



SHENZHEN EXPRESSWAY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00548)



2015
Interim Report

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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.

“承 (Undertake)” is an ideogram with the principal meaning of “hold or receive with two hands” and an extended meaning of “keep on, accept and undertake”.

The strategic period of the Company for Year 2010 to 2014 has come to an end. Over the last 5 years, the Company actively explored and opened up new industrial investment areas to achieve synergistic growth in scale and effectiveness by adhering to an established development strategy and focusing on its expressway business. With “承 (Undertake)” as the theme of this year, it reflects that the Company will **continue** to sustain the development and innovation based on its own achievement, good tradition and cultural inheritance from the past in order to foster further and optimised development.

As the domestic economy entered into the “New Normal” phase, there are new opportunities and challenges in the development of toll highway industry. Meanwhile, the Company is obliged to maintain an effective balance between the active and prudent approaches for the research and development of the relevant industry. With “承 (Undertake)” as the theme of this year, it also reflects the determination and belief of the management and staff of the Company in this new stage: being pleasure in **taking up** new task and mission and willing to **bear** the pressure and challenges on the development path.

The seventh session of the Board of the Company was inaugurated in 2015. The theme “承 (Undertake)” also demonstrated the faith and **commitment** of the Company: Shenzhen Expressway will continue to adhere to its principle of integrity and diligence and adopt a progressive and pragmatic approach, making progress and starting a new chapter of sustainable development together with its stakeholders.

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Cautionary Statement in relation to Forward-looking Statement:

Beside statements of facts, this report also contains certain "forward-looking statements", including, without limitation, statements relating to all anticipation, objectives, estimations and operation plans of the Company which are anticipated or expected to happen. Forward-looking statements involve certain general or specifically known or unknown risk and negative factors. Affected by these factors, the future results of the Company may substantially differ from these forward looking statements. 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 such statements.

Definition

In this report, the following expressions shall have the meanings set out below unless the context otherwise requires:

Reporting Period, 2015 Interim, Period	For the six months ended 30 June 2015.
2014 Interim	For the six months ended 30 June 2014.
Reporting Date	The date on which Interim Report 2015 of the Company is approved by the Board, i.e. 21 August 2015.
YOY	Year-on-year change as compared to 2014 Interim or the same period of 2014.
The Company, Company, Shenzhen Expressway	Shenzhen Expressway Company Limited.
The Group, Group	The Company and its consolidated subsidiaries.
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.
Listing Rules	The Rules Governing the Listing of Stocks on SSE and/or the Rules Governing the Listing of Securities on HKEx (as the case may be).
CASBE	The Accounting Standards for Business Enterprises (2006) of the PRC and the specific accounting standards as well as relevant provisions issued later.
SIHCL	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited).
Shenzhen International	Shenzhen International Holdings Limited.
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).
SGJ Shenzhen	深國際控股(深圳)有限公司 (Shenzhen International Holdings (SZ) Limited), formerly known as 怡萬實業發展(深圳)有限公司 (Yiwan Industry Development (Shenzhen) Company Limited).
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).

Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City. The Toll Free Section of Meiguan Expressway refers to the section from Meilin to Guanlan with a mileage of approximately 13.8 km, which has been toll-free from 24:00 on 31 March 2014. The Toll Section of Meiguan Expressway refers to the section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km which remain the toll collection.
Jihe Expressway	The expressway from Shenzhen International 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.
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City.
Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City).
Outer Ring Project	The project of Shenzhen section of the outer ring expressway in Shenzhen City (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 1 Highway, Qinglian Class 2 Road (also referred to as National Highway 107 Qinglian Section) 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).

Definition

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 undertaken by the Company, including Nanping Phase I and 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. Among which, the project of main line of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase I , and the project of the ramp bridge of airport interchange of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase II .
Longda Municipal Section	The management of the construction project of the municipal facilities of Dalang Section of Longda Expressway undertaken by the Company.
Dezheng Road Project	The management of the construction project of interchange connecting Dezheng Road and Longda Expressway and the east extension of Dezheng Road which located in Shenzhen Longhua New Area undertaken by the Company.
New Toll Station of Meiguan and Facilities Project	The management of construction project of main line toll station of Meiguan Expressway, ramp toll stations on Qinghu Interchange and corresponding facilities Project undertaken by the Company.
Guilong Project	The construction project of phase I of Guilong Road in Longli, Guizhou by BT mode and the primary development project of relevant land undertaken by the Group.
Resettlement Project	The management of the construction project of Wangguan Comprehensive Resettlement Building of Guilong Economic Zone undertaken by the Group in Longli, Guizhou, comprising Resettlement Phase I and Resettlement Phase II .
Guilong Land	The peripheral land of Guilong Project which were successfully bid by the Group. As at the end of the Reporting Period, the area of the land was approximately 2,310 mu (approximately 1,540,000 square meters).
Guilong Development Project	The further property development project of the Guilong Land with an area of 300 mu (approximately 200,000 square meters) conducted by the Group.
Meilin Checkpoint Renewal Project	Shenzhen Longhua New Area Mingzhi Office Meilin Checkpoint Urban Renewal Project, the entity of which is United Land Company and the land of which is approximately 96,000 square meters.
BT (mode)	Build-Transfer mode, refer to a kind of financing mode for non operating infrastructure construction projects by government using non-governmental funds, is also used to describe the process of project operation that the project be handed over to the owners upon general contracting, financing, construction acceptance by project company, and the owners pay the project total investment plus a reasonable return to investors.

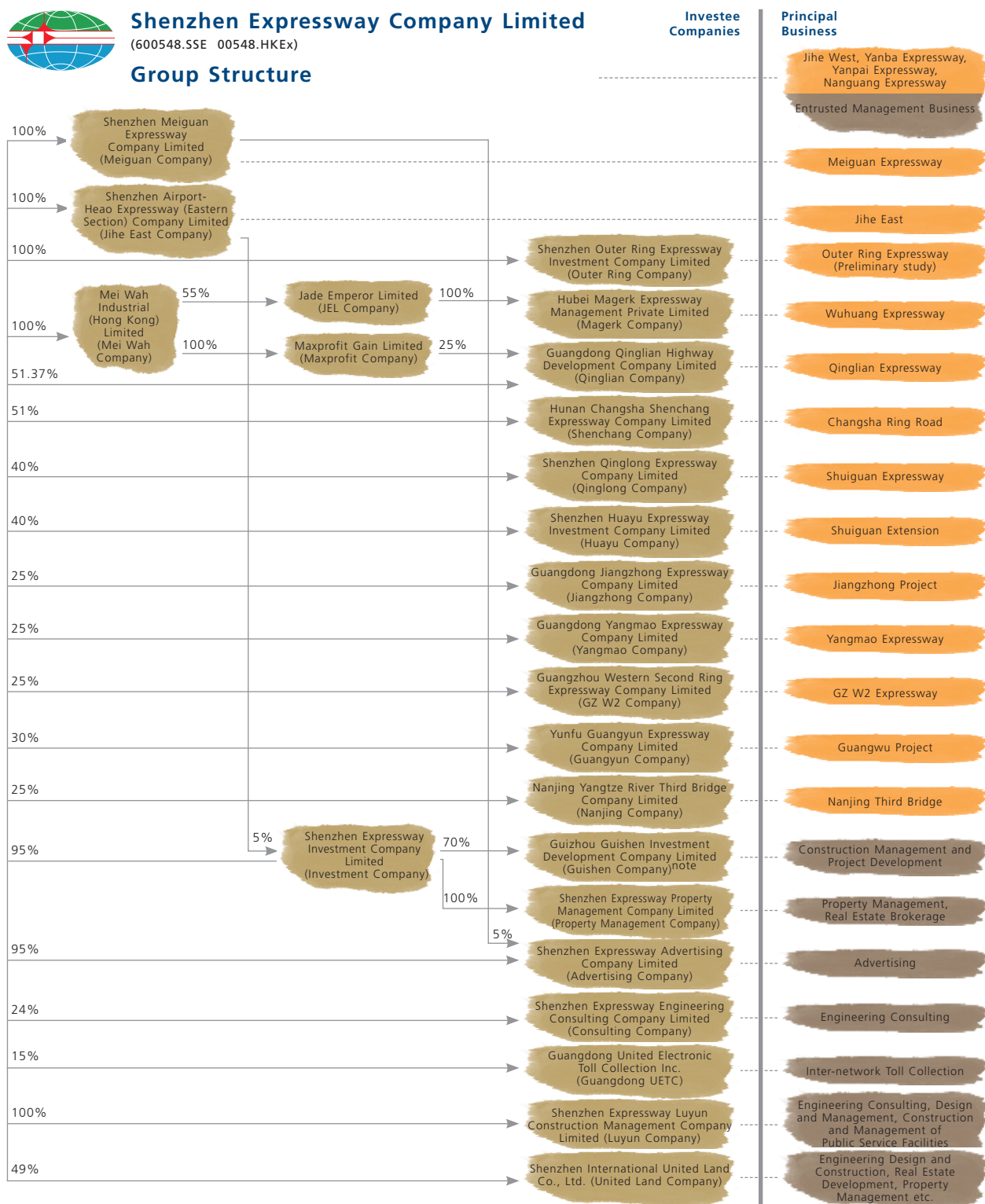
PPP (mode)	Public-Private-Partnership mode, refer to a partnership on the basis of concession agreement for the construction of urban infrastructure projects or the provision of public goods and services between the government and private organizations. PPP mode ultimately makes both parties of the cooperation get more favourable results than those who act alone expected, by signing the contract to define the rights and obligations of both parties, to ensure the smooth completion of cooperation.
Green Passage Toll Free Policy	The policy to waive the toll fees for the vehicles used for legal transportation of fresh agricultural products. Since December 2010, such policy must be implemented in all expressway projects in PRC.
Standardisation Scheme	The scheme that toll fees of the expressways in Guangdong Province, starting from 1 June 2012, be standardised based on the unified toll rate, toll coefficient, calculating method for ramps and rounding principles, and include subsequent adjustment made for the increase of the toll fees as a result of the implementation of aforesaid scheme.
Toll Free Scheme on Holidays	The policy that the toll fees of toll highways for passenger cars with seven seats or less be waived during the periods of four national holidays, i.e. Spring Festival, Tomb Sweeping Day, Labour Day and National Day, and their consecutive days off. Such policy has been implemented in PRC since the second half of 2012.
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 "Introduction to the Company" of this report.
→	For information on the projects operated, invested and managed by the Company, please refer to the website of the Company at http://www.sz-expressway.com .

Introduction to the Company

The Company was registered in Shenzhen 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 413km. In addition, the Company provides outstanding construction management and operation management services for 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 project development and management, advertising, construction consulting, and inter-network toll collection.

As at 30 June 2015, the Group's investee companies (including their abbreviations) and business structure are as follows:



Note: There are several wholly-owned subsidiaries under Guishen Company: Guizhou Shenzhen Expressway Property Company Limited (Guizhou Property), Guizhou Shengbo Property Company Limited (Guizhou Shenbo), Guizhou Pengbo Investment Company Limited (Guizhou Pengbo).
There are several wholly-owned subsidiaries under Guizhou Property: Guizhou Yuelong Investment Company Limited (Guizhou Yuelong), Guizhou Hengfengxin Property Company Limited (Guizhou Hengfengxin), Guizhou Henghongda Property Company Limited (Guizhou Henghongda), Guizhou Hengtongli Property Company Limited (Guizhou Hengtongli).

■ Toll Highway Business
■ Other Businesses

Financial Highlights

I. Principal Financial Data and Financial Indicators for the Reporting Period

Item (Unit: RMB)	2015 Interim (Unaudited)	2014 Interim (Unaudited)	Change (%)
Revenue	1,499,617,982.44	1,928,046,255.53	-22.22
Net profit attributable to owners of the Company	538,958,774.43	1,697,330,182.85	-68.25
Net profit attributable to owners of the Company – excluding non-recurring items	484,459,067.37	536,124,693.27	-9.64
Net cash flows from operating activities	399,388,812.15	784,493,868.47	-49.09

Item (Unit: RMB)	As at 30 Jun 2015 (Unaudited)	As at 31 Dec 2014 (Audited)	Change (%)
Owners' equity attributable to owners of the Company	11,355,193,989.05	11,797,581,861.32	-3.75
Total assets	24,205,729,799.14	24,329,324,209.02	-0.51

Item	2015 Interim (Unaudited)	2014 Interim (Unaudited)	Change (%)
Earnings per share – basic (RMB)	0.247	0.778	-68.25
Earnings per share – diluted (RMB)	0.247	0.778	-68.25
Earnings per share excluding non-recurring items – basic (RMB)	0.222	0.246	-9.64
Return on equity – weighted average (%)	4.53%	15.77%	Decrease 11.24 pct.pt
Return on equity excluding non-recurring items – weighted average (%)	4.07%	4.98%	Decrease 0.91 pct.pt

Note:

As the Group recognised net gains on disposal of assets after tax of the Toll Free Section of Meiguan Expressway of approximately RMB1,117 million in the second quarter of 2014, resulting in substantial changes in net profit, earnings per share, and other indicators during the Reporting Period. In addition, the tax payment of RMB424 million related to Gains on Disposal of Meiguan Assets was paid during the Reporting Period, resulting in a YOY decrease in net cash flows from operating activities. For details, please refer to the illustration set out in "Management Discussion and Analysis" in this report.

◆ Non-recurring items deducted and their amounts

Non-recurring item (Unit: RMB)	2015 Interim	Note
Profit from entrusted operation management services	8,810,666.66	Mainly attributable to the profit from entrusted operation management services during the Reporting Period from entrusted operation management services of Longda Company.
The amortisation of compensation provided by concession grantor	8,950,107.96	The amortisation of compensation to Yanba Expressway and Yanpai Expressway provided by concession grantors recognised according to units-of-usage method which disclosed as a deduction of the amortisation of the related concession intangible assets.
The interest income from the compensation receivables of toll collection adjustment of Meiguan Expressway	53,699,475.44	
Other non-operating income and expenses	-660,262.28	
Effect on minority interests	2,690.52	
Income tax effect	-16,302,971.24	
Total	54,499,707.06	

II. Financial Highlights for Five Years

Item (Unit: RMB million, unless otherwise stated)	2014	2013	2012	2011	2010 (Restated)
Revenue	3,620	3,279	3,135	2,952	2,765
<i>Of which: Toll revenue</i>	3,008	2,898	2,726	2,716	2,615
Profit before interests and tax	3,499	1,521	1,581	1,755	1,517
Net profit	2,187	720	685	875	746
Net cash inflows from operating activities	1,794	1,761	1,531	1,508	1,887
Net cash inflows from operating activities and cash return on investments	1,889	1,854	1,617	1,633	2,041
Interest covered multiple (Times)	6.57	2.44	2.42	2.92	2.75
Earnings per share (RMB)	1.003	0.330	0.314	0.401	0.342
Cash dividends per share (RMB)	0.45	0.16	0.13	0.16	0.16

Item (Unit: RMB million, unless otherwise stated)	As at 31 Dec 2014	As at 31 Dec 2013	As at 31 Dec 2012	As at 31 Dec 2011	As at 31 Dec 2010 (Restated)
Total assets	24,329	22,840	24,209	24,609	23,050
Total liabilities	11,209	11,601	13,336	14,111	13,076
Total equity	13,120	11,239	10,873	10,497	9,974
Debt-to-asset ratio (%)	46.07%	50.79%	55.09%	57.34%	56.73%
Gross liabilities-to-equity ratio (%)	85.43%	103.22%	122.66%	134.43%	131.10%
Net borrowings-to-equity ratio (%)	51.78%	73.03%	79.18%	82.99%	89.21%
Net assets per share (RMB)	5.41	4.57	4.37	4.22	3.97

◆ Description on the restatement

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 2011 according to the relevant requirements of CASBE.

◆ Description of principal financial ratios

Profit before interests and tax = Net profit + Income tax expenses + Interest expenses


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

Interest covered multiple = Profit before interests and tax/Interest expenses

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

Gross liabilities-to-equity ratio = Total liabilities/Total equity

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



→ Management Discussion and Analysis

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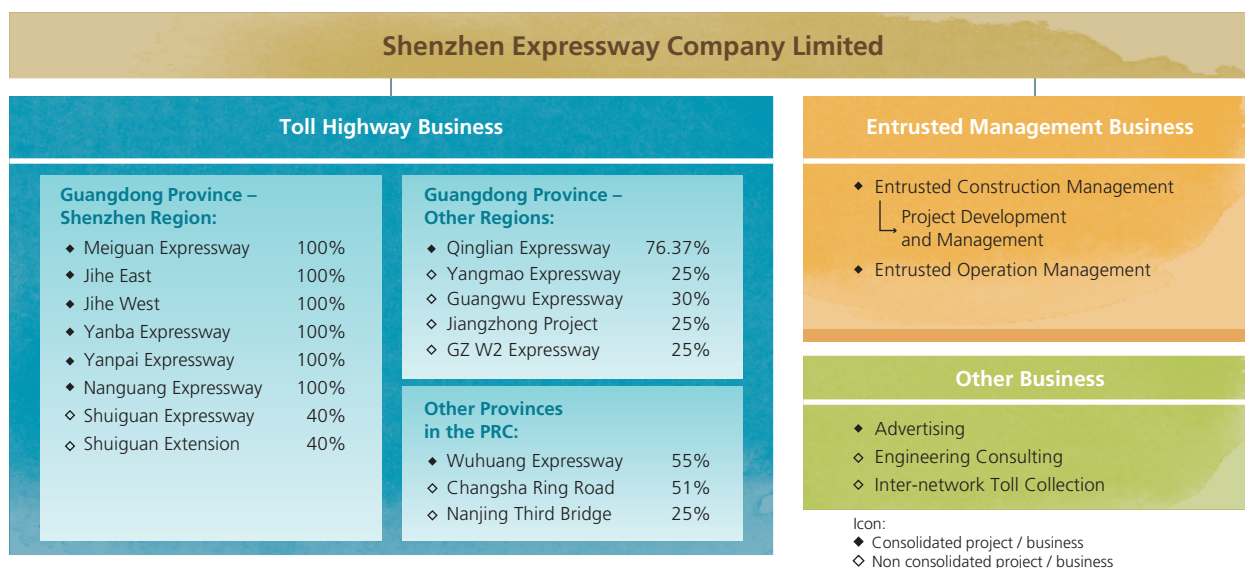


Management Discussion and Analysis



I. Business Review

The Group's revenues and profits are mainly derived from toll highway operations and investments. In addition, the Group 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 such as project development and management, advertising, construction consulting, and inter-network toll collection. As at 30 June 2015, the principal business structure of the Company is set out as follows:



During the Reporting Period, the Group recorded revenue of approximately RMB1,500 million, of which toll revenue of approximately RMB1,395 million, entrusted management services revenue and other revenue of approximately RMB105 million, accounted for 93% and 7% of revenue of the Group respectively.

(I) Toll Highway Business

1. Analysis of Operating Environment

(1) Economic environment

During the first half of 2015, the GDP of the PRC recorded a YOY increase of 7% with the growth rate decreased by 0.4 percentage point as compared to same period of 2014, representing the downside risk of the macro-economy. Driven by the active adjustment of industrial structure policy in recent years, Guangdong Province and Shenzhen City recorded YOY growth of 7.7% and 8.4% in its regional GDP in the first half of 2015 respectively, which is above the national average. The economic growth is relatively stable and conducive to the general growth of the regional road transportation and logistics demand. During the Reporting Period, the container throughput at Shenzhen Ports reached a YOY growth of 5.2%, of which that of Yantian Port maintained a YOY growth of 6.8%, facilitating the growth of the total traffic volume of lorries in the road network of Shenzhen region.

Source of data: Governmental statistics information website and the website of Shenzhen Ports Association

(2) Policy environment

To aim at completing the national-wide inter-network toll collection, the classification standard of vehicles and toll-by-weight for lorries are adjusted to be consistent with national standards in Guangdong Province and Hubei Province ("Adjustment") since the end of June 2015. The classification of vehicles on expressways has been enforced in accordance with "Vehicle Classification of the Toll Highway" issued by the Ministry of Transport. Meanwhile, for cargo vehicles, tolls shall be charged in accordance with an on spot measurement of vehicles based on the total weight of vehicles and goods in accordance with the established weight method. However, the basic rate of related charges remained the same as prior to the adjustment. The Adjustment can push forward the implementation schedule of the national-wide inter-network toll collection, resulting in an enhanced traffic efficiency of expressways and a positive effect on governing over-loaded vehicles and maintaining the safety of roads and bridges. Nevertheless, the restructure and integration of the systems would also increase the capital expenditure of the related projects and induce new problems and challenges to the operation management. It is expected that the Adjustment would not have significant impact on the toll revenue and the operating result of the Group.

In recent years, the Standardisation Scheme implemented by the Guangdong Province and the nation-wide policies of Toll Free Scheme on Holidays and Green Passage Toll Free Policy posed considerable negative impacts on the toll revenue of the projects. During 2015, the impact of the above-mentioned policies still exists. However, the impact on YOY change of projects' revenue has generally been eliminated. According to a rough calculation ^{note}, the implementation of the Standardisation Scheme, Toll Free Scheme on Holidays and Green Passage Toll Free Policy have resulted in the decrease of approximately RMB181 million, RMB101 million and RMB27 million in toll revenue in the consolidated statements of the Group for 2015 Interim, respectively (2014 Interim: RMB176 million, RMB107 million and RMB32 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 cannot be entirely accurate. Such data are for investors' reference only. Investors are advised to use such data cautiously.

Management Discussion and Analysis

2. Business Performance and Analysis

During the first half of 2015, the traffic volume and toll revenue of most of the highway projects in which the Group operated and invested generally continued to grow. Basic operational statistics of each project during the Reporting Period are as follows:

Toll highway	Average daily mixed traffic volume (number of vehicles in thousand) ⁽¹⁾			Average daily toll revenue (RMB'000)		
	2015 Interim	2014 Interim	Change	2015 Interim	2014 Interim	Change
Guangdong Province – Shenzhen region:						
Meiguan Expressway ⁽²⁾	70	96	N/A	263	546	N/A
Jihe East	204	170	20.2%	1,659	1,460	13.6%
Jihe West	165	134	23.4%	1,380	1,135	21.6%
Yanba Expressway ⁽³⁾	33	31	6.2%	451	456	-0.9%
Yanpai Expressway	52	53	-2.2%	420	538	-21.9%
Nanguang Expressway	91	80	13.9%	839	787	6.6%
Shuiguan Expressway	176	158	11.7%	1,424	1,298	9.7%
Shuiguan Extension	67	55	20.9%	229	212	8.3%
Guangdong Province – Other regions:						
Qinglian Expressway	34	33	1.9%	1,806	2,243	-19.5%
Yangmao Expressway	39	34	13.8%	1,638	1,550	5.7%
Guangwu Project	35	33	5.2%	854	780	9.4%
Jiangzhong Project	104	96	7.6%	1,038	976	6.3%
GZ W2 Expressway	45	44	2.1%	880	847	3.9%
Other Provinces in the PRC:						
Wuhuang Expressway	41	40	1.5%	889	933	-4.7%
Changsha Ring Road	18	16	14.9%	194	155	25.4%
Nanjing Third Bridge	28	29	-4.7%	1,042	1,135	-8.2%

Notes:

- (1) Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume.
- (2) Toll-free for Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 km was implemented from 24:00 on 31 March 2014 and the toll for section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km remained. As there is a relatively great change on the toll mileage, no YOY change data has been provided in this table.
- (3) 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.

The operational performances varied among different projects during the period. It was mainly attributed to the differences in the function positioning, operation date of respective projects, economic activity degree along the areas of the projects and conditions of neighboring road network; meanwhile, the impacts of factors such as economic environment and policy changes on different projects varied among themselves. In addition, projects such as construction or maintenance might also affect the performance of the current period.

(1) Guangdong Province – Shenzhen region:

As the maintenance works of road surface of Jihe Expressway and the reconstruction and expansion work of Meiguan Expressway were completed in 2013 and the first half of 2014 respectively, the negative impacts therefrom on the traffic of the projects have gradually been eliminated. Meanwhile, benefited from the higher traffic efficiency and capacity, the service standard and operational performances of the projects have been further improved. Besides, since the toll adjustment proposal of Meiguan Expressway was implemented in April 2014, the traffic volumes in toll free section have shown a faster growth, driving the growth of traffic volumes in toll section and operational performance of the connecting Jihe Expressway. The maintenance works carried out in Longda Expressway during the Reporting Period also posed certain positive effects on Jihe Expressway. During 2015 Interim, the average daily toll revenue of Jihe East and Jihe West realised a rapid YOY growth of 13.6% and 21.6% respectively. The average daily toll revenue of Meiguan Expressway in the second quarter of 2015 reached a YOY growth of 13.9% with the same toll mileage. The above expressways all outperformed the average performance of the projects in Shengzhen region. For details of the toll adjustment proposal of Meiguan Expressway, please refer to the descriptions in Annual Report 2014 of the Company.

On the other hand, since the full opening of Coastal Expressway in late of 2013, a slight diversion on the traffic of Nanguang Expressway was resulted. In addition, the toll collection of Shenzhen Yantian'ao Tunnel has been cancelled with effect from February 2015, causing certain change in traffic distribution in the peripheral road networks, among which the traffic volumes of lorries on Yanpai Expressway and Yanba Expressway experienced greater diversion while a slightly negative effect was brought on the performance of the Jihe Expressway.

(2) Guangdong Province – Other regions:

Guangle Expressway (Guangzhou – Lechang, in Guangdong), being the G4 National Expressway (Guangdong Section) (formerly known as Jingzhu Expressway) Dual-line commenced operation in September 2014, and Erguang Expressway Lianzhou to Huaiji section (in Guangdong) commenced operation in December 2014. As the layout of the above sections is similar to that of Qinglian Expressway, and construction of the link between Erguang Expressway and Qinglian Expressway is under way, certain diversion on Qinglian Expressway were resulted at this stage. The reconstruction and expansion work of Guangqing Expressway (Guangzhou – Qingyuan, in Guangdong), which connects to the southern end of Qinglian Expressway is currently under progress. According to its announced plans, the whole works will be completed by the end of 2016. The construction of the link between Guangqing Expressway and Qinglian Expressway is commenced in November 2014 and is planned to be completed by the end of 2017. Upon completion of these projects, the traffic efficiency and quality of the service of the whole channel will be improved, making full use of its major traffic routes between Hunan and Guangdong Provinces. The operational performance of the Qinglian Expressway is enhanced due to the further optimisation of its competitiveness.

(3) Other provinces:

Affected by factors such as commencement of operation of peripheral road networks, the reconstruction works on the connecting municipal road and the toll sharing model under inter-network toll collection, the toll revenue of Wuhuang Expressway recorded a YOY decrease of 4.7% with the diversion effect gradually becoming stable. The changes of road networks such as the commencement of operation of Ma'anshan Yangtze River Bridge had negative impact on the Nanjing Third Bridge. In addition to the special maintenance works for the road surfaces, the toll revenue during the Reporting Period recorded a YOY decrease of 8.2%. However, benefited from multiple positive impacts such as the improvement of road networks, the implementation of traffic control measures of neighboring roads, the reconstruction works of related roads, the economic development and improvement in business of enterprises along the highway, Changsha Ring Road achieved a greater YOY increase of 25.4% on toll revenue during the Reporting Period.

