
– National Highway No. 107 (Qinglian Section)*	512,997,570.61	255,469,095.73	–	(7,538,803.42)	**247,930,292.31**	(265,067,278.30)
– Outer Ring Expressway	57,344,178.19	49,354,832.75	7,989,345.44	–	**57,344,178.19**	–
Software	2,805,120.00	2,052,831.37	99,900.00	(275,447.76)	**1,877,283.61**	(927,836.39)
Billboard land use rights	150,116,038.77	52,529,991.67	47,586,133.08	(14,102,138.04)	**86,013,986.71**	(64,102,052.06)
Total	22,128,433,434.32	18,636,247,042.26	177,523,898.32	(404,303,781.80)	**18,409,467,158.78**	(3,718,966,275.54)

* The pledge information relating to the concession intangible asset of Nanguang Expressway is set out in Note 5(24)(a); the pledge information relating to the concession intangible assets of Qinglian Expressway and National Highway No. 107 (Qinglian Section) is set out in Note 5(23)(a).

For the six months ended 30 June 2013, the amortisation of intangible assets which also recorded in consolidated income statement was RMB404,303,781.80 (the same period in 2012: RMB323,188,240.84).

5 Notes to the consolidated financial statements (continued)

(12) Deferred tax assets and deferred tax liabilities

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

	30 June 2013		31 December 2012	
	Deferred tax assets	**Deductible temporary differences**	Deferred tax assets	Deductible temporary differences
Provisions for maintenance and resurfacing of the toll roads (i)	**97,087,525.74**	**388,350,102.96**	117,921,437.04	471,685,748.16
Compensation provided by concession grantors (ii)	**22,731,827.21**	**90,112,663.98**	23,091,745.34	91,552,336.50
Deductible tax losses (iii)	**89,490,630.07**	**357,962,520.27**	82,783,574.01	331,134,296.03
Payroll accrued but not paid	**3,071,339.25**	**13,090,248.44**	1,475,634.30	6,707,428.64
Other	**1,598,545.13**	**6,394,180.52**	1,685,177.48	6,740,709.92
	213,979,867.40	**855,909,716.17**	226,957,568.17	907,820,519.25

(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 roads.

(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 grantors in prior years.

(iii) Qinglian Company estimated its profit against which the deductible tax losses incurred in current period and prior years can be utilised in the future. Accordingly, a deferred tax asset on deductible tax losses was recognised.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

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

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

	30 June 2013		31 December 2012	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
The amortisation of concession intangible assets (i)	**57,160,235.27**	**228,640,941.12**	59,034,129.07	236,136,516.28
Business combinations involving enterprises not under common control (ii)				
– Qinglian Company	**344,905,518.12**	**1,392,841,300.11**	349,950,786.77	1,413,022,374.69
– Airport-Heao Eastern Company	**434,200,369.39**	**1,736,801,477.59**	450,184,182.74	1,800,736,731.00
– JEL Company	**168,873,377.38**	**675,982,099.91**	178,122,107.63	712,977,020.92
– Meiguan Company	**31,674,457.05**	**126,697,828.18**	33,353,410.56	133,413,642.24
Convertible bonds (iii)	**4,426,095.49**	**17,704,381.96**	12,357,993.49	49,431,973.96
	1,041,240,052.70	**4,178,668,028.87**	1,083,002,610.26	4,345,718,259.09

(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) As the Company acquired equity interests of Qinglian Company, Airport-Heao Eastern Company, JEL Company and Meiguan Company and converted them to subsidiaries of the Company, deferred tax liabilities were recognised on temporary differences between the fair values and book values of respective identifiable assets and liabilities of those companies.

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

5 Notes to the consolidated financial statements (continued)

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

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

	30 June 2013	31 December 2012
Deductible tax losses	**226,939,653.54**	218,840,833.45

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

	30 June 2013	31 December 2012
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	**15,668,426.07**	15,668,426.07
Year 2017	**19,663,795.75**	19,663,795.75
Year 2018	**8,098,820.09**	–
	226,939,653.54	218,840,833.45

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

	30 June 2013	31 December 2012
Deferred tax assets	**(134,461,232.38)**	(147,719,104.74)
Deferred tax liabilities	**134,461,232.38**	147,719,104.74

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

	30 June 2013		31 December 2012	
	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	**79,518,635.02**	**318,064,786.66**	79,238,463.43	316,944,100.31
Deferred tax liabilities	**906,778,820.32**	**3,640,823,099.36**	935,283,505.52	3,754,841,840.15

Notes to Financial Statements

For the six months ended 30 June 2013
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5 Notes to the consolidated financial statements (continued)

(13) Short-term borrowings

	30 June 2013	31 December 2012
Unsecured	**200,000,000.00**	1,000,000.00

(a) As at 30 June 2013, there were no short-term borrowings past due but have not been repaid (31 December 2012: nil).

(b) As at 30 June 2013, the weighted average interest rate of short-term borrowings was 6.00% per annum (31 December 2012: 4.49%).

(14) Accounts payable

	30 June 2013	31 December 2012
Payables for construction projects and quality deposits	**447,287,175.81**	661,807,999.88

(a) Accounts payable to related parties are analysed as follows:

	30 June 2013	31 December 2012
Consulting Company	**10,910,020.00**	–
Huayu Company	**10,000.00**	–
Shenzhen International South-China Logistics Co., Ltd. ('SC Logistics Company')	**5,000.00**	–
Xin Tong Chan Company	**3,000.00**	–
	10,928,020.00	–

As at 30 June 2013 and 31 December 2012, there were no accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(b) The ageing of accounts payable based on their recording dates is analysed as follows:

	30 June 2013	31 December 2012
Within 1 year (including 1 year)	**144,368,212.19**	98,405,130.13
Over 1 year	**302,918,963.62**	563,402,869.75
	447,287,175.81	661,807,999.88

As at 30 June 2013, accounts payable with ageing over 1 year mainly represent payables in relation to construction projects, quality deposits and purchase of materials. The payables have not been settled since the final audit for projects are not completed.

As at 30 June 2013 and 31 December 2012, all accounts payable were denominated in RMB.

5 Notes to the consolidated financial statements (continued)

(15) Advances from customers

	30 June 2013	31 December 2012
Advances from advertising customers	**16,102,857.02**	18,593,485.00
Others	**–**	750,000.00
	16,102,857.02	19,343,485.00

As at 30 June 2013 and 31 December 2012, the aging of advances from customers was within one year.

As at 30 June 2013 and 31 December 2012, there were neither advances from shareholders holding more than 5% (including 5%) of the voting rights of the Company nor advances from related parties.

As at 30 June 2013 and 31 December 2012, all advances from customers were denominated in RMB.

(16) Employee benefits payable

	31 December 2012	Current period additions	Current period reductions	30 June 2013
Wages and salaries, bonuses, allowances and subsidies	78,447,246.46	71,950,196.41	(124,133,467.40)	**26,263,975.47**
Staff welfare	–	17,220,953.28	(17,220,953.28)	**–**
Social security contributions	163,531.95	13,447,210.86	(12,961,948.00)	**648,794.81**
Including: Medical insurance	41,657.10	3,425,457.81	(3,301,845.00)	**165,269.91**
Basic pensions	99,438.31	8,176,799.10	(7,881,726.99)	**394,510.42**
Unemployment insurance	11,660.78	958,864.66	(924,262.58)	**46,262.86**
Work injury insurance	5,372.41	441,772.63	(425,830.60)	**21,314.44**
Maternity insurance	5,403.35	444,316.66	(428,282.83)	**21,437.18**
Housing funds	–	6,476,136.61	(6,414,347.97)	**61,788.64**
Labor union funds and employee education funds	3,549,578.24	2,086,282.58	(2,286,616.24)	**3,349,244.58**
Enterprise annuities	506,268.03	2,949,505.56	(2,830,103.47)	**625,670.12**
Others	285,490.26	536,114.90	(24,089.90)	**797,515.26**
	82,952,114.94	114,666,400.20	(165,871,526.26)	**31,746,988.88**

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(17) Taxes payable

	30 June 2013	31 December 2012
Corporate income tax payable	**66,085,987.37**	50,082,557.77
Business tax payable	**9,232,477.56**	12,774,272.43
City maintenance and construction tax payable	**684,109.16**	923,781.20
VAT payable	**355,273.08**	508,743.36
Educational surcharge payable	**314,651.10**	458,792.92
Others	**2,260,410.43**	2,137,331.67
	78,932,908.70	66,885,479.35

(18) Interest payable

	30 June 2013	31 December 2012
Interest of corporate bonds	**124,292,241.12**	57,292,239.11
Interest of private placement notes	**25,570,507.98**	1,338,770.00
Interest of convertible bonds	**10,849,316.00**	3,410,959.00
Interest of long-term borrowings with interest payable in installment and principal payable upon maturity	**9,098,196.79**	9,366,220.26
Interest of short-term borrowings	**1,174,333.33**	3,733,400.00
Interest of medium-term notes	**–**	27,264,849.32
	170,984,595.22	102,406,437.69

(19) Dividends payable

	30 June 2013	31 December 2011
Dividends payable to H share holders	**87,457,524.55**	–

5 Notes to the consolidated financial statements (continued)

(20) Other payables

		30 June 2013	31 December 2012
Payable related to maintenance for roads		**106,964,804.91**	90,972,967.43
Guaranteed deposits for construction projects contracts or pitches	(a)	**87,678,146.18**	85,980,391.73
Advances from associates		**56,411,979.91**	62,176,022.47
Payable related to costs of construction management services		**29,083,865.72**	72,482,017.72
Project fund payables to the contractors of Guilong Road by 'Build – Transfer' mode ('Longli BT Project')		**28,437,372.99**	30,851,611.90
Mechanical and electrical costs payable		**4,423,954.57**	13,653,559.61
Project funds retained for construction management contracts	(b)	**1,855,332.83**	1,851,879.88
Others		**64,493,091.68**	58,186,703.66
		379,348,548.79	416,155,154.40

(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, extension of Meiguan Expressway and Nanping Freeway (Phase II) Project ('Nanping (Phase II) Project').

