

Important

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The Board of Directors and the Directors of the Company jointly and severally accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report and confirm that there are no false statements, misrepresentations or material omissions in this report.

This quarterly report is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies of the China Securities Regulatory Commission. This report is published simultaneously in Hong Kong and the People's Republic of China. All financial information set out in this quarterly report has been prepared in accordance with PRC Accounting Standards. Shareholders of the Company and public investors should exercise caution when dealing in the Company's share.

This announcement is made pursuant to the disclosure obligations under Paragraph 2(2) of Appendix 7I of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements in this quarterly report are unaudited.

Mr. Shen Chang Quan, the Chairman, Mr. Chen Xiang Hui, General Manager and Madam Liu Wei, Finance Manager, undertake to guarantee the authenticity and completeness of the financial statements contained in the quarterly report.

I Basic Conditions of the Company

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1. Basic corporate information

Stock Name	寧滬高速 (A shares)	Jiangsu Expressway (H shares)	JEXWW (ADR)
Stock Code	600377	0177	477373104
Stock exchanges where the Company's securities are listed	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	United States.
	Secretary to the Board of Directors	Securities Officers	
Name	Yao Yong Jia	Jiang Tao, Lou Qing, Bian Qing Mei	
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2. Major accounting data and financial indices prepared in accordance with PRC Accounting Standards

	End of reporting period (RMB'000)	End of last reporting year (RMB'000)	% increase (decrease) at end of reporting period compared to end of last reporting year
Total assets	15,171,102	15,081,793	0.59
Shareholders' equity (excluding minority interests)	13,855,629	13,613,202	1.78
Net assets per share (RMB yuan)	2.75	2.7	1.85
Adjusted net assets per share (RMB yuan)	2.75	2.7	1.85
	Reporting period	From beginning of year to end of reporting period	% increase (decrease) for reporting period compared to corresponding period last year
Net cash flow from operating activities (RMB'000)	293,325	293,325	24.30
Earnings per share (RMB yuan)	0.048	0.048	26.32
Return on net assets	1.75%	1.75%	25.00
Return on net assets after extraordinary losses	1.74%	1.74%	24.29
Extraordinary gains/losses	Amount		
Non-operating income/expenses, net	1,590		

3. Total number of shareholders at the end of the reporting period

During the reporting period, there has been no change in the total number of shares or in the share capital structure of the Company.

As at 31 March 2003, there were 19,387 shareholders registered on the registers of members of the Company, among whom 17,883 were holders of domestic shares and 1,504 were holders of foreign shares.

II Management Discussion and Analysis

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1. Overview and brief analysis of the Company's operating activities during the reporting period

In the first quarter of 2003, China's GDP growth rate reached 9.9%, an increase of 2.3 percentage points compared to the corresponding period last year. Industrial production expanded rapidly nationwide. Large-scale industrial enterprises generate a 17.2% growth in value-added output compared to the corresponding period last year. Jiangsu Province recorded a GDP growth of 13.6% during the first quarter, a year-on-year increase of 2.9 percentage points which is the steepest increase for the past 7 years. In particular, the Yangtze River Delta Region registered a 23% year-on-year growth, underlying an ongoing upbeat economic environment. The rapid increase in industrial production gave a boost to the development of the transportation sector, and consequently the Company's major road and bridge assets continued to grow at a high rate. In particular, daily average traffic volume of Shanghai-Nanjing Expressway registered a year-on-year increase of 28.36%.

During the reporting period, the Group's operating income amounted to approximately RMB 668,725,000. In accordance with PRC Accounting Standards, net income after deducting relevant tax amounts was approximately RMB 243,125,000, representing an approximate 26.77% growth compared to the corresponding period in the previous year.

