

## **I. Important**

- I.1 The board of directors of the Company confirms that there are no false representations or misleading statements contained in or material omissions from this report. The directors severally and jointly accept responsibility for the authenticity, accuracy and completeness of the content of this report.
- I.2 Ms. Chang Yung Tsung, Alice and Mr Fang Keng (both directors) were not able to attend the Board of Directors meeting and appointed Mr Shen Chang Quan, the Chairman, to vote on their behalf.
- I.3 This quarterly report is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies by 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 shares.
- I.4 The financial statements in this quarterly report are unaudited.
- I.5 Mr Shen Chang Quan, Chairman of the Company, Mr Xie Jia Quan, General Manager; and Madam Liu Wei, Manager of the Finance and Accounting Department, guarantee the correctness and completeness of the financial statements in the quarterly report.

## 2. Basic Information of the Company

### 2.1 Basic Corporate Information

	<b>A Shares</b>	<b>B Shares</b>	<b>Other 1</b>	<b>Other 2</b>	<b>Other 3</b>
Stock Name	寧滬高速		Jiangsu Expressway (H Shares)	JEXWW (ADR)	
Stock name prior to amendment (if any)					
Stock Code	600377		0177	477373104	
Name	Secretary to the Board of Directors Yao Yong Jia		Securities Officers Jiang Tao and Lou Qing		
Correspondence Address	Jiangsu Communications Building, 69 Shigu Road, Nanjing, Jiangsu				
Telephone	8625-84469332		8625-84200999-4706, 4716		
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## 2.2 Financial Information

### 2.2.1 Major accounting data and financial indicators

Unit: RMB yuan

	<b>End of the reporting period</b>	<b>End of last reporting year</b>	<b>% increase (decrease) at end of the reporting period compared to end of last reporting year</b>
Total assets	17,413,672,709	16,732,357,439	4.07
Shareholders' equity (excluding minority interests)	14,925,043,622	14,562,324,835	2.49
Net assets per share	2.96	2.89	2.49
Adjusted net assets per share	2.96	2.89	2.49
Net cash flow from operating activities	621,175,986	621,175,986	111.77
Earnings per share	0.072	0.072	50.00
Return on net assets	2.43%	2.43%	38.86
Return on net assets after extraordinary losses	2.79%	2.79%	60.34
Extraordinary gains/losses			Amount
Amortisation of differences in shareholding investment			-2,999,223
Non-operating income/expenses			-50,727,850
Effect on income tax			240,191
Total			-53,486,883

2004 First Quarterly Report

03

## 2.2.2 Profit and loss account

Profit and loss account (unaudited)

Unit: RMB

Items	The reporting period		Corresponding period of the previous year	
	Consolidated	The Company	Consolidated	The Company
<b>1. Income from principal business</b>	837,370,614	736,245,512	563,733,079	472,650,651
Less: Costs of principal business	187,274,696	160,907,351	144,637,943	130,093,900
Tax and sur-tax on principal business	48,472,069	40,861,626	31,286,686	26,231,612
<b>2. Profit from principal business ("-" represents losses)</b>	637,623,849	534,476,535	387,808,449	316,325,140
Add: Other operating profit ("-" represents losses)	4,922,870	2,187,661	2,991,229	2,398,861
Less: Operating expenses	—	—	—	—
Administrative expenses	43,446,460	39,225,629	35,604,294	33,409,458
Financial expenses	5,093,838	5,669,683	1,152,137	2,082,564
<b>3. Profit from operations ("-" represents losses)</b>	594,006,421	491,768,885	354,043,247	283,231,980
Add: Investment income ("-" represents losses)	25,717,825	83,818,313	13,296,851	53,803,939
Subsidies income	—	—	—	—
Non-operating income	2,114,475	2,114,425	2,438,708	2,278,575
Less: Non-operating expenses	52,842,325	52,574,967	848,637	663,823
<b>4. Gross profit ("-" represents losses)</b>	568,996,397	525,126,656	368,930,170	338,650,671
Less: Income tax	195,991,582	162,131,753	118,988,115	95,525,045
Less: Gain and loss of minority interests	10,286,028	—	7,142,834	—
Add: Unrealised loss on investments	276,116	—	326,405	—
<b>5. Net profit ("-" represents losses)</b>	362,994,903	362,994,903	243,125,625	243,125,625

## 2.3 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 31st March 2004, there were 33,384 shareholders registered on the registers of members of the Company, among whom 32,363 were holders of domestic shares and 1,021 were holders of foreign shares.