Management Discussion and Analysis

3. Business Management and Upgrade

(1) *Completion of shift to new toll stations for Meiguan Expressway:*

According to the general arrangement of toll adjustment proposal of Meiguan Expressway, the new mainline toll station for Meiguan Expressway and related ramp toll stations commenced operation during the Spring Festival of 2015. In view of the geographic features of the new toll stations, the Company has prepared a detailed proposal for the commencement of operation and set out the plans and operation guidelines for staff schedule, shift system and emergency toll collection services etc. By briefing and promoting the above measures to the staff, a successful shift to new toll stations and steady operation of the new toll stations were assured.

(2) *Proactively push forward the national-wide inter-network toll collection:*

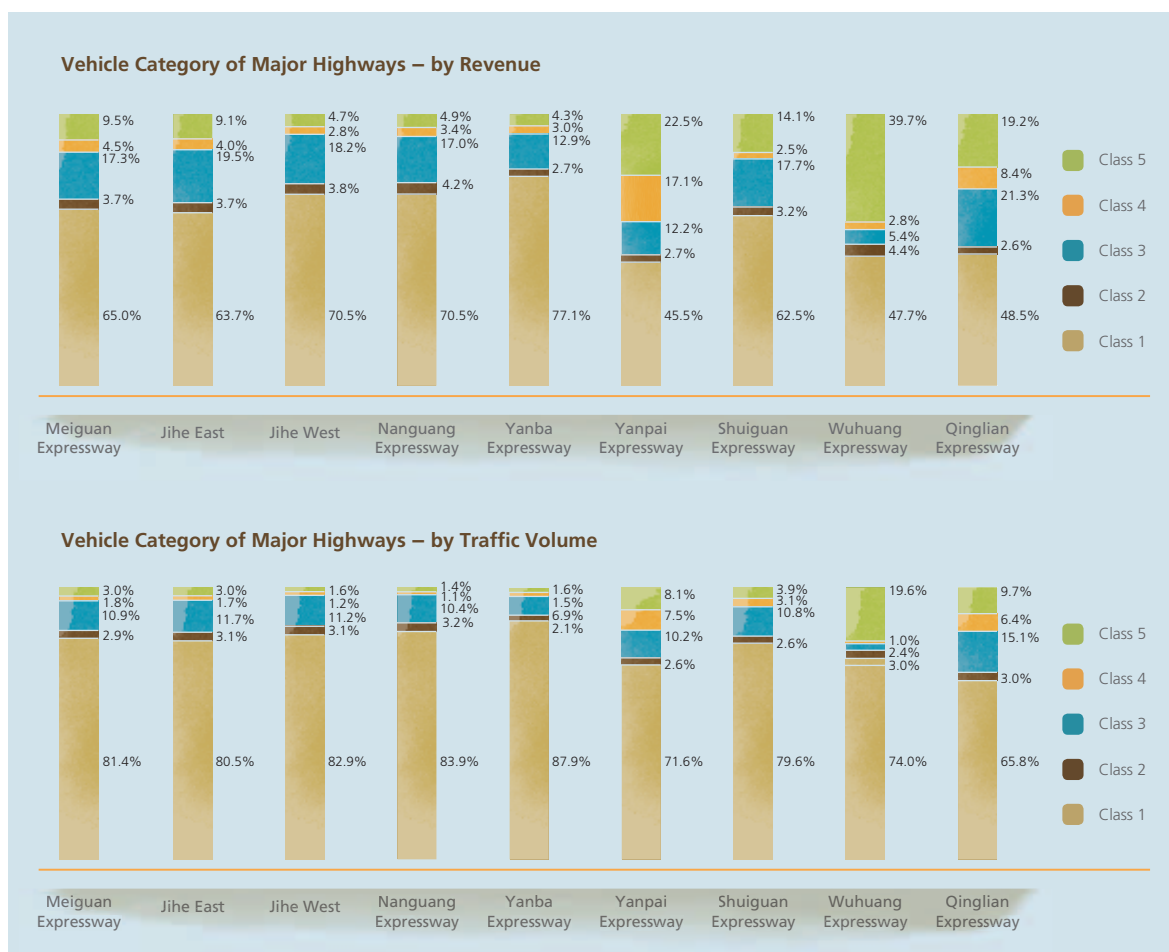
Fully leveraging its advantages in respect of technological management, the Company proactively participated in formulating and assessing the technological standards, management systems and shift plans of Guangdong provincial and national-wide inter-network toll collection of expressways. Also, in combination with actual situation, the Company has optimised the proposal, upgraded the relevant software and hardware upon requests, arranged trainings and rehearsals in advance and timely updated and improved the work flow and systems for the inter-network. As at the end of the Reporting Period, the above tasks were completed and the whole system ran smoothly with the quality in operational management under control.

(3) *Step up promotion and attraction in traffic flows:*

Based on the traffic distribution model of Guangdong provincial road network, by way of site inspection, route comparison and data analysis, the Company can identify new growth spots of toll revenue and effectively launch specific marketing and promotional measures to attract more drivers to use the roads of the Company so as to enhance growth of the toll revenue. During the Reporting Period, Qinglian Company seized the opportunities of the peak traffic volumes during the periods such as Spring Festival and Dragon Boat Festival and implemented certain measures including promotion of advantages of its road network and tourism-cooperated marketing to attract more traffic volumes. Meanwhile, it maintained close communication with those operators of the connecting roads to ensure traffic efficiency and continued to monitor and analyse changes in the traffic volumes and the composition of the vehicle category of Guangle Expressway and Erguang Expressway in order to launch the relevant marketing promotions such as offering discount to large clients. In addition, in response to the cancellation of toll collection of Shenzhen Yantian'ao Tunnel, the Company set up specific marketing team to carry out site inspection, design optimised routes and disseminated traffic guidance information through multiple means. Also, it studied the Yan Tian Port and towing industry thoroughly in order to understand various customers' needs and upgrade the service quality so as to minimise the negative impacts on the Company.

Reference Information:

Diagram showing the vehicle category of major highway projects of the Group during the first half of 2015:



4. Business Development

In order to cooperate with the government for the overall planning and work arrangement in relation to expressway construction, the Board has approved the Group to carry out the construction organisation works for the foregoing section of Outer Ring Project in July 2014, on the condition that the Shenzhen government has specified the ultimate responsibility for Outer Ring Project and has made arrangements for the construction funding. The estimated investment amount for the foregoing section of Outer Ring Project of 1.4 km is approximately RMB500 million. The project will be constructed with the capital arranged by the government and organised and implemented by Outer Ring Company which is a wholly-owned subsidiary of the Company. If the Group and the Shenzhen government finally fail to reach agreement on the investment and concession right matters regarding the Outer Ring Project, Shenzhen government or other investors determined by Shenzhen government will take over the construction of the foregoing section and the preliminary costs incurred for the Outer Ring Project and bear relevant legal responsibilities and obligations. As at the Reporting Date, detailed proposal in respect of Outer Ring Project investment and concession are still under negotiation.

Management Discussion and Analysis

(II) Entrusted Management and Other Businesses

Relying on the core business of toll highway and building on relevant management experience and resources, the Group has launched or engaged in related businesses such as entrusted management, advertising and construction consultation, and prudently tapping into new business areas as meaningful attempts and auxiliary business in addition to core business for further growth of the Group.

1. Entrusted Management Business

The entrusted construction management business and the entrusted operation management business, also known as agent construction business and agent operation business, are currently the major businesses of the Group in addition to toll highway business. Leveraging our expertise and experience accumulated in the relevant areas during these years, the Group has realised reasonable revenues and returns from the receipt of management fee and/or bonus according to the calculation method as agreed with the entrusting party through the provision of services relating to construction management and toll highway operation management. In addition, based on the experience of entrusted construction business, the Group was also engaged in the construction and development of local roads by tapping into BT mode (also known as BT business). In the mode of agent construction business and agent operation business, project construction and operation will be funded by the proceeds raised by the principal. However, in the BT mode, project construction will generally be funded by the trustee responsible for the construction and management.

(1) *Entrusted construction business and BT business*

As at the second half year of 2014, the major entrusted construction projects and BT projects such as Nanping Phase II, Coastal Phase I and Guilong Project have successively been completed. The projects under construction during the Reporting Period include Longda Municipal Section, New Toll Station of Meiguan and Facilities Project and Resettlement Project Phase II etc. Currently the main focus of the Group in entrusted construction and BT businesses is to strengthen safety and quality management of the projects under construction, to coordinate and monitor the recovery of entrusted construction revenue, to push forward the acceptance for completed projects, and to enhance the preliminary planning of new projects.

During the Reporting Period, the entrusted construction projects were proceeded smoothly, of which the main work of the New Toll Station of Meiguan and Facilities Project was completed and put in use in February 2015. Longda Municipal Section is planned to be completed in the first half of 2016. As at the end of the Reporting Period, the main work of Resettlement Project Phase II has completed its acceptance and the construction of the pipelines, cables and external walls is in progress. The completion settlement and the government audit of Coastal Phase I are underway. During the Reporting Period, Coastal Company actively pushed forward various preliminary works of Coastal Phase II and the feasibility research of the project has been approved. The preliminary works such as initial design, water and soil conservation plan, environmental effects assessment consultation and project coastal area measurement are in progress. In July 2015, the Company executed the entrusted construction contract of Guanlan Renmin Road – Meiguan Expressway Joints Project, the estimated investment of which amounted to approximately RMB170 million.

(2) *Entrusted operation business*

In 2015, 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. Moreover, pursuant to the “Entrusted Management Agreement” entered into between the Company and SIHCL in November 2009, the Company was entrusted to manage Coastal Company, including the management of Coastal Expressway (Shenzhen Section) during the construction period and operation period and among which, the specific arrangement in respect of the entrusted management of the operation period of Coastal Company will be confirmed after further negotiation, and subject to the ultimate approval of Shenzhen Government. As at the Reporting Date, the details of the entrustment mode, the calculation and payment arrangement of the entrusted management fee are still under negotiation, and are subject to the approval procedures handled by the parties of the agreement as stipulated.

For details of the profits and incomes and expenses of various entrusted management businesses during the Reporting Period, please refer to the following content in “Financial Analysis” and note V35(a) to the Financial Statements in this report.

2. *Expansion of Entrusted Management Business*

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 actively engaged in the land tenders within the development area of Guilong Project. From 2012 to the present, Guishen Company has successfully won the bid for the land with an area of approximately 2,310 mu (approximately 1,540,000 square meters) with a total consideration of approximately RMB809 million. Guishen Company has set up certain wholly-owned subsidiaries to hold and manage the land use rights of the parcels mentioned above.

Guishen Company is adopting a progressive development strategy by phases to conduct its further development of the land with an area of 300 mu (approximately 200,000 square meters). Currently, Guishen Company has completed the housing construction design, landscape design, and the construction of most main-body structures of Phase I Group A of Guilong Development Project (also known as “Interlaken Town Project”) (approximately 110 mu, equivalent to 70,000 square meters), which is expected to be delivered and put in use in 2016. During the Reporting Period, Guishen Company promoted the project through various means and organised a series of marketing events and actively launched customer visits and recognising events which received positive market feedbacks. In addition, the Board approved the Group to transfer 100% interest (including its equity interests and liabilities) in Guizhou Yuelong, which currently owns 296 mu (approximately 200,000 square meters) of Guilong Land by way of public offering. During the Reporting Period, the related transfer procedures have been completed and the transfer price amounted to approximately RMB180.80 million. Currently the transfer contract has been executed and the transfer work is scheduled to be completed within the current year. On the above basis, Guishen Company will, through timely market transfer, cooperative development or self-development regarding the overall market conditions and development opportunities, realise the market value of the lands it holds and the Group’s investment gain as soon as possible and prevent the contractual and market risks in relation to the lands in an effective way.

Management Discussion and Analysis

3. Urban Renewal Project

Pursuant to the relevant agreement and the approval of the general meeting of the Company, the Company and Shenzhen International (through XTC Company, its wholly-owned subsidiary) jointly contributed capital to establish United Land Company. As the applying and implementing entity of Meilin Checkpoint Renewal Project, the Company and XTC Company own 49% and 51% equity interests respectively. During the Reporting Period, United Land Company entered into land transfer agreements regarding Meilin Checkpoint Renewal Project Land Parcels with Longhua Administration Bureau, Shenzhen UPLRC, as scheduled, and paid 30% of the land premium (including the transfer price of land use right and other payables) and obtained the land use right. The land area of the Meilin Checkpoint Renewal Project Land Parcels is approximately 96,000 square meters and the land is for residential and commercial use. The gross floor area is not more than 486,400 square meters (including public affiliated facilities etc.) and the total land premium is approximately RMB3.567 billion. For details, please refer to the announcement of the Company dated 1 July 2015.

Besides the land premium of approximately RMB3.567 billion, the total costs for Meilin Checkpoint Renewal Project Land includes relevant tax, relocation compensation for the properties on the land and preliminary planning costs. Currently, the negotiation between United Land Company and the operators and tenants of the existing properties on the land is still underway. It is planned that the agreements would be executed and the cleaning up works would be commenced in this year. According to current progress of related work, it is estimated that the total land cost of the project land parcel would be RMB5 billion to RMB5.2 billion. The Meilin Checkpoint Renewal Project Land is situated at geographically advantageous location with certain advantage on land price over that of the peripheral area, good investment value and appreciation potential. The Company cooperates with Shenzhen International to carry out the project and could meet the government's related requirements on the entity for urban renewal, and to enable both parties to seize the opportunity for urban development and renewal, and improve the overall corporate performance and shareholders' returns. The Company is actively conducting industry policy research, exploring the method for value realisation and liquidation of the land, as well as promoting the introduction of cooperation parties with Shenzhen International, so as to timely realise the commercial value of the project.

4. 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. In addition to operating and disseminating the self-owned media resource alongside the highway, in recent years, Advertising Company further developed outdoor media services of main urban roads and provides brand building and promotion plans for the customers. In addition, the Company holds 24% and 15% of interests in Consulting Company and Guangdong UETC respectively by way of equity participation. The Consulting Company is a professional project consulting company with independent legal person status engaging in preliminary consultancy, survey design, tendering agency, construction costs consultancy, engineering supervision, project test and inspection and maintenance consultancy, and has the qualification of, and service competence in undertaking the consultancy service of the entire process of project investment and construction. The operations of Guangdong UETC include electronic clearing business of 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 or investment modes, the contribution from these businesses currently accounts for a small proportion of the Group's revenues and earnings. For details of the other businesses of the Company during the Reporting Period, please refer to note V35 to the Financial Statement in this report.

II. Financial Analysis

During the first half of 2015, the Group recorded net profit attributable to owners of the Company ("Net Profit") of RMB538,959,000 (2014 Interim: RMB1,697,330,000), representing a YOY decrease of 68.25%. Excluding the effect of the net gains on disposal of assets after tax of the Toll Free Section of Meiguan Expressway ("Gains on Disposal of Meiguan Assets") of RMB1,117,329,000 recognised in the same period in 2014, the net profit recorded a YOY decrease of 7.08%. This was mainly due to a significant YOY decrease in profit from entrusted management service during the Reporting Period.

(I) Analysis of Main Business

1. Analysis of Changes in Related Items in the Financial Statements

Unit: RMB'000

Item	2015 Interim	2014 Interim	Changes (%)
Revenue	1,499,618	1,928,046	-22.22
Cost of services	682,866	916,231	-25.47
Selling expenses	7,008	2,090	235.31
General and administrative expenses	29,778	29,439	1.15
Financial expenses	162,589	239,900	-32.23
Investment income	136,620	108,301	26.15
Non-operating income	1,051	1,507,245	-99.93
Income tax expenses	140,028	523,307	-73.24
Cash flows from operating activities	399,389	784,494	-49.09
Cash flows from investing activities	-495,025	605,181	N/A
Cash flows from financing activities	-134,174	-274,680	-51.15

Management Discussion and Analysis

2. Revenue

During the Reporting Period, the Group recorded revenue of RMB1,499,618,000, of which toll revenue of RMB1,395,197,000, accounting for 93.04% of the Group revenue, as the main source of revenue of the Group. During the Reporting Period, toll revenue recorded a YOY decrease of 4.82%. Due to the relatively significant YOY decrease in entrusted management service revenue in other business, the overall revenue of the Group recorded a YOY decrease of 22.22%. The detailed analysis of revenue is set out below:

Unit: RMB'000

Revenue item	2015 Interim	Percentage of total (%)	2014 Interim	Percentage of total (%)	YOY change (%)	Description
Revenue from main business – toll highways	1,395,197	93.04	1,465,823	76.03	-4.82	(1)
Other revenue – entrusted management services	54,489	3.63	410,995	21.32	-86.74	(2)
Other revenue – advertising and others	49,932	3.33	51,228	2.65	-2.53	
Total revenue	1,499,618	100.00	1,928,046	100.00	-22.22	

Description:

- (1) During the Reporting Period, toll revenue recorded a YOY decrease of RMB70,626,000, which is mainly due to a YOY decrease of RMB51,251,000 of toll revenue resulted from the toll adjustment of Meiguan Expressway since 1 April 2014. In addition, Qinglian Expressway, Yanpai Expressway and Wuhuang Expressway were affected by factors including diversion by road network, leading to certain decreases in toll revenue. Benefited from the organic growth of traffic volume, improvement of road network and maintenance of peripheral road sections, toll revenue of Jihe Expressway continued to achieve double-digit growth. Details of analysis of the operational performance of various projects during the Reporting Period are set out in the Business Review above. The income analysed by specific project is set out in point (II) below.
- (2) During the Reporting Period, revenue from entrusted construction management services recorded a YOY decrease of RMB356,506,000, mainly due to the fact that the entrusted management service revenues of Coastal Phase I and Guilong Project recorded a YOY decrease of RMB209,887,000 and RMB144,581,000 respectively. Details of the revenue from the entrusted management services are set out in note V\35(a) to the Financial Statements in this report. The management period of the entrusted construction management projects normally lasts for more than three years. During the respective periods, as affected by the changes of various factors including the scale of each project, progress of construction during the current period, contractual terms, audit results of relevant government department and settlement of works, the related services income and costs recognised may have a higher level of fluctuation.

3. Cost of Services

During the Reporting Period, the cost of services of the Group amounted to RMB682,866,000 (2014 Interim: RMB916,231,000), representing a YOY decrease of 25.47%, which was mainly attributable to the decrease in the cost of entrusted construction management services as well as the maintenance expenses and depreciation and amortisation expenses of other ancillary toll highways. A detailed analysis of the cost of services is set out as follows:

Unit: RMB'000

Industry	Cost items	Breakdown by industry					Description
		2015 Interim	Percentage of total cost for 2015 Interim (%)	2014 Interim	Percentage of total cost for 2014 Interim (%)	Percentage of YOY change (%)	
Cost of main business – toll highways	Employee expenses	102,705	15.04	86,006	9.39	19.42	(1)
	Road maintenance expenses	52,165	7.64	82,985	9.06	-37.14	(2)
	Depreciation and amortisation	403,293	59.06	485,910	53.03	-17.00	(3)
	Other business costs	75,410	11.04	83,925	9.16	-10.15	(4)
	Sub-total	633,573	92.78	738,826	80.64	-14.25	(5)
Cost of other businesses – entrusted management services		17,724	2.60	148,625	16.22	-88.07	(6)
Cost of other businesses – advertising and others		31,569	4.62	28,780	3.14	9.70	
Total of cost of services		682,866	100.00	916,231	100.00	-25.47	

Description:

- (1) Mainly due to the adjustment of the salaries for and the increase in the average number of toll-collection staff, the employee expenses increased accordingly.
- (2) Mainly due to the fact that Qinglian Company completed the maintenance and transfer of Qinglian Class 2 Road during the first half of 2014 and recognised the road maintenance expense of RMB38,000,000.
- (3) Mainly as a result of the Group's disposal of the related assets of Toll Free Section of Meiguan Expressway during the second quarter of 2014, adjustment in the unit amortisation amount of the concession intangible assets in some toll highways since 1 October 2014, and a decrease in depreciation and amortisation costs resulting from the decrease in traffic volume in some highways.
- (4) Mainly due to the fact that the entrusted management fee expense of Wuhuang Expressway decreased correspondingly due to decrease in revenue.
- (5) Costs presented based on detailed items are set out in point (II) below.
- (6) Mainly attributed to the adjustment and recognition of the relevant cost of management services according to the settlement of actual progress of Coastal Phase I during the first half of 2014. During the Reporting Period, the cost of entrusted management service of Coastal Phase I recorded a YOY decrease of RMB134,548,000. The cost of entrusted management services recognised during the Reporting Period primarily included the cost of construction management services of Coastal Phase I, Guilong Project, New Toll Station of Meiguan and Facilities Project and Dezheng Road Project, which amounted to RMB7,343,000, RMB4,172,000, RMB4,449,000 and RMB1,490,000 respectively.

Management Discussion and Analysis

4. Expenses

The Group's selling expenses for the Reporting Period amounted to RMB7,008,000 (2014 Interim: RMB2,090,000), representing a YOY increase of RMB4,918,000. The increase was mainly attributable to the increase in preliminary selling expenses of Phase I of Guilong Development Project.

The Group's general and administrative expenses for the Reporting Period amounted to RMB29,778,000 (2014 Interim: RMB29,439,000), remaining the same level YOY in general.

The Group's financial expenses for the Reporting Period amounted to RMB162,589,000 (2014 Interim: RMB239,900,000), representing a YOY decrease of 32.23%, which was mainly attributable to the decrease in the Group's average borrowing scale during the Reporting Period and the recognition of interest income in respect of the compensation receivables as agreed in Meiguan Expressway Adjustment Agreement. For details of the borrowing scale, please refer to point (III) below. A detailed analysis on financial expenses is as follows:

Unit: RMB'000			
Financial expenses item	2015 Interim	2014 Interim	Change (%)
Interest expenses	238,016	272,609	-12.69
Less: Interest capitalised	1,839	–	N/A
Interest income	76,734	39,071	96.40
Add: Time value of provisions for maintenance/resurfacing	2,624	4,664	-43.75
Exchange loss and others	522	1,698	-69.25
Total financial expenses	162,589	239,900	-32.23

During the Reporting Period, the Group's income tax expenses amounted to RMB140,028,000 (2014 Interim: RMB523,307,000), representing a YOY decrease of 73.24%. Such decrease was mainly attributable to the significant increase in taxable income as a result of the recognition of Gains on Disposal of Meiguan Assets during the first half of 2014.

5. Investment Income

During the Reporting Period, the Group's investment income amounted to RMB136,620,000 (2014 Interim: RMB108,301,000), representing a YOY increase of 26.15%, which was mainly due to the certain YOY increase in toll revenue of toll highways in most of the joint ventures and associates and the decrease in borrowing scale and financial costs. In addition, the Group received the annual dividend of RMB3,000,000 for the year 2014 during the Reporting Period from Guangdong UETC. A detailed analysis on investment income is as follows:

Unit: RMB'000

	Toll revenue		Cost of services		Gross margin		Investment income of the Group ^{Note}	
	2015 Interim	YOY Change (%)	2015 Interim	YOY Change (%)	2015 Interim	Change (pct. pt)	2015 Interim	Change
Toll highway								
Joint ventures:								
Changsha Ring Road	35,067	25.40	18,321	11.86	47.75	6.32	6,851	2,390
Associates:								
Shuiguan Expressway	257,736	9.73	85,127	7.10	66.97	0.81	38,946	7,667
Shuiguan Extension	41,530	8.31	30,478	4.36	26.61	2.78	295	1,362
Yangmao Expressway	296,453	5.69	70,154	-14.41	76.34	5.56	39,822	6,861
Guangwu Project	154,512	9.44	47,680	7.25	69.14	0.63	18,252	1,530
Jiangzhong Project	187,896	6.34	121,512	4.69	35.33	1.01	5,166	2,658
GZ W2 Expressway	159,341	3.97	65,483	-2.75	58.90	2.84	9,306	3,242
Nanjing Third Bridge	188,608	-8.19	49,888	-9.80	73.55	0.47	14,013	187
Total	/	/	/	/	/	/	132,650	25,897

Note: Investment income of RMB2,042,000 (2014 Interim: RMB1,547,000) from Consulting Company, RMB3,000,000 (2014 Interim: Nil) from Guangdong UETC and RMB-1,072,000 (2014 Interim: Nil) from United Land Company were not included in the figures of investment income of the Group as set out in the above table. Details are set out in notes V10 and 39 to the Financial Statements in this report.

6. Non-operating Income

During the Reporting Period, there is a significant decrease in the Group's non-operating income, which was mainly resulted from the Group's disposal of the related assets of Toll Free Section of Meiguan Expressway and the recognition of gain from disposal of assets during the second quarter of 2014.

7. 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 Group's net cash inflows from operating activities and cash return on investments^{Note} totaled RMB486,797,000 (2014 Interim: RMB19,478,000), representing a YOY decrease of 40.60%, which was mainly due to the payment of income tax of RMB423,964,000 in respect of Gains on Disposal of Meiguan Assets. As a result of the payment of additional capital contribution of RMB524,300,000 to United Land Company, the net cash outflows from investing activities amounted to RMB495,025,000. The net cash outflows from financing activities recorded a YOY decrease of 51.15% as a result of the decrease in borrowing scale.

Note: Aggregated figures 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.

Management Discussion and Analysis

8. Amortisation Policies of Concession Intangible Assets and Differences Analysis

The Group's concession intangible assets are amortised based on the units-of-usage method. 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 review 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 III\18(1) and 28(2) to the Financial Statements in 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 share of interests was RMB93 million, representing certain YOY increase. 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.

9. General Description

In the first half of 2015, the Group continued to adopt the current strategy as its policy guide. The Group actively responded towards the opportunities and challenges from the changes of internal and external environment, and basically achieved the management objectives as set in the beginning of the year. There is no material difference in the aspects such as revenue and cost control of main business with the plan formulated in the beginning of the year.

The Group recognised Gains on Disposal of Meiguan Assets of approximately RMB1.1 billion during the second quarter of 2014. Save for the effect of such gains on disposal of assets, the Group's net profit recorded a YOY decrease of 7.08%, which was mainly due to the significant YOY decrease in profit from entrusted management service during the Reporting Period, which resulted in the corresponding decrease in the share of the revenue and profit of the Group. Details on Gains on Disposal of Meiguan Assets are set out in Annual Report 2014 of the Company.

