

1. IMPORTANT

- 1.1 The board of directors (the "Board of Directors") and its directors of Jiangsu Expressway Company Limited (the "Company") confirm 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.
- 1.2 Independent director Ms. Chang Yung Tsung was engaged in work and did not attend the Board of Directors meeting. She had appointed Mr. Fang Keng, independent director, to vote on her behalf.
- 1.3 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 be aware of the risks of investment when trading in shares.
- 1.4 The financial statements in this third quarterly report are unaudited and have been reviewed by the Audit Committee of the Company.
- 1.5 Mr. Shen Chang Quan, Chairman of the Company, Mr. Xie Jia Quan, General Manager, and Madam Liu Wei, Financial Controller, guarantee the correctness and completeness of the financial statements in the quarterly report.

2. BASIC INFORMATION OF THE COMPANY

2.1 Basic Corporate Information

	A Shares	H Shares	ADR
Abbreviation of Stock Name	寧滬高速	江蘇寧滬	JEXWW
Stock Code	600377	0177	477373104
	Secretary to the Board of Directors		Securities Officers
Name	Yao Yong Jia		Jiang Tao and Lou Qing
Correspondence Address	Jiangsu Communications Buildings 69 Shigu Road, Nanjing Jiangsu, the PRC		Jiangsu Communications Buildings 69 Shigu Road, Nanjing Jiangsu, the PRC
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E-mail Address	nhgs@jsexpressway.com		nhgs@jsexpressway.com

2.2 Financial Information

2.2.1 Major accounting data and financial indicators

Unit: RMB'000

	End of the reporting period (unaudited)	End of last reporting year (audited)	% increase (decrease) at end of the reporting period compared to end of last reporting year
Total assets	24,656,742	20,638,701	19.47
Shareholders' equity (excluding minority interests)	14,428,139	14,666,085	-1.62
Net assets per share (RMB)	2.86	2.91	-1.62
Adjusted net assets per share (RMB)	2.86	2.91	-1.62

	The reporting period (July - September) (unaudited)	Beginning of the year to end of the reporting period (January - September) (unaudited)	% increase (decrease) for this reporting period compared to the corresponding period of the previous year
Net cash flow from operating activities	277,391	897,361	49.74
Earnings per share (RMB)	0.0319	0.0978	48.00
			Increase
			0.36 percentage point
Return on net assets (%)	1.11	3.41	

Non-recurring Items (unaudited)	As at end of the reporting period Amount (RMB'000)
Amortisation of long-term equity investment difference	(8,998)
Income from disposal of investment	2,623
Income from short-term investment	238
Non-operating income/expenses	(6,909)
Income tax effect	1,336
Total	(11,710)

2.2.2 Income statement (Unaudited)

Unit: RMB

	Consolidated		The Company	
	The reporting period (July - September)	Corresponding period of the previous year (July - September)	The reporting period (July - September)	Corresponding period of the previous year (July - September)
1. Turnover	518,516,077	657,181,426	378,430,785	512,408,756
Less: Costs of sales	204,897,455	264,537,112	146,826,778	221,157,161
Sales tax	17,939,829	32,169,242	13,601,873	24,996,859
2. Gross profit	295,678,793	360,475,072	218,002,134	266,254,736
Add: Other operating profit	754,009	6,280,850	—	—
Less: Administrative expenses	44,749,262	47,683,451	40,003,929	37,774,437
Financial costs	51,660,874	31,311,584	52,106,223	32,252,376
3. Profit from operations	200,022,666	287,760,887	125,891,982	196,227,923
Add: Investment income	37,719,644	31,800,428	76,803,631	85,773,695
Subsidy income	800,000	—	—	—
Non-operating income	1,879,237	1,489,790	2,607,830	1,486,951
Less: Non-operating expenses	3,001,379	117,373,718	2,357,136	116,964,054
4. Profit before tax	237,420,168	203,677,387	202,946,307	166,524,515
Less: Income tax	69,036,149	85,472,982	42,352,029	54,304,384
Minority interests	7,816,525	9,158,988	—	—
Add: Unrecognised investment losses	—	-550,206	—	—
5. Net profit	160,567,494	108,495,211	160,594,278	112,220,131