(b) The Company was entrusted by Highway Bureau of Longgang Distinct and Municipal Bureau for Urban Administration of Baoan Distinct for the management of the construction of Hengping Project and Shelter-screen Project of Airport-Heao Expressway (Dalang Section), respectively. Both of the 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 2013, project funds retained in the special deposit accounts amounting to RMB1,855,332.83 (31 December 2012: RMB1,851,879.88). They are classified as restricted bank balance in cash flow statements.

(c) As at 30 June 2013, other payables aged over 1 year are analysed as follows:

	30 June 2013	31 December 2012	Reason for unsettlement	Paid as at the reporting date
Advance from associates	**56,411,979.91**	52,044,681.47	Distribution in advance	–
Guaranteed deposits for construction projects or pitches	**76,036,711.00**	69,661,473.56	Completion audit not completed	27,304,343.48
Payable for maintenance of roads	**177,010.18**	1,792,626.53	Completion audit not completed	–
Others	**6,178,634.01**	11,946,293.20	Completion audit not completed	36,194.83
	138,804,335.10	135,445,074.76		27,340,538.31

Notes to Financial Statements

For the six months ended 30 June 2013
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5 Notes to the consolidated financial statements (continued)

(20) Other payables (continued)

(d) Other payables to shareholders holding more than 5% (including 5%) of the voting rights of the Company:

	30 June 2013	31 December 2012
Shenzhen International	**5,000.00**	5,000.00

(e) Other payables to related parties:

	30 June 2013	31 December 2012
Nanjing Third Bridge Company	**33,526,376.43**	39,544,681.47
GZ W2 Company	**22,500,000.00**	22,500,000.00
United Electronic Company	**2,770,895.02**	1,336,522.58
Consulting Company	**327,363.34**	131,341.00
Qinglong Company	**58,240.14**	–
	59,182,874.93	63,512,545.05

(f) As at 30 June 2013 and 31 December 2012, all other payables were denominated in RMB.

(21) Provisions

	31 December 2012	Current period movement	30 June 2013
Provisions for maintenance/resurfacing obligations	471,685,747.98	(83,335,645.20)	**388,350,102.78**
Less: current portion	(275,793,337.61)	89,909,770.18	**(185,883,567.43)**
	195,892,410.37	6,574,124.98	**202,466,535.35**

5 Notes to the consolidated financial statements (continued)

(22) Current portion of non-current liabilities

	30 June 2013	31 December 2012
Current portion of medium-term notes (Note 5(24))	–	699,523,703.83
Current portion of convertible bonds (Note 5(24))	**1,480,819,021.18**	1,446,445,174.18
Current portion of long-term borrowings		
Including: Unsecured (a)	**17,728,600.00**	18,028,900.00
Pledged (b)	**140,411,480.00**	99,200,000.00
Guaranteed (Note 5(23)(c))	**5,330,000.00**	–
	163,470,080.00	117,228,900.00
Current portion of provisions (Note 5(21))	**185,883,567.43**	275,793,337.61
	1,830,172,668.61	2,538,991,115.62

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

					30 June 2013	
	Beginning date	Termination date	Interest rate	Currency	Amount in foreign currencies	Amount in RMB
Industrial and Commercial Bank of China Shenzhen Anlian Branch	2010.9.21	2013.9.19	5.535%	RMB		1,000,000.00
Construction Bank of China Shenzhen Shangbu Branch	2009.9.17	2013.9.17	HIBOR+150BPS	HKD	21,000,000.00	16,728,600.00
						17,728,600.00

(b) Current portion of long-term pledged borrowings are syndicated borrowings for Qinglian Expressway project amounting to RMB140,411,480.00 (Note 5(23)(a)).

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(23) Long-term borrowings

	30 June 2013	31 December 2012
Pledged (a)	**4,749,352,780.00**	4,945,277,000.00
Unsecured (b)	**267,657,600.00**	272,462,400.00
Guaranteed (c)	**28,655,000.00**	–
	5,045,665,380.00	5,217,739,400.00

(a) As at 30 June 2013, details of long-term secured borrowings are set out as follows:

	30 June 2013				
	Interest rate	**Currency**	**Amount in foreign currencies**	**Amount in RMB**	**Pledge details**
Syndicated borrowings	5.895%/6.55%	RMB		4,292,024,000.00	Operating rights of National Highway No. 107 (Qinglian Section) and Qinglian Expressway*
Industrial and Commercial Bank of China	5.508%	RMB		565,000,000.00	40% equity interest of Qinglong Company held by the Company
Industrial and Commercial Bank of China (Asia)	HIBOR+260BPS	HKD	41,110,000.00	32,740,260.00	55% equity interest of JEL Company held by Mei Wah Company
				4,889,764,260.00	
Including: Current portion of syndicated borrowing				(110,300,000.00)	
Current portion pledged borrowing from Industrial and Commercial Bank of China (Asia)				(30,111,480.00)	
				4,749,352,780.00	

* As at the date of approval of the interim financial statements, the replacement of the pledge of No.107 National Way (Qinglian section) was on-going.

(b) The unsecured long-term borrowings amounts to HKD336,000,000.00 (equivalent to RMB267,657,600.00) (31 December 2012: HKD336,000,000.00 (equivalent to RMB272,462,400.00)). The interest rate of the unsecured long-term borrowings for the six months ended 30 June 2013 was 1.88% per annum (the same period in 2012: from 1.79% to 6.65%).

(c) Borrowings amounts to RMB33,985,000.00 (31 December 201: nil) were guaranteed jointly by the Group and CCCC-SHB Fifth Engineering Co., Ltd., the other shareholder of Guishen Company, including current portion amounting to RMB5,330,000.00 (Note 5(22)). The interest rate of the guaranteed borrowings for the six months ended 30 June 2013 was 5.85% to 6.15% per annum (the same period in 2012: nil).

5 Notes to the consolidated financial statements (continued)

(23) Long-term borrowings (continued)

(d) The five largest long-term borrowings:

	Starting date	Ending date	Currency	Interest rate	30 June 2013 Amount in foreign currency	30 June 2013 Amount in RMB	31 December 2012 Amount in foreign currency	31 December 2012 Amount in RMB
Syndicated borrowings (part A)	2006.9.30	2024.6.20	RMB	5.895%		**2,051,600,000.00**		2,099,900,000.00
Syndicated borrowings (part B)	2006.9.30	2024.6.20	RMB	5.895%		**1,534,000,000.00**		1,534,000,000.00
Syndicated borrowings (part C)	2011.1.6	2027.1.6	RMB	5.895%/6.55%		**596,124,000.00**		608,524,000.00
Industrial and Commercial Bank of China	2006.3.15	2021.3.12	RMB	5.508%		**565,000,000.00**		565,000,000.00
Shenzhen Branch of China Construction Bank Corporation	2009.9.17	2014.9.17	HKD	HIBOR+150BPS	**336,000,000.00**	**267,657,600.00**	336,000,000.00	272,462,400.00
						5,014,381,600.00		5,079,886,400.00

(e) As at 30 June 2013, the weighted average interest rate of long-term borrowings was 5.61% per annum (31 December 2012: 5.75%).

(24) Bonds payable

	31 December 2012	Current period amortisation	Current period paid	31 June 2013
Convertible bonds	1,446,445,174.18	34,373,847.00	–	**1,480,819,021.18**
Corporate bonds	2,283,479,360.75	3,529,076.82	–	**2,287,008,437.57**
Medium-term notes	699,523,703.83	476,296.17	(700,000,000.00)	**–**
Private placement notes	798,201,719.09	31,459.42	–	**798,233,178.51**
	5,227,649,957.85	38,410,679.41	(700,000,000.00)	**4,566,060,637.26**
Including: Current portion of medium-term notes	(699,523,703.83)			–
Current portion of convertible bonds	(1,446,445,174.18)			**(1,480,819,021.18)**
	3,081,681,079.84			**3,085,241,616.08**

Related information is as follows:

	Currency	Par value	Date of issuance	Maturity	Issued amount	Coupon rate
Convertible bonds (a)	RMB	1,500,000,000.00	9 October 2007	6 years	1,500,000,000.00	1%
Corporate bonds (b)	RMB	800,000,000.00	31 July 2007	15 years	800,000,000.00	5.5%
Corporate bonds (b)	RMB	1,500,000,000.00	2 August 2011	5 years	1,500,000,000.00	6.0%
Medium-term notes (c)	RMB	400,000,000.00	15 March 2010	3 years	400,000,000.00	4.97%
Medium-term notes (c)	RMB	300,000,000.00	26 March 2010	3 years	300,000,000.00	4.97%
Private placement notes (d)	RMB	800,000,000.00	20 December 2012	3 years	800,000,000.00	5.9%

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(24) Bonds payable (continued)

The interests accrued in the balance are analysed as follows:

	31 December 2012	Current period accrued	Current period paid	31 June 2013
Convertible bonds	3,410,959.00	7,438,357.00	–	**10,849,316.00**
Corporate bonds	57,292,239.11	67,000,002.01	–	**124,292,241.12**
Medium-term notes	27,264,849.32	7,525,150.68	(34,790,000.00)	**–**
Private placement notes	1,338,770.00	24,231,737.98	–	**25,570,507.98**
	89,306,817.43	106,195,247.67	(34,790,000.00)	**160,712,065.10**

(a) Convertible bonds

The interests of the convertible bonds are repayable once a year (on 9 October each year), and the principal is repayable upon maturity on 9 October 2013, together with the final installment of interest. As at 30 June 2013, the convertible bonds were reclassified as current portion of non-current liabilities (Note 5(22)).