(II) Analysis of Industry, Product or Regional Operation

1. Breakdown of Main Business by Industry and Product

Unit: RMB'000

Breakdown of main business by industry						
Industry	Operating income	Operating costs	Gross profit margin (%)	YOY change in operating income (%)	YOY change in operating costs (%)	YOY change in gross profit margin
Toll highway	1,395,197	633,573	54.59	-4.82	-14.25	Increase 4.99 pct.pt

Breakdown of main business by industry						
Product	Operating income	Operating costs	Gross profit margin (%)	YOY change in operating income (%)	YOY change in operating costs (%)	YOY change in gross profit margin
Qinglian Expressway	326,937	178,913	45.28	-19.48	-23.61	Increase 2.96 pct.pt
Jihe East	300,336	131,227	56.31	13.65	-10.25	Increase 11.63 pct.pt
Jihe West	249,697	45,042	81.96	21.59	-0.16	Increase 3.93 pct.pt
Wuhuang Expressway	160,972	87,208	45.82	-4.72	-4.19	Decrease 0.29 pct.pt
Nanguang Expressway	151,853	77,868	48.72	6.60	6.91	Decrease 0.15 pct.pt
Yanpai Expressway	76,034	35,623	53.15	-21.90	-15.81	Decrease 3.39 pct.pt
Yanba Expressway	81,710	51,208	37.33	-0.94	2.79	Decrease 2.28 pct.pt
Meiguan Expressway	47,658	26,484	44.43	-51.82	-53.77	Increase 2.34 pct.pt
Subtotal	1,395,197	633,573	54.59	-4.82	-14.25	Increase 4.99 pct.pt

Description:

During the Reporting Period, the overall profit margin of the Group's toll highways was 54.59%, representing a YOY increase of approximately 5 percentage points. The profit margin of Jihe East and Jihe West grew after the growth of its toll revenue, the adjustment of unit amortisation amount of concession intangible assets. The profit margin of Qinglian Expressway grew due to decrease in maintenance costs. The decrease in toll revenue resulted in a decrease in gross profit margin of Yanpai Expressway and Yanba Expressway.

2. Main Business by Regions

Unit: RMB'000

Region	Revenue during 2015 Interim	YOY Change in revenue (%)
Guangdong Province	1,234,225	-4.83
Hubei Province	160,972	-4.72

Management Discussion and Analysis

(III) Analysis of Assets and Liabilities

1. Assets, Liabilities and Equity

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 accounts for 72.09% of its total assets, and cash at bank and on hand as well as other assets, which accounts for 4.96% and 22.95% of its total assets, respectively. As at 30 June 2015, the Group's total assets amounted to RMB24,205,730,000 (31 December 2014: 24,329,324,000), representing a decrease of 0.51%.

As at 30 June 2015, outstanding bonds payable and bank borrowings of the Group amounted to RMB8,824,635,000 (31 December 2014: RMB8,048,610,000), representing an increase of 9.64% over the end of 2014. The increase was mainly attributable to withdrawal of an appropriate amount of working capital loan during the Reporting Period for turnover, of which Qinglian Project utilised borrowings of RMB5.09 billion. In the first half of 2015, the average borrowing scale of the Group was RMB8.17 billion (2014 Interim: RMB9.31 billion), representing a YOY decrease of 12.24%. On 14 August 2015, the Group issued medium-term notes with total amount of RMB0.9 billion bearing a term of 3 years and received the second phase compensation for toll adjustment of Meiguan Expressway with the amount of RMB0.8 billion, and thus returned bank loans with the amount of RMB1.66 billion in advance. As at the Reporting Date, outstanding bonds payable and bank borrowings of the Group amounted to RMB8.06 billion, generally remaining the same level as compared to the beginning of the year.

Analysis of assets and liabilities is as follows:

Unit: RMB'000				
Name of project	30 June 2015	31 December 2014	Change (%)	Description
Advances to suppliers	396,516	236,722	67.50	(1)
Other receivables	11,461	98,912	-88.41	(2)
Held for sale assets	107,146	-	N/A	(3)
Long-term equity investment	2,269,003	1,695,491	33.83	(4)
Construction in progress	48,462	26,932	79.94	(5)
Short-term borrowings	360,000	23,667	1,421.11	(6)
Advances from customers	27,867	18,322	52.10	(7)
Employee benefits payable	51,109	107,549	-52.48	(8)
Taxes payable	106,046	529,265	-79.96	(9)
Interest payable	164,713	102,382	60.88	(10)
Dividends payable	302,137	28,626	955.48	(11)
Other payables	649,794	935,705	-30.56	(12)

Descriptions:

- (1) Subsidiaries of the Company bid the land use right of Guilong Land and paid land premium, part of which has not met the delivery condition.
- (2) Recovery of part of construction advances of Guilong Project.
- (3) The related assets of Guizhou Yuelong to be sold classified as held for sale assets.
- (4) First additional capital contribution to United Land Company.
- (5) Increase in investments such as the expansion of toll stations.
- (6) Short term bank borrowings increased.
- (7) The Company received toll fee prepayment for Dameisha Ramp of Yanba Expressway from the Government.
- (8) Performance bonus for the year 2014 was paid to employees.
- (9) Income taxes related to the Gains on Disposal of Meiguan Assets was paid.
- (10) Bond interest accrued but not yet paid increased.
- (11) 2014 annual dividend declared but not paid to H share holders, which had been paid up to the Reporting Date.
- (12) Balance of the fund from the government for entrusted construction projects decreased.

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. Owing to the combined effect of increase in borrowing scale and profit distribution during the Reporting Period, the net borrowings-to-equity ratio of the Group has a YOY increase as at the end of the Period. After deducting the effect of recognition of Gains on Disposal of Meiguan Assets in the first half of 2014, the interest covered multiple and EBITDA interest multiple generally remained the same level YOY. 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 2015	31 December 2014
Debt-to-asset ratio (Total liabilities/Total assets)	47.64%	46.07%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents)/Total equity)	61.54%	51.78%
	2015 Interim	2014 Interim
Interest covered multiple (Profit before tax + interest expenses)/Interest expenses)	3.91	9.23
Interest covered multiple – deducting the effect of Gains on Disposal of Meiguan Assets	3.91	3.82
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/Interest expenses)	5.65	11.06
EBITDA interest multiple – deducting the effect of Gains on Disposal of Meiguan Assets	5.65	5.65

Management Discussion and Analysis

3. Liquidity and Cash Management

During the Reporting Period, in view of the financial position and capital requirement of the Company, the Group replenished the working capital by withdrawing short-term loan, strengthened the capital arrangement on subsidiaries and major projects, maintained appropriate cash on hand and sufficient banking facilities so as to prevent liquidity risk. As at the end of the Reporting Period, the Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amounts applied to investment in securities or entrusted management.

Unit: RMB million

	30 June 2015	31 December 2014	Change
Net current assets	653	1,092	-439
Cash and cash equivalents	1,025	1,255	-230
Banking facilities available	4,397	5,507	-1,110

4. Contingencies

Details on the Group's contingencies during the Reporting Period are set out in note XI2 to the Financial Statements in this report.

(IV) Analysis of the Investment

1. Equity Investment in External Companies

During the Reporting Period, the equity investment of the Group amounted to RMB527 million (2014 Interim: RMB203 million), representing YOY increase of RMB324 million. Additional equity investment of the Group during the Reporting Period included establishment of subsidiaries of the Company and completion of additional capital contribution to the associate of the Company. The details are as follows:

Unit: RMB'000

Name of investee companies	Major business	Shareholding	Investment in 2015 Interim	Description
Guizhou Hengfengxin	Such as comprehensive development of land and real estates, logistics for exposition, sale and leasing of shops and hotel management.	70%	1,000	Guizhou Property, a subsidiary of the Company, established wholly-owned subsidiaries, namely Guizhou Hengfengxin, Guizhou Henghongda and Guizhou Hengtongli in January 2015 and the registered capital for each of them is RMB1 million. The capital contribution into the above subsidiaries was completed in March 2015.
Guizhou Henghongda		70%	1,000	
Guizhou Hengtongli		70%	1,000	
United Land Company	As the entity and legal person to apply for the Meilin Checkpoint Renewal Project and be responsible for related works in acquiring the land and relocation and demolition of Meilin Checkpoint Renewal Project.	49%	524,300	For details, please refer to the content in Business Review above. The registered capital of United Land Company was RMB1.13 billion as at 30 June 2015. The Company made total capital contribution of RMB553,700,000 in proportion to the shareholding.
Total	/	/	527,300	/

2. Analysis of Major Subsidiaries and Participating Companies

Units: RMB'000

Company name	Percentage of interests held by the Group	Registered capital	30 June 2015		2015 Interim			Principal business
			Total assets	Net assets	Revenue	Operating profit/(loss)	Net Profit/(Net loss)	
Meiguan Company	100%	332,400	2,498,502	591,166	53,180	71,857	54,235	Construction, operation and management of Meiguan Expressway
Jihe East Company	100%	440,000	2,231,026	1,830,601	300,832	158,424	118,337	Construction, operation and management of Jihe East
Mei Wah Company	100%	HK\$795,381	1,725,060	1,204,810	163,688	71,431	29,589	Indirectly holding 25% interests in Qinglian Company and 55% interests in Magerk Company
Qinglian Company	76.37%	3,361,000	8,633,971	3,073,331	327,140	(13,616)	(10,220)	Construction, operation and management of Qinglian Expressway and auxiliary facilities
JEL Company/ Magerk Company	55%	US\$28,000	968,582	818,084	163,688	71,218	53,413	JEL Company: investment holding (holding interests in Magerk Company); Magerk Company: toll collection and management of Wuhuang Expressway
Qinglong Company	40%	324,000	2,017,584	635,700	260,190	132,741	97,365	Development, construction, toll collection and management of Shuiguan Expressway
Investment Company	100%	400,000	1,226,786	776,089	19,711	5,764	4,583	Investment in industries and project construction (holding 70% interests in Guishen Company)
Guishen Company	70%	500,000	1,203,921	744,296	10,556	2,901	2,457	Investment, construction and management of road and urban and rural infrastructure

For the operational and financial performance of the major subsidiaries and participating companies mentioned above during the Reporting Period, please refer to the relevant content in Business Review and Financial Analysis as set out in this section.

Management Discussion and Analysis

3. Project of Non-raised Capital

During the Reporting Period, the capital expenditures of the Group on the intangible assets and fixed assets mainly comprised the settlements of projects such as Qinglian Project, the reconstruction and expansion for Meiguan Expressway, Nanguang Expressway and the investment in mechanical and electrical facilities in the highway sections operated and capital expenditures of the subsidiaries, totaling approximately RMB67 million. The capital expenditures in additional capital contribution to associates are RMB524 million (For details, please refer to additional capital contribution to United Land Company as set out in point 1 above). The total capital expenditures during the period amounted to RMB591 million. The investments of the Group in major projects are as follows:

Units: RMB'000

Project name	Project amount	Project progress	Amount invested during the Period	Accumulated amount invested	Gains from the project
Qinglian Project	6,125,390	100%	16,880	6,058,240	For details of the operational performance of related projects during the Reporting Period, please refer to the Analysis of Main Business as set out above
Nanguang Expressway	3,149,280	99%	4,883	3,072,905	
Reconstruction and expansion for Meiguan Expressway	727,680	100%	2,233	632,811	
Total	/	/	23,996	/	/

By the end of 2017, the Group's total capital expenditure will be expected to be approximately RMB2.317 billion, of which the planned capital expenditure for the second half of 2015 would be approximately RMB413 million. The Group plans to satisfy such capital needs with its own capital and 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.

The capital expenditure plan of the Group from 2015 to 2017 (as at 30 June 2015):

Unit: RMB'000

Project	Second half of 2015	2016	2017	Total
1. Investment of intangible assets and fixed assets				
Reconstruction and expansion of Meiguan Expressway	67,410	–	27,462	94,872
Qinglian Project	64,060	1,850	1,240	67,150
Nanguang Expressway	1,310	74,330	738	76,378
Other projects (Investment in mechanical and electrical equipments, etc.)	182,560	–	–	182,560
2. Additional capital contribution to associates				
United Land Company ^{Note}	98,000	1,798,300	–	1,896,300
Total	413,340	1,874,480	29,440	2,317,260

Note: The investment plan on United Land Company is made on the assumption that there is no transfer of shareholding in such company in future and the current specific arrangement in respect to the current land transfer and relocation of the Meilin Checkpoint Renewal Project. In the event that there is any change in the abovementioned assumption and work plan, the relevant capital expenditure will be adjusted accordingly.

(V) Financial Strategies and Financing Arrangements

During the Reporting Period, general market liquidity remained loose, the credit growth was stable and the funding rate in bond market showed a downward trend in general. In accordance with the strategic goal and financial position of the Company and in view of the changes in the current capital markets, the Company stepped up efforts in exploring multi-channel and multi-level financial tools of capital market during the Reporting Period and the application for registration and preparation for issuing of the bond in order to issue the bond at appropriate time. The fund raised can fulfill the capital requirement of the business development and further optimised the capital structure and lowered the composite capital costs. During the Reporting Period, the Company withdrew RMB811 million of short-term loan as cash flow for operation. On 14 August 2015, the Company issued medium-term notes with total amount of RMB0.9 billion bearing a term of 3 years and nominal interest rate of 3.95%.

The Group's composite borrowing costs for the Reporting Period amounted to 5.79% (2014: 5.81%), which was 0.02 percentage point lower than that in 2014. 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 Period, the Group's borrowings comprised mainly medium to long-term bank borrowings and bonds. The specific borrowing structure of the Group is shown as follows:



During the Reporting Period, the Company continued to maintain the highest rating of AAA in credit rating for borrowing enterprises, the result of follow-up debt ratings for the issued medium-term notes, enterprise bonds and corporate bonds were AAA or AA+.

As at 30 June 2015, the Group had obtained a total of RMB12.8 billion of banking facilities, including RMB7.5 billion of credit facilities specifically for projects under construction and RMB5.3 billion of general credit facilities. As at the end of the Reporting Period, unutilised banking facilities amounted to RMB4.4 billion, of which RMB211 million was credit facilities specifically for projects under construction and RMB4.19 billion was general credit facilities. As at the Reporting Date, unutilised banking facilities of the Group amounted to RMB5.2 billion.

Management Discussion and Analysis

(VI) Proposal of Profit Distribution or Conversion of Capital Reserve

1. Proposal of 2015 Interim Profit Distribution

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2015 (2014 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

2. Implementation of the 2014 Profit Distribution Proposal

Pursuant to the approval at the 2014 Annual General meeting, the Company proposed to pay a final cash dividend of RMB0.45 (tax included) per share for the year 2014 to all shareholders on the basis of the total share capital comprising 2,180,770,326 shares as at the year end of 2014, totalling RMB981,346,646.70. Such Profit Distribution Proposal were implemented before 14 July 2015.

(VII) Profit alert, with reasons therefor, that the cumulative net profit for January to September 2015 may be a substantial YOY change

As the Group recognised Gains on Disposal of Meiguan Assets of approximately RMB1.1 billion in the second quarter of 2014, and it is estimated that there would be a significant YOY decrease in the profit from entrusted construction management services in 2015, the Group's net profit for January to September 2015 is expected to decrease by approximately 50%-65% YOY. The above data, which is unaudited, was preliminary assessment and estimation of the Company based on current information and situation and is subject to the assumption that there is no substantial difference between the operating environment and business activities in future and those expected. The actual performance of the Company may be different from the above expectation due to changes in relevant affecting factors. The specific results information to be formally disclosed by the Company in the Third Quarterly Report of 2015 shall prevail. Shareholders and investors are reminded to use such information cautiously and beware of investment risks.

III. Outlook and Plans

(I) Analysis on Operating Environment

According to the data and descriptions of National Bureau of Statistics, in the first half of 2015, the pace of world economic recovery was generally slower than expected. China's economy is at a crucial phase of restructuring and transformation, where growth of traditional industries recorded a relatively significant slowdown and new industry is still under development. The overall economy is facing certain downside pressure. Nevertheless, with the implementation of government measures such as stabilising economic growth, promoting reform, restructuring, benefiting the people and preventing risks, China's economy is slowly evolving into a more stable and promising trend. We expect that China's economy will still have the momentum and potential of sustaining mid-and-high-speed growth and thereby driving a relatively stable growth of the domestic demand for highway transportation.

Due to the economic development and policy changes, it is inevitable for the toll highway industry to face the reality of increasing costs in various phases such as investment and construction, maintenance, as well as daily operation; while the return from new projects is generally decreasing. On the other hand, according to the plans of national and local authorities on road networks, the society is still having a huge demand for transportation infrastructure including expressways. Recently, the government has successively launched policies such as "Implementation Guidelines on Promoting Government and Social Capital Cooperation Models on Toll Highways", "Management Measures of Concession on Infrastructure and Utilities" and "Management Measures on Entrusted Construction of Highway Projects", aiming at guiding and encouraging social capitals to be engaged in construction and operation of infrastructure and utilities, as well as encouraging PPP Model to be adopted on toll highways and standardising the entrusted construction management in highway construction to improve the professionalised management level of highway construction projects. Facing the evolving operating conditions and policy environment, the Company has been consistently and actively communicating with competent government authorities to jointly explore new models of the industry development to enable a balanced and sustainable development of the Company. For example, the Company is negotiating with Shenzhen Government on how to effectively apply the PPP Model as the investment model of, and in the construction plans of Outer Ring Project, including but not limited to cooperative construction, obtaining operation rights at project valuation and entrusted management to unleash the respective advantages of the government and the corporation and seek solution plans taken both commercial value and public interests into account. At the backdrop of inadequacy in funds for construction and the economic measure of diversified-ownership launched in China, opportunities of acquisition, in various modes, of high quality toll highway project or participation in project investment, construction and operation management by way of innovative investment or financing modes may arise. Leveraging the experience and skills gathered within the industry, the Group can select different business models and approaches to obtain reasonable revenue and returns along with effective risk control and management.

In July 2015, Ministry of Transport published the "Amendments to Toll Highway Management Ordinance" ("Amendments") to solicit public opinions. Based on the principle of "Road Users Pay" and criteria of both fairness and efficiency, the Amendments propose the general plan of building two highway systems, of which certain amendments and improvements have been made regarding financing models, source of funds and operation management of toll highways to standardise the management and motivate social capitals to sustainably invest in highway construction and management. As the final proof of the Amendments and details of the relevant implementation have not yet been announced, currently the specific impacts on toll highway industry and the Group cannot be assessed. However, the Company believes that the continuous amendments and improvements of the relevant policies will strengthen the standardised management of the industry and be beneficial to its long-term sound development.

Management Discussion and Analysis

Along with the regional economic development and surging demand for transportation, pressure will be increased on those toll highway projects located in the Shenzhen regions which could become the target of repurchase by the government. In 2014, the Shenzhen government followed the principle of marketisation and entered into an agreement with the Company on the toll adjustment of 13.8km toll free section of Meiguan Expressway. Under this adjustment, the Group obtained reasonable compensation. Also, the adjustment is beneficial for social and economic development along the road and can enhanced the resource value and business development of the enterprises therein including the Group. Accordingly, it is a multiple-win solution for all the parties involved. Based on the overall consideration of the planning of the economic and transportation development, the Shenzhen government is intended to push forward a new arrangement and adjustment plan for the traffic organisation and this might involve one or more expressways operated, invested or managed by the Group in Shenzhen. Provided that the new arrangement for the traffic organisation is implemented, the traffic flow and composition in the road network of Shenzhen region would be affected and this might have positive or negative impact on the operational performance of other projects located in the same road network, which might lead to a greater change in the short-term profit and sources of long-term profit. At this stage, the new arrangement for the traffic organisation and the related adjustment plan has not yet been confirmed. The Company would actively negotiate and communicate with the relevant government authorities to formulate a reasonable and practicable proposal to seek mutual development.

During the first half of 2015, in response to the economic downside pressure and aiming to accomplish the target of steady growth, the central bank has cut the required reserve ratio and interest rate in certain occasions and employed the monetary policy tools more readily. Accordingly, the scale of banking facilities grew steadily, the capital in the bond market became more liquid and the interest rate of the market showed an overall downside trend. In the second half of 2015, the government is expected to maintain the proactive fiscal policy and the prudent monetary policy to ensure the reasonable liquidity. Under such environment, the Company will, according to its own needs, adjust the financing strategies when appropriate and further optimise the financial structure and actively avoid financial risks.

(II) Development Strategies of the Company

Based on the in-depth study of the changes in both internal and external environment, the fourth meeting of the seventh session of Board of the Company approved the “2015-2019 Development Strategies” in June 2015. The Company will pursue the market-oriented and innovation-driven strategy. It will continue to seize the opportunities of this era to consolidate and strengthen the core business of toll highway and actively explore and fix the direction of the new industry so as to achieve the sustainable development of the Company.

In respect of the **core business**, the Company will actively push forward the development of toll highway business and at the same time further expand the development in the four areas such as investment, construction, operation and maintenance, fostering the capital advantages and management abilities to drive the growth of its core business. As for the cultivation and development of the core business, the Company will prioritise to increase the shareholding of the existing project and focus on considering those projects located in privileged regions or in regions related to the existing businesses and closely monitor the investment prospect and opportunities of the projects in main route of national highways which have commenced operation or will soon commence operation in the PRC.

In respect of the **exploration of new industries**, the Company will follow the PRC’s policy guidance on industry development, effectively leverage the advantages of the Company and fully unleash the core competitiveness of the Company and demonstrated it as a well-structured and duplicable principle, actively explore and engage in investing in the new industries which have a higher return than the core business. This enables the Company to achieve the target of stabilising the performance growth in the near term and render new growth momentum in the longer term.

In respect of the **investment and financing management**, the Company will actively explore new investment modes. Aiming to reduce the composite capital cost and maintain a reasonable capital structure, the Company will strengthen the use of financial tools in the capital market and consolidate the internal fund management so as to fully demonstrate the Company’s advantages in investment and financing and enhance the overall competitiveness for the business development of the Company.

In respect of the **organisation strength and human resources**, the Company will commit itself to building an organisation structure which can increase the efficiency and fulfil the new development strategies. The Company will also devote itself to creating a human resources management system which can enhance the staff motivation and also in line with the best interest of the Company. The Company will also actively study and push forward the employee stock ownership plan and the establishment and implementation of share incentive mechanism to achieve the mutual growth of the enterprise, staff and shareholders' values.

(III) Operating Plans

During the second half of 2015, the key works of the Group are as follows:

- **Toll highway business:** Conduct an in-depth study on road networks and changes in traffic and adopt a targeted road networks promoting and marketing strategy. Strengthen the standardisation management, enhance the overall operation management quality and operational service standard. Be ready for 2015 national trunk highway maintenance management inspection and complete preventive maintenance works for Yanpai Expressway as planned.
- **Entrusted Management Business:** Prepare preliminary organisation and planning of the project and actively explore opportunities of entrusted construction business. Enhance procedure control and management during the project and perform an effective construction cost control. Conclude the experience of completed construction management in a timely manner and ensure completion and acceptance management and the co-ordination for the collection of entrusted construction account receivables.
- **Project development and management:** Facilitate the progress of various activities related to the Guilong Project. Successfully proceed negotiations and confirmation for the investment mode for the Outer Ring Expressway, the operational management mode for the Coastal Project and the development mode for Meilin Checkpoint Renewal Project. Put more efforts in the researching and reserving for new projects and businesses as well as ongoing risk monitoring and management.
- **Financing and financial management:** Comprehend the changes in finance environment and credit policy in a timely manner, adjust the overall financing strategy and the execution plan in phases in due course. Issue debentures in accordance with the actual needs of the Company when appropriate and conduct an in-depth research on diversification of the shareholder base and equity financing. The Group will continue to strengthen the management of financial resources in order to fulfill the capital demands of operation and development.

Significant Events

Connected Transaction

During the Reporting Period, there is no significant connected transaction (as defined in the relevant PRC regulatory rules) occurred by the Company or its subsidiaries. As at the Reporting Date, there is no non-operating fund occupancy by the controlling shareholders and its connected parties arising in the Company.

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 2015 Interim, the amount of entrusted assets and entrusted management fees accounted for by Magerk Company was RMB775,460,000 and RMB40,645,000 respectively. For 2015 Interim, Magerk Company recorded operating profit of RMB71,218,000, representing 10.15% of the operating profit of the Group, and net profit of RMB53,413,000, with net profit attributable to the Group being RMB29,377,000 after deducting minority interests, representing 5.45% 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.

External Guarantees

Unit: RMB million, unless otherwise stated

External guarantees of the Company (excluding guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Amount of guarantee	Date of occurrence (date of agreement)	Commencement of guarantee	End of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not	Guarantee for connected party or not
The Company	China Construction Bank Shenzhen Branch	800	20 Apr 2007	Aug 2007	Repayment of corporate bonds of the Company (principal and interests)	Joint liability guarantee ⁽¹⁾	No	No	No	No
Total amount of guarantees occurred during the Reporting Period										0
Total balance of guarantees as at the end of the Reporting Period (A)										800
Guarantees for subsidiaries of the Company										
Total amount of guarantees occurred for subsidiaries during the Reporting Period										0 ⁽²⁾
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)										0
Total amount of guarantees of the Company (including guarantees for subsidiaries)										
Total amount of guarantees (A+B)										800
Proportion of total amount of guarantees to the net assets of the Company (%)										7.04
Including:										
Amount of the guarantees for shareholders, de-facto controller and their connected parties (C)										-
Amount of the guarantees directly or indirectly for those whose debt-to-asset ratio exceeded 70% (D)										800
Amount of the guarantees exceed 50% of net assets of the Company (E)										-
Total amount of the above three guarantees (C+D+E)										800
Description on unexpired guarantees may be confronted with Joint liability										N/A

Description on guarantees:

- (1) The external guarantees to China Construction Bank Shenzhen Branch have been approved by the shareholders in the 2006 Annual General Meeting of the Company. For details on the guarantee, please refer to the relevant content heading "Mortgage and Pledge of Assets" below.
- (2) 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. The above-mentioned guarantee for a subsidiary of the Company had been approved by the Board in the eighth meeting of the sixth session of Board of the Company. Guishen Company had entered into agreements regarding the bank loans/credit facilities of RMB800 million under above-mentioned guarantees. As at the end of the Reporting Period, the balance of the loan used by Guishen Company was RMB0, the guarantees provided by the Company is RMB0 in proportion to the 70% interests.
- (3) The periodical joint liability guarantees to qualified mortgage customers of "Shenzhen Expressway•Interlaken Town Phase I Group A" in accordance with the real estate industry business practices by Guizhou Property, a subsidiary of the Company, have been approved by the forth meeting of the seventh session of Board of the Company on 30 June 2015. It is expected the total amount shall not exceed RMB250 million. As at the end of the Reporting Period, the related guarantee contracts were not signed, and the guarantees provided by Guizhou Property is RMB0.
- (4) The joint liability guarantee which covers the principle, interest and relevant expenses in relation to the USD debentures to be issued by its wholly-owned subsidiary in an aggregate principal amount of not more than USD300 million in accordance with the general practice of overseas debenture market by Mei Wah Company, a subsidiary of the Company, have been approved by the shareholders in the First Extraordinary General Meeting 2015 of the Company on 20 August 2015. As at the Reporting Date, the abovementioned debentures had not been issued, the related guarantee contracts were not signed, and the guarantees provided by Mei Wah Company is RMB0.
- (5) The company has no external guarantee in violation of decision-making procedures.

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:

Assets	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)

Description on mortgage and pledge of assets:

- (1) Pledged by Qinglian Company, a subsidiary of the Company. As at the end of the Reporting Period, the balance of such consortium loans used by Qinglian Company was RMB3,924 million.

Significant Events

Other Agreements and Matters

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 contract in relation to entrustment, subcontracting, leasing or guarantee during the Reporting Period. Furthermore, there was no such prior material contract subsisting during the Reporting Period.