	Consolidated		The Company	
	Beginning of the year to end of the reporting period (January - September)	Corresponding period of the previous year (January - September)	Beginning of the year to end of the reporting period (January - September)	Corresponding period of the previous year (January - September)
1. Turnover	1,522,261,097	2,550,468,130	1,128,352,169	2,092,292,143
Less: Costs of sales	578,837,728	826,387,198	453,426,896	700,813,610
Sales tax	66,820,601	125,316,038	50,286,624	102,887,144
2. Gross profit	876,602,768	1,598,764,894	624,638,649	1,288,591,389
Add: Other operating profit	-1,533,159	5,871,834	—	—
Less: Administrative expenses	132,003,909	135,580,825	117,646,068	122,666,570
Financial costs	105,356,163	78,692,832	111,577,060	81,040,737
3. Profit from operations	637,709,537	1,390,363,071	395,415,521	1,084,884,082
Add: Investment income	100,181,055	96,090,436	233,818,311	268,852,397
Subsidy income	800,000	—	—	—
Non-operating income	6,364,827	6,241,158	5,726,855	6,230,078
Less: Non-operating expenses	13,273,429	241,511,896	11,190,169	239,258,956
4. Profit before tax	731,781,990	1,251,182,769	623,770,518	1,120,707,601
Less: Income tax	214,153,170	455,897,992	130,584,833	355,577,428
Minority interests	25,100,990	30,154,604	—	—
5. Net profit	492,527,830	765,130,173	493,185,685	765,130,173

2.3 Total number of shareholders as at the end of the reporting period and the top ten holders of listed shares

Unit: share

Total number of shareholders at the end of the reporting period

As at 30th September 2005, there were 26,291 shareholders registered on the registers of members of the Company, among whom 25,438 were holders of domestic shares and 853 were holders of foreign shares.

Top ten holders of listed shares

Name of shareholder	Number of listed shares held as at the end of the reporting period	Class of shares
HSBC Investments (Hong Kong) Limited	122,658,000	H shares
Sumitomo Mitsui Asset Management Company Limited	97,302,000	H shares
JP Morgan Chase & Co.	90,814,500	H shares
Morgan Stanley	56,763,787	H shares
銀河證券有限責任公司	17,201,566	A shares
中國工商銀行－諾安平衡證券投資基金	13,216,991	A shares
Winner Glory Development Ltd	12,000,000	H shares
中國銀行－嘉實服務增值行業證券投資基金	11,343,504	A shares
中國銀行－海富通收益增長證券投資基金	8,880,000	A shares
中國工商銀行－東吳嘉禾優勢精選混合型開放式證券投資基金	6,197,094	A shares

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Brief analysis of the overall situation of the Company's operating activities during the reporting period

During the third quarter of 2005, the Group's operations continued to be affected by the expansion works on Shanghai-Nanjing Expressway, the Group's main asset. Although the Shanghai-bound 4-lane road of the expressway was entirely completed and opened for traffic since 1st July 2005, traffic volume has not yet significantly improved as trucks were still forbidden and speed limits for other vehicles were imposed. As a result, the Group's operating income during the reporting period was still lower than that of the corresponding period of the previous year. In accordance with the PRC Accounting Standards, for the third quarter of 2005, the Group realised an operating revenue of approximately RMB520,512,000, representing a decrease of 21.61% over the corresponding period of the previous year, and a net profit of approximately RMB160,567,000, representing an increase of 48.00% over the corresponding period of the previous year. The increase in net profit was mainly due to the fact that there was a provision for impairment of RMB95,719,000 for the corresponding period of 2004.

During January-September 2005, the Group realised an operating revenue of approximately RMB1,540,850,000 and a net profit of approximately RMB492,528,000, representing decreases of 39.87% and 35.63%, respectively, over the corresponding period of the previous year.

As at 30th September 2005, the Group's total assets amounted to RMB24,656,742,000 while total liabilities amounted to RMB9,819,448,000, with a gearing ratio of 39.82%. Shareholders' equity stood at RMB14,428,139,000, while minority interests amounted to RMB409,155,000. During the reporting period, current liabilities increased by RMB732,171,000 and long-term liabilities increased by RMB496,593,000.