Average daily traffic flow and average daily toll revenue in the first quarter of 2003:

Expressway or bridge operation	Average daily traffic flow (vehicles/day)	Growth over corresponding period of previous year (%)	Average daily toll revenue (RMB'000/day)	Growth over corresponding period of previous year (%)
Jiangsu Section of Shanghai Nanjing Expressway	29,903	28.36	4,547.63	27.29
Jiangsu Section of Nanjing Shanghai Class 2 Highway	36,975	(3.14)	558.28	(7.27)
Nanjing Section of Nanjing-Lianyungang Highway	9,984	(1.65)	145.76	0.08
Guangjing Expressway	24,881	46.31	430.0	45.56
Xicheng Expressway	21,751	49.98	581.9	52.74
Jiangyin Yangtze Bridge	25,704	38.42	1,255.57	43.72
Southern Section of Sujiahang Expressway	21,565	—	754.5	—

2. Principal operating activities or products accounting for more than 10% of income or gross profit from principal business
(RMB'000)

Industry or product	Principal operating income	Principal operating costs	Gross profit margin (%)
Shanghai Nanjing Expressway	409,287	102,271	75.01
Nanjing Shanghai Class 2 Highway	50,245	20,835	58.53
Nanjing Section of Nanjing-Lianyungang Highway	13,118	6,988	46.73
Guangjing-Xicheng Expressway	91,082	14,544	84.03
Total	563,733	144,638	74.35

3. Seasonal or cyclical characteristics of the Company's operation

Applicable not applicable

4. Structure of profit contributions during the reporting period
(RMB'000) (in accordance with PRC Accounting Standards)

Items	Jan - Mar 2003	Proportion to gross profit (%)	Jan - Mar 2002	Increase/ Decrease (%)
Profit from principal business	387,808	105.12	305,425	26.97
Other operating profit	2,991	0.81	2,726	9.72
Expenses during the reporting period	(36,756)	(9.96)	(31,204)	17.79
Gain on Investment	13,297	3.60	10,443	27.33
Subsidies income	/	/	/	/
Non-operating income/ expenses, net	1,590	0.43	644	146.89
Net profit before taxation	368,930	100	288,034	28.09

Explanation of changes:

1. Profit from principal business increased 26.97% compared to the corresponding period of the previous year, primarily as a result of the continued growth of the traffic volume of the Group's road and bridge assets.
2. Gain on investment increased 27.33% compared to the corresponding period of the previous year, primarily as a result of the continued growth of income from principal business of an associated company of the Company, Jiangsu Yangtze Bridge Company Limited, as well as an investment income of RMB3,350,000 from Suzhou Sujiahang Expressway Company Limited which started operation at the end of 2002 and has become a new revenue base for the Company.
3. Non-operating income, net increased 146.89% compared to the corresponding period of the previous year, primarily as a result of the net difference between the compensation on road damage received by the Company and the road maintenance expenses incurred.

5. Circumstances and reasons for substantial changes in principal business and its structure compared with previous corresponding period

Applicable not applicable

6. Circumstances and reasons for substantial changes in the earning capacity (gross profit margin) of the principal business and its structure compared with previous corresponding period

Applicable not applicable

III Analysis of Impact of Significant Matters and Their Solutions

III ANALYSIS OF IMPACT OF SIGNIFICANT MATTERS AND THEIR SOLUTIONS

1. Establishment of Jiangsu Sundian Engineering Co., Ltd. ("Jiangsu Sundian")

During the reporting period, the Company established Jiangsu Sundian with Jiangsu Guangjing Xicheng Expressway Co., Ltd. (a company in which the Company holds an 85% interest) as joint promoter. Jiangsu Sundian had a registered capital of RMB35,000,000, of which the Company contributed RMB24,500,000 comprising assets valued at RMB16,717,000 and RMB7,783,000 in cash for a 70% interest, while Guangjing Xicheng invested RMB10,500,000 for a 30% interest. Thus Jiangsu Sundian will become a subsidiary in which the Company holds a 95.5% interest through direct and indirect holdings.