Undertakings

Background	Type	Undertaking party	Details	Date and deadline for performance	Deadline for performance or not	Performed timely and strictly or not
Undertakings made in Acquisition Report or Report on the Change of Equity Interests	Other	Shenzhen International/SGJ Shenzhen	Avoiding horizontal competitions and standardising connected transactions, etc. For details thereof, please refer to 《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 by undertaking parties or related contents in Annual Report 2007 of the Company.	Oct 2007	No	Yes
	Other	Shenzhen International	Made undertaking in respect of the matters such as avoiding horizontal competitions and supporting the development of the Company. The undertakings include that Shenzhen International and SIHCL shall inject their 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.	Dec 2010 Jun 2011	Yes	Yes
	Other	SIHCL		Dec 2010 May 2011	Yes	Yes
Undertakings made related to IPO	Avoiding horizontal competition	XTC Company/SGH Company	The undertaking parties will not engage in Shenzhen in any industry or business in any form, which, directly or indirectly, competes with the Company.	Jan 1997	No	Yes

Information on Corporate Governance

The Company is listed on both SSE and HKEx. The Company has to comply with the applicable laws and regulatory requirements for securities regarding the practice of corporate governance of both places. During the Reporting Period, the Company complied with the Company Law and the relevant requirements issued by China Securities Regulatory Commission. The Company has also fully adopted all the code provisions of the “Corporate Governance Code” as set out in Appendix 14 of the Listing Rules of HKEx and there is no material deviation or breach of the code provisions occurred. The Company strives to achieve a better corporate governance practices, for details, please refer to the content in Annual Report 2014 of the Company.

Employees, Remuneration and Training

As at 30 June 2015, the Group (including the Company and its subsidiaries consolidated into the financial statements) had 3,386 employees, of whom 715 were management and professional staffs while 2,671 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 III\21 and VI\19 to the Financial Statements of this report.

During the Period, the Company had organised 24 trainings, with a total of 807 participants.

Review of Interim Results

The 2015 interim financial information and the comparative figures for the same period of 2014 are prepared in accordance with CASBE, and also were complied with the disclosure requirements under the Listing Rules of HKEx. The Audit Committee of the Company has reviewed and endorsed the Group's 2015 interim financial statements and the interim report. The relevant financial information has not been audited.

Name of Directors

As at the Reporting Date, the Directors of the Company are Mr. Hu Wei (Executive Director and Chairman of the Board), Mr. Wu Ya De (Executive Director and President), Mr. Wang Zeng Jin (Executive Director), Mr. Li Jing Qi (Non-executive Director), Mr. Zhao Jun Rong (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. Au Sing Kun (Independent Director), Mr. Lin Chu Chang (Independent Director), Mr. Hu Chun Yuan (Independent Director) and Mr. Shi Xian Liang (Independent Director).

By Order of the Board

Hu Wei

Chairman

Shenzhen, PRC, 21 August 2015

Share Capital and Shareholders

I. Profile of Movements of Share Capital

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

II. 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:

1. Total Number of Shareholders:

The total number of shareholders of the Company is 40,336, of which 40,084 were holders of A shares and 252 were holders of H shares.

2. Information of the Top Ten Shareholders and the Top Ten Holders of Non-restricted Circulating Shares of the Company

Unit: share

The top ten shareholders						
Name of shareholder	Changes during the Reporting Period	Number of shares held	Percentage (%)	Number of restricted circulating shares held	Number of shares pledged or frozen	Nature of shareholders
HKSCC NOMINEES LIMITED	+8,248,000	717,623,098	32.91	–	Unknown	Overseas legal person
Xin Tong Chan Development (Shenzhen) Company Limited	–	654,780,000	30.03	–	None	Domestic non-state-owned legal person
Shenzhen Shen Guang Hui Highway Development Company	–	411,459,887	18.87	–	None	Domestic non-state-owned legal person
China Merchants Hua Jian Highway Investment Co., Ltd	–	87,211,323	4.00	–	None	State-owned legal person
Guangdong Roads and Bridges Construction Development Company Limited	–	61,948,790	2.84	–	None	State-owned legal person
AU SIU KWOK	–	11,000,000	0.50	–	Unknown	Overseas natural person
IP KOW	–	9,100,000	0.42	–	Unknown	Overseas natural person
WANG YAO WO	+4,689,534	4,689,534	0.22	–	Unknown	Domestic natural person
HONG KONG SECURITIES CLEARING COMPANY LTD.	+2,631,065	4,333,766	0.20	–	Unknown	Overseas legal person
China Construction Bank Corporation – Bosera Zhongzheng Taojin Dashuju 100 Index Securities Investment Fund	+2,808,801	2,808,801	0.13	–	Unknown	Unknown

Unit: share

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	717,623,098	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
WANG YAO WO	4,689,534	A Share
HONG KONG SECURITIES CLEARING COMPANY LTD.	4,333,766	A Share
China Construction Bank Corporation – Bosera Zhongzheng Taojin Dashuju 100 Index Securities Investment Fund	2,808,801	A Share
Connected relationship or concerted action relationship among the abovementioned shareholders	<p>XTC Company and SGH Company are connected persons under the same control of Shenzhen International.</p> <p>There is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.</p>	

Note:

- (1) The H shares held by HKSCC NOMINEES LIMITED were held on behalf of various clients.
- (2) The A shares held by HONG KONG SECURITIES CLEARING COMPANY LIMITED were held on behalf of the overseas participants under Shanghai-Hong Kong Stock Connect Program.

3. Disclosure of Interests of Shareholders Pursuant to the Listing Rules of HKEx

As at 30 June 2015, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), or in accordance with the notice received by the Company and the HKEx, were as follows:

A Shares:

Name of shareholder	Capacity	Number of A Shares of the Company held	Percentage of total issued A 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)

Share Capital and Shareholders

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/Custodian ⁽⁵⁾	52,007,487(L)	6.95%(L)
		2,420,000(S)	0.32%(S)
		19,495,042(P)	2.60%(P)
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)
Deutsche Bank Aktiengesellschaft	Beneficial owner/Person having a security interest in shares/Interest of corporation controlled/Custodian ⁽⁶⁾	38,280,135(L)	5.12%(L)
		1,924,000(S)	0.26%(S)
		6,789,000(P)	0.91%(P)

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

Notes:

- (1) All the A 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 A Shares were directly held by XTC Company as beneficial owner, 411,459,887 A 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 43.77% interests in Shenzhen International. Pursuant to Securities and Futures Ordinance, SIHCL was deemed to be interested in shares of the Company owned by Shenzhen International.
- (5) The relevant interests of JPMorgan Chase & Co. were held via JPMorgan Chase & Co. and its subsidiaries.
- (6) The relevant interests of Deutsche Bank Aktiengesellschaft were held via Deutsche Bank Aktiengesellschaft and its subsidiaries.

Save as disclosed above, the register required to be kept under Section 336 of Part 15 of Securities and Futures Ordinance 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 2015.

4. The Controlling Shareholders and the De-facto Controller

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

III. Others

1. 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.

2. 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+ issuer rate and credit rate of the bond

Directors, Supervisors, Senior Management

I. Changes of the Directors, Supervisors and Senior Management

1. Personal Changes

Name	Position	Change	Reason for the change
GE Fei	Vice-president	Resign, with resign application approved by the board of directors on 20 March 2015	Personal Development

2. The Changes in the Information of the Directors of the Company Disclosed Pursuant to Rule 13.51B(1) of the Listing Rules of HKEx

- (1) Mr. TSE Yat Hong, Director, has resigned as the independent director of Casablanca Group Limited (a HKEx listed company) since 1 April 2015.
- (2) Mr. WANG Zeng Jin, Director, has re-designated from a non-executive director to an executive director of the Company since 28 April 2015.

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

1. The Changes in Shareholding

During the Reporting Period, none of the Directors, the Supervisors or the Senior Management had held or traded the stock of the Company or be granted equity incentive by the Company.

2. Disclosure of Interests of the Management Pursuant to the Listing Rules of HKEx

As at 30 June 2015, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which were required to be entered into the register maintained by the Company under Section 352 of Securities and Futures Ordinance (including deemed interests and short positions under such provisions of Securities and Futures Ordinance) 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 2015	Change during the Period	Approximate percentage of ordinary shares in issued share capital of Shenzhen International	Nature of interests	Capacity
LI Jing Qi	864,840	–	0.05%	Personal	Beneficial owner
Hu Wei	115,692	-66,308	0.01%	Personal	Beneficial owner

Interests in share option of Shenzhen International:

Name	Share option unexercised as at 30 June 2015 ^{Note}	Date of grant of share options	Exercise price of share options	Exercise period of share options	Changes during the Reporting Period	Nature of interests	Capacity
Hu Wei	1,050,000	2014.01.29	HK\$10.40	2016.01.29-2019.01.28	–	Personal	Beneficial owner
Wang Zeng Jin	29,000	2010.09.28	HK\$5.80	2012.09.28-2015.09.27	–	Personal	Beneficial owner
	400,000	2014.01.29	HK\$10.40	2016.01.29-2019.01.28	–		
Li Jing Qi	510,000	2010.09.28	HK\$5.80	2012.09.28-2015.09.27	–	Personal	Beneficial owner
	1,330,000	2014.01.29	HK\$10.40	2016.01.29-2019.01.28	–		
Zhao Jun Rong	348,657	2010.09.28	HK\$5.80	2012.09.28-2015.09.27	–	Personal	Beneficial owner
	1,050,000	2014.01.29	HK\$10.40	2016.01.29-2019.01.28	–		
Tse Yat Hong	1,430,000	2010.09.28	HK\$5.80	2012.09.28-2015.09.27	–	Personal	Beneficial owner
	1,050,000	2014.01.29	HK\$10.40	2016.01.29-2019.01.28	–		
Zhong Shan Qun	473,250	2010.09.28	HK\$5.80	2012.09.28-2015.09.27	–	Personal	Beneficial owner
	1,050,000	2014.01.29	HK\$10.40	2016.01.29-2019.01.28	–		

Note: The share options unexercised could be exercised during the respective exercise period pursuant to the grant provision.

Saved as disclosed above, as at 30 June 2015, none of the Directors, the Supervisors or the Chief Executive had interests or short positions defined above.

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 Appendix 10 to the Listing Rules of HKEx entitled “Model Code for Securities Transactions by Directors of Listed Issuers” and the relevant provisions of the domestic securities regulatory authorities, as a written guide to regulate dealings in the Company’s securities by Directors, Supervisors and relevant staff. The “Securities Transaction Code” of the Company has included and exceeded the standards set by Appendix 10 to the Listing Rules of HKEx to a certain extent.

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.

信守承諾 · 待之以誠

承諾

Interim Financial Statements

Interim Financial Statements For the six months ended 30 June 2015 (unaudited)

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Supplementary Information

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Consolidated Balance Sheet

As at 30 June 2015

(All amounts in RMB unless otherwise stated)

Item	Note	30 June 2015	31 December 2014
Current assets			
Cash at bank and on hand	V.1	1,200,487,689.77	1,634,298,872.34
Accounts receivable	V.2	626,075,625.14	721,306,986.74
Advances to suppliers	V.3	396,515,880.28	236,721,569.18
Dividends receivable		–	489,718.03
Other receivables	V.4	11,461,452.81	98,912,102.78
Inventories	V.5	483,283,102.47	534,747,975.10
Held for sale assets	V.6	107,145,926.97	–
Current portion of non-current assets	V.7	800,000,000.00	800,000,000.00
Other current assets		492,454.38	34,204.14
Total current assets		3,625,462,131.82	4,026,511,428.31
Non-current assets			
Long-term prepayments		4,616,400.00	3,814,521.00
Available-for-sale financial assets	V.8	30,170,000.00	30,170,000.00
Long-term receivable	V.9	1,367,696,885.21	1,291,779,890.93
Long-term equity investments	V.10	2,269,002,783.79	1,695,490,572.34
Investment properties	V.11	14,389,975.00	14,677,825.00
Fixed assets	V.12	989,305,562.71	1,031,397,945.38
Construction in progress	V.13	48,462,289.97	26,931,901.19
Intangible assets	V.14	15,800,923,400.29	16,154,661,734.98
Long-term prepaid expenses		3,232,429.86	2,384,813.62
Deferred tax assets	V.15	52,467,940.49	51,503,576.27
Total non-current assets		20,580,267,667.32	20,302,812,780.71
Total assets		24,205,729,799.14	24,329,324,209.02

Consolidated Balance Sheet

As at 30 June 2015

(All amounts in RMB unless otherwise stated)

Item	Note	30 June 2015	31 December 2014
Current liabilities			
Short-term borrowings	V.16	360,000,000.00	23,667,000.00
Accounts payable	V.17	146,382,829.37	164,270,951.61
Advances from customers	V.18	27,867,347.74	18,321,684.85
Employee benefits payable	V.19	51,109,292.95	107,549,071.63
Taxes payable	V.20	106,045,736.18	529,265,388.87
Interest payable	V.21	164,712,619.28	102,381,629.53
Dividends payable	V.22	302,136,742.40	28,625,546.59
Other payables	V.23	649,794,491.22	935,704,622.38
Current portion of non-current liabilities	V.24	1,160,668,784.54	1,022,387,329.23
Other current liabilities	V.28	3,464,972.66	2,794,486.25
Total current liabilities		2,972,182,816.34	2,934,967,710.94
Non-current liabilities			
Long-term borrowings	V.25	4,199,074,000.00	3,898,864,000.00
Bonds payable	V.26	3,291,644,469.89	3,290,387,574.51
Provisions	V.27	89,914,347.72	88,745,908.12
Deferred revenue	V.28	157,646,203.48	162,850,000.00
Deferred tax liabilities	V.15	761,822,361.55	773,462,469.63
Other non-current liabilities	V.29	59,873,950.68	59,873,950.68
Total non-current liabilities		8,559,975,333.32	8,274,183,902.94
Total liabilities		11,532,158,149.66	11,209,151,613.88
Owners' equity			
Share capital	V.30	2,180,770,326.00	2,180,770,326.00
Capital surplus	V.31	2,274,351,523.42	2,274,351,523.42
Other comprehensive income	V.32	893,604,159.01	893,604,159.01
Surplus reserve	V.33	1,884,591,029.74	1,884,591,029.74
Undistributed profits	V.34	4,121,876,950.88	4,564,264,823.15
Total equity attributable to owners of the Company		11,355,193,989.05	11,797,581,861.32
Minority interests	VII.1(2)	1,318,377,660.43	1,322,590,733.82
Total owners' equity		12,673,571,649.48	13,120,172,595.14
Total liabilities and owners' equity		24,205,729,799.14	24,329,324,209.02

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

Legal representative: **Hu Wei** Chief Financial Officer: **Gong Taotao** Head of accounting department: **Sun Bin**

Balance Sheet

As at 30 June 2015

(All amounts in RMB unless otherwise stated)

Item	Note	30 June 2015	31 December 2014
Current assets			
Cash at bank and on hand		764,035,705.42	751,278,240.85
Accounts receivable	XIV.1	504,606,294.51	530,410,157.03
Advances to suppliers		625,292.02	2,084,326.00
Interest receivable		–	383,184.71
Dividends receivable		692,000,000.00	692,000,000.00
Other receivables	XIV.2	1,145,959,431.41	736,893,668.46
Inventories		1,634,753.88	3,175,552.09
Total current assets		3,108,861,477.24	2,716,225,129.14
Non-current assets			
Long-term prepayments		3,329,760.00	1,664,880.00
Available-for-sale financial assets		30,170,000.00	30,170,000.00
Long-term receivables	XIV.3	1,170,000,000.00	1,250,000,000.00
Long-term equity investments	XIV.4	7,151,537,787.75	6,626,784,885.87
Investment properties		14,389,975.00	14,677,825.00
Fixed assets		523,202,942.74	547,373,562.80
Construction in progress		14,372,092.40	12,161,401.55
Intangible assets		4,433,063,602.54	4,529,457,659.04
Long-term prepaid expenses		483,640.72	843,318.50
Deferred tax assets		51,215,924.76	50,164,928.19
Total non-current assets		13,391,765,725.91	13,063,298,460.95
Total assets		16,500,627,203.15	15,779,523,590.09

Balance Sheet

As at 30 June 2015

(All amounts in RMB unless otherwise stated)

Item	Note	30 June 2015	31 December 2014
Current liabilities			
Short-term borrowings		460,000,000.00	100,000,000.00
Accounts payable		24,873,846.40	29,353,391.40
Advances from customers		11,083,333.35	1,583,333.37
Employee benefits payable		18,369,860.19	56,568,532.10
Taxes payable		54,387,625.64	58,802,114.76
Interest payable		163,338,526.20	96,737,767.55
Dividends payable		302,136,742.40	–
Other payables		560,083,445.35	513,786,044.91
Current portion of non-current liabilities		941,118,784.54	940,227,329.23
Total current liabilities		2,535,392,164.07	1,797,058,513.32
Non-current liabilities			
Long-term borrowings		450,000,000.00	–
Bonds payable		3,296,377,225.04	3,295,454,406.48
Provisions		89,914,347.72	88,745,908.12
Total non-current liabilities		3,836,291,572.76	3,384,200,314.60
Total liabilities		6,371,683,736.83	5,181,258,827.92
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		1,884,591,029.74	1,884,591,029.74
Undistributed profits		3,747,994,175.84	4,217,315,471.69
Total owners' equity		10,128,943,466.32	10,598,264,762.17
Total liabilities and owners' equity		16,500,627,203.15	15,779,523,590.09

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

Legal representative: **Hu Wei** Chief Financial Officer: **Gong Taotao** Head of accounting department: **Sun Bin**

Consolidated Income Statement

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

Item	Note	For the six months ended 30 June 2015	For the six months ended 30 June 2014
1. Total Revenue		1,499,617,982.44	1,928,046,255.53
Including: Revenue from services	V.35	1,499,617,982.44	1,928,046,255.53
2. Total costs		934,233,500.08	1,259,808,359.04
Including: Cost of services	V.35	682,866,364.67	916,230,568.96
Business tax and surcharges	V.36	51,991,919.17	72,149,056.23
Selling expenses		7,008,343.84	2,090,095.01
General and administrative expenses	V.37	29,778,014.46	29,439,101.85
Financial expenses	V.38	162,588,857.94	239,899,536.99
Add: Investment income	V.39	136,619,965.68	108,300,525.75
Including: Share of profit of associates and joint ventures		133,619,965.68	108,300,525.75
3. Operating profits		702,004,448.04	776,538,422.24
Add: Non-operating income	V.40	1,051,399.45	1,507,244,993.60
Including: Gains on disposal of non-current assets		841,047.50	1,500,743,270.25
Less: Non-operating expenses	V.41	1,711,661.73	1,677,577.81
Including: Losses on disposal of non-current assets		1,709,823.59	71,358.29
4. Total profit		701,344,185.76	2,282,105,838.03
Less: Income tax expenses	V.42	140,027,602.79	523,306,923.77
5. Net profit		561,316,582.97	1,758,798,914.26
Net profit attributable to owners of the Company		538,958,774.43	1,697,330,182.85
Minority interests		22,357,808.54	61,468,731.41
6. Other comprehensive income after tax		–	217,066.91
Other comprehensive income after tax attributable to owners of the Company		–	217,066.91
(1) Item that may not be reclassified subsequently to profit and loss		–	–
(2) Item that may be reclassified subsequently to profit and loss		–	217,066.91
The effective profit/loss parts of cash flow hedges		–	217,066.91
7. Total comprehensive income		561,316,582.97	1,759,015,981.17
Total comprehensive income attributable to owners of the company		538,958,774.43	1,697,547,249.76
Total comprehensive income attributable to minority interest		22,357,808.54	61,468,731.41
8. Earnings per share			
Basic earnings per share (RMB/share)	V.47(1)	0.247	0.778
Diluted earnings per share (RMB/share)	V.47(1)	0.247	0.778

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

Legal representative: **Hu Wei** Chief Financial Officer: **Gong Taotao** Head of accounting department: **Sun Bin**

Income Statement

For the period ended 30 June 2015

(All amounts in RMB unless otherwise stated)

Item	Note	For the six months ended 30 June 2015	For the six months ended 30 June 2014
1. Revenue from services	XIV.5	597,690,238.14	773,025,942.95
Less: Cost of services	XIV.5	222,984,754.78	337,921,152.61
Business tax and surcharges		21,068,536.81	32,481,776.05
General and administrative expenses		24,770,893.41	16,130,807.01
Financial expenses		73,877,805.20	112,459,834.17
Add: Investment income	XIV.6	320,625,840.38	762,375,579.64
Including: Share of profit of associates and joint ventures		133,619,965.68	108,300,525.75
2. Operating profit		575,614,088.32	1,036,407,952.75
Add: Non-operating income		102,540.50	7,316,911.47
Including: Gains on disposal of non-current assets		14,600.00	1,419,846.32
Less: Non-operating expenses		1,329,163.54	1,209,329.87
Including: Losses on disposal of non-current assets		1,329,058.33	15,610.35
3. Total profit		574,387,465.28	1,042,515,534.35
Less: Income tax expenses		62,362,114.43	69,674,597.04
4. Net profit		512,025,350.85	972,840,937.31
5. Other comprehensive income		-	-
6. Total comprehensive income		512,025,350.85	972,840,937.31

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

Legal representative: **Hu Wei**

Chief Financial Officer: **Gong Taotao**

Head of accounting department: **Sun Bin**

Consolidated Cash Flow Statement

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

Item	Note	For the six months ended 30 June 2015	For the six months ended 30 June 2014
1. Cash flows from operating activities			
Cash received from rendering services		1,590,782,202.05	1,589,596,892.42
Refund of taxes		122,411.45	–
Cash received relating to other operating activities	V.43(1)	111,524,716.86	184,332,133.95
Sub-total of cash inflows		1,702,429,330.36	1,773,929,026.37
Cash paid for goods and services		188,945,456.56	252,388,576.28
Cash paid to and on behalf of employees		186,619,424.82	178,921,869.60
Payments of taxes and surcharges		639,284,589.06	198,498,917.63
Cash paid relating to other operating activities	V.43(2)	288,191,047.77	359,625,794.39
Sub-total of cash outflows		1,303,040,518.21	989,435,157.90
Net cash flows from operating activities	V.44(1)	399,388,812.15	784,493,868.47
2. Cash flows from investing activities			
Cash received from recovery of investments		8,748,443.15	–
Cash received from returns on investments		78,659,311.08	34,984,223.28
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		23,760.00	755,285,040.00
Cash received from disposal of subsidiaries and other business units		3,000,000.00	–
Cash received relating to other investing activities	V.43(3)	11,969,941.52	8,963,412.67
Sub-total of cash inflows		102,401,455.75	799,232,675.95
Cash paid to acquire fixed assets and other long-term assets		66,947,001.98	193,851,499.75
Net cash paid to acquire subsidiaries and other business units	X.7(2)	524,300,000.00	–
Cash paid relating to other investing activities		6,179,073.80	200,000.00
Sub-total of cash outflows		597,426,075.78	194,051,499.75
Net cash flows from investing activities		(495,024,620.03)	605,181,176.20
3. Cash flows from financing activities			
Cash received from capital contributions		–	60,265,952.56
Including: Cash received from capital contributions by minority shareholders of subsidiaries		–	60,265,952.56
Cash received from borrowings		810,000,000.00	55,041,000.00
Cash received from bonds		–	994,250,000.00
Sub-total of cash inflows		810,000,000.00	1,109,556,952.56
Cash repayments of borrowings		36,067,000.00	638,881,360.00
Cash payments for interest expenses and distribution of dividends or profits		907,999,379.14	444,141,329.41
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		55,196,428.52	33,334,969.11
Cash payments relating to other financing activities	V.43(4)	107,895.79	301,214,032.71
Sub-total of cash outflows		944,174,274.93	1,384,236,722.12
Net cash flows from financing activities		(134,174,274.93)	(274,679,769.56)
4. Effect of foreign exchange rate changes on cash		(411,306.23)	10,778.55
5. Net increase/(decrease) in cash	V.44(1)	(230,221,389.04)	1,115,006,053.66
Add: Cash at beginning of period		1,255,154,897.37	1,089,636,663.10
6. Cash at end of period		1,024,933,508.33	2,204,642,716.76

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

Legal representative: **Hu Wei** Chief Financial Officer: **Gong Taotao** Head of accounting department: **Sun Bin**

Cash Flow Statement

For the period ended 30 June 2015

(All amounts in RMB unless otherwise stated)

Item	Note	For the six months ended 30 June 2015	For the six months ended 30 June 2014
1. Cash flows from operating activities			
Cash received from rendering services		634,797,667.32	580,703,523.95
Cash received relating to other operating activities		287,866,917.74	118,182,779.59
Sub-total of cash inflows		922,664,585.06	698,886,303.54
Cash paid for goods and services		78,380,240.23	120,133,102.36
Cash paid to and on behalf of employees		101,543,686.16	94,265,738.49
Payments of taxes and surcharges		90,732,741.24	48,518,564.17
Cash paid relating to other operating activities		403,343,743.31	16,482,604.22
Sub-total of cash outflows		674,000,410.94	279,400,009.24
Net cash flows from operating activities		248,664,174.12	419,486,294.30
2. Cash flows from investing activities			
Cash received from recovery of investments		57,507,752.78	58,413,683.37
Cash received from returns on investments		262,665,185.66	689,059,277.17
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,600.00	1,500,000.00
Cash received relating to other investing activities		222,800,557.88	375,292,300.41
Sub-total of cash inflows		542,988,096.32	1,124,265,260.95
Cash paid to acquire fixed assets and other long-term assets		14,029,761.77	42,389,760.44
Net cash paid to acquire subsidiaries and other business units		524,300,000.00	131,014,049.21
Cash paid relating to other investing activities		203,324,780.00	390,000,000.00
Sub-total of cash outflows		741,654,541.77	563,403,809.65
Net cash flows from investing activities		(198,666,445.45)	560,861,451.30
3. Cash flows from financing activities			
Cash received from borrowings		810,000,000.00	-
Cash received from bonds		-	994,250,000.00
Sub-total of cash inflows		810,000,000.00	994,250,000.00
Cash repayments of borrowings		-	256,250,000.00
Cash payments for interest expenses and distribution of dividends or profits		735,589,654.30	279,305,451.06
Cash payments relating to other financing activities		33,005.27	300,211,347.35
Sub-total of cash outflows		735,622,659.57	835,766,798.41
Net cash flows from financing activities		74,377,340.43	158,483,201.59
4. Effect of foreign exchange rate changes on cash		(2,836.01)	(13,607.71)
5. Net increase/(decrease) in cash		124,372,233.09	1,138,817,339.48
Add: Cash at beginning of period		605,631,016.66	415,547,266.82
6. Cash at end of period		730,003,249.75	1,554,364,606.30