### 3. Management Discussion and Analysis

#### 3.1 Overview and brief analysis of the Company's operating activities during the reporting period

In the first quarter of 2004, all businesses of the Group grew steadily. According to the PRC Accounting Standards, operating income between January and March amounted to approximately RMB980,950,084, whereas net profit amounted to approximately RMB362,994,903, representing increases of approximately 46.69% and 49.30% respectively over those of the corresponding period of the previous year.

Since in the next reporting period there would be no negative impact due to the SARS epidemic or intensive repairs, income from principal business are expected to have relatively large increases compared to the corresponding period last year.

Increase in income was mainly attributable to the following reasons:

1. The national economy sustained a faster rate of growth. In the first quarter of 2004, GDP increased by 9.7% over that of the corresponding period of last year. GDP of Jiangsu Province grew 14.6% over that of the corresponding period of last year. A favourable macro-economic environment resulted in increase in passenger transport and freight transport. Except for Nanjing-Shanghai Class 2 Highway which recorded a decrease of traffic volume due to the road expansion project, traffic volumes of all roads and bridges operated by the Group all maintained double-digit growth.
2. Increase in toll revenue also resulted from an approximately 12.5% increase in toll tariffs for passenger vehicles at the expressways in Jiangsu Province with effect from 1st January 2004.
3. Implementation of the toll-by-weight tariff system has benefited the Group's road and bridge projects. According to the statistics in respect of Shanghai-Nanjing Expressway, among goods vehicles, 79.69% did not exceed the loading limit, whereas overloaded vehicles accounted for 20.31%. Among overloaded goods vehicles, 11.34% were overloaded by less than 30%, 4.25% were overloaded by 30%-50%, 4.33% were overloaded by 50%-100% and 0.38% were overloaded by over 100%. The increase of toll on overloaded vehicles has in effect led to increase of toll revenues, and as the proportion of trucks showed a growth trend, the proportion of toll revenues contributed by trucks also grow gradually.

**Data of daily average traffic volumes and daily average toll revenues of roads and bridges in the first quarter of 2004:**

Expressway or bridge operation	Growth over the corresponding		Growth over the corresponding	
	Average daily traffic flow (vehicles/day)	period of the previous year (%)	Average daily toll revenues (RMB'000/day)	period of the previous year (%)
Jiangsu section of Shanghai-Nanjing Expressway	36,403	21.74	7,366.3	61.98
Jiangsu section of Nanjing-Shanghai Class 2 Highway	33,879	-8.37	533.0	-4.53
Nanjing section of Nanjing-Lianyungang Highway	12,359	23.78	191.3	31.24
Guangjing Expressway	28,041	12.70	564.8	31.35
Xicheng Expressway	26,054	19.78	942.1	61.90
Jiangyin Yangtze Bridge	30,458	18.50	1,813.4	44.43
Sujiahang Expressway	16,672	—	1,585.6	110.15

**Non-core Businesses**

In addition to operations of the service areas, revenues from the Group's non-core businesses also included the operating revenues of Jiangsu Ninghu Investment Development Co., Ltd. and Jiangsu Sundian Engineering Co., Ltd. Revenues from the non-core businesses between January and March 2004 amounted to approximately RMB107,579,470, whereas profits from non-core businesses amounted to approximately RMB4,922,870.