Data of daily average traffic volumes and daily average toll revenues of various roads and bridges during January - September 2005:

Expressway or bridge operation	Average daily traffic volume (vehicles/day)	Growth over the corresponding period of the previous year (%)	Average daily toll revenue (RMB'000/day)	Growth over the corresponding period of the previous year (%)
Jiangsu Section of Shanghai				
- Nanjing Expressway	20,450	-34.89	2,744.1	-52.63
Jiangsu Section of Nanjing				
- Shanghai Class 2 Highway	41,667	0.88	802.2	1.74
Nanjing Section of Nanjing				
- Lianyungang Highway	11,857	7.76	215.5	19.86
Guangjing Expressway	32,857	11.62	639.4	6.20
Xicheng Expressway	24,665	-2.99	693.7	-20.52
Jiangyin Yangtze Bridge	34,193	9.55	2,085.9	7.80
Sujiahang Expressway	16,856	-7.04	1,548.8	0.50

Progress of the expansion project

During the reporting period, the Shanghai-Nanjing Expressway expansion project has completed an investment of RMB1,322 million. As at 30th September 2005, the project has completed a total investment of RMB8,464 million.

While the road surface connection works for the southern 4-lane road was completed during the first half-year of 2005, the Company has further completed 240 km of the road surface connection works for the northern road as at the end of the reporting period. Except for certain interchanges, all the road and bridge works on the main road have been basically completed. As from 1st October, the 8-lane road along the whole 132-km section between Nanjing and the Henglin intersection (in Changzhou) has been opened for traffic, including truck traffic. Renovation and expansion works in all services areas, except for Yangchenghu Service Area, have been basically completed and the completed service areas have resumed normal operation. Works on traffic projects and auxiliary facilities have been closely undertaken contingent upon the works of the main road to match the need of through-traffic. According to the current construction progress, it is anticipated that the whole 8-lane main road of Shanghai-Nanjing Expressway will be opened for traffic, with truck traffic allowed along the whole expressway, by the end of 2005.

During the reporting period, the Nanjing-Shanghai Class 2 Highway expansion project made rapid progress in accordance with plan. As at the end of the third quarter, except for the 21.5-km Changzhou section, expansion works on the 260.5-km section of the highway was completed and opened for traffic. It is anticipated that the whole highway will be completed and opened for traffic by the end of 2005. As of the end of the reporting period, the Company has paid to the Jiangsu Provincial Highway Bureau a cumulative capital of RMB2.6 billion in accordance with the operating right transfer agreement.

Issue of short-term commercial papers

Pursuant to the 12th meeting of the fourth session of the Board of Directors, the Company applied during the reporting period to the People's Bank of China for the issue of short-term commercial papers in total value not exceeding RMB4 billion. The People's Bank of China granted its approval on 7th September and at an extraordinary general meeting convened by the Company on 9th September, the issue was considered and approved. Upon completion of the relevant issue procedures, the Company issued on 20th September the first batch of the short-term commercial papers, in the value of RMB2 billion, to institutional investors from the banking sector. The coupon rate for the issue was 2.923% and the commission rate for the issue was approximately 0.4%. The funds raised will be used primarily for the Shanghai-Nanjing Expressway expansion project as well as for repaying short-term bank loans. The issue of the balance RMB2 billion of the short-term commercial papers will be completed in the next reporting period.

3.1.1 Principal operating activities or products accounting for more than 10% of turnover or gross profit

Applicable Not applicable

Unit: RMB'000

Industry	Turnover	Cost of sales	Gross profit margin (%)
Shanghai-Nanjing Expressway	749,143	220,118	70.62
Nanjing-Shanghai Class 2 Highway	219,004	93,692	57.22
Guangjing Xicheng Expressways	363,958	94,981	73.90

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

Applicable Not applicable

Unit: RMB'000

Item	July - September 2005	Proportion to profit before taxation (%)	January - June 2005	Proportion to profit before taxation (%)
Gross Profit	295,679	124.54%	580,924	117.51%
Other operating profit	754	0.32%	(2,287)	(0.46%)
Expenses for the period	(96,411)	(40.61%)	(140,950)	(28.51%)
Investment income	37,720	15.89%	62,461	12.63%
Subsidy income	800	0.33%	—	—
Non-operating income/expenses, net	(1,122)	(0.47%)	(5,786)	(1.17%)
Profit before tax	237,420	100.00%	494,362	100.00%

Explanation of changes:

Structure of the Group's profit contributions during the reporting period was consistent with the previous reporting period. The increase of expenses for the period was mainly attributable to the changes of loan interests.