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

Legal representative: **Hu Wei**

Chief Financial Officer: **Gong Taotao**

Head of accounting department: **Sun Bin**

Consolidated Statement of Changes in Owners' Equity

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2015						
	Attributable to owners of the Company						
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profit	Minority interests	Total owners' equity
1. Ending balance on 31 December 2014	2,180,770,326.00	2,274,351,523.42	893,604,159.01	1,884,591,029.74	4,564,264,823.15	1,322,590,733.82	13,120,172,595.14
2. Movements for the period ended 30 June 2015	-	-	-	-	(442,387,872.27)	(4,213,073.39)	(446,600,945.66)
(1) Total comprehensive income	-	-	-	-	538,958,774.43	22,357,808.54	561,316,582.97
Net profit	-	-	-	-	538,958,774.43	22,357,808.54	561,316,582.97
(2) Profit distribution (Note V.34)	-	-	-	-	(981,346,646.70)	(26,570,881.93)	(1,007,917,528.63)
Profit distribution to equity owners	-	-	-	-	(981,346,646.70)	(26,570,881.93)	(1,007,917,528.63)
3. Ending balance on 30 June 2015	2,180,770,326.00	2,274,351,523.42	893,604,159.01	1,884,591,029.74	4,121,876,950.88	1,318,377,660.43	12,673,571,649.48

Item	For the six months ended 30 June 2014						
	Attributable to owners of the Company						
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profit	Minority interests	Total owners' equity
1. Ending balance on 31 December 2013	2,180,770,326.00	3,182,754,363.49	-	1,681,423,475.54	2,929,472,264.02	1,264,565,231.15	11,238,985,660.20
Add: changes in accounting policies	-	(908,402,840.07)	908,402,840.07	-	-	-	-
2. Opening balance on 1 January 2014	2,180,770,326.00	2,274,351,523.42	908,402,840.07	1,681,423,475.54	2,929,472,264.02	1,264,565,231.15	11,238,985,660.20
3. Movements for the period ended 30 June 2014	-	-	217,066.91	-	1,348,406,930.69	88,399,714.86	1,437,023,712.46
(1) Total comprehensive income	-	-	217,066.91	-	1,697,330,182.85	61,468,731.41	1,759,015,981.17
Net profit	-	-	-	-	1,697,330,182.85	61,468,731.41	1,758,798,914.26
Other comprehensive income	-	-	217,066.91	-	-	-	217,066.91
(2) Capital injection by investors	-	-	-	-	-	60,265,952.56	60,265,952.56
Capital injection by investors	-	-	-	-	-	60,265,952.56	60,265,952.56
(3) Profit distribution	-	-	-	-	(348,923,252.16)	(33,334,969.11)	(382,258,221.27)
Profit distribution to equity owners	-	-	-	-	(348,923,252.16)	(33,334,969.11)	(382,258,221.27)
4. Ending balance on 30 June 2014	2,180,770,326.00	2,274,351,523.42	908,619,906.98	1,681,423,475.54	4,277,879,194.71	1,352,964,946.01	12,676,009,372.66

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

Legal representative: **Hu Wei**

Chief Financial Officer: **Gong Taotao**

Head of accounting department: **Sun Bin**

Statement of Changes in Owners' Equity

For the period ended 30 June 2015

(All amounts in RMB unless otherwise stated)

Item	For the six months ended 30 June 2015				
	Share capital	Capital surplus	Surplus reserve	Undistributed profit	Total owner's equity
1. Opening balance on 1 January 2015	2,180,770,326.00	2,315,587,934.74	1,884,591,029.74	4,217,315,471.69	10,598,264,762.17
2. Movements for the period ended 30 June 2015	-	-	-	(469,321,295.85)	(469,321,295.85)
(1) Total comprehensive income	-	-	-	512,025,350.85	512,025,350.85
Net profit	-	-	-	512,025,350.85	512,025,350.85
(2) Profit distribution (Note V.34)	-	-	-	(981,346,646.70)	(981,346,646.70)
Profit distribution to equity owners	-	-	-	(981,346,646.70)	(981,346,646.70)
3. Ending balance on 30 June 2015	2,180,770,326.00	2,315,587,934.74	1,884,591,029.74	3,747,994,175.84	10,128,943,466.32

Item	For the six months ended 30 June 2014				
	Share capital	Capital surplus	Surplus reserve	Undistributed profit	Total owner's equity
1. Ending balance on 31 December 2013	2,180,770,326.00	2,315,587,934.74	1,681,423,475.54	2,737,730,736.05	8,915,512,472.33
Add: changes in accounting policies	-	-	-	-	-
2. Opening balance on 1 January 2014	2,180,770,326.00	2,315,587,934.74	1,681,423,475.54	2,737,730,736.05	8,915,512,472.33
3. Movements for the period ended 30 June 2014	-	-	-	623,917,685.15	623,917,685.15
(1) Total comprehensive income	-	-	-	972,840,937.31	972,840,937.31
Net profit	-	-	-	972,840,937.31	972,840,937.31
(2) Profit distribution	-	-	-	(348,923,252.16)	(348,923,252.16)
Profit distribution to equity owners	-	-	-	(348,923,252.16)	(348,923,252.16)
4. Ending balance on 30 June 2014	2,180,770,326.00	2,315,587,934.74	1,681,423,475.54	3,361,648,421.20	9,539,430,157.48

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

Legal representative: **Hu Wei**

Chief Financial Officer: **Gong Taotao**

Head of accounting department: **Sun Bin**

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

I GENERAL INFORMATION

1 General information of the Company

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.

2 The consolidation scope

The detailed information of principal subsidiaries consolidated during the period ended 30 June 2015 is disclosed in Note VII.1(1).

These financial statements have been approved for issue by the Company's Board of Directors on 21 August 2015.

II THE BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1 Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the specific accounting standards and the relevant regulations issued thereafter (hereafter collectively referred to as "Chinese Accounting Standards") and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

2 Going concern

The financial statements are prepared on a going concern basis.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates abstracts:

The Group makes specific accounting policies and accounting estimates according to characteristics of its business operations, which include provision of bad debt of receivables (Note III.10), the criteria for determining impairment of non-current assets (Note III.19), depreciation policy of fixed assets and amortisation policy of intangible assets (Note III.15 and 18), measurement of provisions (Note III.22), revenue recognition (Note III.24) and recognition of deferred income tax assets (Note III.26)...etc.

Key judgments and estimates applied for critical accounting policies by the Group are disclosed in Note III.28.

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

1 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements for the six months ended 30 June 2015 are in compliance with the Chinese Accounting Standards, and truly and completely present the state of affairs as of 30 June 2015 and the operating results, cash flows and other information for the six months ended 30 June 2015 of the Group and the Company.

2 Accounting period

The accounting year starts on 1 January 2015 and ends on 30 June 2015.

3 Operating cycle

Except for the real estate business, the operating cycle of the Group's business is relatively short. The classification criterion of asset and liability's liquidity is 12-months. The operating cycle of real estate business would generally be longer than 12 months, counted from the commencement of development to collection of sales proceeds, which is also determined as the classification criterion of the liquidity of assets and liabilities in this business.

4 Functional currency

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

5 The accounting treatment of business combinations involving enterprises under common control and business combinations involving enterprises not under common control

(1) 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.

(2) 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.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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 as well as comprehensive income not attributable to Company are recognised as minority interests, net profit and losses attributable to minority interests as well as and comprehensive income attributable to minority interests presented separately in the consolidated financial statements within equity and net profit as well as total comprehensive income respectively. The unrealised profit and losses arising from sales of assets to subsidiaries by the Company are fully eliminated against net profit attributable to owners of the Company. The unrealised profit and losses arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' shareholding on the subsidiaries. The unrealised profit and losses arising from sales of between subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' share holdings on the subsidiary who solds.

The difference on recognising a same transaction between on the accounting subjects of the Group and of the Company or its subsidiaries would be adjusted on the accounting subject of the Group.

7 The recognition of 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.

8 Foreign currency transaction 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.

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9 Financial instruments

(1) Financial assets

(a) *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, receivables and available-for-sale financial assets.

Receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

(b) *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 and available-for-sale financial assets are subsequently measured at fair value, while 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.

(c) *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. When an impairment loss on an available-for-sale financial asset 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 determined according to the market yield of similar financial assets and recognised in profit or loss. Once the above asset impairment loss is recognised, it will not be reversed in the subsequent periods.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9 Financial instruments (continued)

(1) Financial assets (continued)

(d) 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.

(2) Financial liabilities

(a) 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.

(b) 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.

(3) 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. In case the relevant observable inputs cannot/ impracticably obtained, the unobservable inputs would be used.

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10 Receivables

Receivables comprise accounts receivable, long-term receivables 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.

(1) 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.

The criterion applied to individually significant balances	For accounts receivable, any individual amount exceeds RMB5,000,000.00 is considered to be 'individually significant'; for other receivables, the criteria is any individual amount which exceeds RMB1,000,000.00.
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Bad debt provision for receivables that are individually significant	Bad debt provision is made for the difference between the carrying amount and the present value of the estimated cash flows.
--	--

(2) Receivables that are subject to provision by group with similar credit risk characteristics

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.

Bad debt provision for receivables that are subject to provision by group with similar credit risk characteristics

Group 1	Receivables from government and related parties
Group 2	Receivables from other third parties
Group 1	Other appropriate methods
Group 2	Aging analysis method and other appropriate methods

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

Aging	Provisioning percentage applied for accounts receivable	Provisioning percentage applied for other receivables
Within 3 years (including 3 years)	–	–
Over 3 years	100	100

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10 Receivables (continued)

(2) Receivables that are subject to provision by group with similar credit risk characteristics (continued)

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

Name of the group	Provisioning percentage applied for accounts receivable	Provisioning percentage applied for other receivables
Group 1 and Group 2 with aging within 3 years	No provision for receivables from governments, related parties and other third parties with aging not later than 3 years unless there is objective evidence that the Group will not be able to collect the full amount under the original terms of the receivable.	No provision for receivables from governments, related parties and other third parties with aging not later than 3 years unless there is objective evidence that the Group will not be able to collect the full amount under the original terms of the receivable.

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

The basis for 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 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

(1) Classification

Inventories include purchased land to be developed including related tax charges and development costs, 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.

Real estate properties comprise properties developed, properties under development and properties to be developed. Properties developed represent those properties completed and for sale, while properties under development represent those properties still in construction and for the sale purpose, and properties to be developed represent those purchased lands which have been planned to be constructed as properties developed.

(2) 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.

(3) 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.

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III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12 Held for sale

A non-current asset or a disposal group satisfying the following conditions is classified as held for sale: (1) The non-current asset or disposal group can be disposed immediately according to the customary provisions provided for the disposal of such non-current asset or disposal group; (2) the Group has made a resolution for disposal of the non-current asset or disposal group which has been approved; (3) an irrevocable contract with the transferee has been signed and; (4) the transfer will be completed within one year.

Non-current assets, except for financial assets and deferred tax assets, that meet the recognition criteria for held for sale are measured at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as an asset impairment loss.

Asset and liability included in the non-current asset or disposal group that has been classified as held for sale are categorised as current asset and current liability.

13 Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries as well as the Group's long-term equity investments in its joint ventures and associates.

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.

(1) Determination of investment costs

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 costs.

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.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13 Long-term equity investments (continued)

(2) 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.

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.

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

Control is the power to the investee, to make itself exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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.

(4) 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 III.19).

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III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14 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 life	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 III.19).

15 Fixed assets

(1) 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.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15 Fixed assets (Continued)

(2) 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.

Type	Depreciation method	Estimated useful lives (year)	Estimated residual value rate	Annual depreciation rate
Buildings				
– Office building	Straight-line	20-30 years	5%	3.17%-4.75%
– Temporary house	Straight-line	10 years	5%	9.50%
– Structure	Straight-line	15 years	5%	6.33%
Traffic equipment	Straight-line	8-10 years	5%	9.50%-11.87%
Motor vehicles	Straight-line	5-6 years	5%	15.83%-19.00%
Office and other equipment	Straight-line	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.

(3) 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 III.19).

(4) 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.

16 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 III.19).

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III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17 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.

18 Intangible assets

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

(1) 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, and the costs of land use rights in relation to the concession right grant (if any). The concession intangible assets are initially 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 the values were certified by the State-owned Assets Supervision and Administration Bureau ('SASAB') 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 of the Group was stated at the then revaluation amount admitted by SASAB 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 the value specified in respective 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.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18 Intangible assets (continued)

(1) Concession intangible assets (continued)

The Company assesses the total projected traffic volume annually. The Group also appoints an independent professional traffic consultant to perform independent professional traffic studies when material difference exists and likely to occur, 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 respective 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 April 2026 (Section A), July 2003 to July 2028 (Section B), March 2010 to March 2035 (Section C)	3.98
Yanpai Expressway	May 2006 to March 2027	1.49
Meiguan Expressway	May 1995 to March 2027	0.84
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	0.78
Nanguang Expressway	January 2008 to January 2033	4.22
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	3.49
Wuhuang Expressway	September 1997 to September 2022	6.52
Qinglian Expressway	July 2009 to July 2034	25.36

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.

(2) 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.

(3) 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.

(4) 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 III.19).

Notes to financial statements

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III 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 Long-term prepaid expenses

Long-term prepaid expenses include the prepaid expenditures that have been made but should be recognised 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.

21 Employee benefits

Employee benefits represent all kinds of allowances and compensations paid by the Group for services rendered by employees or for termination of employment relationship, which mainly include short-term wages, pension benefits, termination of employment benefits and other long-term staff welfares.

(1) Accounting treatment of short-term wages

Short-term wages include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds and short term paid absence and etc. Actual short-term wages are recognised as liabilities in the periods when the employees render services and are charged into profit or loss or capitalised in costs of related assets. The non-monetary welfare is measured at fair value.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21 Employee benefits (continued)

(2) Accounting treatment of pension benefits

The Group classifies the retirement benefit plans as defined contribution plans and defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund and the Group has no legal or constructive obligations to pay further contributions. A defined benefit plan is a pension plan that is not a defined contribution plan. During the reporting period, the Group's pension benefits are basic pension insurance and unemployment insurance which are all defined contribution plans.

(a) Basic pension insurance

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. The Group paid the basic pension issuance expenses monthly to designated insurance companies for its employees according to the basis amounts and rates determined by the local regulations. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

(b) Enterprise annuities plan

Besides the above social basic pension insurance, the Company establishes an enterprise annuities plan in accordance with relevant national enterprise annuity system policies ('enterprise annuities plan'), in which the Group's employees can voluntarily participate. The corresponding expenditures that appropriated by the certain proportion of employees' total wages, are recorded in profit or loss for the current period. Exception for this, the Company did not have any other significant social insurance comment to its employees.

(3) Accounting treatment of termination benefits

The Group provides compensation for the termination of employment relationship before the expiry of employment contracts or compensation to encourage employees' voluntary layoffs, which is recognised as a liability and charged to profit or loss on the earlier one when the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognised.

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.

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III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23 Dividends distribution

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

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:

- (1) The Group's toll revenue from the operations of 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.
- (2) For construction management services, when the outcome of the construction management services can be estimated reliably, construction management service 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.
- (3) For the service concessions contracts entered with the government departments, according to which the Group participates in developing, financing, operating and maintenance of the toll road construction, the Group recognised revenue and cost of services using the percentage of completion method during the construction period if the Group undertake the construction work on its own. The stage of completion is measured by reference to 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-contract the work to other parties.
- (4) The Group's revenue from the equity interest entrustment service 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.
- (5) Advertising revenue is recognised on a straight-line basis over the contract period.
- (6) 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.
- (7) Income from an operating lease is recognised on a straight-line basis over the period of the lease.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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 condition 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.

(1) The criterion and accounting treatment of government grants related to assets

Government grants related to assets represent grants obtained from government which are to compensate long-term assets purchased or other ways. Government grants related to income represent those government grants other than related to assets.

Government grants related to assets are recognised as deferred income and evenly included in profit or loss over the useful period of related assets. Government grants measured at their nominal amounts shall be directly included in the profits and losses.

(2) The criterion and accounting treatment of government grants related to income

Government grants related to income represent those government grants other than related to assets.

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.

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III 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 Other significant accounting policies and accounting estimates

Segment information

The Group identifies operating segments based on the internal organisation 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 Others

Critical accounting estimates and judgments:

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

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

(1) The estimation of construction management services income and costs

As stated in Note III.24(2), the Group recognised revenue from construction management service using the percentage of completion method when the outcome of the construction management services can be estimated reliably.

During the current period, the directors of the Company recognised construction management services income and costs according to the optimum estimation on the total investment top limit, project costs as well as other construction management services costs.

If the total investment top limit and project costs as well as the actual construction management services costs is different from management's current estimates, the construction management services income and costs will be changed prospectively.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28 Others (continued)

(2) Amortisation of concession intangible assets

As stated at Note III.18(1), amortisation of concession intangible assets is provided under the traffic volume amortisation method. Appropriate adjustments to the amortisation of concession intangible assets will be made should there be a material difference between total projected traffic volume and the actual results.

The directors perform 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 there is a material difference between projected and actual traffic volume. The Group appointed independent professional traffic consultants to perform independent professional traffic studies to its main toll roads in 2006, 2010, 2013 and 2014 and prospectively adjusted the amortisation unit according to the revised total projected traffic volume.

(3) Provisions for maintenance/resurfacing obligations

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

The expenditures expected to incur in order to settle the obligations 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 are different from management's current estimates, the provision for maintenance/resurfacing will be changed prospectively.

(4) 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.

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 which 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.

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

IV TAXATION

1 Main categories and rates of taxes:

Category	Tax base	Tax rate
Corporate income tax ('CIT')	Taxable income	25%
Business tax	Revenue from expressway toll road business	3%
Business tax	Revenue from businesses other than expressway toll road	5%
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	Amount of revenue	3%
Value added tax	Taxable advertisement income	6%

2 Others

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%
Guizhou Shengbo Landholding Company Limited ('Shengbo Company')	25%
Guizhou Shengbo Landholding Company Limited ('Shengbo Company')	25%
Guizhou Yuelong Investment Company Limited ('Yuelong Company')	25%
Guizhou Hengfengxin Property Company Limited ('Hengfengxin Company')	25%
Guizhou Henghongda Property Company Limited ('Henghongda Company')	25%
Guizhou Hengtongli Property Company Limited ('Hengtongli Company')	25%
Shenzhen Expressway Investment Property Company Limited ("Property Company")	25%
Shenzhen Expressway Luyun Project Construction Management Company Limited ("Luyun Company")	25%

- (1) 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.
- (2) According to the Notice of Tax Matters ('Long Di Shui (2015) No.24') issued by Local Tax Bureau of Longli County, Guizhou Province in 2015, Guishen Company, the subsidiary of the Company, is entitled to CIT verification collection method for the period from 1 January 2015 to 31 December 2015 and the taxable income is calculated at 8% of total revenue for the period from 1 January 2015 to 31 December 2015.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Cash at bank and on hand

Item	30 June 2015	31 December 2014
Cash on hand	12,053,367.69	11,445,715.38
Bank deposits	1,188,434,322.08	1,622,853,156.96
Total	1,200,487,689.77	1,634,298,872.34
Including: cash abroad	52,593,759.11	73,477,121.92

The Company is engaged to manage highway construction projects. As at 30 June 2015, project funds retained for construction management were RMB175,554,181.44 (31 December 2014: RMB379,143,974.97). The above project funds retained for construction management were disclosed as restricted bank balances in cash flow statement (Note V.44(2)).

2 Accounts receivable

(1) Accounts receivable are analysed by categories as follows:

Category	30 June 2015					31 December 2014				
	Ending balance		Provision for bad debts		Book value	Ending balance		Provision for bad debts		Book value
	Amount	% of total balance	Amount	% of total balance		Amount	% of total balance	Amount	% of total balance	
Individually significant and provision separately assessed	-	-	-	-	-	-	-	-	-	-
Provision assessed collectively	626,075,625.14	100.00	-	-	626,075,625.14	721,306,986.74	100.00	-	-	721,306,986.74
Group 1	517,592,108.65	82.67	-	-	517,592,108.65	660,438,689.36	91.56	-	-	660,438,689.36
Group 2	108,483,516.49	17.33	-	-	108,483,516.49	60,868,297.38	8.44	-	-	60,868,297.38
Individually not significant but provision separately assessed	-	-	-	-	-	-	-	-	-	-
Total	626,075,625.14	-	-	-	626,075,625.14	721,306,986.74	-	-	-	721,306,986.74

Accounts receivable in group of which provision was made collectively using ageing analysis method is analysed as follows:

Aging	30 June 2015			31 December 2014		
	Accounts receivable	Provision for bad debts	% of total balance	Accounts receivable	Provision for bad debts	% of total balance
Within 1 year	108,483,516.49	-	-	60,016,983.04	-	-
1 to 2 years	-	-	-	851,314.34	-	-
Total	108,483,516.49	-	-	60,868,297.38	-	-

(2) The five largest accounts receivable assembled by debtors

	Balance	Provision for bad debts	% of total balance
Total balances due from the five largest accounts receivables assemble	559,398,257.00	-	89.35%

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Accounts receivables (continued)

(3) The ageing of accounts receivables according to the recognition date is analysed below:

	30 June 2015	31 December 2014
Within 1 year	243,697,332.46	478,418,880.42
1 to 2 years	289,369,784.55	132,910,177.74
2 to 3 years	93,008,508.13	89,714,242.23
Over 3 years	–	20,263,686.35
Total	626,075,625.14	721,306,986.74

3 Advances to suppliers

As at 30 June 2015, the amount represents payment of land-transferring fund and related deed taxes made by Guishen Company and its subsidiaries, as a result of tender for land use right of a piece of land located in Longli County, Guizhou Province with area of approximately 1,080 mu. The amount was recorded in advances to suppliers as the delivery conditions in the acquisition contract had not been met. The Company plans to transfer the land use right in open market or develop the land on its own or through cooperation with others.

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

Aging	30 June 2015		31 December 2014	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	167,877,075.75	42.34	177,612,645.17	75.04
1 to 2 years	228,526,804.53	57.63	58,552,894.01	24.73
2 to 3 years	12,000.00	0.01	556,030.00	0.23
Over 3 years	100,000.00	0.02	–	–
total	396,515,880.28	100.00	236,721,569.18	100.00

As at 30 June 2015, advances to suppliers over 1 year mainly comprised advances for acquisition of land use rights and advances for designing fees which were not fully settled since the delivery conditions of the rights specified in the acquisition contracts had not been met or the contracts have not been completed.

(2) Accumulated advances to suppliers from the five largest suppliers

	Amount	% of total balance
Total accumulated advances to suppliers from the five largest suppliers	394,381,080.06	99.46%

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Other receivables

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

Item	30 June 2015					31 December 2014				
	Ending balance		Provision for bad debts			Ending balance		Provision for bad debts		
	Amount	% of total	Amount	% of total	Book value	Amount	% of total	Amount	% of total	Book value
		balance		balance			balance		balance	
Individually significant and provision separately assessed	-	-	-	-	-	-	-	-	-	-
Provision assessed collectively	11,461,452.81	100.00	-	-	11,461,452.81	98,912,102.78	100.00	-	-	98,912,102.78
Group 1	1,502,689.47	13.11	-	-	1,502,689.47	91,225,577.55	92.23	-	-	91,225,577.55
Group 2	9,958,763.34	86.89	-	-	9,958,763.34	7,686,525.23	7.77	-	-	7,686,525.23
Individually not significant but provision separately assessed	-	-	-	-	-	-	-	-	-	-
Total	11,461,452.81	-	-	-	11,461,452.81	98,912,102.78	-	-	-	98,912,102.78

Other receivables in group whose provision was assessed collectively using ageing analysis method is analysed as follows:

Aging	30 June 2015			31 December 2014		
	Other receivables	Provision for bad debts	% of total balance	Other receivables	Provision for bad debts	% of total balance
Within 1 year	9,011,344.06	-	-	6,011,643.13	-	-
1 to 2 years	72,179.00	-	-	140,662.60	-	-
2 to 3 years	875,240.28	-	-	1,534,219.50	-	-
Total	9,958,763.34	-	-	7,686,525.23	-	-

(2) Other receivable by nature are analysed as follows:

	30 June 2015	31 December 2014
Advances	1,503,619.22	93,585,886.18
Others	9,957,833.59	5,326,216.60
Total	11,461,452.81	98,912,102.78

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Other receivables (continued)

(3) The five largest other receivables are analysed as follows:

Company name	Nature	30 June 2015	Ageing	% of total balance	Provision for bad debts
Nanguang Checkpoint Station	Advance funds in relation to water and electricity charges paid	1,187,778.47	1 to 5 years	10.36	–
Sun Hung Kai Real Estate Agency Ltd	Leasing deposits	830,208.43	Within 1 year	7.24	–
Jiangsheng Real Estate Development (Shenzhen) Company Limited	Leasing deposits	829,074.00	1 to 3 years	7.23	–
Jiantao (Lianzhou) Copper Foil Company Limited	Advance paid	500,000.00	Within 1 year	4.36	–
Wuhuang office of Department of Transportation of Hubei Province	Deposits	300,000.00	1 to 2 years	2.62	–
Total		3,647,060.90	/	31.81	–

5 Inventories

(1) Inventory classification

Item	30 June 2015			31 December 2014		
	Carrying amount	Allowance for impairment	Net book amount	Carrying amount	Allowance for impairment	Net book amount
Properties under developed	298,841,845.48	–	298,841,845.48	404,864,764.34	–	404,864,764.34
Properties in development	181,171,797.74	–	181,171,797.74	124,497,961.74	–	124,497,961.74
Toll tickets	2,203,889.69	–	2,203,889.69	4,236,049.20	–	4,236,049.20
Maintenance and repair parts	839,430.87	–	839,430.87	887,613.87	–	887,613.87
Low value consumables	226,138.69	–	226,138.69	261,585.95	–	261,585.95
Total	483,283,102.47	–	483,283,102.47	534,747,975.10	–	534,747,975.10

(2) Borrowing costs capitalisation

During the period, the Group had capitalised borrowing costs amounting to RMB1,839,322.33 (the same period in 2014: nil) on properties under development.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Held for sale assets

Item	Book value at 30 June 2015	Fair value	Estimated disposal expenses	Estimated disposal time
Inventory	107,145,926.97	180,800,000.00	-	By the end of 2015
Total	107,145,926.97	180,800,000.00	-	

On 15 June 2015, an irrevocable contract was signed by Property Company and Guizhou Wanjin Property Company Limited, pursuant to which Property Company would transfer its 100% equity interest in Yuelong Company to Guizhou Wanjin Property Company Limited. The transaction is expected to complete in 2015. The assets in the subsidiary to dispose satisfy the conditions of assets held for sale and are separately presented on the balance sheet.