**Progress on Expansion Project**

The eight-lane expansion project of Shanghai-Nanjing Expressway was approved by the State Development and Reform Commission on 20th February 2004. The Company convened the 6th session of the fourth Board of Directors meeting on 1st April 2004, at which the investment matters in relation to the expansion project as well as the acquisition of the extended 12-year operating right of Nanjing-Shanghai Class 2 Highway subsequent to its expansion were approved (details of which were published in China Securities and Shanghai Securities on 2nd April 2004). At present, both projects are proceeding smoothly, and relevant preliminary preparation work for the eight-lane expansion project of Shanghai-Nanjing Expressway is nearly completed.

According to the work progress, filling and construction of soil excavation of earth and stone for roadbeds in the southern side will be substantially completed in the next stage, works pertaining to superstructure of bridges, base structures of large bridges and specially large bridges reinforcing of main structures of the original bridges which affect connection, demolition and construction of cross-over bridges over feeders, modification of intersecting and interconnecting roads and modification and expansion of service areas will commence on a full-scale. Works relating to improvement of designs, scientific research, and the establishment of tenders and project management systems will also commence. The Company will work hard on quality management, coordination with communications authorities and on-site management, and will steadily push forward the expansion project.

Traffic volume on Shanghai-Nanjing Expressway has not been affected by the expansion project. Currently the traffic flow is normal and smooth.

3.1.1 Principal operating activities or products accounting for more than 10% of income or total profit from principal business

Unit: RMB

Industry or product	Principal operating income	Principal operating costs	Gross profit margin (%)
Shanghai-Nanjing Expressway	670,329,338	120,411,590	82.04
Guangjiing-Xicheng Expressways	137,125,102	26,367,345	80.77
Total	807,454,440	146,778,935	81.82

3.1.2 Seasonal or cyclical characteristics of the Company's operation

Applicable  Not applicable

3.1.3 Structure of the Group's profit contributions during the reporting period

Unit: RMB

Items	Jan-Mar 2004	Proportion to gross profit (%)	Jan-Mar 2003	Increase/Decrease (%)
Profit from principal business	637,623,849	112.06	387,808,449	64.42
Other operating profit	4,922,870	0.87	2,991,229	64.58
Expenses during the reporting period	(48,540,298)	-8.53	(36,756,431)	32.06
Gain on investment	25,717,825	4.52	13,296,851	93.41
Subsidies income	—	—	—	—
Non-operating income/expenses, net	(50,727,850)	-8.92	1,590,071	—
Net profit before taxation	568,996,397	100.0	368,930,170	54.23

2004 First Quarterly Report

07



Explanation of changes:

1. Significant increase in profit from principal business was mainly attributable to the rapid growth of toll revenues (approximately RMB310 million) during the reporting period whereas maintenance costs for roads were maintained at the previous year's level.
2. Increase in other operating profit was mainly attributable to Jiangsu Sundian Engineering Co., Ltd. becoming an independent legal entity with effect from May 2003. Its revenue during the reporting period was the major factor to the increase in the Group's other operating profit.
3. Increase in expenses during the reporting period was mainly attributable to the advance payment during the period for expenses of road security amounting to RMB387 million for the year.
4. Significant increase in gain on investment was mainly attributable to the increase of RMB4.23 million in gain on investment in Sujiahang Expressway and the increase of RMB7.19 million in gain on investment in Yangtze Bridge when compared to those of the corresponding period of the previous year.
5. Substantial change in non-operating income/expenses during the year was mainly attributable to provisions for impairment of fixed assets of RMB50 million made after careful and due consideration during the reporting period.

3.1.4 Circumstances and reasons for substantial changes in principal business and its structure compared with last reporting period

Applicable       Not applicable

3.1.5 Circumstances and reasons for substantial changes in the earning capacity (gross profit margin) of the principal business compared to last reporting period.