The convertible bonds is guaranteed by the Shenzhen Branch of Agricultural Bank of China, which is in turn secured by the 47.3% of operating right of Nanguang Expressway (Note 5(11)). The pledge will expire 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 2013, net book value of liability component of the convertible bonds is set out as follows:

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 2013	350,035,640.32
Net book value as at 30 June 2013	1,480,819,021.18

The fair values of convertible bonds approximate to their carrying amounts as the mature date will be 9 October 2013 and the effect of discounting is not significant.

5 Notes to the consolidated financial statements (continued)

(24) Bonds payable (continued)

(b) Corporate bonds

The Company issued long-term corporate bonds with principal amount of RMB800,000,000 bearing a term of 15 years and interest of 5.5% per annum on 31 July 2007 in accordance with the approval of Fa Gai Cai Jin [2007] No.1791 issued by National Development & Reform Commission. Interest is repayable annually and the principal is repayable in full upon maturity on 31 July 2022. 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 2013, the fair value of corporate bonds approximated RMB810,547,066.69 which was calculated using cash flows discounted method based on market interest rate of comparable corporate bond at 5.27% per annum.

Upon the approval of Zheng Jian Xu Ke [2011] No.1131 issued by China Securities Regulatory Commission, the Company completed the issuance of long-term corporate bonds with principal amount of RMB1,500,000,000 on 2 August 2011. The bonds bear interest of 6.0% per annum, with the interest repayable annually and the principal repayable in full upon maturity on 27 July 2016. The term of the bonds is five-year. At the end of the third year, the Company has an option to increase the coupon interest of the bonds and the bondholders have put options to sell the bonds back to the Company. As at 30 June 2013, the fair value of the bonds approximated to RMB1,535,797,729.57 which was calculated using discounted cash flow method and market interest rate of comparable corporate bond at 5.201% 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, 4.47% per annum from the second year and 4.97% per annum from the third year. The medium-term notes has expired and were repaid in current period.

(d) Private placement notes

On 18 December 2012, the Company obtained the approval from the National Association of Financial Market Institutional Investors in relation to the issuance of private placement notes amounting to RMB1,500,000,000.00. The registered quota is valid within two years from the date of issue of the Notice of the Acceptance of Registration, and the Company is allowed to issue the private placement notes in tranches during the validity period. On 20 December 2012, the Company issued the initial tranche of private placement notes amounting to RMB800,000,000.00, which bear a term of 3 years and interest rate of 5.90% per annum with interest repayable annually and the principal repayable in full upon maturity on 20 December 2015.

The fair values of private placement notes approximate to their carrying amounts as the comparable market rate is close to the coupon rate and the effect of discounting is not significant.

Notes to Financial Statements

For the six months ended 30 June 2013
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5 Notes to the consolidated financial statements (continued)

(25) Derivative liabilities

	31 June 2013	31 December 2012
Cash flow hedges:		
Forward foreign exchange contracts	**18,986,658.00**	16,070,892.42

The Company uses a CNY/HKD cross currency interest rate swap contract to hedge its interest rate risk and exchange rate risk of one of its variable-rate foreign currency loans with a notional principal amount of HKD420,000,000 (31 December 2012: 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 2013 was HKD357,000,000 (31 December 2012: HKD357,000,000). 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 a quarterly basis from June 2010 to September 2014.

(26) Share capital

	31 December 2012	Current period additions	Current period reductions	31 June 2013
Par value RMB1 per share				
Shares not subject to trading restrictions –				
RMB ordinary shares	1,433,270,326.00	–	–	**1,433,270,326.00**
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 2011	Current year additions	Current year reductions	31 December 2012
Par value RMB1 per share				
Shares not subject to trading restrictions –				
RMB ordinary shares	1,433,270,326.00	–	–	1,433,270,326.00
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

5 Notes to the consolidated financial statements (continued)

(27) Capital surplus

	31 December 2012	Current period additions	Current period reductions	31 June 2013
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 hedges-after tax	13,055,818.95	2,915,765.58	(724,027.03)	**15,247,557.50**
Equity investment reserve	406,180.00	–	–	**406,180.00**
Others	65,760.27	–	–	**65,760.27**
	3,181,011,501.38	2,915,765.58	(724,027.03)	**3,183,203,239.93**

	31 December 2011	Current year additions	Current year reductions	31 December 2012
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 hedges-after tax	16,590,228.99	3,771,447.30	(7,305,857.34)	13,055,818.95
Equity investment reserve	406,180.00	–	–	406,180.00
Others	65,760.27	–	–	65,760.27
	3,184,545,911.42	3,771,447.30	(7,305,857.34)	3,181,011,501.38

(28) Surplus reserve

	31 December 2012	Current year additions	31 June 2013
Statutory surplus reserve	1,150,873,685.81	–	**1,150,873,685.81**
Discretionary surplus reserve	453,391,330.06	–	**453,391,330.06**
	1,604,265,015.87	–	**1,604,265,015.87**

	31 December 2011	Current year additions	31 December 2012
Statutory surplus reserve	1,081,503,618.42	69,370,067.39	1,150,873,685.81
Discretionary surplus reserve	453,391,330.06	–	453,391,330.06
	1,534,894,948.48	69,370,067.39	1,604,265,015.87

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.

The Company 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 did not appropriate any surplus reserve for the six months ended 30 June 2013 (the same period in 2012: nil).

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(29) Undistributed profits

	30 June 2013	31 December 2012
Undistributed profits at the beginning of the period/year	**2,570,439,249.07**	2,304,205,866.63
Add: Net profit attributable to equity holders of the Company in current period/year	**385,542,987.48**	684,526,701.99
Less: Appropriation for statutory surplus reserve	**–**	(69,370,067.39)
Dividends	**(283,500,142.38)**	(348,923,252.16)
Undistributed profits at the end of the period/year	**2,672,482,094.17**	2,570,439,249.07

As at 30 June 2013, included in the undistributed profits, RMB263,195,123.54 represents subsidiaries' surplus reserve attributable to the Company (31 December 2012: RMB263,195,123.54).

In accordance with the resolution passed in the Annual General meeting on 15 May 2013, the Company proposed a cash dividend to all shareholders amounting to RMB283,500,142.38, which was calculated by reference to the 2,180,770,326 shares issued and a dividend of RMB0.13 per share. The cash dividend represents 41.42% of the net profit for the year ended 31 December 2011. As at 30 June 2013, cash dividend amounting to RMB87,457,524.55 has not been paid.

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2013 (the same period in 2012: nil), nor did it recommend any conversion of capital reserve into share capital

(30) Minority interests

Minority interests attributable to the minority shareholders of subsidiaries

	30 June 2013	31 December 2012
Minority interest of Qinglian Company – Guangdong Cement Company Limited	**724,137,532.93**	732,819,650.68
Minority interest of JEL Company – Flywheel Investments Limited	**399,371,099.55**	453,764,527.05
Minority interest of Guishen Company – CCCC-SHB Fifth Engineering Co., Ltd.	**150,004,803.69**	149,845,697.11
	1,273,513,436.17	1,336,429,874.84

5 Notes to the consolidated financial statements (continued)

(31) Revenue and cost of services

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Revenue from main business (a)	**1,362,140,855.03**	1,382,455,520.16
Revenue from other businesses (b)	**126,904,083.77**	178,172,737.27
	1,489,044,938.80	1,560,628,257.43
Cost from main business (a)	**663,600,506.86**	588,723,432.57
Cost from other businesses (b)	**29,447,515.14**	75,900,520.54
	693,048,022.00	664,623,953.11

(a) Revenue and cost of services from main business

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue of main business	Cost of main business	Revenue of main business	Cost of main business
Revenue from toll road	**1,362,140,855.03**	**663,600,506.86**	1,382,455,520.16	588,723,432.57

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

(b) Revenue and cost of services from other businesses

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue of other businesses	Cost of other businesses	Revenue of other businesses	Cost of other businesses
Management services revenue (i)	**76,410,753.20**	**112,679.54**	120,227,553.03	47,020,908.87
Advertising services revenue	**46,242,906.19**	**28,693,816.16**	47,525,358.00	26,713,289.73
Other revenue	**4,250,424.38**	**641,019.44**	10,419,826.24	2,166,321.94
	126,904,083.77	**29,447,515.14**	178,172,737.27	75,900,520.54

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(31) Revenue and cost of services (continued)

(b) Revenue and cost of services from other businesses (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 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'), Coastal Project, the construction project of municipal facilities of Dalang Section of Longda Expressway ('Longda Municipal Section'), Longli BT Project and Guilong Urban Economic Zone Wangguan Comprehensive Resettlement Area Project Phase I ("Longli Resettlement (Phase I) Project"). In return, the Company is entitled to receive management services income. Nanping (Phase I) Project, Hengping Project, Shenyun Project, Longhua Extension and Wutong Mountain Project have been completed in prior years. In current period, the Group mainly managed the construction of Nanping (Phase II) Project, Coastal Project, Longda Municipal Section, Longli BT Project and Longli Resettlement (Phase I) 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 Nanping (Phase II) Project and Longda Municipal Section, 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 20% of any savings exceeding 2.5% of the total budgeted contract costs. For Coastal Project, the management service revenue is 1.5% of the construction budget while the Company would share 20% of any savings of the total budgeted contract costs. For Longli BT Project, the Company would grant return on capital costs, return on investments as well as cost savings in construction. Return on capital costs is calculated by 8% of funds advanced to the project related to the construction management services by the Company, return on investments is calculated by 5% of funds advanced to the project related to the construction management services plus return on capital costs, while the Company is solely granted all the cost savings in construction. For Longli Resettlement (Phase I) Project, the Company is solely granted all the cost savings in construction.