7 Current portion of non-current assets

Item	30 June 2015	31 December 2014
Receivables due from the Shenzhen Government in relation to the compensation of the toll adjustment of Meiguan Expressway ("Compensation") (Note V.9(1))	800,000,000.00	800,000,000.00
Total	800,000,000.00	800,000,000.00

8 Available-for-sale financial assets

(1) General information of available-for-sale financial assets

Item	30 June 2015			31 December 2014		
	Carrying amount	Allowance for impairment	Net book amount	Carrying amount	Allowance for impairment	Net book amount
Available-for-sale equity instrument:						
- Measured at cost	30,170,000.00	-	30,170,000.00	30,170,000.00	-	30,170,000.00
Total	30,170,000.00	-	30,170,000.00	30,170,000.00	-	30,170,000.00

(2) Available-for-sale financial assets measured at costs

Investee	Carrying amount			Allowance for impairment				Share holding (%)	Cash dividends during the period	
	Opening balance	Additional during the period	Deduction during the period	Closing balance	Opening balance	Additional during the period	Deduction during the period			Closing balance
United Electronic Company	30,170,000.00	-	-	30,170,000.00	-	-	-	-	15	3,000,000.00
Total	30,170,000.00	-	-	30,170,000.00	-	-	-	-	15	3,000,000.00

As at 30 June 2015 and 31 December 2014, available-for-sale financial assets represented the Company's investment in 15% of United Electronic Company's equity interests. Since such unlisted equity share did not have a quoted market price in an active market, there is a very large range of variations in its reasonable fair value estimate, as well as the types of probability data, used for determining the fair value. The estimate can not be made reasonably and, the fair value of the available-for-sale financial assets cannot be reliably measured. The Group does not have any plan to dispose the available-for-sale financial assets.

Notes to financial statements

For the period ended 30 June 2015

(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Long-term receivables

(1) General information:

Item	30 June 2015			31 December 2014			Range of discount rate
	Carrying amount	Bad debt provision	Net book amount	Carrying amount	Bad debt provision	Net book amount	
Receivables from the Shenzhen Government in relation to the Compensation resulted from the toll adjustment of Meiguan Expressway	2,034,286,993.34	-	2,034,286,993.34	1,980,587,517.90	-	1,980,587,517.90	5.25%-6.15%
Due from Guizhou Longli County Government in relation to the project management services provided to Longli BT Project	133,409,891.87	-	133,409,891.87	111,192,373.03	-	111,192,373.03	9%
Sub-total	2,167,696,885.21	-	2,167,696,885.21	2,091,779,890.93	-	2,091,779,890.93	-
Less: Current portion (a)	800,000,000.00	-	800,000,000.00	800,000,000.00	-	800,000,000.00	-
Total	1,367,696,885.21	-	1,367,696,885.21	1,291,779,890.93	-	1,291,779,890.93	-

(a) It was received by the Company on 14 August 2015.

(b) Interest income recognised during the period using effective interest method was RMB65,389,435.40 (the same period in 2014: RMB32,158,945.42).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Long-term equity investments

Investee	31 December 2014	Current period movement				30 June 2015	Voting rights held (%)	Impairment provided in the current period
		Additional injection	Investment income/loss recognised under equity pick-up method	Cash dividend declared	Investment cost recovered			
Joint ventures								
Changsha Shenchang Expressway Company Limited ('Shenchang Company')	158,764,459.37	-	6,851,437.17	-	-	165,615,896.54	51	-
Sub-total	158,764,459.37	-	6,851,437.17	-	-	165,615,896.54	-	-
Associates								
Shenzhen Qinglong Expressway Company Limited ('Qinglong Company')	222,785,937.92	-	38,945,865.68	-	-	261,731,803.60	40	-
Shenzhen Expressway Engineering Consulting Company Limited ('Consulting Company')	22,894,198.93	-	2,041,563.43	-	-	24,935,762.36	24	-
Shenzhen Huayu expressway investment company ("Huayu" company)	45,801,975.84	-	295,269.42	-	-	46,097,245.26	40	-
Guangdong Jiangzhong Expressway Company Limited ('Jiangzhong Company')	298,370,999.28	-	5,165,714.79	-	-	303,536,714.07	25	-
Nanjing Yangtze River Third Bridge Company Limited ('Nanjing Third Bridge Company')	288,805,363.87	-	14,012,621.55	-23,114,868.52	-	279,703,116.90	25	-
Guangdong Yangmao Expressway Company Limited ('Yangmao Company')	273,717,113.35	-	39,821,784.97	-30,000,000.00	-	283,538,898.32	25	-
Guangzhou Western Second Ring Expressway Company Limited ('GZ W2 Company')	243,779,553.06	-	9,306,433.00	-4,292,885.71	-	248,793,100.35	25	-
Yunfu Guangyun Expressway Company Limited ('Guangyun Company')	112,047,521.39	-	18,251,556.85	-18,251,556.85	-8,748,443.15	103,299,078.24	30	-
Shenzhen International Joint Land Company Limited ('Joint Land Company')	28,523,449.33	524,300,000.00	-1,072,281.18	-	-	551,751,168.15	49	-
Sub-total	1,536,726,112.97	524,300,000.00	126,768,528.51	-75,659,311.08	-8,748,443.15	2,103,386,887.25	-	-
Total	1,695,490,572.34	524,300,000.00	133,619,965.68	-75,659,311.08	-8,748,443.15	2,269,002,783.79	-	-

- (1) 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.
- (2) With the purpose of capitalizing the Group's core competences in the construction management service area, the Company entered into an agreement with other shareholders of Consulting Company, one of the Company's then associates, on 26 June 2015 to amend the provisions of the article of association that the Company was entitled to nominate four out of seven directors in the board of directors of Consulting Company. The Company then gained control in the significant operational and financial decisions of Consulting Company from 1 July 2015 onwards. Accordingly, Consulting Company became a consolidating subsidiary of the Company and the Company began to consolidate the financial statements of Consulting Company from then onwards.
- (3) The equity interest and voting right held in associates are the same.

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Investment properties

(1) Investment properties measured at cost

Item	Car parking spaces	Total
1. Cost		
31 December 2014	18,180,000.00	18,180,000.00
30 June 2015	18,180,000.00	18,180,000.00
2. Accumulated depreciation and amortisation		
31 December 2014	3,502,175.00	3,502,175.00
Current period additions	287,850.00	287,850.00
– Depreciation and amortisation made	287,850.00	287,850.00
30 June 2015	3,790,025.00	3,790,025.00
3. Impairment		
31 December 2014	–	–
30 June 2015	–	–
4. Net book value		
30 June 2015	14,389,975.00	14,389,975.00
31 December 2014	14,677,825.00	14,677,825.00

In the period, the investment properties generated lease income of RMB1,158,961.00 (the same period in 2014: RMB837,896.00), and incurred direct expenditures of RMB732,417.76 (the same period in 2014: RMB627,232.24).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets

(1) Fixed asset movement

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Total
1. Cost					
31 December 2014	614,134,498.45	1,169,714,432.53	30,016,219.18	54,599,564.27	1,868,464,714.43
Current period additions	2,853,504.55	20,602,659.85	1,344,787.89	919,121.57	25,720,073.86
– Purchase	1,326,978.50	18,751,698.85	1,344,787.89	919,121.57	22,342,586.81
– Transfers from construction in progress	1,526,526.05	1,850,961.00	–	–	3,377,487.05
Current period reductions	157,514.53	6,302,533.51	–	252,960.38	6,713,008.42
– Other disposal	157,514.53	6,302,533.51	–	252,960.38	6,713,008.42
30 June 2015	616,830,488.47	1,184,014,558.87	31,361,007.07	55,265,725.46	1,887,471,779.87
2. Accumulated depreciation					
31 December 2014	168,143,688.93	603,519,782.52	22,448,880.39	42,954,417.21	837,066,769.05
Current period additions	12,325,288.05	49,077,568.52	1,294,351.91	1,593,594.46	64,290,802.94
– Addition	12,325,288.05	49,077,568.52	1,294,351.91	1,593,594.46	64,290,802.94
Current period reductions	128,404.08	2,842,998.82	–	219,951.93	3,191,354.83
– Other reductions	128,404.08	2,842,998.82	–	219,951.93	3,191,354.83
30 June 2015	180,340,572.90	649,754,352.22	23,743,232.30	44,328,059.74	898,166,217.16
3. Impairment					
31 December 2014	–	–	–	–	–
30 June 2015	–	–	–	–	–
4. Net book value					
30 June 2015	436,489,915.57	534,260,206.65	7,617,774.77	10,937,665.72	989,305,562.71
31 December 2014	445,990,809.52	566,194,650.01	7,567,338.79	11,645,147.06	1,031,397,945.38

(2) Fixed assets lacking certificates of ownership

Item	Carrying amount	Reason for lacking certificates of ownership
Buildings	RMB309,497,547.76	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.

In 2015, depreciation expenses amounting to RMB61,935,712.76 and RMB2,355,090.18 had been charged into costs of services and general and administrative expenses, respectively (the same period in 2014: RMB60,844,440.00 and RMB2,400,658.72).

Notes to financial statements

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(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Construction in progress

(1) General information of construction in progress

Item	30 June 2015			31 December 2014		
	Carrying amount	Impairment	Net book amount	Carrying amount	Impairment	Net book amount
Extension projects of Fumin Station of Airport-Heao Expressway (Eastern Section)	11,553,533.63	–	11,553,533.63	4,200,872.11	–	4,200,872.11
The final phase of Qinglian project	8,829,312.73	–	8,829,312.73	–	–	–
Nation-wide ETC toll interconnection project	5,884,143.83	–	5,884,143.83	–	–	–
Road monitoring projects	4,820,816.97	–	4,820,816.97	4,820,816.97	–	4,820,816.97
Billboard and light box projects	1,248,706.00	–	1,248,706.00	2,100,232.05	–	2,100,232.05
Compound toll lanes projects	1,873,880.55	–	1,873,880.55	1,873,880.55	–	1,873,880.55
Renovation project of Tingzu Station of Wuhuang Expressway	–	–	–	1,838,000.00	–	1,838,000.00
Toll-by-weight projects	150,000.00	–	150,000.00	150,000.00	–	150,000.00
Others	14,101,896.26	–	14,101,896.26	11,948,099.51	–	11,948,099.51
Total	48,462,289.97	–	48,462,289.97	26,931,901.19	–	26,931,901.19

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Construction in progress (continued)

(2) Movement of significant construction in progress during the period

Item	Budget amount	31 December 2014	Current period additions	Transfer to fixed assets	Transfer to long-term prepaid expenses	Other reductions in Current period	30 June 2015	% contribution in budget of current period	Progress of construction	Interests capitalised	Source of funds
Toll-by-weight projects	22million	150,000.00	-	-	-	-	150,000.00	-	In progress	-	Self-owned funds
Billboard and light box projects	10million	2,100,232.05	735,000.00	1,526,526.05	-	60,000.00	1,248,706.00	15.27	In progress	-	Self-owned funds
Road monitoring projects	5million	4,820,816.97	-	-	-	-	4,820,816.97	-	In progress	-	Self-owned funds
Extension projects of Fumin Station of Airport-Heao Expressway (Eastern Section)	20million	4,200,872.11	7,352,661.52	-	-	-	11,553,533.63	36.76	In progress	-	Self-owned funds
Compound toll lanes projects	3million	1,873,880.55	-	-	-	-	1,873,880.55	-	In progress	-	Self-owned funds
Renovation project of Tingzu Station of Wuhuang Expressway	8million	1,838,000.00	-	1,838,000.00	-	-	-	-	Completed	-	Self-owned funds
The final phase of Qinglian project	53million	-	5,897,104.83	12,961.00	-	-	5,884,143.83	11.13	In progress	-	Self-owned funds
Nation-wide ETC toll interconnection project	60million	-	8,829,312.73	-	-	-	8,829,312.73	14.72	In progress	-	Self-owned funds
Others	-	11,948,099.51	4,238,779.41	-	2,066,544.66	18,438.00	14,101,896.26	-	In progress	-	Self-owned funds
Total		26,931,901.19	27,052,858.49	3,377,487.05	2,066,544.66	78,438.00	48,462,289.97	/	/	-	/

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Intangible assets

(1) General information of intangible assets

Item	Concession intangible assets (a)	Office software	Billboard land use rights	Total
1. Cost				
31 December 2014	20,351,384,264.98	12,454,416.13	153,740,454.33	20,517,579,135.44
Current period additions	413,194.49	31,338.00	327,025.00	771,557.49
– Purchased	–	31,338.00	327,025.00	358,363.00
– Other additions	413,194.49	–	–	413,194.49
Current period reductions	1,341,125.54	–	220,869.08	1,561,994.62
– Other	1,341,125.54	–	220,869.08	1,561,994.62
30 June 2015	20,350,456,333.93	12,485,754.13	153,846,610.25	20,516,788,698.31
2. Accumulated amortisation				
31 December 2014	4,251,546,025.56	3,070,787.28	108,300,587.62	4,362,917,400.46
Current period additions	342,202,895.81	1,275,726.67	9,469,275.08	352,947,897.56
– Additions	342,202,895.81	1,275,726.67	9,469,275.08	352,947,897.56
30 June 2015	4,593,748,921.37	4,346,513.95	117,769,862.70	4,715,865,298.02
3. Impairment				
31 December 2014	–	–	–	–
30 June 2015	–	–	–	–
4. Net book value				
30 June 2015	15,756,707,412.56	8,139,240.18	36,076,747.55	15,800,923,400.29
31 December 2014	16,099,838,239.42	9,383,628.85	45,439,866.71	16,154,661,734.98

(a) The detailed information of concession intangible assets is analysed as below:

	Cost	31 December 2014	Current period additions	Current period amortisation	Other disposal	30 June 2015	Accumulated amortisation
Qinglian Expressway (b)	9,248,172,221.25	8,185,105,346.07	–	97,440,099.75	–	8,087,665,246.32	1,160,506,974.93
Nanguang Expressway	2,803,092,022.56	2,498,084,587.56	413,194.49	38,868,266.50	–	2,459,629,515.55	343,462,507.01
Shenzhen Airport-Heao Expressway -Eastern Section	3,092,170,511.84	2,147,754,558.48	–	91,175,858.35	–	2,056,578,700.13	1,035,591,811.71
Yanba Expressway	1,255,337,192.11	1,001,177,034.28	–	21,465,320.25	–	979,711,714.03	275,625,478.08
Wuhuang Expressway	1,523,192,561.64	773,812,054.13	–	41,891,925.68	–	731,920,128.45	791,272,433.19
Meiguan Expressway	614,047,345.55	409,746,555.09	–	15,730,956.76	1,341,125.54	392,674,472.79	221,372,872.76
Yanpai Expressway	910,532,308.18	606,483,638.35	–	16,770,771.27	–	589,712,867.08	320,819,441.10
Shenzhen Airport-Heao Expressway -Western Section	843,517,682.25	417,279,976.91	–	18,859,697.25	–	398,420,279.66	445,097,402.59
Outer Ring Expressway	60,394,488.55	60,394,488.55	–	–	–	60,394,488.55	–
Total of Concession intangible assets	20,350,456,333.93	16,099,838,239.42	413,194.49	342,202,895.81	1,341,125.54	15,756,707,412.56	4,593,748,921.37

(b) The pledge information relating to the concession intangible assets of Qinglian Expressway is set out in Note V.25(1)(a).

(c) For the six months ended 30 June 2015, the amortisation of intangible assets amounting to RMB352,947,897.56 was charged to current period's income statement (the same period in 2014: RMB441,294,762.70).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Deferred tax assets and deferred tax liabilities

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

Item	30 June 2015		31 December 2014	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provisions for maintenance and resurfacing of the toll roads (a)	231,866,745.66	57,966,686.46	230,642,183.10	57,660,545.82
Compensation provided by concession grantors (b)	83,334,654.36	20,833,663.59	85,142,569.96	21,285,642.49
Deductible tax losses (c)	451,246,666.12	112,811,666.53	453,559,912.88	113,389,978.22
The difference between estimated cost of extension of Meiguan Expressway allocated to Toll Free Section with its preliminary compensation (d)	28,189,460.88	7,047,365.22	28,189,460.88	7,047,365.22
Payroll accrued but not paid	10,758,383.00	2,689,595.75	9,552,882.00	2,388,220.50
Accrued operating costs for Toll Free Section of Meiguan Expressway before transferred (d)	–	–	4,676,191.28	1,169,047.82
Other	5,008,062.92	1,252,015.73	5,354,592.32	1,338,648.08
Total	810,403,972.94	202,600,993.28	817,117,792.42	204,279,448.15
Including:				
Expected to be utilised within 1 year (including 1 year)		36,565,321.98		39,770,292.62
Expected to be utilised over 1 year		166,035,671.30		164,509,155.53
Total		202,600,993.28		204,279,448.15

- (a) The 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.
- (b) The 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.
- (c) The Group estimated that Qinglian Company could generate 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.
- (d) The Group recognised the difference between estimated cost of extension of Meiguan Expressway allocated to Toll Free Section with its preliminary compensation according to the Adjustment Agreement, deferred tax assets were recognised on temporary differences between the tax bases and book values.

Notes to financial statements

For the period ended 30 June 2015
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V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Deferred tax assets and deferred tax liabilities (continued)

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

Item	30 June 2015		31 December 2014	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax Liabilities
The amortisation of concession intangible assets (a)	173,767,438.39	43,441,859.61	179,224,505.20	44,806,126.30
Business combinations involving enterprises not under common control (b)				
– Qinglian Company	1,323,025,920.25	327,451,673.16	1,338,965,721.63	331,436,623.51
– Airport-Heao Eastern Company	1,439,735,245.07	359,933,813.26	1,503,564,116.20	375,891,031.05
– JEL Company	554,526,914.44	138,495,895.07	584,152,614.13	145,902,319.99
– Meiguan Company	29,543,443.54	5,365,520.20	30,726,985.23	5,661,405.62
Interest income from the Compensation resulted from the toll adjustment of Meiguan Expressway (c)	143,862,815.60	35,965,703.91	90,163,340.16	22,540,835.04
The amortisation of deferred income in relation to the operation of new lanes of Meiguan Expressway	5,203,796.52	1,300,949.13	–	–
Total	3,669,665,573.81	911,955,414.34	3,726,797,282.55	926,238,341.51
Including:				
Expected to be utilised within 1 year (including 1 year)		58,017,490.35		86,540,937.60
Expected to be utilised over 1 year		853,937,923.99		839,697,403.91
Total		911,955,414.34		926,238,341.51

- (a) 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.
- (b) When the Company acquired equity interests of Qinglian Company, Airport-Heao Eastern Company, JEL Company and Meiguan Company, deferred tax liabilities were recognised on temporary differences between the fair values and book values of respective identifiable assets and liabilities acquired.
- (c) The Company recognised interest income due to the Shenzhen Government's installment payment term of the Compensation resulted from the toll adjustment of Meiguan Expressway.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Deferred tax assets and deferred tax liabilities (continued)

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

Item	Deferred tax assets and liabilities offset as at 30 June 2015	Net values of deferred tax assets/liabilities as at 30 June 2015	Deferred tax assets and liabilities offset as at 31 December 2014	Net values of deferred tax assets/liabilities as at 31 December 2014
Deferred tax assets	(150,133,052.79)	52,467,940.49	(152,775,871.88)	51,503,576.27
Deferred tax liabilities	150,133,052.79	761,822,361.55	152,775,871.88	773,462,469.63

(4) Deductible tax losses that were not recognised as deferred tax assets are analysed as follows:

Item	30 June 2015	31 December 2014
Deductible tax losses	188,608,046.70	181,862,136.83
Total	188,608,046.70	181,862,136.83

(5) The aforesaid unrecognised deductible tax losses will be due in the following years:

Year	30 June 2015	31 December 2014
Year 2016	57,710,942.19	60,643,626.07
Year 2017	44,330,822.78	45,584,595.75
Year 2018	69,410,979.15	69,410,979.15
Year 2019	6,198,520.76	6,222,935.86
Year 2020	10,956,781.82	–
Total	188,608,046.70	181,862,136.83

16 Short-term borrowings

(1) Classification of short-term borrowings

Item	30 June 2015	31 December 2014
Unsecured borrowings	360,000,000.00	–
Secured borrowings	–	23,667,000.00
Total	360,000,000.00	23,667,000.00

As at 30 June 2015, the weighted average interest rate of short-term borrowings was 5.04% per annum (31 December 2014: 5.07%).

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Accounts payable

(1) Analysis of accounts payable

Item	30 June 2015	31 December 2014
Payables for construction projects and quality deposits	133,979,572.54	153,250,144.52
Others	12,403,256.83	11,020,807.09
Total	146,382,829.37	164,270,951.61

(2) The ageing of important accounts payable based on their recording over 1 year is analysed as follows:

Item	30 June 2015	Reason for unsettlement
Shenzhen Municipal Engineering Corporation	13,062,642.00	Project settlement has not completed.
Zhejiang Bayong Highway Project Company Limited	13,616,355.00	Project settlement has not completed.
China Railway Eighteenth Bureau Group Company Limited	3,095,286.00	Project settlement has not completed.
Jiangsi Tongwei Highway Construction Project Group Company Limited	2,387,189.33	Project settlement has not completed.
China Construction Fifth Engineering Division Corp.,Ltd	1,204,308.00	Project settlement has not completed.
Total	33,365,780.33	/

18 Advances from customers

(1) General information of advances from customers

Item	30 June 2015	31 December 2014
Advances from advertising customers	8,536,605.39	16,738,351.48
Advances from sales of real estates	8,247,409.00	–
Others	11,083,333.35	1,583,333.37
Total	27,867,347.74	18,321,684.85

As at 30 June 2015 and 31 December 2014, the aging of advances from customers was within one year.

19 Employee benefits payable

(1) Analysis of employee benefits payable

Item	31 December 2014	Current period additions	Current period reductions	30 June 2015
I. Short-term wages	107,468,942.96	121,445,391.66	178,567,219.44	50,347,115.18
II. Pension benefits – defined contribution plans	80,128.67	14,079,575.42	13,397,526.32	762,177.77
Total	107,549,071.63	135,524,967.08	191,964,745.76	51,109,292.95

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Employee benefits payable (continued)

(2) Analysis of short-term wages

Item	31 December 2014	Current period additions	Current period reductions	30 June 2015
I. Wages and salaries, bonuses, allowances and subsidies	103,061,702.14	95,017,203.86	151,598,134.36	46,480,771.64
II. Staff welfare	–	10,944,574.18	10,944,574.18	–
III. Social security contributions	–	5,636,505.76	5,591,197.60	45,308.16
Including: Medical insurance	–	4,734,680.53	4,696,621.55	38,058.98
Work injury insurance	–	295,087.04	292,715.03	2,372.01
Maternity insurance	–	606,738.19	601,861.02	4,877.17
IV. Housing funds	–	6,767,289.62	6,764,851.62	2,438.00
V. Labor union funds and employee education funds	3,662,310.56	3,054,347.24	3,668,461.68	3,048,196.12
VI. Others	744,930.26	25,471.00	–	770,401.26
Total	107,468,942.96	121,445,391.66	178,567,219.44	50,347,115.18

(3) Analysis of defined contribution plans

Item	31 December 2014	Current period additions	Current period reductions	30 June 2015
I. Basic pensions	–	10,276,493.53	10,193,887.57	82,605.96
II. Unemployment insurance	–	213,098.47	211,385.51	1,712.96
III. Enterprise annuities	80,128.67	3,589,983.42	2,992,253.24	677,858.85
Total	80,128.67	14,079,575.42	13,397,526.32	762,177.77

20 Taxes payable

Item	30 June 2015	31 December 2014
Corporate income tax payable	83,528,042.71	501,576,347.83
Business tax payable	17,396,655.97	22,435,189.64
City maintenance and construction tax payable	1,231,750.98	1,553,894.11
Educational surcharge payable	570,852.57	718,531.21
VAT payable	517,523.68	350,623.39
Others	2,800,910.27	2,630,802.69
Total	106,045,736.18	529,265,388.87

21 Interest payable

Item	30 June 2015	31 December 2014
Interest of corporate bonds	124,292,076.11	57,292,164.11
Interest of private placement notes	24,939,950.14	1,338,770.14
Interest of medium-term notes	9,175,458.28	36,651,833.30
Interest of long-term borrowings with interest payable in installment and principal payable upon maturity	5,795,134.75	7,092,374.63
Interest of short-term borrowings	510,000.00	6,487.35
Total	164,712,619.28	102,381,629.53

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Dividends payable

Item	30 June 2015	31 December 2014
Dividends payable to H share shareholders	302,136,742.40	–
Dividends payable to minority interests of JEL Company	–	28,625,546.59
Total	302,136,742.40	28,625,546.59

23 Other payables

(1) Analysis of other payables by nature

Item	30 June 2015	31 December 2014
Project funds retained for construction management contracts (a)	175,554,181.44	379,143,974.97
Payable related to costs of construction management services	157,775,168.12	159,888,687.26
Advance from associates	73,841,654.67	75,678,639.61
Guaranteed deposits for construction projects contracts or pitches (b)	60,419,936.32	55,500,398.85
Project funds payables to the contractors of Longli BT Project	59,237,837.30	87,208,338.23
Payable related to maintenance for roads	52,706,249.74	74,279,355.02
Mechanical and electrical costs payable	24,058,497.98	20,129,964.53
Subscription funds and down deposits received for real estate sales	6,745,602.60	–
Payable related to land expropriation of Longli joint land development	893,623.34	1,002,855.33
Payable related to the maintenance of Airport-Heao Expressway	800,555.00	39,324,433.69
Others	37,761,184.71	43,547,974.89
Total	649,794,491.22	935,704,622.38

(a) The Company was entrusted by the Shenzhen Government for management of the construction of highway projects. The projects are funded by the Shenzhen Government. The related project payments are made by the Company through special deposit accounts opened for the projects in accordance with relevant provisions of the construction management contracts. As at 30 June 2015, project funds retained in the special deposit accounts amounting to RMB175,554,181.44 (31 December 2014: RMB379,143,974.97) are classified as restricted bank balance on balance sheet and in the cash flow statements.

(b) Guaranteed deposits for construction projects and pitches are deposits received from the contractors as guarantees for pitches and performance commitment relating to construction projects of Qinglian Expressway, Nanguang Expressway and the Reconstruction and Expansion of Meiguan Expressway Project.

(2) Significant other payables with aging over 1 year

Item	30 June 2015	Reason for unsettlement
CCCC Second Highway Engineering Co.,Ltd.	41,157,187.35	Contract settlement has not completed.
Nanjing Third Bridge Company	33,526,376.43	Dividend distribution in advance.
GZ W2 Company	30,000,000.00	Dividend distribution in advance.
Shandong Provincial Highway and Bridge Group Co.,Ltd.	16,133,854.96	Contract settlement has not completed.
Shenzhen Municipal Engineering Corporation	5,004,000.00	Contract settlement has not completed.
Total	125,821,418.74	/

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Current portion of non-current liabilities

Item	30 June 2015	31 December 2014
Current portion of long-term borrowings	174,750,000.00	37,360,000.00
Including: portion secured by pledges (Note V.25(1)(a))	174,750,000.00	37,360,000.00
Current portion of provisions for maintenance/resurfacing obligations (Note V.27)	141,952,397.93	141,896,274.98
Current portion of Private placement notes (Note V.26(1))	799,166,386.61	798,331,054.25
Current portion of compensations to the tax and surcharges from the toll adjustment of Meiguan Expressway (Note V.29)	44,800,000.00	44,800,000.00
Total	1,160,668,784.54	1,022,387,329.23

25 Long-term borrowings

(1) Analysis of long-term borrowings

Item	30 June 2015	31 December 2014
Pledged (a)	3,749,074,000.00	3,898,864,000.00
Unsecured	450,000,000.00	–
Total	4,199,074,000.00	3,898,864,000.00

(a) As at 30 June 2015, details of long-term pledged borrowings are set out as follows:

Item	Interest rate	Currency	Amount in RMB	Pledge details
Syndicated borrowings	5.085%~5.65%	RMB	3,923,824,000.00	Operating rights of Qinglian Expressway
Less: Current portion			174,750,000.00	
Total			3,749,074,000.00	

(b) As at 30 June 2015, the interest rate of the long-term was between 5.085% and 5.65% (31 December 2014: 5.895%~6.55%).