Applicable       Not applicable



**3.2 Analysis of impact of significant matters and the solutions**

Applicable     Not applicable

**3.3 Circumstances and reasons for changes in accounting policies, accounting assumptions, scope of consolidation and significant accounting errors**

Applicable     Not applicable

**3.4 Statement by the Board of Directors and the Supervisory Committee on qualified opinion in respect of audited financial statements**

Applicable     Not applicable

**3.5 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 of the previous year**

Applicable     Not applicable

**3.6 Ongoing adjustments by the Company on announced annual business plan or budget**

Applicable     Not applicable

## Balance Sheet

As at 31st March 2004

Unit: RMB Yuan

	Ending Balance		Parent Company	
	At the end of period	At the beginning of period	At the end of period	At the beginning of period
<b>Assets</b>				
Current assets				
Bank balances and cash	1,396,137,334	1,536,773,636	1,118,390,775	1,308,857,139
Current investments	20,027,690	255,000		
Notes receivable				
Dividend receivable	4,490,964	4,490,964	4,490,964	4,490,964
Interest receivable	535,040	535,040	211,040	211,040
Accounts receivable	23,243,538	14,358,099	4,238,397	3,872,010
Other receivables	76,804,952	52,602,684	77,147,172	57,459,393
Prepayments	342,187,720	19,863,764	316,155,550	12,294,632
Subsidies receivable				
Inventories	23,594,623	9,875,337	5,288,336	5,949,699
Deferred expenses				
Long-term debt investments due within one year				
Other current assets	98,100			
Total current assets	1,887,119,961	1,638,754,524	1,525,922,234	1,393,134,877
Long-term investments				
Long-term equity investments	1,526,632,037	1,498,468,487	3,838,172,027	3,754,353,713
Long-term debt investments	19,000,000	19,000,000		
Total Long-term investments	1,545,632,037	1,517,468,487	3,838,172,027	3,754,353,713
Fixed assets				
Fixed asset cost	13,260,771,373	13,255,872,715	10,652,579,570	10,645,694,334
Less: Accumulated depreciation	2,208,739,618	2,080,564,743	2,002,090,839	1,882,474,341
Net book value	11,052,031,755	11,175,307,972	8,650,488,731	8,763,219,993
Less: Impairment				
Net book amount	11,052,031,755	11,175,307,972	8,650,488,731	8,763,219,993
Project materials				
Construction-in-progress	1,473,561,456	919,969,662	1,457,505,553	897,852,521
Disposal of fixed assets	122,326		122,326	
Total fixed assets	12,525,715,537	12,095,277,634	10,108,116,610	9,661,072,514
Intangible assets and other assets				
Intangible assets	1,450,189,202	1,477,302,628	1,450,189,202	1,466,310,034
Long-term deferred expenses	5,015,973	3,554,166		
Other Long-term assets				
Total intangible assets and other assets	1,455,205,175	1,480,856,794	1,450,189,202	1,466,310,034
Deferred tax:				
Deferred tax assets				
Total assets	17,413,672,709	16,732,357,439	16,922,400,073	16,274,871,138