According to the related management services contracts, the Company undertakes to bear cost overruns for the above projects. For Longda Municipal Section Project, Nanping (Phase II) Project, Longli BT Project and Longli Resettlement (Phase I) Project, the Company is obliged to bear all the cost overruns incurred in construction as compared to the original budget. For Coastal Project, the Company is obliged to bear 20% of the cost overruns incurred in construction as compared to the original budget. 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.

In current period, the Company recognised construction management service revenue of Nanping (Phase II) Project at RMB40,367,772.99 in accordance with the audit results on budgetary costs (the same period in 2012: RMB3,601,064.12). The Company recognised construction management service revenue of the Coastal Project at RMB21,356,155.27 according to the percentage of completion of the project (the same period in 2012: recognised construction management services income based on actual project management taxes and expenses incurred amounting to RMB10,027,384.16). For Longda Municipal Section Project, Longli BT Project and Longli Resettlement (Phase I) Project, as the outcome of the construction management services could not be reliably estimated though the costs incurred were expected to be fully recovered, the Group recognised construction management services income based on actual project management taxes and expenses incurred amounting to RMB5,686,824.94 (the same period in 2012: RMB2,064,014.40).

On 29 December 2011, the Company entered into an operation and management entrustment agreement with Baotong Company, a wholly-owned subsidiary of 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 an annual management entrustment fee of RMB18,000,000.00. The management entrustment fee for current period amounted to RMB9,000,000.00 (the same period in 2012: RMB9,000,000.00).

5 Notes to the consolidated financial statements (continued)

(32) Business tax and surcharges

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Business tax	**45,663,900.38**	48,318,684.62
City maintenance and construction tax	**3,344,071.31**	2,937,974.37
Educational surcharge	**2,193,144.85**	2,020,162.51
Construction fee for culture undertakings	**1,419,646.38**	1,417,360.74
Others	**676,398.46**	1,443,548.33
	53,297,161.38	56,137,730.57

(33) General and administrative expenses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Salary and wages	**13,736,333.99**	12,873,462.73
Depreciation	**2,921,210.06**	3,069,272.70
Expenses paid to stock exchange	**1,050,521.96**	2,267,771.44
Audit fees	**215,000.00**	391,800.00
Office management expenses	**1,033,597.61**	810,888.37
Others	**6,455,778.29**	6,047,138.36
	25,412,441.91	25,460,333.60

(34) Financial expenses – net

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Interest expense	**297,659,286.19**	308,909,835.70
Including: Interest expenses from borrowings	**161,650,528.34**	184,283,179.29
Interest expenses from bonds payable	**144,605,927.08**	128,946,656.41
Interest capitalisation	**(8,597,169.23)**	(4,320,000.00)
Time value of provision for maintenance/resurfacing obligations	**13,171,457.27**	16,986,709.73
Less: interest income	**(15,173,299.33)**	(18,799,303.34)
Exchange (gains)/losses	**(2,496,395.54)**	3,105,430.18
Others	**511,321.99**	1,884,449.66
	293,672,370.58	312,087,121.93

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(35) Investment income

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Income from long-term equity investments in joint ventures under equity method	**3,265,864.13**	2,193,995.50
Income from long-term equity investments in associates under equity method	**86,052,198.89**	66,254,565.15
	89,318,063.02	68,448,560.65

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

For the six months ended 30 June 2013 and for the six months ended 30 June 2012, all of the Group's investment income was generated from non-listed investments.

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

(a) Non-operating income

	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Amount recorded as non-recurring profit or loss for the six months ended 30 June 2013
Gain on disposal of fixed assets	**373,156.13**	43,550.00	373,156.13
Bonus	**400,000.00**	–	400,000.00
Others	**2,686.35**	155,104.45	2,686.35
	775,842.48	198,654.45	775,842.48

(b) Non-operating expenses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Amount recorded as non-recurring profit or loss for the six months ended 30 June 2013
Loss on disposal of fixed assets	**218,102.43**	139,409.40	218,102.43
Donation	**30,000.00**	17,300.00	30,000.00
Others	**667,358.12**	43,287.47	667,358.12
	915,460.55	199,996.87	915,460.55

5 Notes to the consolidated financial statements (continued)

(37) Income tax expenses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Current income tax calculated according to tax law and related regulations	**135,667,296.01**	174,097,841.63
Deferred income tax	**(28,784,856.79)**	(43,265,638.91)
	106,882,439.22	130,832,202.72

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 2013	For the six months ended 30 June 2012
Profit before tax	**512,793,387.88**	570,766,336.45
Income tax expenses calculated at applicable tax rate of 25% (the same period in 2011: 24%)	**128,198,346.97**	142,691,584.11
Effect of different tax rate applied for deferred tax calculation	**–**	1,650,907.69
Income not subject to tax	**(24,300,006.88)**	(18,733,990.35)
Unrecognised tax losses	**2,024,705.02**	1,905,363.77
Others	**959,394.11**	3,318,337.50
Income tax expenses	**106,882,439.22**	130,832,202.72

(38) 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 2013	For the six months ended 30 June 2012
Consolidated net profit attributable to ordinary shareholders of the Company	**385,542,987.48**	418,820,805.87
Weighted average number of ordinary shares outstanding	**2,180,770,326.00**	2,180,770,326.00
Basic earnings per share	**0.177**	0.192
Including: Basic earnings per share from continuing operations	**0.177**	0.192

(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 for the year ended 30 June 2013, diluted earnings per share were equal to basic earnings per share.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(39) Other comprehensive income

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Gain/(loss) from cash flow hedges	**2,191,738.55**	(2,366,016.78)
Tax effect	–	–
Gain/(loss) from cash flow hedges – after tax	**2,191,738.55**	(2,366,016.78)

(40) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Cash received from Shenzhen Press Group Subway Advertisement Company	**27,839,268.00**	–
Cash received from Longli Country Government in relation to Longli Resettlement (Phase I) Project	**9,739,540.64**	–
Refund by Longli Country Government in relation to Longli BT Project and development of land	**–**	256,037,520.00
Cash received from CCCC-SHB Fifth Engineering Co., Ltd.	**–**	67,480,000.00
Cash received from GZ W2 Company	**–**	10,000,000.00
Cash received from other operating activities	**2,333,406.96**	12,742,595.31
	39,912,215.60	346,260,115.31

(b) Cash paid relating to other operating activities

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Cash advanced to Longli BT Project and development of land	**81,446,150.00**	19,799,552.60
Cash advance to Longli Resettlement (Phase I) Project	**8,790,000.00**	–
Management expenses paid for Coastal Project	**2,315,866.23**	3,316,675.98
Audit, valuation, lawyers and advisory fees paid	**1,739,956.76**	675,826.53
Expenses paid to stock exchange	**1,372,532.44**	2,267,771.44
Cash advanced for land leasing	**–**	309,010,800.00
Repayment to CCCC-SHB Fifth Engineering Co., Ltd.	**–**	48,000,000.00
Repayments of quality deposits for Nanping (Phase II) Project	**–**	6,171,913.00
Cash advanced to the migration project of Meilin toll station	**–**	1,000,000.00
Other operating expenses paid	**20,432,140.65**	30,849,347.28
	116,096,646.08	421,091,886.83

5 Notes to the consolidated financial statements (continued)

(41) 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 2013	For the six months ended 30 June 2012
Net profit	**405,910,948.66**	439,934,133.73
Add: Amortisation of investment properties	**287,850.00**	287,850.00
Depreciation of fixed assets	**61,556,465.53**	62,594,188.16
Amortisation of intangible assets	**404,303,781.80**	323,188,240.84
Amortisation of long-term prepaid expenses	**1,044,738.18**	457,389.06
(Gain)/losses on disposal of fixed assets	**(155,053.70)**	95,859.40
Financial expenses	**293,672,370.58**	312,087,121.93
Investment income	**89,318,063.02**	(68,448,560.65)
Net movement in deferred tax assets and liabilities	**(28,784,856.79)**	(43,265,638.91)
Increase/(decrease) in inventories	**(320,137,354.82)**	1,260,725.36
Decrease/(Increase in operating receivables	**258,937,433.20**	(124,962,524.14)
Decrease in operating payables	**(356,408,230.35)**	(95,056,354.64)
Net cash flows from operating activities	**809,546,155.31**	808,172,430.14

(b) Net change in cash

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Cash at the end of the period	**1,401,878,705.46**	1,847,697,905.96
Less: cash at the beginning of the period	**(1,954,204,126.56)**	(2,167,953,309.07)
Net decrease in cash	**(552,325,421.10)**	(320,255,403.11)

(c) Cash and cash equivalents

	30 June 2013	30 June 2012
Cash at bank and on hand (Note 5(1))	**1,403,734,038.29**	1,851,981,716.53
Less: Restricted bank balances (Note 5(1))	**(1,855,332.83)**	(4,283,810.57)
Cash at the end of the period/year	**1,401,878,705.46**	1,847,697,905.96

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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. Therefore, the Group separately manages the production and operation of the reportable segment and evaluates its operating results in order to make decisions about resources to be allocated to the segment and to assess its 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 separate reportable segments.