3.1.4 Circumstances and reasons for substantial changes in principal business and its structure compared to the previous reporting period

Applicable Not applicable

3.1.5 Circumstances and reasons for substantial changes in the profitability (gross profit margin) of the principal business compared to the previous reporting period

Applicable Not applicable

3.2 Analysis of impact of major events and solutions

Applicable Not applicable

3.3 Accounting policy, accounting estimation, changes in the scope of consolidation and major accounting errors and its reasons

Applicable Not applicable

3.4 Explanation of the Board and the Supervisory Committee in relation to "disclaimer of opinion" given in audited reports

Applicable Not applicable

3.5 Warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next reporting period becoming a loss or significant changes compared to the corresponding period of the previous year

Applicable Not applicable

3.6 Rolling adjustments of the Company to the annual operating plans or budget as disclosed

Applicable Not applicable

4. Appendix

Balance Sheet (Unaudited)

30th September 2005

Unit: RMB

Item	Consolidated		The Company	
	At the end of the period	At the beginning of the year	At the end of the period	At the beginning of the year
Current asset:				
Bank balances and cash	1,017,542,785	524,774,481	836,894,885	382,704,360
Dividend receivable	2,917,072	—	40,166,918	—
Interest receivable	211,040	405,440	211,040	211,040
Accounts receivable	28,825,849	15,843,717	3,385,071	3,019,974
Other receivables	82,060,285	39,031,352	64,505,541	37,451,190
Prepayments	47,238,903	20,422,888	514,411	9,172,797
Inventories	8,270,061	6,408,573	4,724,198	3,465,281
Long-term debt investments within one year	—	15,000,000	—	—
Total current assets	1,187,065,995	621,886,451	950,402,064	436,024,642
Long-term investments:				
Long-term equity investments	1,537,711,653	1,568,230,714	3,847,278,056	3,900,206,541
Total long-term investments	1,537,711,653	1,568,230,714	3,847,278,056	3,900,206,541
Fixed assets:				
Fixed assets at cost	12,926,375,007	12,864,447,028	10,252,556,357	10,210,093,783
Less: Accumulated depreciation	2,662,101,263	2,325,063,294	2,307,551,849	2,045,636,098
Fixed assets, net	10,264,273,744	10,539,383,734	7,945,004,508	8,164,457,685
Construction materials	111,145,321	114,037,781	91,416,132	114,037,781
Construction-in-progress	7,591,407,075	4,630,430,383	7,574,807,461	4,615,718,503
Total fixed assets	17,966,826,140	15,283,851,898	15,611,228,101	12,894,213,969
Intangible assets and other assets:				
Intangible assets	1,364,072,063	1,412,599,448	1,353,464,210	1,401,826,706
Long-term deferred expenses	1,066,250	2,132,501	—	—
Other long-term assets	2,600,000,000	1,750,000,000	2,600,000,000	1,750,000,000
Total intangible assets and other assets	3,965,138,313	3,164,731,949	3,953,464,210	3,151,826,706
Total assets	24,656,742,101	20,638,701,012	24,362,372,431	20,382,271,858

Balance Sheet (Unaudited) - cont'd

30th September 2005

Unit: RMB

Item	Consolidated		The Company	
	At the end of the period	At the beginning of the year	At the end of the period	At the beginning of the year
Current Liabilities:				
Short-term borrowings	3,843,200,000	1,950,000,000	4,043,200,000	2,150,000,000
Accounts payable	446,027,762	303,413,526	414,357,869	296,441,924
Advances from customers	61,286,589	3,769,626	50,002,000	1,341,111
Salary payable	10,474,766	13,549,342	10,474,766	10,359,342
Welfare payable	18,377,150	19,905,504	14,118,931	14,700,093
Dividend payable	43,677,314	9,709,367	29,206,102	9,709,367
Taxes payable	115,948,197	66,614,310	106,944,711	54,289,060
Other payables	132,397,171	107,513,784	114,279,536	91,705,407
Accrued expenses	716,036	—	684,188	—
Long-term liabilities due within one year	6,813,262	6,813,262	6,813,262	6,813,262
Total current liabilities	4,678,918,247	2,481,288,721	4,790,081,365	2,635,359,566
Long-term liabilities:				
Long-term borrowings	5,140,529,825	3,077,863,348	5,140,529,825	3,077,863,348
Total long-term liabilities	5,140,529,825	3,077,863,348	5,140,529,825	3,077,863,348
Total liabilities	9,819,448,072	5,559,152,069	9,930,611,190	5,713,222,914
Minority interests	409,154,578	413,463,934	—	—
Shareholders' equity:				
Share capital	5,037,747,500	5,037,747,500	5,037,747,500	5,037,747,500
Capital reserves	7,488,194,416	7,488,194,416	7,488,194,416	7,488,194,416
Surplus reserves	925,544,505	925,544,505	830,230,202	830,230,202
Including: public welfare fund	308,514,834	308,514,834	276,743,401	276,743,401
Undistributed profits	976,653,030	484,125,200	1,075,589,123	582,403,438
Dividend declared after balance sheet date	—	730,473,388	—	730,473,388
Total shareholders' equity	14,428,139,451	14,666,085,009	14,431,761,241	14,669,048,944
Total liabilities and shareholders' equity	24,656,742,101	20,638,701,012	24,362,372,431	20,382,271,858