## Balance Sheet (cont'd)

	Ending Balance		Parent Company	
	At the end of period	At the beginning of period	At the end of period	At the beginning of period
<b>Liabilities and share capital</b>				
Current liabilities				
Short-term loans	1,500,000,000	1,400,000,000	1,500,000,000	1,400,000,000
Notes payable				
Accounts payable	69,427,227	77,251,165	66,546,263	61,944,199
Advances from customers	19,579,434	11,641,834	2,029,700	2,527,100
Salaries and wages payable	12,483,399	14,192,212	12,483,399	12,483,399
Employee benefits payable	15,974,850	15,298,625	11,961,319	11,252,983
Dividend payable	3,947,923	7,264,536	3,947,923	7,264,536
Taxes payable	215,095,263	129,387,676	190,893,993	115,967,906
Other payables	103,851,910	53,256,558	84,840,312	41,616,703
Accrued expenses	70,510,998	—	68,294,580	
Provisions				
Long-term liabilities due within one year	3,406,631	6,813,262	3,406,631	6,813,262
Other current liabilities	522,020			
Total current liabilities	2,014,799,655	1,715,105,868	1,944,404,120	1,659,870,088
Long-term liabilities				
Long-term loans	54,676,610	54,676,610	54,676,610	54,676,610
Bonds payables				
Long-term payables	8,616,669			
Specific accounts payable				
Other non-current liabilities				
Total long-term liabilities	63,293,279	54,676,610	54,676,610	54,676,610
Deferred tax				
Deferred tax liabilities				
Total liabilities	2,078,092,934	1,769,782,478	1,999,080,730	1,714,546,698
Minority interest	410,536,154	400,250,126		
Shareholder's equity				
Share capital	5,037,747,500	5,037,747,500	5,037,747,500	5,037,747,500
Less: Capital repaid				
Share reserve	5,037,747,500	5,037,747,500	5,037,747,500	5,037,747,500
Capital reserve	7,484,734,745	7,484,734,745	7,484,734,745	7,484,734,745
Revenue reserve	766,382,009	766,382,010	704,869,469	704,869,469
Including: Statutory common welfare fund	255,460,669	255,460,669	234,956,490	234,956,490
Accumulated losses	-4,325,032	-4,048,916		
Retained earnings	1,640,504,399	1,277,509,496	1,695,967,629	1,332,972,726
Total shareholder's equity	14,925,043,622	14,562,324,835	14,923,319,343	14,560,324,440
Total liabilities and shareholder's equity	17,413,672,709	16,732,357,439	16,922,400,073	16,274,871,138

2004 First Quarterly Report

11

## Profit and Loss Account

1st January 2004 - 31st March 2004

Unit: RMB Yuan

Description	Ending balance		Parent Company	
	At the end of period	At the same period of last year	At the end of period	At the same period of last year
1. Revenue	873,370,614	563,733,079	736,245,512	472,650,651
Less: Cost of sales	187,274,696	144,637,943	160,907,351	130,093,900
Sales taxes	48,472,069	31,286,686	40,861,626	26,231,612
2. Gross profit	637,623,849	387,808,449	534,476,535	316,325,140
Add: Other operating profit	4,922,870	2,991,229	2,187,661	2,398,861
Less: Operating Expenses	—	—	—	—
Administrative expenses	43,446,460	35,604,294	39,225,629	33,409,458
Finance expenses	5,093,838	1,152,137	5,669,683	2,082,564
3. Profit (loss) from operations	594,006,421	354,043,247	491,768,885	283,231,980
Add: Investment Income (loss)	25,717,825	13,296,851	83,818,313	53,803,939
Subsidy Income	—	—	—	—
Non-operating Income	2,114,475	2,438,708	2,114,425	2,278,575
Less: Non-operating expenses	52,842,325	848,637	52,574,967	663,823
4. Profit (loss) before taxation	568,996,397	368,930,170	525,126,656	338,650,671
Less: Income tax	195,991,582	118,988,115	162,131,753	95,525,045
Less: Minority interest	10,286,028	7,142,834	—	—
Add: Unrealized investment losses	276,116	326,405	—	—
5. Net Profit (loss)	362,994,903	243,125,625	362,994,903	243,125,625

## Statement of Cash Flows

1st January 2004 - 31st March 2004

Unit: RMB Yuan

Description	At the end of period (consolidation)	At the end of period (parent company)
1. Cash flow from operating activities		
Cash received from operating activities	990,583,721	803,347,847
Cash paid for operating activities	(369,407,735)	(277,662,481)
Net cash flow from operating activities	621,175,986	525,685,366
2. Cash flow from investing activities		
Cash received from investing activities	5,273,174	4,164,298
Cash paid for investing activities	(839,040,439)	(811,614,421)
Net Cash flow from investing activities	(833,767,265)	(807,450,123)
3. Cash flow from financing activities		
Cash received from financing activities	500,429,273	500,000,000
Cash paid for financing activities	(408,701,607)	(408,701,607)
Net cash flow from financing activities	91,727,666	91,298,393
4. Net decrease in cash and cash equivalents	(120,863,612)	(190,466,364)

By order of the Board

**Yao Yong Jia**

Secretary to the Board

Nanjing, China, 26th April 2004