(1) Segment information as at and for the six months ended 30 June 2013 is as follows:

Segment	**Toll road**	**Other**	**Unallocated**	**Total**
Revenue from external customers	1,362,140,855.03	126,904,083.77	–	1,489,044,938.80
Interest income	1,757,700.65	1,668,143.27	11,747,455.41	15,173,299.33
Interest expenses	296,827,237.64	832,048.55	–	297,659,286.19
Share of profit of associates and joint ventures	87,779,830.24	1,538,232.78	–	89,318,063.02
Depreciation and amortisation	463,185,703.45	601,620.70	3,405,511.36	467,192,835.51
Total profit	444,715,266.88	89,424,399.35	(21,346,278.35)	512,793,387.88
Income tax expense	84,780,570.29	22,101,868.93	–	106,882,439.22
Net profit	359,934,696.59	67,322,530.42	(21,346,278.35)	405,910,948.66
Total assets	22,189,453,325.93	1,062,695,580.87	164,581,814.67	23,416,730,721.47
Total liabilities	12,100,040,801.50	145,143,945.16	257,311,862.67	12,502,496,609.33
Long-term equity investments in associates and joint ventures	1,578,325,950.08	17,083,661.54	–	1,595,409,611.62
Movement of non-current assets other than long-term equity investments	(314,441,924.08)	32,800,187.76	(3,945,287.85)	(285,587,024.17)

6 Segment information (continued)

(2) Segment information as at and for the six months ended 30 June 2012 is as follows:

Segment	Toll road	Other	Unallocated	Total
Revenue from external customers	1,382,455,520.16	178,172,737.27	–	1,560,628,257.43
Interest income	7,243,197.59	756,605.23	10,799,500.52	18,799,303.34
Interest expenses	308,909,835.70	–	–	308,909,835.70
Share of profit of associates and joint ventures	67,088,354.89	1,360,205.76	–	68,448,560.65
Depreciation and amortisation	368,801,451.02	13,289,240.46	4,436,976.58	386,527,668.06
Total profit	506,300,894.30	87,669,142.05	(23,203,699.90)	570,766,336.45
Income tax expense	109,151,523.59	21,680,679.13	–	130,832,202.72
Net profit	397,149,370.71	65,988,462.92	(23,203,699.90)	439,934,133.73
Total assets	23,159,106,141.97	901,057,178.53	196,760,201.94	24,256,923,522.44
Total liabilities	13,407,790,342.65	69,539,563.05	236,561,009.75	13,713,890,915.45
Long-term equity investments in associates and joint ventures	1,600,294,261.61	14,514,007.92	–	1,614,808,269.53
Movement of non-current assets other than long-term equity investments	(194,786,097.94)	15,755,934.70	(4,324,813.65)	(183,354,976.89)

The Group's revenue from external customers and the total non-current assets other than financial assets and deferred tax assets are all derived within PRC.

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

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

7 Related parties and related party transactions (continued)

(1) Information of the parent of the Company: (continued)

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

	31 December 2012	Current period additions	Current period reductions	30 June 2013
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 2013		31 December 2012	
	% 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).

(3) Information of joint ventures and associates

	Type	Place of registration	Legal representative	Nature of business	Registered capital (RMB)	% equity interest	% voting right	Code of organisation
Joint ventures –								
Shenchang Company	Limited liability company	Changsha City, Hunan Province	Luo Cheng Bao	(i)	200,000,000	51%	51%	71216935-7
Associates –								
Qinglong Company	Limited liability company	Shenzhen City, Guandong Province	Fu Jie Pin	(i)	324,000,000	40%	40%	19230570-5
Consulting Company	Limited liability company	Shenzhen City, Guandong Province	Cai Cheng Guo	(ii)	18,750,000	24%	24%	74124302-6
Huayu Company	Limited liability company	Shenzhen City, Guandong Province	Fu Jie Pin	(i)	150,000,000	40%	40%	73417205-5
Jiangzhog Company	Limited liability company	Guangzhou City, Guangdong Province	Wang Kang Chen	(i)	1,045,000,000	25%	25%	74296235-6
Nanjing Third Bridge Company	Limited liability company	Nanjing City, Jiangsu Province	Feng Bao Chun	(i)	1,080,000,000	25%	25%	74537269-3
Yangmao Company	Limited liability company	Guangzhou City, Guandong Province	Luo Ying Sheng	(i)	200,000,000	25%	25%	74170833-x
GZ W2 Company	Limited liability company	Guangzhou City, Guandong Province	Xu Jie Hong	(i)	1,000,000,000	25%	25%	76400825-6
Guangyun Company	Limited liability company	Yunfu City, Guandong Province	Gu Shui Ling	(i)	10,000,000	30%	30%	74448922-4

(i) Expressway construction and operation.
(ii) Construction advisory and consultancy.

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
Bao Tong Company	Under same control of Shenzhen International	72618130-6
Longda Company	Under same control of Shenzhen International	77715423-6
Coastal Company	Ultimately controlled by SIHCL	68201030-1
SC Logistics Company	Under same control of Shenzhen International	72615808-5
Shenzhen International Huatongyuan Logistics Co., Ltd. ('Huatongyuan Company')	Under same control of Shenzhen International	78924196-X
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 2013 Amount	For the six months ended 30 June 2013 % in the total amount of similar transactions	For the six months ended 30 June 2012 Amount	For the six months ended 30 June 2012 % in the total amount of similar transactions
Consulting Company	Receiving project management services	Negotiated price	**14,777,581.30**	**33.98%**	4,043,235.40	21.17%
United Electronic Company	Receiving integrated toll system settlement services	Determined by price bureau	**7,925,653.91**	**100.00%**	8,468,299.38	100.00%
Other Company	Receiving power supply services for advertising boards	Negotiated price	**225,326.76**	**7.29%**	185,916.90	5.57%

Consulting Company signed management services contracts with the Group, mainly providing project management services to Qinglian Company, Airport-Heao Eastern Company and Investment Company.

Unitoll Company is appointed by the People's Government of Guangdong Province to take charge of the management of integrated toll system in Guangdong province. The Company and its subsidiaries have signed a series of agreements with Unitoll 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 periods of individual toll roads. The related service charges are determined by commodity price bureau of Guangdong Province.

Advertising Company, Airport-Heao Eastern Company and Meiguan Company received water and electricity supply services from SC Logistics Company, Xin Tong Chan Company and Huayu Company as well as power supply services to advertising boards from Longda Company provided to its advertising boards. The respective transaction amounts were not disclosed as they are not material.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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 2013		For the six months ended 30 June 2012	
Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	Amount	% in the total amount of similar transactions	Amount	% in the total amount of similar transactions
Coastal Company	Entrusted construction management services	Negotiated price	**21,356,155.27**	**31.68%**	10,027,384.16	9.15%
Others	Supply of water and electricity for offices	Negotiated price	**429,034.00**	**31.54%**	490,728.75	49.39%

On 6 November 2009, SIHCL signed an 'operation and management entrustment agreement' with the Company and entrusted the Company to operate and manage its wholly owned subsidiary, 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 the Coastal Project. Pursuant to the agreement, the management service revenue is calculated by 1.5% of the construction budget, which was also stated in the 'entrusted construction management agreement' signed by Coastal Company and the Company on 9 September 2011. During the period, the Company has recognised construction management services fee amounting to RMB21,356,155.27 in accordance with the stage of completion (the same period in 2012: RMB10,027,384.16).

The Company supplied water and electricity to Shenzhen International, Consulting Company and United Electronic Company with prices that are determined based on those charged by water and electricity supply companies. The individual transaction amounts were not disclosed as they are not material.

(b) Leases

(i) As a lessor

The Group leased office to United Electronic Company and Consulting Company in accordance with the rental contracts signed. The Group recognised rental income amounting to RMB100,998.00 during the period in 2013 (the same period in 2012: RMB100,998.00). The individual transaction amounts were not disclosed as they are not material.

(ii) As a lessee

Advertising Company, a subsidiary of the Company, rented office premise from Shenzhen International in accordance with rental contracts signed. During the period, the related rental expenses in 2013 amounted to RMB271,268.40 (the same period in 2012: RMB813,805.20).

Advertising Company, a subsidiary of the Company, rented billboard land use rights from Longda Company, Huayu Company, Qinglong Company, SC Logistics Company and Huatongyuan Company in accordance with rental contracts signed. Total rental expenses in this period of 2013 amounted to RMB1,875,000.00 (the same period in 2012: RMB1,625,848.00). The individual transaction amounts were not disclosed as they are not material.