The board of directors of Guangjing Xicheng Expressway Co., Ltd and of the Company considered and approved the transaction at their meetings held on 18 March 2003 and 20 March 2003, respectively, and a promoters' agreement was signed on 20 March 2003. An announcement in relation to the transaction was published on 21 March 2003 in designated newspapers. Currently, completion of legal procedures for establishing Jiangsu Sundian is under progress.

2. Transfer of Advertising Billboards Along Shanghai-Nanjing Expressway to Jiangsu Ninghu Investment & Development Co., Ltd.

During the reporting period, the Company transferred 427 billboards placed along Shanghai-Nanjing Expressway (including service areas and toll stations), together with the rights to operate these assets, to Jiangsu Ninghu Investment & Development Co., Ltd., a company in which the Company has a 95% interest. The consideration of the transaction was valued at RMB27,290,000.

At the Company's board meeting on 20 March 2003, the above transaction was considered and approved and a transfer agreement in respect thereof was signed. An announcement in relation to the transaction was published on 21 March 2003 on designated newspapers.

3. Maintenance works at Wuxi and Suzhou Sections of Shanghai-Nanjing Expressway

Rapid growth of traffic flow, the increasingly severe problem of overloaded vehicles and extensive usage of the roads have resulted in damage of the road surface of expressways. With a view to maintaining road quality and ensuring a safe and smooth traffic, the Company has decided to carry out intensive maintenance works on road surfaces extending for nearly 100 km, which have been severely damaged, at the Wuxi Section and the Suzhou Section of Shanghai-Nanjing Expressway during the period from 10 April to 10 June, 2003.

This major road surface maintenance shall last for two months and the estimated funding is RMB170,000,000. Works will be conducted at nighttime and half of the expressway will be closed to traffic during maintenance while the other half being converted to two-way traffic in order to minimise disruption to traffic flow. Meanwhile, the Company has formed a special coordination group in association with the Traffic Patrol Unit of the Police Department and the Expressway Administration Unit to implement traffic coordination and carry out temporary restriction measures to ensure that maintenance works are well-organised and performed in high quality, assuring orderly traffic within the expressway network.

4. Progress on the relocation of toll stations along Nanjing-Shanghai Class II Highway

During the reporting period, the establishment of new toll stations along Nanjing-Shanghai Class II Highway was under progress.

5. Circumstances and reasons for changes in accounting policies, accounting assumptions, scope of consolidation and significant accounting errors

Applicable not applicable

6. Statement by the Board of Directors and the Supervisors Committee on qualified opinion in respect of audited financial statements

Applicable not applicable

7. Profit warning with reasons on a possible reversal to losses of the accumulated net profit from the beginning of the year to the end of the next reporting period or on a substantial change when compared to the corresponding period in the previous year

Applicable not applicable

8. Ongoing adjustments by the Company on announced annual business plan or budget

Applicable not applicable

IV Financial Statements

IV Financial Statements

1. Balance Sheet prepared in accordance with PRC Accounting Standards (RMB Yuen)

Assets	At the beginning of the year	At the end of the period
Current assets:		
Currency fund	719,611,366.00	843,056,228.90
Short-term investment	100,000,000.00	100,000,000.00
Dividends receivable	5,239,458.00	5,239,458.00
Interests receivable	131,458.00	530,495.17
Accounts receivable	18,171,274.00	23,762,812.80
Other receivables	38,555,670.00	67,780,006.82
Prepayments	11,052,244.00	35,288,805.47
Inventory	7,743,710.00	8,535,114.45
Reserved fund	—	96,100.00
Total current assets	900,505,180.00	1,079,665,918.37
Long-term investment:		
Long-term investment in share capital	1,381,006,533.00	1,400,898,185.25
Fixed assets:		
Fixed assets at cost	12,912,033,273.00	12,838,752,366.61
Less: accumulated depreciation	1,635,937,687.00	1,707,296,065.14
Fixed asset value	11,276,095,586.00	11,131,456,301.47
Construction in-progress	12,525,157.00	16,316,012.30
Disposal of fixed assets	—	(5,589,371.77)
Total fixed assets	11,288,620,743.00	11,142,182,942.00
Intangible assets and other assets:		
Intangible assets	1,509,767,503.00	1,493,875,268.95
Long-term amortization charges	1,893,277.00	54,479,983.60
Total Intangible assets and other assets	1,511,660,780.00	1,548,355,252.55
Total Assets	15,081,793,236.00	15,171,102,298.17