26 Bonds payable

(1) Bonds payable

Item	30 June 2015	31 December 2014
Corporate bonds	2,295,264,244.85	2,294,930,168.03
Medium-term notes	996,380,225.04	995,457,406.48
Private placement notes	799,166,386.61	798,331,054.25
Sub-total	4,090,810,856.50	4,088,718,628.76
Less: Current portion	799,166,386.61	798,331,054.25
Total	3,291,644,469.89	3,290,387,574.51

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Bonds payable (continued)

(2) Movement of bonds payable

Name	Par value	Date of issuance	Maturity	Issued amount	Balance at 31 December 2014	Current period issued	Amortisation	Current period repaid	30 June 2015
Corporate bonds (a)	800,000,000.00	31 July 2007	15 years	800,000,000.00	794,933,168.03	-	334,076.82	-	795,267,244.85
Corporate bonds (a)	1,500,000,000.00	2 August 2011	5 years	1,500,000,000.00	1,499,997,000.00	-	-	-	1,499,997,000.00
Medium-term notes (b)	1,000,000,000.00	7 May 2014	3 years	1,000,000,000.00	995,457,406.48	-	922,818.56	-	996,380,225.04
Private placement notes (c)	800,000,000.00	20 December 2012	3 years	800,000,000.00	798,331,054.25	-	835,332.36	-	799,166,386.61
Total	4,100,000,000.00			4,100,000,000.00	4,088,718,628.76	-	2,092,227.74	-	4,090,810,856.50

(a) 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.

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. A total RMB3,000.00 amount was sold back according to the declaration result in July 2014.

(b) Medium term notes

Upon the approval from the National Association of Financial Market Institutional Investors in relation to the issuance of Medium term notes amounting to RMB1,000,000,000.00, the Company completed the issuance on 7 May 2014, which bear a term of 3 years and interest rate of 5.50% per annum with interest repayable annually and the principal repayable in full upon maturity on 8 May 2017.

(c) 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.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Provisions

Item	30 June 2015	31 December 2014	Reason
Provisions for maintenance/resurfacing obligations	231,866,745.65	230,642,183.10	Maintenance/resurfacing obligations
Less: Current portion	141,952,397.93	141,896,274.98	
Total	89,914,347.72	88,745,908.12	/

28 Deferred income

Item	31 December 2014	Current period additions	Current period reductions	30 June 2015	Explanation
Non-current liabilities					
– Compensation to operating costs for Toll Free Section of Meiguan Expressway	162,850,000.00	–	5,203,796.52	157,646,203.48	Compensation to the accrued operating costs for Toll Free Section of Meiguan Expressway before transferred provided by Shenzhen Government.
Current liabilities					
– Return of deed taxes	2,794,486.25	670,486.41	–	3,464,972.66	Return of deed taxes provided from Guizhou Longli County Government to Guishen Company.
Total	165,644,486.25	670,486.41	5,203,796.52	161,111,176.14	

Government grants items:

Item	31 December 2014	Additional grants in current period	Recognised in non-operating income in current period	Other changes	30 June 2015	Related to assets/revenue
Return of deed taxes	2,794,486.25	670,486.41	–	–	3,464,972.66	In related to assets
Total	2,794,486.25	670,486.41	–	–	3,464,972.66	/

29 Other non-current liabilities

Item	30 June 2015	31 December 2014
Compensations to the tax and surcharges from the toll adjustment of Meiguan Expressway	104,673,950.68	104,673,950.68
Less: Current portion	44,800,000.00	44,800,000.00
Total	59,873,950.68	59,873,950.68

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 Share capital

For the six months ended 30 June 2015	31 December 2014	Movement					Sub-total	30 June 2015
		New shares issued	Right issue	Transfer from surplus	Others			
Total share capital	2,180,770,326.00	-	-	-	-	-	2,180,770,326.00	

Year 2014	31 December 2013	Movement					Sub-total	31 December 2014
		New shares issued	Right issue	Transfer from surplus	Others			
Total share capital	2,180,770,326.00	-	-	-	-	-	2,180,770,326.00	

31 Capital surplus

Item	31 December 2014	Current period additions	Current period reductions	30 June 2015
Share premium	2,274,351,523.42	-	-	2,274,351,523.42
Total	2,274,351,523.42	-	-	2,274,351,523.42

Item	1 January 2014	Current period additions	Current period reductions	31 December 2014
Share premium	2,274,351,523.42	-	-	2,274,351,523.42
Total	2,274,351,523.42	-	-	2,274,351,523.42

32 Other comprehensive income

For the six months ended 30 June 2015	31 December 2014	Amount incurred in current period		30 June 2015
		Pre-tax amount incurred in current period	Post-tax amount attributable to owners of the Company	
Item that may be reclassified subsequently to profit and loss:	893,604,159.01	-	-	893,604,159.01
– Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	893,132,218.74
– Equity investment reserve	406,180.00	-	-	406,180.00
– Others	65,760.27	-	-	65,760.27
Total	893,604,159.01	-	-	893,604,159.01

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Other comprehensive income (continued)

Year 2014	1 January 2014	Amount incurred in current period		31 December 2014
		Pre-tax amount incurred in current year	Post-tax amount attributable to owners of the Company	
Item that may be reclassified subsequently to profit and loss:	908,402,840.07	(14,798,681.06)	(14,798,681.06)	893,604,159.01
– Appreciation of initial equity interest upon business combination	893,132,218.74	–	–	893,132,218.74
– Cash flow hedges	14,798,681.06	(14,798,681.06)	(14,798,681.06)	–
– Equity investment reserve	406,180.00	–	–	406,180.00
– Others	65,760.27	–	–	65,760.27
Total	908,402,840.07	(14,798,681.06)	(14,798,681.06)	893,604,159.01

33 Surplus reserve

For the six months ended 30 June 2015	31 December 2014	Current period additions	Current period reductions	30 June 2015
Statutory surplus reserve	1,431,199,699.68	–	–	1,431,199,699.68
Discretionary surplus reserve	453,391,330.06	–	–	453,391,330.06
Total	1,884,591,029.74	–	–	1,884,591,029.74

Year 2014	1 January 2014	Current year additions	Current year reductions	31 December 2014
Statutory surplus reserve	1,228,032,145.48	203,167,554.20	–	1,431,199,699.68
Discretionary surplus reserve	453,391,330.06	–	–	453,391,330.06
Total	1,681,423,475.54	203,167,554.20	–	1,884,591,029.74

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 2015 (the same period in 2014: nil).

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Undistributed profits

Item	Current period	31 December 2014
Undistributed profits at the beginning of the period/year	4,564,264,823.15	2,929,472,264.02
Total adjustments to opening undistributed profits	–	–
Opening undistributed profits adjusted	4,564,264,823.15	2,929,472,264.02
Add: Net profit attributable to equity holders of the Company in current period/	538,958,774.43	2,186,883,365.49
Less: Appropriation for statutory surplus reserve	–	203,167,554.20
Dividends	981,346,646.70	348,923,252.16
Undistributed profits at the end of the period/year	4,121,876,950.88	4,564,264,823.15

As at 30 June 2015, included in the undistributed profits, 399,791,795.28 represents subsidiaries' surplus reserves attributable to the Company (31 December 2014: RMB399,791,795.28).

In accordance with the resolution passed in the Annual General meeting on 15 May 2015, the Company proposed a cash dividend to all shareholders amounting to RMB981,346,646.70, which was calculated by reference to the 2,180,770,326 shares issued and a dividend of RMB0.45 per share. The cash dividend represents 44.90% of the net profit for the year ended 31 December 2014. As at 30 June 2015, cash dividend amounting to RMB302,136,742.40 has not been paid.

The Board of Directors did not recommend any payment of interim dividend for the six months ended 30 June 2015 (the same period in 2014: nil), nor did it recommend any conversion of capital reserve into share capital.

35 Revenue and cost of services

Item	For the six months ended 30 June 2015		For the six months ended 30 June 2014	
	Revenue	Cost	Revenue	Cost
Main business – toll road	1,395,197,434.09	633,572,584.96	1,465,823,081.06	738,826,100.64
Other services –				
Management services revenue (a)	54,488,704.44	17,723,669.06	410,995,386.88	148,625,446.23
Advertising services revenue	41,045,422.19	22,132,840.86	48,024,282.73	28,141,823.42
Others	8,886,421.72	9,437,269.79	3,203,504.86	637,198.67
Sub-total of other businesses	104,420,548.35	49,293,779.71	462,223,174.47	177,404,468.32
Total	1,499,617,982.44	682,866,364.67	1,928,046,255.53	916,230,568.96

(a) Management services revenue

In current year, the Company was mainly engaged to manage the construction of toll road construction projects namely the Nanping (Phase II) Project, Guangshen Coastal Expressway shenzhen section (Phase I) Project (“the Coastal Project Phase I”), Longli BT Project, Guilong Urban Economic Zone Wangguan Comprehensive Resettlement Area Project Phase I (“Longli Resettlement (Phase I) Project”) and Guilong Urban Economic Zone Wangguan Comprehensive Resettlement Area Project Phase II (“Longli Resettlement (Phase II) Project”). Returns from these projects were recognised as management services income. 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. According to the related management services contracts, the Company undertakes to bear cost overruns incurred in the above projects.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35 Revenue and cost of services (continued)

(a) Management services revenue (continued)

During current period, the Company recognised construction management service revenue of Coastal Project Phase I at RMB16,300,576.86 (the same period in 2014: RMB226,187,490.83) in accordance with the latest project costs; the Company recognised construction management service revenue of, Longli BT Project and Longli Resettlement (Phase II) Project at RMB10,527,558.88 and RMB8,136,708.86 respectively according to the percentage of completion of the projects (the same period in 2014: RMB155,108,737.15 and nil respectively); in accordance with the final settlement of Hengping Project and the issued audit report of Nanping(Phase II) Project's construction drawing budget, the Company recognised construction management service revenue at RMB533,593.80 and RMB2,698,105.16 (the same period in 2014: RMB1,270,130.43 and RMB3,941,015.53 respectively); For Dezheng Project and other projects, as the outcome of the construction management services could not be reliably estimated though the costs incurred were expected to be fully recovered, the company recognised construction management services income based on actual project management expenses and taxes incurred amounting to 5,939,595.55 in total (the same period in 2014: RMB1,295,089.97).

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 its 89.93% equity interests 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 the current period amounted to RMB9,000,000.00 (the same period in 2014: RMB9,000,000.00).

36 Business tax and surcharges

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Business tax	45,006,241.58	62,486,796.79
City maintenance and construction tax	3,268,388.17	4,437,957.03
Educational surcharge	2,347,181.71	3,244,089.46
Construction fee for culture development	1,057,319.29	1,321,196.07
Others	312,788.42	659,016.88
Total	51,991,919.17	72,149,056.23

37 General and administrative expenses

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Salary and wages	11,876,211.38	17,603,259.64
Lawyers and advisory fees	6,180,706.18	1,550,941.89
Depreciation	3,231,125.32	3,533,961.79
Operating lease payment	1,481,397.00	1,294,359.00
Expenses paid to stock exchange	1,200,290.81	968,763.73
Office management expenses	1,055,679.44	876,921.94
Audit fees	341,768.73	215,000.00
Others	4,410,835.60	3,395,893.86
Total	29,778,014.46	29,439,101.85

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Financial expenses

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Interest expenses	236,176,961.48	272,608,904.76
Including: Interest expenses from borrowings	117,796,589.09	169,191,733.40
Interest expenses from bonds payable	120,219,694.72	103,417,171.36
Interest capitalised	(1,839,322.33)	–
Time value of provision for maintenance/resurfacing obligations	2,623,775.60	4,664,125.22
Exchange losses	411,440.32	1,293,057.14
Less: interest income	76,733,975.07	39,071,189.58
Others	110,655.61	404,639.45
Total	162,588,857.94	239,899,536.99

39 Investment income

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Income from long-term equity investments in a joint venture under equity method	6,851,437.17	4,461,306.64
Income from long-term equity investments in associates under equity method	126,768,528.51	103,839,219.11
Income from available-for-sale financial assets	3,000,000.00	–
Total	136,619,965.68	108,300,525.75

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

40 Non-operating income

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Amount recorded as non-recurring profit or loss for the six months ended 30 June 2015
Gains on disposal of related assets of Toll Free Section of Meiguan Expressway	821,897.50	1,499,322,223.93	821,897.50
Gain on disposal of other intangible assets	–	1,419,846.32	–
Gain on disposal of other fixed assets	19,150.00	1,200.00	19,150.00
Bounty	13,000.00	150,080.25	13,000.00
Gain on liquidation of claim	–	5,894,338.00	–
Others	197,351.95	457,305.10	197,351.95
Total	1,051,399.45	1,507,244,993.60	1,051,399.45

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41 Non-operating expenses

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014	For the six months ended 30 June 2015
Loss on disposal of fixed assets	1,709,823.59	71,358.29	1,709,823.59
Donation	–	500,000.00	–
Others	1,838.14	1,106,219.52	1,838.14
Total	1,711,661.73	1,677,577.81	1,711,661.73

42 Income tax expenses

(1) Classification of income tax expense

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Current income tax calculated according to tax law and related regulations	152,632,075.09	569,514,662.52
Deferred income tax	(12,604,472.30)	(46,207,738.75)
Total	140,027,602.79	523,306,923.77

(2) Income tax expense reconciliation from profit before tax

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Profit before tax	701,344,185.76	2,282,105,838.03
Income tax expenses calculated at applicable tax rate of 25% (the same period in 2014: 25%)	175,336,046.44	570,526,459.51
Difference from the CIT verification collection method of Guishen company	(2,772,297.63)	(30,382,348.72)
Income not subject to tax	(35,552,017.11)	(29,289,211.26)
Unrecognised tax losses	2,739,195.46	584,699.16
Utilisation of previous unrecognised tax losses	(913,202.99)	–
Effect of different tax rate applied for deferred tax calculation	–	7,163,026.05
Others	1,189,878.62	4,704,299.03
Income tax expenses	140,027,602.79	523,306,923.77

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43 Notes to consolidated cash flow statement

(1) Cash received relating to other operating activities

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Cash received relating to fund Longli BT Project	90,395,837.49	176,242,019.22
Cash received from Longli Country Government in relation to Longli Resettlement (Phase II) Project	13,000,000.00	–
Cash received relating to subscription funds and earnest funds for real estate properties	7,254,209.59	–
Cash received relating to funding of Shenzhen Guangshen Coastal Expressway Investment ('Coastal Company')	–	5,531,169.56
Cash received from other operating activities	874,669.78	2,558,945.17
Total	111,524,716.86	184,332,133.95

(2) Cash paid relating to other operating activities

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Payment for acquisition of land use right	156,446,829.00	209,250,767.55
Payment for further development of land	59,147,380.78	–
Cash advanced to Longli BT Project	25,716,558.00	93,850,059.03
Cash advance to Longli Resettlement Project	14,553,033.00	31,522,758.90
Payment related to Outer Ring Company	5,233,837.82	–
Audit, valuation, lawyers and advisory fees paid	2,724,306.18	4,013,352.89
Management expenses paid for Coastal Project Phase I	1,978,191.55	3,914,531.02
Expenses paid to stock exchange	1,715,536.57	1,247,106.65
Other operating expenses paid	20,675,374.87	15,827,218.35
Total	288,191,047.77	359,625,794.39

(3) Cash received relating to other investment activities

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Interest income	11,969,941.52	8,963,412.67
Total	11,969,941.52	8,963,412.67

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43 Notes to consolidated cash flow statement (continued)

(4) Cash paid relating to other financing activities

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Deposits paid in relation to bonds sold-back	–	300,000,000.00
Others	107,895.79	1,214,032.71
Total	107,895.79	301,214,032.71

44 Supplementary Information to Consolidated Cash Flow Statements

(1) Supplementary information to consolidated cash flow statements

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
1. Reconciliation from net profit to cash flows from operating activities:		
Net profit	561,316,582.97	1,758,798,914.26
Amortisation of investment properties	287,850.00	287,850.00
Depreciation of fixed assets	64,290,802.94	63,245,098.72
Amortisation of intangible assets	352,947,897.56	441,294,762.70
Amortisation of long-term prepaid expenses	1,218,928.42	1,534,580.99
Gain on disposal of non-current assets	868,776.09	(1,500,671,911.96)
Financial expenses	162,588,857.94	239,899,536.99
Investment income	(136,619,965.68)	108,300,525.75
Net decrease in deferred tax assets and liabilities	(12,604,472.30)	(46,207,738.75)
Decrease/(increase) in inventories	51,464,872.63	(10,036,194.18)
Increase in operating receivables	(130,033,627.43)	(570,012,413.81)
(Decrease)/increase in operating payables	(516,337,690.99)	514,661,909.26
Net cash flows from operating activities	399,388,812.15	784,493,868.47
2. Net change in cash		
Cash at the end of the period	1,024,933,508.33	2,204,642,716.76
Less: cash at the beginning of the period	1,255,154,897.37	1,089,636,663.10
Net decrease/(increase) in cash	(230,221,389.04)	1,115,006,053.66

(2) Cash and cash equivalents

Item	30 June 2015	30 June 2014
Cash		
Including: Cash on hand	12,053,367.69	12,443,280.90
Cash at bank	1,012,880,140.64	2,192,199,435.86
Cash at the end of the period	1,024,933,508.33	2,204,642,716.76
Add: Restricted cash held by the Company and group companies (Note V.1)	175,554,181.44	65,042,323.39
Total cash at bank and on hand	1,200,487,689.77	2,269,685,040.15

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 Assets with ownership or use right restricted

Item	Balance at 30 June 2015	Reason of restriction
Operating right of Qinglian Expressway	8,087,665,246.34	The Group's syndicated borrowings are pledged by operating right of Qinglian Expressway.
The equity interest in Meiguan Company	591,166,363.63	The Company's 100% equity interest in Meiguan Company is used for a counter guarantee for certain long-term bonds.
Cash at bank and on hand	175,554,181.44	Restricted project funds retained for construction management.
Total	8,854,385,791.41	/

46 Monetary items denominated in foreign currency

(1) Monetary items denominated in foreign currency

Item	Original amount	Exchange rate	Equivalent to RMB
Monetary capital			
Denominated in: USD	14,849.56	6.1136	90,784.27
EUR	257.00	6.8699	1,765.56
HKD	1,916,209.68	0.7886	1,511,122.95
CHF	11.70	1.0812	12.65
PTAS	446.15	0.0468	20.88
GBP	30.00	9.6423	289.27
JAY	380.00	0.0501	19.04
Other receivables			
Denominated in: HKD	1,107,900.00	0.7886	873,689.94

47 Others

(1) 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:

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Consolidated net profit attributable to ordinary shareholders of the Company	538,958,774.43	1,697,330,182.85
Weighted average number of ordinary shares outstanding	2,180,770,326.00	2,180,770,326.00
Basic earnings per share	0.247	0.778
Including: Basic earnings per share from continuing operations	0.247	0.778

(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 period ended 30 June 2015, diluted earnings per share were equal to basic earnings per share.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 Others (continued)

(2) Net current assets

	Group	
	30 June 2015	31 December 2014
Current assets	3,625,462,131.82	4,026,511,428.31
Less: Current liabilities	2,972,182,816.34	2,934,967,710.94
Net current assets	653,279,315.48	1,091,543,717.37

(3) Total assets less current liabilities

	Group	
	30 June 2015	31 December 2014
Total assets	24,205,729,799.14	24,329,324,209.02
Less: current liabilities	2,972,182,816.34	2,934,967,710.94
Total assets less current liabilities	21,233,546,982.80	21,394,356,498.08

VI CHANGE IN CONSOLIDATION

1 Change in consolidation due to subsidiaries newly incorporated

Guishen Land Company newly incorporated and consolidated wholly owned subsidiaries namely Guizhou Hengfengxin Property Company Limited, Henghongda Property Company Limited and Guizhou Hengtongli Property Company Limited all by cash amounting to RMB1,000,000.00 on 22 January 2015.

Notes to financial statements

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(All amounts in RMB unless otherwise stated)

VII INTERESTS IN OTHER ENTITIES

1 Interests in subsidiaries

(1) Group companies forming the Group

Name of subsidiaries	Place of main business	Place of registration	Nature of business and principal activities	Equity interest (%)		
				Direct	Indirect	Acquired through
Outer Ring Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	100%	–	Incorporation
Expressway Investment Company	Longli County, Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment	95%	5%	Incorporation
Guishen Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	–	70%	Incorporation
Guishen Land Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land Development	–	70%	Incorporation
Shengbo Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	–	70%	Incorporation
Pengbo Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	–	70%	Incorporation
Yuelong Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	–	70%	Incorporation
Henghongda Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	–	70%	Incorporation
Henglitong Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	–	70%	Incorporation
Hengfengxin Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	–	70%	Incorporation
Property Company	Longli County, Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Property management	–	100%	Incorporation
Luyun Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Project management	100%	–	Incorporation

VII INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in subsidiaries (continued)

(1) Group companies forming the Group (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business and principal activities	Equity interest (%)		
				Direct	Indirect	Acquired through
JEL Company	Hubei Province, PRC	Cayman Islands	Investment holding	–	55%	Business combinations involving enterprises under common control
Magerk Company	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	–	55%	Business combinations involving enterprises under common control
Qinglian Company	Qingyuan City, Guangdong Province, PRC	Qingyuan City, Guangdong Province, PRC	Toll road operation	51.37%	25%	Business combinations involving enterprises not under common control
Advertising Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Advertising agency	95%	5%	Business combinations involving enterprises not under common control
Meiguan Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	100%	–	Business combinations involving enterprises not under common control
Mei Wah Company	Hubei Province and Guangdong Province, PRC	Hong Kong	Investment holding	100%	–	Business combinations involving enterprises not under common control
Maxprofit Company	Guangdong Province, PRC	British Virgin Islands	Investment holding	–	100%	Business combinations involving enterprises not under common control
Airport-Heao Eastern Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	100%	–	Business combinations involving enterprises not under common control

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

VII INTERESTS IN OTHER ENTITIES (CONTINUED)

1 Interests in subsidiaries (continued)

(2) Subsidiaries with material minority interests

Name of subsidiaries	Equity interest held by minority interests	Net profit attributable to minority shareholders for the period ended 30 June 2015	Dividend declared by subsidiaries to the minority shareholders for the period ended 30 June 2015	Minority interests as at 30 June 2015
Qinglian Company	23.63%	(2,414,966.14)	–	726,951,319.24
JEL Company	45%	24,035,678.71	26,570,881.93	368,137,628.58
Guishen Company	30%	737,095.97	–	223,288,712.61

(3) Main financial information of significant partly-owned subsidiaries

Name of subsidiaries	30 June 2015					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Qinglian Company	99,211,989.71	8,534,758,761.98	8,633,970,751.69	318,847,124.86	5,241,792,918.01	5,560,640,042.87
JEL Company	190,981,346.84	777,600,786.56	968,582,133.40	12,002,619.27	138,495,895.07	150,498,514.34
Guishen Company	1,067,377,398.81	136,543,349.76	1,203,920,748.57	459,624,619.30	–	459,624,619.30

Name of subsidiaries	31 December 2014					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Qinglian Company	101,856,542.88	8,637,378,963.49	8,739,235,506.37	180,451,090.05	5,475,233,791.54	5,655,684,881.59
JEL Company	228,151,124.94	817,541,001.81	1,045,692,126.75	76,072,402.75	145,902,319.99	221,974,722.74
Guishen Company	1,037,295,209.60	113,733,904.12	1,151,029,113.72	409,189,971.02	–	409,189,971.02

Name of subsidiaries	For the six months ended 30 June 2015				For the six months ended 30 June 2014			
	Revenue	Net (loss)/ profit	Total comprehensive income	Net cash flows from operating activities	Revenue	Net (loss)/ profit	Total comprehensive income	Net cash flows from operating activities
Qinglian Company	327,139,785.76	(10,219,915.97)	(10,219,915.97)	234,311,481.78	406,171,389.17	(176,476.15)	(176,476.15)	309,186,677.64
JEL Company	163,687,778.81	53,412,619.36	53,412,619.36	86,743,993.57	171,654,047.04	56,929,248.65	56,929,248.65	85,827,261.93
Guishen Company	10,555,520.04	2,456,986.57	2,456,986.57	(81,896,095.28)	155,108,737.15	119,640,902.75	119,640,902.75	(101,923,322.66)

(4) Substantial restriction to the usage of assets or the settlement of liabilities of the Group

As at 30 June 2015, no substantial restriction existed which prohibited the usage of assets or the settlement of liabilities of the Group (31 December 2014: nil).

VII INTERESTS IN OTHER ENTITIES (CONTINUED)

2 Interests in joint ventures or associates

(1) Main financial information of insignificant joint ventures and associates

	As at and for the period ended 30 June 2015	As at and for the period ended 30 June 2014
Joint ventures:		
Total book value of investment	165,615,896.54	158,764,459.37
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
– Net profit	6,851,437.17	4,461,306.64
– Other comprehensive income	–	–
– Total comprehensive income	6,851,437.17	4,461,306.64
Associates:		
Total book value of investment	2,103,386,887.25	1,536,726,112.97
Sub-total amount of the following items calculated in the Group's equity proportion in associates:		
– Net profit	126,768,528.51	103,839,219.11
– Other comprehensive income	–	–
– Total comprehensive income	126,768,528.51	103,839,219.11

During current period, the directors of the Company considered that the Group has no material joint venture or associate (2014: the same) as the investment income/(loss) from individual joint venture or associate does not exceed 10% of the total profit of the Group for the respective period.

(2) Explanation to substantial restriction exists which prohibits the transfer of funds between the Group and the joint ventures and associates

As at 30 June 2015, there's no substantial restriction exists which prohibits the transfer of funds between the Group and the joint ventures and associates (31 December 2014: Nil).

VIII 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 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.

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For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

VIII FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

1 Foreign exchange risk (continued)

As at 30 June 2015 and 31 December 2014, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarised below:

	30 June 2015		
	HKD	Other foreign currencies	Other foreign currencies
Financial assets denominated in foreign currency –			
Cash at bank and on hand	1,511,122.93	92,891.67	1,604,014.60
Other receivables	873,689.94	–	873,689.94
Total	2,384,812.87	92,891.67	2,477,704.54
Financial liabilities denominated in foreign currency -			
Short-term borrowing	–	–	–
Other payables	–	–	–
Interest payable	–	–	–
Total	–	–	–
	31 December 2014		
	HKD	Other foreign currencies	Other foreign currencies
Financial assets denominated in foreign currency –			
Cash at bank and on hand	1,415,779.47	93,119.91	1,508,899.38
Financial liabilities denominated in foreign currency –			
Short-term borrowing	23,667,000.00	–	23,667,000.00
Other payables	57,667.80	–	57,667.80
Interest payable	6,487.35	–	6,487.35
Total	23,731,155.15	–	23,731,155.15

As at 30 June 2015, if RMB had strengthened/weakened by 10% against the HKD while all other variables hold constant, the Group's net profit for the period would have increased/decreased approximately RMB178,860.97 (31 December 2014: RMB2,218,716.07, considering of the impact of cross currency interest rate swap).