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(c) 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 for the six months ended 30 June 2013**	Entrusted revenue recognised for the six months ended 30 June 2012
Baotong Company	Equity trusteeship	the Company	1 January 2012	31 December 2013	Negotiated price	**9,000,000.00**	9,000,000.00

(d) Financing

	Amount	Interest	Starting date	Ending date
Advances from –				
Qinglong Company	80,000,000.00	1,119,973.33	6 January 2013	31 March 2012, already repaid
Qinglong Company	36,000,000.00	1,025,988.00	6 January 2013	31 August 2013, paid at 27 June 2013
Qinglong Company	22,000,000.00	626,992.67	6 January 2013	31 December 2013, paid at 27 June 2013
Qinglong Company	32,000,000.00	911,989.33	6 January 2013	31 August 2014, paid at 27 June 2013
Qinglong Company	30,000,000.00	854,990.00	6 January 2013	31 December 2014, paid at 27 June 2013
	200,000,000.00	4,539,933.33		

(e) Remuneration of key management personnel

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Remuneration of key management personnel	**3,942,736.70**	3,294,000.00

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

7 Related parties and related party transactions (continued)

(6) Receivables from and payables to related parties

		30 June 2013	31 December 2012
Dividends receivables	Consulting Company	**630,000.00**	–
Accounts receivables	Coastal Company	**100,097,822.88**	78,741,667.61
	Baotong Company	**2,295,854.23**	2,295,854.23
		102,393,677.11	81,037,521.84
Advances to suppliers	Consulting Company	**2,355,795.00**	3,127,180.20
Other receivable	Huayu Company	**20,000.00**	–
	Longda Company	**10,000.00**	–
		30,000.00	–
Interest payable	Qinglong Company	**1,740,000.00**	3,733,400.00
Accounts payable	Consulting Company	**10,910,020.00**	–
	Huayu Company	**10,000.00**	–
	SC Logistics Company	**5,000.00**	–
	Xin Tong Chan Company	**3,000.00**	–
		10,928,020.00	–
Other payable	Nanjing Third Bridge Company	**33,526,376.43**	39,544,681.47
	GZ W2 Company	**22,500,000.00**	22,500,000.00
	United Electronic Company	**2,770,895.02**	1,336,522.58
	Consulting Company	**327,363.34**	131,341.00
	Qinglong Company	**58,240.14**	–
	Shenzhen international	**5,000.00**	5,000.00
		59,187,874.93	63,517,545.05

(7) Commitments in relation to related parties

Except for the investment commitments relating to the associate, Qinglong Company, as stated in Note 9(2)(a), other commitments in relation to related parties contracted for but not yet recognised on the balance sheet by the Group as at the balance sheet date are as follows:

(a) Receiving of services

	30 June 2013	31 December 2012
Consulting Company	**37,983,904.41**	32,392,485.71

8 Contingencies

(1) In 2007, the Company signed a construction management service contract with Shenzhen Traffic and Transport Committee who represents the Shenzhen government, entrusted to manage the construction of Nanping (Phase II) Project. The Company had arranged with bank to issue irrevocable performance guarantees to Shenzhen Traffic and Transportation Committee amounting to RMB25,000,000.00.

(2) Arbitration in progress

Upon the government approval, Qinglian Company upgraded Qinglian Class I Highway to an expressway and the project was completed on 25 January 2011. In 2011, Qingyuan Fengyun Eco-tourism Development Company Limited sued against Qinglian Company in Qingyuan Intermediate Court for the closing of exits of expressway due to construction. Qinglian Company was judged to win in the first trial. Qingyuan Fengyun Eco-tourism Development Company Limited appealed to the High Count of Guangdong Province. As at the date of approval of the financial statements, the litigation is still in progress. Considering the nature of project and construction status of upgrading project, the directors of the Company considered that the outcome of the litigation would not lead to any significant impact on the Company's operating results.

9 Commitments

(1) Capital commitments

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

	30 June 2013	31 December 2012
Expressway construction projects	**599,138,303.91**	662,605,498.80

It mainly represents capital commitments to the extension of Meiguan Expressway and Outer Ring Expressway.

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

	30 June 2013	31 December 2012
Expressway construction projects	**175,494,279.92**	241,005,584.59

As at 30 June 2013 and 31 December 2012, the joint ventures had no capital commitments.

(2) Investment commitments

In accordance with the resolution passed in Board of Directors' meeting on 18 September 2009, the Company committed to inject capital of RMB132 million in cash to an associate, Qinglong Company, which will be used on the expansion project of Shuiguan Expressway. Up to 30 June 2012, the Company had injected RMB89.6 million. The investment commitment was RMB42.4 million.

(3) Performance status of commitments for the previous period

The Group had fully executed capital commitments outstanding as at 31 December 2012.

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10 Events after the balance sheet date

Since the actual traffic volumes of Nanguang Expressway, Yanba Expressway and Qinglian Expressway largely differed from the previous traffic volumes forecasts during their early construction and operating periods, while the surrounding road networks became more and more stable recently, the difference between the actual traffic volumes and the previous traffic volumes would probably endure, the Company appointed an independent professional traffic consultant to reassess the future traffic volumes of the aforesaid expressways. The Group adjusted the unit usage of the aforesaid expressways according to the revised total projected traffic volume since 1 July 2013 on a prospective basis, which was approved by the Board of Directors of the Company on 16 August 2013. Such change in accounting estimates will impact the financial statement items for the year ended 2013 as follows:

	Impact
Increase in concession intangible assets	19,866,087.00
Increase in deferred tax liabilities	6,280,740.08
Decrease in taxes payable	1,314,218.33
Increase in minority interests	4,452,416.65
Decrease in costs of services	19,866,087.00
Increase in income tax expenses	4,966,521.75
Increase in net profit attributable to minority interests	4,452,416.65
Increase in net profit attributable to owners of the Company	10,447,148.60

11 Financial instruments 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 to mitigate the foreign exchange risk. The Group has entered into forward exchange contract and CNY/HKD cross currency interest rate swap contract to minimize foreign exchange risk.

As at 30 June 2013 and 31 December 2012, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	30 June 2013		
	HKD	**Other foreign currencies**	**Total**
Financial assets denominated in foreign currency –			
Cash at bank and on hand	**2,846,480.49**	**96,588.88**	**2,943,069.37**
Financial liabilities denominated in foreign currency –			
Current portion of non-current liabilities	**46,840,080.00**	**–**	**46,840,080.00**
Long-term borrowings	**270,286,380.00**	**–**	**270,286,380.00**
	317,126,460.00	**–**	**317,126,460.00**

	31 December 2012		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency –			
Cash at bank and on hand	3,672,859.37	97,055.93	3,769,915.30
Financial liabilities denominated in foreign currency –			
Current portion of non-current liabilities	17,028,900.00	–	17,028,900.00
Long-term borrowings	410,315,400.00	–	410,315,400.00
	427,344,300.00	–	427,344,300.00

Regardless of the borrowing amounting to HKD357 million of which the foreign exchange risks have been hedged by the cross currency interest rate swap (Note 5(25)), as at 30 June 2013, if the currency had strengthened/weakened by 10% against the HKD while all other variables had been held constant, the Group's net profit for the period would have been approximately RMB2,989,377.95 (31 December 2012: RMB13,423,227.71) higher/lower for various financial assets and liabilities denominated in HKD.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

11 Financial instruments and risk (continued)

(1) Market risk (continued)

(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 2013, the Group's long-term interest bearing borrowings and bonds payable with floating rates amounting to RMB4,514,122,580.00 (31 December 2012: RMB4,652,939,400.00).

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 a CNY/HKD cross currency interest rate swap contract to minimize interest rate risk.

Regardless of the borrowing amounting to HKD357 million, of which the interest rate risk has been hedged by the cross currency interest rate swap (Note 5(25)), as at 30 June 2013, if interest rates on the floating rate borrowings and bonds payable had risen/fallen 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB8,499,709.71 (for the same period in 2012: approximately RMB10,764,143.91).

(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 2013	31 December 2012
State-owned banks	**358,935,357.81**	679,823,902.53
Other banks	**1,032,267,587.84**	1,265,533,556.10
	1,391,202,945.65	1,945,357,458.63

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 management services revenue due from government authorities in Shenzhen and due from government authorities in Guizhou Long Li Country relating to Longli BT Project, which amounted to approximately RMB384 million in aggregate (31 December 2012: approximately RMB333 million).

11 Financial instruments and risk (continued)

(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, meanwhile to maintain sufficient headroom on its undrawn committed borrowing facilities from major financial institution and ensure the Group does not breach borrowing limits or covenants.

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

	30 June 2013				
	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	**1,403,734,038.29**	**–**	**–**	**–**	**1,403,734,038.29**
Receivables (Note 1)	**493,267,766.18**	**–**	**–**	**–**	**493,267,766.18**
	1,897,001,804.47	**–**	**–**	**–**	**1,897,001,804.47**
Financial liabilities denominated in foreign currency –					
Short-term borrowings	**209,369,863.01**				**209,369,863.01**
Current portion of non-current liabilities (Note 3)	**1,668,526,138.80**	**–**	**–**	**–**	**1,668,526,138.80**
Payables (Note 2)	**914,093,249.15**	**–**	**–**	**–**	**914,093,249.15**
Long-term borrowings	**284,519,769.70**	**790,827,353.98**	**2,043,993,648.93**	**3,690,996,528.28**	**6,810,337,300.89**
Bonds payables	**181,200,000.00**	**181,200,000.00**	**2,659,200,000.00**	**1,020,000,000.00**	**4,041,600,000.00**
Derivative liabilities	**2,269,014.67**	**27,923,191.40**	**–**	**–**	**30,192,206.07**
	3,259,978,035.33	**999,950,545.38**	**4,703,193,648.93**	**4,710,996,528.28**	**13,674,118,757.92**

	31 December 2012				
	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	1,956,056,006.44	–	–	–	1,956,056,006.44
Receivables (Note 1)	425,580,143.28	–	–	–	425,580,143.28
	2,381,636,149.72	–	–	–	2,381,636,149.72
Financial liabilities denominated in foreign currency –					
Short-term borrowings	1,058,027.40	–	–	–	1,058,027.40
Current portion of non-current liabilities (Note 3)	2,373,345,801.20	–	–	–	2,373,345,801.20
Payables (Note 2)	1,077,963,154.28	–	–	–	1,077,963,154.28
Long-term borrowings	300,061,538.72	689,516,545.20	2,139,508,896.58	4,074,335,185.79	7,203,422,166.29
Bonds payables	181,200,000.00	181,200,000.00	2,659,200,000.00	1,020,000,000.00	4,041,600,000.00
Derivative liabilities	1,590,644.65	23,107,949.98	–	–	24,698,594.63
	3,935,219,166.25	893,824,495.18	4,798,708,896.58	5,094,335,185.79	14,722,087,743.80

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For the six months ended 30 June 2013
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11 Financial instruments and risk (continued)

(3) Liquidity risk (continued)

Note 1: Receivables comprise accounts receivable, other receivables, dividends receivables and interest receivable.