Liabilities and shareholders' equity	At the beginning of the year	At the end of the period
Current Liabilities:		
Short-term borrowings	120,000,000.00	—
Accounts payable	39,957,817.00	19,537,004.42
Advances on sales	3,703,162.00	4,232,090.57
Wages payable	12,483,399.00	12,537,071.63
Welfare benefits payable	12,264,450.00	10,541,991.45
Dividend payable	660,724,748.00	63,156,903.58
Tax payable	70,440,622.00	54,716,652.07
Other payables	—	994,616.28
Other payments	84,197,793.00	74,020,053.23
Accruals	—	1,913,619.88
Long-term loan with one year maturity	6,822,316.00	—
Total current liabilities	1,010,594,307.00	845,921,673.66
Long-term liabilities:		
Total long-term liabilities	61,493,867.00	72,413,094.54
Total liabilities	1,072,088,174.00	918,334,768.20
Minority interests	396,503,024.00	397,138,388.60
Shareholders' equity:		
Share capital	5,037,747,500.00	5,037,747,500.00
Capital reserve	7,484,538,998.00	7,484,539,053.11
Common reserve	602,448,076.00	602,075,903.99
Unrealized loss on investments	(2,445,239.00)	(2,771,644.18)
Unallocated profit	490,912,703.00	734,038,328.45
Total shareholders' equity	13,613,202,038.00	13,855,629,141.37
Total liabilities and shareholders' equity	15,081,793,236.00	15,171,102,298.17

2. Combined Profit and Loss Account prepared in accordance with PRC Accounting Standards
(RMB Yuen)

Items	Reporting period	Corresponding period of the previous year
1. Income from principal business	563,733,079.00	450,493,590.00
Less: Expenses of principal business	144,637,943.13	120,105,677.96
Tax and sur-tax on principal business	31,286,686.38	24,962,968.83
2. Profit from principal business	387,808,449.49	305,424,943.21
Add: Other operating profit	2,991,228.68	2,726,218.23
Administrative expenses	35,604,293.96	30,259,057.16
Financial expenses	1,152,136.81	944,463.34
3. Profit from operations	354,043,247.40	276,947,640.94
Add: Investment income	13,296,850.94	10,443,184.65
Non-operating income	2,438,708.40	1,955,743.92
Less: Non-operating expenses	848,636.97	1,312,453.89
4. Gross profit	368,930,169.77	288,034,115.62
Less: Income tax	118,988,115.46	91,825,938.85
Minority interests	7,142,834.04	4,430,073.99
Unrealized loss on investments	326,405.18	—
5. Net Profit	243,125,625.45	191,778,102.78

3. Cash Flow Statements prepared in accordance the PRC Accounting Standards
(RMB Yuen)

Cash flow statement (Group)

Items	Amount
1. Cash flows from operating activities	
Cash inflow sub-total	663,133,744.53
Cash outflow sub-total	369,807,894.93
Net cash flow from operating activities	293,325,849.60
2. Cash flows from investing activities	
Cash inflow sub-total	—
Cash outflow sub-total	59,648,017.43
Net cash flow from investing activities	(59,648,017.43)
3. Cash flows from financing activities	
Cash inflow sub-total	10,919,227.54
Cash outflow sub-total	121,152,136.81
Net cash flow from financing activities	(110,232,909.27)
4. Effect of foreign exchange rate changes	—
5. Increase of cash and cash equivalents	123,444,922.90