2 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 2015, the Group's long-term interest bearing borrowings and bonds payable with floating rates amounting to RMB4,049,074,000.00 (31 December 2014: RMB3,898,864,000.00).

VIII FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

2 Interest rate risk (continued)

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.

In current period, 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 RMB6,979,652.40 (for the same period in 2014: approximately RMB9,557,845.03).

3 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, receivables 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 2015	31 December 2014
State-owned banks	353,671,003.04	689,678,681.03
Other banks	834,763,319.04	933,174,475.93
Total	1,188,434,322.08	1,622,853,156.96

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.

Due to the business nature of the Group, as at 30 June 2015, the Group derived management services revenue and Compensation resulted from the toll adjustment of Meiguan Expressway from local government authorities in Shenzhen and the amounts due from government authorities in Guizhou Longli County relating to the Longli BT Project and Longli Resettlement (Phase I) Project were approximately RMB2.411 billion (31 December 2014: RMB2.499 billion) in aggregate. The directors of the Company considered that the related credit risks were controllable. The Group did not have other significant concentration of credit risk arising from other customers.

As at 30 June 2015, the Group has no significant overdue receivables (31 December 2014: Nil).

4 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.

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VIII FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

4 Liquidity risk (continued)

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 2015				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities –					
Short-term borrowings	367,394,301.37	–	–	–	367,394,301.37
Current portion of non-current liabilities (Note b)	1,030,095,604.38	–	–	–	1,030,095,604.38
Payables (Note a)	796,177,320.59	–	–	–	796,177,320.59
Long-term borrowings	215,015,412.90	983,784,866.30	3,871,240,712.53	160,557,158.21	5,230,598,149.94
Bonds payables	189,099,820.00	2,689,096,820.00	132,000,000.00	932,000,000.00	3,942,196,640.00
Total	2,597,782,459.24	3,672,881,686.30	4,003,240,712.53	1,092,557,158.21	11,366,462,016.28
	31 December 2014				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities –					
Short-term borrowings	23,676,118.63	–	–	–	23,676,118.63
Current portion of non-current liabilities (Note b)	886,161,196.85	–	–	–	886,161,196.85
Payables (Note a)	1,099,975,573.99	–	–	–	1,099,975,573.99
Long-term borrowings	229,838,032.80	522,402,992.63	1,842,280,840.31	2,566,313,798.63	5,160,835,664.37
Bonds payables	189,099,820.00	1,689,096,820.00	1,187,100,000.00	932,000,000.00	3,997,296,640.00
Total	2,428,750,742.27	2,211,499,812.63	3,029,380,840.31	3,498,313,798.63	11,167,945,193.84

Note a: Payables comprise accounts payable and other payables

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

Borrowings and bonds payable are analysed by repayment terms as follows:

	30 June 2015		31 December 2014	
	Borrowings	Bonds payable	Borrowings	Bonds payable
Wholly repayable within five years	810,000,000.00	3,299,997,000.00	23,667,000.00	3,299,997,000.00
Not wholly repayable within five years	3,923,824,000.00	800,000,000.00	3,936,224,000.00	800,000,000.00
Total	4,733,824,000.00	4,099,997,000.00	3,959,891,000.00	4,099,997,000.00

Since the Group has steady and sufficient cash flow from operation, sufficient banking facilities and proper financing arrangement to fulfill the needs of payment of debts and capital expenditures, the directors consider that the Group has no significant liquidity risk.

IX FAIR VALUE DISCLOSURE

1 Assets and liabilities with fair value disclosure but not measured at fair value

Financial assets and liabilities measured at amortisation cost mainly include accounts receivable, short-term borrowings, current portion of bond payables, accounts payable, long-term borrowings and bonds payable.

Except for the financial liabilities listed below, the carrying amounts of financial assets and liabilities not measured at fair value approximated to their fair values.

	30 June 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities –				
Long-term borrowings	150,000,000.00	150,000,000.00	–	–
Bonds payable	3,291,644,469.89	3,417,534,126.34	3,290,387,574.51	3,157,993,121.89
Total	3,441,644,469.89	3,567,534,126.34	3,290,387,574.51	3,157,993,121.89

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 contractual 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.

2 Others

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 observable directly or indirectly for identical assets or liabilities other than inputs included within level 1;

Level 3: Inputs for the asset or liability that are not based on observable market data.

As at 30 June 2015, the Group has no financial asset or liability constantly measured at fair value by the above three levels (31 December 2014: Nil).

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For the period ended 30 June 2015
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X RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1 General information of the parent company:

Name	Place of registration	Nature of business	Registered capital	Interest held (%)	Voting rights (%)
Shenzhen International	Bermuda	Investment holding	HKD2,000,000,000.00	50.89%	50.89%

The Company's ultimate controlling party is SIHCL.

2 Information of subsidiaries

The information for the subsidiaries is set out in Note VII.1

3 Information of joint ventures and associates

Joint ventures and associates who have related party transaction with the Group during the period ended 30 June 2015 or have related party balance with the Group resulted from related party transaction in prior years are listed as follows:

Item	Relationship with the Group
Qinglong Company	Associated Enterprises
Consulting Company	Associated Enterprises
Huayu Company	Associated Enterprises
Nanjing Third Bridge Company	Associated Enterprises
GZ W2 Company	Associated Enterprises
Joint Land Company	Associated Enterprises

4 Information of other related parties

Item	Relationship with the Group
Bao Tong Company	Under same control of Shenzhen International
Longda Company	Under same control of Shenzhen International
SC Logistics Company	Under same control of Shenzhen International
Xin Tong Chan Company	Shareholder of the Company
Shenzhen International Huatongyuan Logistics Co., Ltd. ('Huatongyuan Company')	Under same control of Shenzhen International
Coastal Company	Ultimately controlled by SIHCL, together with the Company
United Electronic Company	One of its directors is the Company's key management personnel
Flywheel Investments Limited	Under same control of Shenzhen International
Guangzhou Cement Company Limited	Minority interests of one subsidiary of Company

X RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5 Related party transactions

(1) Rendering or receiving of services

(a) Receiving of services

Name of related party	Nature of transaction	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Consulting Company	Receiving project management services	2,746,524.00	8,643,154.36
United Electronic Company	Receiving integrated toll system settlement services	7,512,689.91	8,394,809.49
Others	Receiving power supply services and others	414,091.79	312,874.33

Consulting Company signed management services contracts with the Group, mainly providing project management services to Ancillary Expressway.

United Electronic 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 United Electronic Company and entrusted it to provide tolls settlement services for Meiguan Expressway, Airport-Heao Expressway, Yanba Expressway, Yanpai Expressway, Nanguang Expressway and Qinglian Expressway operated by the Group. The service periods end on the expiry dates of operation 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, subsidiaries of the Company, received power supply services for its advertising boards from SC Logistics Company, Xin Tong Chan Company, Huayu Company, Longda Company, Qinglong Company and Guangzhou Cement Company Ltd.. The respective transaction amounts were not disclosed as they are not material.

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For the period ended 30 June 2015
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X RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5 Related party transactions (continued)

(1) Rendering or receiving of services (continued)

(b) Rendering of services

Name of related party	Nature of transaction	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Coastal Company	Entrusted construction management services	16,300,576.86	226,187,490.83
Others	Supply of water and electricity for offices	292,482.00	478,422.00

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 Phase I. Pursuant to the agreement, the management service revenue is calculated by 1.5% of the construction budget and the Company would share 20% of any savings of the total budgeted contract costs, 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 Group recognised construction management services fee amounting to RMB16,300,576.86 in accordance with the latest total investment top limit and the estimation of project savings (the same period in 2014: RMB226,187,490.83).

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.

(2) Related party trusteeship

The company trusteeship is analysed as follows:

Entrusting party	Entrusted party	Type of entrustment	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 2015
Baotong Company	The Company	Equity trusteeship	1 January 2014	31 December 2015	Negotiated price	9,000,000.00

X RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5 Related party transactions (continued)

(3) Leases

(a) As a Lessor:

Item	Assets leased	For the six months ended 30 June 2015	For the six months ended 30 June 2014
United Electronic Company and Consulting Company	Office building	438,895.00	121,942.00

(b) As a Lessee:

Item	Assets leased	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Longda company, Huayu company, Qinglong company, SC Logistics Company	Billboard land use rights	1,480,000.00	1,105,000.00

The individual transaction amounts were not disclosed as they are not material.

(4) Remuneration of key management personnel

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Remuneration of key management personnel	4,008,000.00	4,034,500.00

(5) Others

Meiguan Company, the Company's wholly-owned subsidiary, entered into a relocation compensation agreement with Joint Land Company, pursuant to which the Joint Land Company has agreed to pay relocation compensation to Meiguan Company for relocation of Meilin Checkpoint Renewal Land. The amount of relocation compensation will be determined by an expert jury on the basis of the valuation report issued by the evaluation institution. Based on the results of the valuation by China United Assets and verification conducted by the Company, the expected relocation compensation will not exceed RMB30,000,000.00.

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X RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6 Receivable due from and payables to related parties

(1) Receivable items

Item	Related parties	30 June 2015		31 December 2014	
		Net book amount	Provision for bad debts	Net book amount	Provision for bad debts
Accounts receivable	Coastal Company	272,890,729.46	–	340,620,152.60	–
Accounts receivable	Baotong Company	2,295,854.23	–	2,295,854.23	–
Other receivables	Huayu Company	20,000.00	–	20,000.00	–
Other receivables	Longda Company	10,000.00	–	10,000.00	–
Advances to suppliers	Consulting Company	991,000.00	–	80,000.00	–

(2) Payable items

Item	Related parties	30 June 2015	31 December 2014
Accounts payables	Coastal Company	1,010,000.00	1,000,000.00
Accounts payables	Longda Company	25,000.00	85,000.00
Accounts payables	Huayu Company	12,000.00	45,000.00
Accounts payables	Consulting Company	13,500.00	13,500.00
Accounts payables	SC Logistics Company	12,000.00	12,000.00
Accounts payables	Qinglong Company	5,000.00	–
Accounts payables	Shenzhen International	3,500.00	3,500.00
Other payables	GZ W2 Company	37,500,000.00	37,500,000.00
Other payables	Nanjing Third Bridge Company	33,526,376.43	33,526,376.43
Other payables	United Electronic Company	3,773,450.27	5,000.00
Other payables	Consulting Company	2,621,678.24	4,607,463.18
Other payables	Coastal Company	620,704.40	483,306.79
Other payables	Qinglong Company	193,600.00	44,800.00
Other payables	Guangzhou Cement Company Limited	100,000.00	40,000.00
Other payables	Shenzhen International	5,000.00	5,000.00
Dividend payables	Flywheel Investments Limited	–	28,625,546.59

X RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

7 Commitments to related parties

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:

(1) Receiving of service

Item	30 June 2015	31 December 2014
Consulting Company	44,763,852.20	35,653,696.20

(2) Investment commitment

The Company jointly set up Joint Land Company with Xin Tong Chan Company, a wholly-owned subsidiary of Shenzhen International. The Company and Xin Tong Chan Company will make capital contributions in cash to the Joint Land Company in proportion to their respective equity interests if additional capital is required by Joint Land Company. The aggregate capital contributions (including initial capital contribution and subsequent capital injection) of both parties shall not exceed RMB5,000,000,000.00, in which the Company's aggregate capital contributions shall not exceed RMB2,450,000,000.00. Up to 31 December 2015, the Company has made cash contribution to Joint Land Company amounted to RMB553,700,000.00, including capital injection RMB524,300,000.00 during the period. The remaining investment commitment is RMB1,896,300,000.00 accordingly.

XI COMMITMENTS AND CONTINGENCIES

1 Significant commitments

(1) Capital commitment

(a) Capital commitments approved by the management but are not yet contracted for as of balance sheet date:

	30 June 2015	31 December 2014
Expressway construction projects	147,348,468.41	133,255,934.78

As at 30 June 2015 and 31 December 2014, the joint ventures had no capital commitments.

(2) Commitment in related to real estate projects to be developed

	30 June 2015	31 December 2014
Contracted for but not yet recognised	121,800,365.40	110,563,248.39

(3) Investment commitment

As at 30 June 2015, the Group's investment commitments amounted to RMB1,896,300,000.00, which mainly represented the Group's capital injection commitment to Joint Land Company. Detailed information is disclosed in Note X.7(2).

Notes to financial statements

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XI COMMITMENTS AND CONTINGENCIES (CONTINUED)

2 Contingencies

(1) Significant contingencies at balance sheet date:

- (a) The Company was entrusted by Shenzhen Transportation Bureau to manage the construction project of Nanping Phase II Project. Pursuant to the contract, the Company had arranged with bank to issue irrevocable performance guarantees to Shenzhen Transportation Bureau amounting to RMB15 million.
- (b) The Company was entrusted by Shenzhen Traffic Public Facilities Construction Center to manage the construction project of Longda Municipal Section. Pursuant to the contract, the Company had arranged with bank to issue irrevocable performance guarantees to Shenzhen Traffic Public Facilities Construction Center amounting to RMB2 million.
- (c) The Company was entrusted by Shenzhen Longhua New Area Construction Management Center to manage the construction project of the Intersection of Dezheng Road Project. Pursuant to the contract, the Company had arranged with bank to issue irrevocable performance guarantees to Shenzhen Longhua New Area Construction Management Center amounting to RMB35,850,000.00.
- (d) 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 Court of Guangdong Province. As at the date of approval of these interim financial statements, the litigation was 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.

XII EVENTS AFTER THE BALANCE SHEET DATE

- 1 The resolution on "The Grant of a General Mandate to the Board of Directors of the Company to Issue Debenture" has been considered and approved by the shareholders at the General Meeting of the Company held on 15 May 2015, granting the general mandate to the board of directors of the Company. The application raised by the Company in relation to the issuance of Medium term notes amounting to RMB1.5 billion has been approved by the National Association of Financial Market Institutional Investors. Accordingly, the Company completed the first issue of such Medium term notes amounting to RMB0.9billion which bear a term of 3 years for the purpose of repayment of the Group's bank borrowings as well as supplement to the Group's working capital.
- 2 A proposed provision of a guarantee by Mei Wah Company for the issue of USD debentures by its wholly-owned subsidiary was approved by the General Meeting of the Company on 21 August 2015. According to the provision, the Group planned to issue USD debentures through Shenzhen Expressway Finance I Limited, a wholly-owned subsidiary of Mei Wah Company incorporated on 7 July 2015, and Mei Wah Company will provide irrevocable joint liability guarantee which covers the principle, interest and relevant expenses in relation to the debentures to be issued by Shenzhen Expressway Finance I Limited. The principal amount of the debentures proposed to be issued is expected to be not more than USD300 million.

XIII OTHER SIGNIFICANT MATTERS

1 Segment information

(1) The recognition and accounting policies of reportable segment:

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 construction management services, advertising services and other services. The Group has no inter-segment transfers. These businesses do not compose separate reportable segments.

(2) Segment information

For the six months ended 30 June 2015	Toll road	Others	Unallocated	Total
Revenue from external customers	1,395,197,434.09	104,420,548.35	–	1,499,617,982.44
Interest income	60,857,155.99	12,831,724.98	3,045,094.10	76,733,975.07
Interest expenses	229,121,315.85	7,055,645.63	–	236,176,961.48
Share of profit of associates and joint ventures	132,650,683.36	969,282.25	–	133,619,965.61
Depreciation and amortisation	403,874,180.20	12,065,585.32	2,805,713.40	418,745,478.92
Total profit	677,895,383.63	45,919,748.38	(22,470,946.25)	701,344,185.76
Income tax expense	129,628,299.84	10,399,302.95	–	140,027,602.79
Net profit	548,267,083.79	35,520,445.43	(22,470,946.25)	561,316,582.97
Total assets	22,301,178,549.69	1,746,789,235.95	157,762,013.50	24,205,729,799.14
Total liabilities	11,274,857,261.12	167,141,539.96	90,159,348.58	11,532,158,149.66
Long-term equity investments in associates and joint ventures	1,692,315,853.28	576,686,930.51	–	2,269,002,783.79
Addition of non-current assets other than financial assets, long-term equity investments and deferred tax assets	45,199,342.30	4,657,899.49	309,761.00	50,167,002.79

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

XIII OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Segment information (continued)

(2) Segment information (continued)

For the six months ended 30 June 2014	Toll road	Others	Unallocated	Total
Revenue from external customers	1,465,823,081.06	462,223,174.47	–	1,928,046,255.53
Interest income	33,709,042.57	665,991.20	4,696,155.81	39,071,189.58
Interest expenses	268,209,052.52	4,399,852.24	–	272,608,904.76
Share of profit of associates and a joint venture	106,753,484.06	1,547,041.69	–	108,300,525.75
Depreciation and amortisation	502,828,330.62	578,165.77	2,955,796.02	506,362,292.41
Total profit	2,176,671,886.64	120,748,244.95	(15,314,293.56)	2,282,105,838.03
Income tax expense	493,405,687.81	29,901,235.96	–	523,306,923.77
Net profit	1,683,266,198.83	90,847,008.99	(15,314,293.56)	1,758,798,914.26
Total assets	23,581,650,691.22	1,852,193,808.27	159,401,947.81	25,593,246,447.30
Total liabilities	11,899,649,954.78	879,040,094.13	138,547,025.73	12,917,237,074.61
Long-term equity investments in associates and a joint venture	1,627,662,482.34	19,936,338.04	–	1,647,598,820.38
Addition of non-current assets other than financial assets, long-term equity investments and deferred tax assets	54,624,232.26	804,530.76	1,161,479.48	56,590,242.50

2 Other instructions

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

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1 Accounts receivables

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

	30 June 2015					31 December 2014				
	Ending balance		Provision for bad debts		Net book amount	Ending balance		Provision for bad debts		Net book amount
	Amount	%	Amount	%		Amount	%	Amount	%	
Individually significant and provision separately made	–	–	–	–	–	–	–	–	–	–
Provision made collectively	504,606,294.51	100.00	–	–	504,606,294.51	530,410,157.03	100.00	–	–	530,410,157.03
– Group 1	448,300,361.11	88.84	–	–	448,300,361.11	507,026,089.06	95.59	–	–	507,026,089.06
– Group 2	56,305,933.40	11.16	–	–	56,305,933.40	23,384,067.97	4.41	–	–	23,384,067.97
Not individually significant but provision separately made	–	–	–	–	–	–	–	–	–	–
Total	504,606,294.51	–	–	–	504,606,294.51	530,410,157.03	–	–	–	530,410,157.03

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1 Accounts receivables (continued)

(1) Accounts receivable is analysed by categories as follows: (continued)

The accounts receivable of provision for bad debts in Group by aging is analysed as follows:

Aging	30 June 2015			30 June 2014		
	Accounts receivables	Provision for bad debts	Provision for bad debts	Accounts receivables	Provision for bad debts	Provision for bad debts
Within 1 year	56,305,933.40	-	-	23,384,067.97	-	-
Total	56,305,933.40	-	-	23,384,067.97	-	-

(2) The five largest accounts receivables assembled by debtors

	Ending balance	Provision for bad debts	% of Accounts receivables
Total balance of the five largest accounts	472,440,815.12	-	93.63%

2 Other receivables

(1) Other accounts receivable is analysed by categories as follows:

	30 June 2015					31 December 2014				
	Ending balance		Provision for bad debts		Net book amount	Ending balance		Provision for bad debts		Net book amount
	Amount	%	Amount	%		Amount	%	Amount	%	
Individually significant and provision separately made	-	-	-	-	-	-	-	-	-	-
Provision made collectively	1,145,959,431.41	100.00	-	-	1,145,959,431.41	736,893,668.46	100.00	-	-	736,893,668.46
- Group 1	1,144,412,788.28	99.87	-	-	1,144,412,788.28	735,455,095.46	99.80	-	-	735,455,095.46
- Group 2	1,546,643.13	0.13	-	-	1,546,643.13	1,438,573.00	0.20	-	-	1,438,573.00
Not individually significant but provision separately made	-	-	-	-	-	-	-	-	-	-
Total	1,145,959,431.41	-	-	-	1,145,959,431.41	736,893,668.46	-	-	-	736,893,668.46

The accounts receivable of provision for bad debts by aging is analysed as follows:

Aging	30 June 2015			31 December 2014		
	Accounts receivables	Provision for bad debts	%	Accounts receivables	Provision for bad debts	%
Within 1 year	1,504,614.13	-	-	1,394,260.40	-	-
1 to 2 years	23,979.00	-	-	7,262.60	-	-
2 to 3 years	18,050.00	-	-	37,050.00	-	-
Total	1,546,643.13	-	-	1,438,573.00	-	-

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2 Other receivables (continued)

(2) Other receivable by nature are analysed as follows:

Nature	30 June 2015	31 December 2014
Advances	757,015,986.51	460,115,624.66
Loans from Guishen Company	339,000,000.00	256,000,000.00
Interest receivable from loans to Qinglian Company	47,352,515.06	19,167,376.10
Others	2,590,929.84	1,610,667.70
Total	1,145,959,431.41	736,893,668.46

(3) As at 30 June 2015, the five largest other receivables are analysed as follows:

Categories	Nature	30 June 2015	aging	%	Balance of provision for bad debts
Meiguan Company	Advances	746,091,386.47	Within 1 year	65.11	-
Guishen Company	Loans	339,000,000.00	Within 1 year	29.58	-
Qinglian Company	Loans interest	47,352,515.06	Within 1 year	4.13	-
Outer Ring Company	Advances	6,349,127.70	Within 1 year	0.55	-
Mei Wah Company	Advances	1,628,322.65	Within 1 year	0.14	-
Total		1,140,421,351.88		99.51	-

3 Long-term receivables

Item	30 June 2015			31 December 2014		
	Ending balance	Provision for bad debts	Net book amount	Ending balance	Provision for bad debts	Net book amount
Receivables from Qinglian Company	1,170,000,000.00	-	1,170,000,000.00	1,250,000,000.00	-	1,250,000,000.00
Total	1,170,000,000.00	-	1,170,000,000.00	1,250,000,000.00	-	1,250,000,000.00

4 Long-term equity investments

Item	30 June 2015			31 December 2014		
	Carrying amount	Impairment provided in current period	Net book amount	Carrying amount	Impairment provided in current period	Net book amount
Subsidiaries	4,882,535,003.96	-	4,882,535,003.96	4,931,294,313.53	-	4,931,294,313.53
Joint ventures	165,615,896.54	-	165,615,896.54	158,764,459.37	-	158,764,459.37
Associates	2,103,386,887.25	-	2,103,386,887.25	1,536,726,112.97	-	1,536,726,112.97
Total	7,151,537,787.75	-	7,151,537,787.75	6,626,784,885.87	-	6,626,784,885.87

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4 Long-term equity investments (continued)

(1) Subsidiaries

Investee	31 December 2014	Additional injection	Investment cost recovered	30 June 2015	Cash dividend declared	Impairment provided on June 2015
Airport-Heao Eastern Company	917,766,902.94	-	(47,871,653.29)	869,895,249.65	118,337,189.97	-
Meiguan company	534,219,058.11	-	(887,656.28)	533,331,401.83	54,235,170.20	-
Advertising Company	3,325,000.01	-	-	3,325,000.01	11,433,514.53	-
Meihua Company	831,769,303.26	-	-	831,769,303.26	-	-
Qinglian Company	2,064,214,049.21	-	-	2,064,214,049.21	-	-
Outer Ring Company	100,000,000.00	-	-	100,000,000.00	-	-
Expressway Investment Company	380,000,000.00	-	-	380,000,000.00	-	-
Luyun Company	100,000,000.00	-	-	100,000,000.00	-	-
Total	4,931,294,313.53	-	(48,759,309.57)	4,882,535,003.96	184,005,874.70	-

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

As stated in Note V.26(2)(a), 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.

(2) Investment in joint ventures and associates

The detailed information of joint ventures and associates are set out in Note V.10

5 Revenue and costs of services

Item	For the six months ended 30 June 2015		For the six months ended 30 June 2014	
	Revenue	Cost	Revenue	Cost
Main businesses	559,293,526.23	209,740,454.80	527,651,785.63	210,079,538.69
Other businesses	38,396,711.91	13,244,299.98	245,374,157.32	127,841,613.92
Total	597,690,238.14	222,984,754.78	773,025,942.95	337,921,152.61

6 Investment income

Item	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Income from long-term equity investments under cost method	184,005,874.70	654,075,053.89
Income from long-term equity investments under equity method	133,619,965.68	108,300,525.75
Income from available-for-sale financial assets	3,000,000.00	-
Total	320,625,840.38	762,375,579.64

Notes to financial statements

For the period ended 30 June 2015
(All amounts in RMB unless otherwise stated)

XV SUPPLEMENTARY INFORMATION

1 Detailed list of non-recurring profit or loss items

Item	Amount	Note
Interest income from the compensation resulted from the toll adjustment of Meiguan Expressway	53,699,475.44	Interest income from the compensation resulted from the toll adjustment of Meiguan Expressway
The amortisation of compensation provided by concession grantor	8,950,107.96	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.
Profits from entrusted management services	8,810,666.66	Profits from entrusted management services provided to Longda Company in current period.
Other profit or loss items that meet the definition of non-recurring profit or loss	(660,262.28)	
Impact of income tax	(16,302,971.24)	
Impact of minority interests (after tax)	2,690.52	
Total	54,499,707.06	

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

Profits of reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary owners of the Company	4.53	0.247	0.247
Net profit after deducting non-recurring profit or loss attributable to ordinary owners of the Company	4.07	0.222	0.222

Company Information

Company Profile

Registered name	深圳高速公路股份有限公司
Chinese abbreviation	深高速
English name	Shenzhen Expressway Company Limited
English abbreviation	SZEW
Legal representative	HU Wei

Contact Information

Secretary of the Board/Company secretary	WU Qian
Securities officer	GONG Xin, XIAO Wei
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Fax	(86) 755-8285 3400
E-mail	secretary@sz-expressway.com
Investor hotline	(86) 755-8285 3330

General Information

Registered address and place of business	Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen (Postal Code: 518026)
Website	http://www.sz-expressway.com
E-mail	ir@sz-expressway.com
Place of business in Hong Kong	Suite 2001-2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong Tel: (852) 2543 0633 Fax: (852) 2543 9996

Company Information

Information Disclosure and Site for Inspection

Designated publication newspaper	Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily (for A Shares only)
Designated publication website	http://www.sse.com.cn http://www.hkexnews.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: Suite 2001-2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

Security Profile

Type of securities	Listing exchange	Abbreviation	Security code
A Share	The Shanghai Stock Exchange	Shenzhen Expressway	600548
H Share	The Stock Exchange of Hong Kong Limited	Shenzhen Expressway	00548
Bond	The Shanghai Stock Exchange	11 Shenzhen Expressway	122085

- ◆ *Unless otherwise stated, the amounts stated in this report are in RMB.*
- ◆ *The total of breakdown and the total may not equal in mantissa due to rounding.*



SHENZHEN EXPRESSWAY COMPANY LIMITED