Note 2: Payables comprise accounts payable, dividends payable and other payables.

Note 3: Excluding current portion of provisions for maintenance/resurfacing obligations.

Since the Group has steady and sufficient cash flow from operation and sufficient banking facilities, and based on the fact that the Group has proper financing arrangement to fulfill the needs of payment of debts and capital expenditures, the directors consider that the Group does not have significant liquidity risk.

(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 payable.

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 2013		31 December 2012	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial liabilities –				
Long-term borrowings	**565,000,000.00**	**543,680,287.06**	565,000,000.00	548,641,193.55
Bonds payable	**3,085,241,616.08**	**3,861,344,796.25**	3,081,681,079.84	3,085,552,222.33
	3,650,241,616.08	**4,405,025,083.31**	3,646,681,079.84	3,634,193,415.88

The fair value of long-term borrowings with fixed interest rates and bonds payable with fixed interest rates 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.

(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).

11 Financial instruments and risk (continued)

(4) Fair value (continued)

(b) Financial instruments measured at fair value (continued)

As at 30 June 2013, the financial assets measured at fair value by the above three levels are analysed below:

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets	**–**	**–**	**–**	**–**
Financial liabilities – Derivative liabilities	**–**	**18,986,658.00**	**–**	**18,986,658.00**

As at 31 December 2012, the financial assets measured at fair value by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets	–	–	–	–
Financial liabilities – Derivative liabilities	–	16,070,892.42	–	16,070,892.42

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 2013	31 December 2012
Accounts receivable	**326,768,382.16**	340,856,332.71
Less: provision for bad debts	**–**	–
	326,768,382.16	340,856,332.71

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

	30 June 2013	31 December 2012
Within 1 year	**212,766,680.61**	262,478,711.86
1 to 2 years	**74,333,340.94**	45,277,003.37
2 to 3 years	**6,220,950.00**	–
Over 3 years	**33,447,410.61**	33,100,617.48
	326,768,382.16	340,856,332.71

Notes to Financial Statements

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

(1) Accounts receivable (continued)

(b) Accounts receivable is analysed by categories as follows:

	30 June 2013				31 December 2012			
	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	278,830,517.66	85.33%	–	–	306,436,293.86	89.90%	–	–
– Group 2	47,937,864.50	14.67%	–	–	34,420,038.85	10.10%	–	–
Not individually significant but provision separately made	–	–	–	–	–	–	–	–
	326,768,382.16	100.00%	–	–	340,856,332.71	100.00%	–	–

(c) Group 2 is accounts receivable of which provision was made collectively using ageing analysis method and is analysed as follows:

	30 June 2013				31 December 2012			
	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	47,917,549.50	99.96%	–	–	34,420,038.85	100.00%	–	–
1 to 2 years	20,315.00	0.04%	–	–	–	–	–	–
	47,937,864.50	100.00%	–	–	34,420,038.85	100.00%	–	–

(d) Accounts receivable from related parties is analysed as follows:

		30 June 2013			31 December 2012		
	Relationship with the Company	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Coastal Company	Controlled by the ultimate holding company, together with the Company	100,097,822.88	30.63%	–	78,741,667.61	23.10%	–
Baotong Company	Controlled by the parent company, together with the Company	2,295,854.23	0.70%	–	2,295,854.23	0.67%	–
		102,393,677.11	31.34%	–	81,037,521.84	23.77%	–

(e) As at 30 June 2013 and 31 December 2012, there was no accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(f) As at 30 June 2013 and 31 December 2012, all accounts receivable were denominated in RMB.

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

(2) Other receivables

	30 June 2013	31 December 2012
Advances	491,335,534.90	398,098,491.93
Loans to Qinglian Company	–	417,113,358.91
Others	3,235,164.87	3,687,638.15
	494,570,699.77	818,899,488.99
Less: provision for bad debts	–	–
	494,570,699.77	818,899,488.99

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

	30 June 2013	31 December 2012
Within 1 year	493,075,409.61	817,832,633.17
1 to 2 years	1,464,156.84	414,053.25
2 to 3 years	31,133.32	652,802.57
	494,570,699.77	818,899,488.99

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

	30 June 2013				31 December 2012			
	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	490,839,963.15	99.25%	–	–	815,125,655.12	99.54%	–	–
– Group 2	3,730,736.62	0.75%	–	–	3,773,833.87	0.46%	–	–
Not individually significant but provision separately made	–	–	–	–	–	–	–	–
	494,570,699.77	100.00%	–	–	818,899,488.99	100.00%	–	–

(c) Group 2 is other receivables of which provision was made collectively using ageing analysis method and is analysed as follows:

	30 June 2013				31 December 2012			
	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	2,235,446.46	59.92%	–	–	3,056,704.38	81.00%	–	–
1 to 2 years	1,464,156.84	39.25%	–	–	697,129.49	18.47%	–	–
2 to 3 years	31,133.32	0.83%	–	–	20,000.00	0.53%	–	–
	3,730,736.62	100.00%	–	–	3,773,833.87	100.00%	–	–

Notes to Financial Statements

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

(2) Other receivables (continued)

(d) As at 30 June 2013 and 31 December 2012, there were no other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(e) Other receivables from related parties were analysed as follows:

		30 June 2013			31 December 2012		
	Relationship with the Company	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Meiguan Company	A subsidiary of the Company	**271,024,102.13**	**54.80%**	**–**	181,381,406.16	22.15%	–
Airport-Heao Eastern Company	A subsidiary of the Company	**212,207,564.67**	**42.91%**	**–**	210,314,923.93	25.68%	–
Outer Ring Company	A subsidiary of the Company	**5,356,466.37**	**1.08%**	**–**	4,392,561.13	0.54%	–
Qinglian Company	A subsidiary of the Company	**581,814.68**	**0.12%**	**–**	417,113,358.91	50.93%	–
		489,169,947.85	**98.91%**	**–**	813,202,250.13	99.30%	–

(f) As at 30 June 2013, all other receivables were denominated in RMB (31 December 2012: the same).

(3) Long-term receivables

	30 June 2013	31 December 2012
Loans to Qinglian Company	**1,256,645,090.43**	818,333,335.01

(4) Long-term equity investments

	30 June 2013	31 December 2012
Subsidiaries – Unlisted (a)	**4,919,507,484.02**	4,972,495,784.60
Joint ventures – Unlisted (b)	**177,905,118.38**	174,639,254.25
Associates – Unlisted (b)	**1,417,504,493.24**	1,448,933,932.74
Other long-term equity investment (b)	**30,170,000.00**	30,170,000.00
	6,545,087,095.64	6,626,238,971.59
Less: Provision for impairment of long-term equity investments	**–**	–
	6,545,087,095.64	6,626,238,971.59

As at 30 June 2013, no provision for impairment of long-term equity investments was required (31 December 2012: 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 2012	Current period additions	Investment cost recovered	30 June 2013	Cash dividend declared	Equity interest held	Voting rights held	Impairment
Airport-Heao Eastern Company	1,034,995,298.29	1,082,946,738.33	–	(47,951,440.04)	**1,034,995,298.29**	67,271,965.72	100%	100%	–
Meiguan Company	636,217,882.46	641,254,743.00	–	(5,036,860.54)	**636,217,882.46**	64,871,475.92	100%	100%	–
Advertising Company	3,325,000.01	3,325,000.01	–	–	**3,325,000.01**	11,766,037.65	95%	95%	–
Mei Wah Company	831,769,303.26	831,769,303.26	–	–	**831,769,303.26**	–	100%	100%	–
Qinglian Company	1,933,200,000.00	1,933,200,000.00	–	–	**1,933,200,000.00**	–	51.37%	51.37%	–
Outer Ring Company	100,000,000.00	100,000,000.00	–	–	**100,000,000.00**	–	100%	100%	–
Expressway Investment Company	380,000,000.00	380,000,000.00	–	–	**380,000,000.00**	–	95%	95%	–
	4,919,507,484.02	4,972,495,784.60	–	(52,988,300.58)	**4,919,507,484.02**	143,909,479.29			–

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

As stated in Note 5(24)(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.

(b)

For detailed information of associates and other long-term equity investments, please refer to Note 5(7)(a), Note 5(7)(b) and Note 5(7)(c).

(5) Revenue and cost of services

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Revenue from main business (a)	**468,155,560.54**	475,388,777.98
Revenue from other business (b)	**75,277,473.94**	129,151,292.32
	543,433,034.48	604,540,070.30
Cost from main business (a)	**183,299,611.59**	161,467,753.68
Cost from other business (b)	**(3,778,054.60)**	46,509,497.21
	179,521,556.99	207,977,250.89

(a) Revenue and cost of services from main operation

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue from main business	**Cost from main business**	Revenue from main business	Cost from main business
Revenue from toll road	**468,155,560.54**	**183,299,611.59**	475,388,777.98	161,467,753.68

The Company's revenue from toll road is all generated from Shenzhen region.