Cash Flow Statement (Unaudited)

January to September 2005

Unit: RMB

Item	Consolidated	The Company
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	1,517,070,605	1,101,954,689
Other cash received relating to operating activities	6,364,827	5,726,855
Sub-total of cash inflows	1,523,435,432	1,107,681,544
Cash paid for goods and services	233,302,192	149,031,489
Cash paid to and on behalf of employees	98,581,575	80,177,431
Taxes paid	235,630,588	130,740,478
Other cash paid relating to operating activities	58,560,179	33,500,425
Sub-total of cash outflows	626,074,534	393,449,823
Net cash flows from operating activities	897,360,898	714,231,721
2. Cash flows from investing activities:		
Cash received from disposal of investments	15,000,000	—
Cash received from investment income	114,862,285	247,079,878
Cash received from disposal of fixed assets, intangible assets and other long-term assets	3,643,202	—
Other cash received relating to investing activities	3,872,245	2,289,220
Sub-total of cash inflows	137,377,732	249,369,098
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,477,022,491	3,459,901,593
Cash paid for purchase of investments	1,000,000	500,000
Sub-total of cash outflows	3,478,022,491	3,460,401,593
Net cash flows used in investing activities	-3,340,644,759	-3,211,032,495
3. Cash flows from financing activities:		
Cash received from borrowings	7,843,200,000	7,843,200,000
Sub-total of cash inflows	7,843,200,000	7,843,200,000
Repayments of borrowings	3,883,926,892	3,883,926,892
Cash paid for distribution of dividends, profits and interests Including: dividend payable to minority shareholders	1,023,220,943 14,939,134	1,008,281,809 —
Sub-total of cash outflows	4,907,147,835	4,892,208,701
Net cash flows from financing activities	2,936,052,165	2,950,991,299
4. Effect of foreign exchange rate changes	—	—
5. Net increase in cash and cash equivalents	492,768,304	454,190,525

Cash Flow Statement (Unaudited) - cont'd

January to September 2005

Unit: RMB

Item	Consolidated	The Company
Supplementary Information		
1. Reconciliation of Net Profit to		
Cash Flow from Operating Activities:		
Net profit	492,527,830	493,185,685
Add: Profit/loss of minority shareholders	25,100,990	—
Depreciation of fixed assets	329,296,558	264,610,860
Amortisation of intangible assets	47,676,870	47,676,870
Amortisation of long-term deferred assets	1,126,251	—
Increase of accrued expenses	716,036	684,188
Finance costs	113,375,338	113,866,280
Investment income	-100,181,055	-233,818,311
Increase in inventories	-1,861,488	-1,258,917
Increase in receivables under operating activities	-47,270,480	-22,654,525
Increase in payables under operating activities	36,854,048	51,939,591
Net cash flow from operating activities	897,360,898	714,231,721
2. Net Decrease in Cash and Cash Equivalents:		
Cash at the end of the period	1,017,542,785	836,894,885
Less: Cash at the beginning of the period	524,774,481	382,704,360
Net increase in cash and cash equivalents	492,768,304	454,190,525

For and on behalf of

Jiangsu Expressway Company Limited
Shen Chang Quan
Legal Representative

Nanjing, the PRC, 25th October 2005