Notes to Financial Statements

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

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

(5) Revenue and cost of services (continued)

(b) Revenue and cost of services from other businesses

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue from other businesses	Cost from other businesses	Revenue from other businesses	Cost from other businesses
Management services revenue	**71,513,315.35**	**(4,618,472.89)**	118,628,470.32	45,421,826.16
Other revenue	**3,764,158.59**	**840,418.29**	10,522,822.00	1,087,671.05
	75,277,473.94	**(3,778,054.60)**	129,151,292.32	46,509,497.21

(6) Investment income

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Income from long-term equity investments under cost method	**143,909,479.29**	184,480,586.34
Income from long-term equity investments under equity method	**89,318,063.02**	68,448,560.65
	233,227,542.31	252,929,146.99

Supplementary Information

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

1 Detailed list of non-recurring profit or loss items

	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Note
Profits from entrusted management services	**8,495,100.00**	8,495,100.00	Profits from entrusted management services provided to Longda Company in current period.
The amortisation of compensation provided by concession grantor	**7,353,576.16**	6,313,343.57	The amortisation of compensation to Yanpai Expressway and Yanba Expressway provided by concession grantors 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	**(139,618.07)**	(1,342.42)	The net amount of other non-recurring profit and loss.
	15,709,058.09	14,807,101.15	
Impact of income tax	**(2,814,790.30)**	(2,754,215.47)	Tax impact of the non-recurring profit and loss.
Impact of minority interests (after tax)	**12,557.62**	(46,814.84)	
	12,906,825.41	12,006,070.84	

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] ('Explanatory announcement No.1') 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 judgments 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 2013	For the six months ended 30 June 2012	For the six months ended 30 June 2013	For the six months ended 30 June 2012	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Net profit attributable to ordinary owners of the Company	**3.98%**	4.48%	**0.177**	0.192	**0.177**	0.192
Net profit after deducting non-recurring profit or loss attributable to ordinary owners of the Company	**3.85%**	4.35%	**0.171**	0.187	**0.171**	0.187

Supplementary Information

For the six months ended 30 June 2013
(All amounts in RMB unless otherwise stated)

3 Explanations of significant fluctuations and related reasons on major items of the financial statements

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

		30 June 2013	31 December 2012	Increase/ (decrease)(%)
Advances to suppliers	1	**6,188,405.85**	320,335,136.60	(98.07)
Other receivables	2	**117,155,605.60**	37,496,747.37	212.44
Inventories	3	**323,117,377.08**	2,980,022.26	10,742.78
Construction in progress	4	**5,308,101.00**	16,357,384.44	(67.55)
Short-term borrowings	5	**200,000,000.00**	1,000,000.00	19,900.00
Accounts payable	6	**447,287,175.81**	661,807,999.88	(32.41)
Employee benefits payable	7	**31,746,988.88**	82,952,114.94	(61.73)
Interests payable	8	**170,984,595.22**	102,406,437.69	66.97
Dividends payable	9	**87,457,524.55**	–	Not Applicable
Other current liabilities	10	**1,324,332.00**	–	Not Applicable

		For the six months ended 30 June 2013	For the six months ended 30 June 2012	Increase/ (decrease)(%)
Investment income	11	**89,318,063.02**	68,448,560.65	30.49
Other comprehensive income	12	**2,191,738.55**	(2,366,016.78)	Not Applicable
Net cash flows from investing activities	13	**(352,875,838.09)**	(257,613,153.82)	36.98

1. In current period, Guishen Company reclassified prepayment for the land use right in relation to the land located in Longli Country, Guizhou Province with area of approximately 883 mu amounting to approximately RMB320 million to inventories account.

2. In current period, the Group increased the advances paid on behalf of Longli local Government in relation to the Longli BT Project and development of land.

3. In current period, Guishen Company classified prepayment for the land use right of the land which located in Longli Country, Guizhou Province with area of approximately 883 mu amounting to approximately RMB320 million to inventories account.

4. In current period, the reconstruction project for isolate area of Wuhuang Expressway was completed and transferred to fixed assets.

5. New borrowings increased during current period.

6. In current period, Qinglian Company repaid some payables for construction projects and quality deposits.

7. Employee bonus for year 2012 was paid off in current period.

8. Interest expenses for bonds amounting to RMB106 million were accrued in current period, which would be paid in the second half of the year.

9. The amount represents dividends to H share shareholders declared but have not been paid. As at the date of approval of the financial statements, the dividends have been paid.

10. In current period, the Group recognized the deferred revenue relating to government grants in relation to inventories.

11. Investment income increased in current period from associates such as Yangmao Company, Qinglong Company and Nanjing Third Bridge Company as well as from the joint venture.

12. Changes in fair value of CNY/HKD cross currency and interest rate swap in current period.

13. Capital expenditures of Advertisement Company and the Expansion of Meiguan Expressway increased in current period.

Company Profile

Registered Name	深圳高速公路股份有限公司
English Name	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)
Place of Business in Hong Kong	Suites 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Website	http://www.sz-expressway.com
E-mail	ir@sz-expressway.com
Secretary of the Board/Company Secretary	WU Qian
Securities Officer	GONG Xin, XIAO Wei
Telephone	(86) 755-8285 3331/3338
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 Bond: The Shanghai Stock Exchange Security Code: 126006/122085 Abbreviation: 07 Shenzhen Expressway Bond/ 11 Shenzhen Expressway
Designated Publication Newspaper	Shanghai Securities News, Securities Times (for A Shares only)
Designated Publication Website	http://www.sse.com.cn http://www.hkex.com.hk http://www.sz-expressway.com http://www.sz-expressway-ir.com.hk (for H Shares only)
Interim Report Available at	PRC: Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen Hong Kong: Suites 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

Information for Reference

Abbreviation for Highway and Project Operated, Invested and Managed by the Company

Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City, comprising the **Meiguan North** (Qinghu to Liguang) and the **Meiguan South** (Meilin to Qinghu)
Jihe Expressway	The expressway from Shenzhen Airport to He'ao in Shenzhen City, comprising **Jihe East** (Qinghu to He'ao) and **Jihe West** (Airport to Qinghu)
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising **Yanba A** (Yantian to Xichong), **Yanba B** (Xichong to Kuichong) and **Yanba C** (Kuichong to Bagang)
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Road of Jihe Expressway
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 ("Coastal Expressway")
Longda Expressway	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan
Qinglian Project	**Qinglian Expressway**, **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
Yangmao Expressway	The expressway from Yangjiang to Maoming
Guangwu Project	The section from Ma'an to Hekou of the expressway from Guangzhou, Guangdong to Wuzhou, Guangxi ("Guangwu Expressway")
Jiangzhong Project	The expressway from Zhongshan to Jiangmen and the second phase of the expressway from Jiangmen to Heshan
GZ W2 Expressway	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway
Wuhuang Expressway	The expressway from Wuhan to Huangshi
Changsha Ring Road	Changsha Ring Expressway (Northwestern Section)
Nanjing Third Bridge	Nanjing Yangtze River Third Bridge
Longda Project	The entrusted management of 89.93% equity interests 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 construction of the first phase of Nanping Freeway refers to **Nanping (Phase I)** and the construction of the second phase of Nanping Freeway refers to **Nanping (Phase II)**, comprising Section A and Section B
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
Guilong Project	The project of phase I of Guilong Road in Longli, Guizhou Province by build – transfer mode and the project of primary development of relevant land undertaken by the Group

Abbreviation for Others

The Company, Company	Shenzhen Expressway Company Limited
The Group, Group	The Company and its consolidated subsidiaries
Reporting Period, Period, 2013 Interim	For the six months ended 30 June 2013
2012 Interim	For the six months ended 30 June 2012
YOY	Year-on-year change rate as compared to 2012 Interim
A Shares	Renminbi-denominated ordinary shares of the Company which were issued in the PRC and subscribed in RMB and are listed on SSE
H Shares	Overseas-listed foreign shares of the Company which were issued in Hong Kong and subscribed in HK$ and are listed on HKEx
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)
CASBE	China Accounting Standards for Business Enterprises (2006)
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)
SGH Company	深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company)
SIHCL	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited)
Shenzhen International	Shenzhen International Holdings Limited
Longda Company	深圳龍大高速公路有限公司 (Shenzhen Longda Expressway Company Limited)
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)
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

- *For principal business and abbreviation of the investee companies of the Company, please refer to the Group Structure in Chapter I of this report.*
- *For details of the highways and projects operated, invested and managed by the Company, please refer to the annual report and the website of the Company.*

Confirmation to the Interim Report 2013

As the Directors and senior management of Shenzhen Expressway Company Limited ("Company"), we confirm the truthfulness, accuracy and completeness of the content of the Interim Report 2013 and that there are no false representations or misleading statements contained in or material omissions from this report, and assume several and joint legal responsibility.

16 August 2013

Directors who signed this Confirmation:

Yang Hai	*Wu Ya De*	*Li Jing Qi*	*Zhao Jun Rong*
Hu Wei	*Tse Yat Hong*	*Zhang Yang*	*Chiu Chi Cheong, Clifton*
Wang Hai Tao	*Zhang Li Min*	*Au Sing Kun*	*Lin Chu Chang*

Senior Management who signed this Confirmation:

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

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