



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 177)

Entering the Second Venture
with Steady Growth



2007 First Quarterly Report

1. IMPORTANT

- 1.1 The board of directors (the “Board”) 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, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the content of this report.
- 1.2 Ms Fan Yushu did not attend the Board Meeting, and she had appointed Mr Shen Chang Quan, Chairman, to vote on her behalf; Ms Chang Yung Tsung, Independent Non-executive Director, did not attend the Board meeting, and she had appointed Mr Fang Hung, Kenneth, Independent Non-executive Director, to vote on her behalf; Mr Yang Xiong Sheng, Independent Non-executive Director, did not attend the Board meeting, and he had appointed Mr Fan Cong Lai, Independent Non-executive Director, to vote on his 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 for Business Enterprises “PRC Accounting Standards” and has been adjusted retrospectively**. 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 2007 first quarterly report are **unaudited and have been reviewed by the Audit Committee of the Company**.
- 1.5 Mr. Shen Chang Quan, the Chairman of the Company, Mr. Xie Jia Quan, the General Manager, and Madam Liu Wei, Financial Controller, guarantee the truthfulness and completeness of the financial statements in the quarterly report.

2. BASIC INFORMATION OF THE COMPANY

2.1 Major accounting data and financial indicators

Unit: RMB'000

	End of the reporting period	End of last reporting year	% increase/ (decrease) at end of the reporting period compared to end of last reporting year
Total assets	26,400,557	26,435,037	-0.13
Shareholders' equity (excluding minority interests)	15,435,820	15,039,698	2.63
Net assets per share (RMB)	3.06	2.99	2.63
		Beginning of the year to end of the reporting period	% increase (decrease) for the reporting period compared to the corresponding period of the previous year
Net cash flow from operating activities		802,530	47.14
Net cash flow per share from operating activities (RMB)		0.16	47.14

	The reporting period	Beginning of the year to end of the reporting period	% increase (decrease) for the reporting period compared to the corresponding period of the previous year
Net Profit	396,122	396,122	54.99
Basic earnings per share (RMB)	0.079	0.079	54.99
Diluted earnings per share (RMB)	0.079	0.079	54.99
Return on net assets (%)	2.57	2.57	Increased by 0.87 percentage point
Return on net assets after deduction of non-recurring profit/loss (%)	2.57	2.57	Increased by 0.87 percentage point

Non-recurring profit/loss

Amount

Non-operating items	-1,106
Effect of income tax	365
Total	-741

2.3 Total number of shareholders as at the end of the reporting period and the top ten holders of circulating shares not subject to selling restrictions (after completion of Share Segregation Reform)

Unit: share

Total number of shareholders at the end of the reporting period	As at 31 March 2007, there were a total of 39,706 shareholders whose names appeared on the register of shareholders of the Company, of whom 39,068 were domestic shareholders and 638 were foreign shareholders.
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Top ten holders of circulating shares not subject to selling restrictions

Name of shareholder	Number of shares not subject to selling restrictions held as at the end of the reporting period	Type of shares
JPMorgan Chase & Co.	142,515,994	Overseas-listed foreign shares
Schroder Investment Management Limited	99,098,000	Overseas-listed foreign shares
Fidelity International Limited	98,241,987	Overseas-listed foreign shares
Newton Investment Management Ltd	74,134,000	Overseas-listed foreign shares
Sumitomo Mitsui Asset Management Company, Limited	73,180,000	Overseas-listed foreign shares
HSBC Halbis Partners (Hong Kong) Limited	69,738,000	Overseas-listed foreign shares
Winner Glory Development Ltd	12,000,000	Overseas-listed foreign shares
Galaxy Securities Co., Ltd. (銀河證券有限責任公司)	7,983,572	RMB-denominated ordinary shares
Zhu Zetang (朱澤堂)	1,707,399	RMB-denominated ordinary shares
Guotai Junan-ICBC (國泰君安-工行) — DRESDNER BANK AKTIENGESELLSCHA	1,209,990	RMB-denominated ordinary shares

3. SIGNIFICANT MATTERS

3.1 Details and reasons for material changes in the major financial statement items and financial indicators of the Company

Applicable Not applicable

Riding on the rapid traffic growth of the core asset Shanghai-Nanjing Expressway, the Group achieved a substantial growth in operating results for the first quarter of 2007. According to the PRC Accounting Standards, the Group realized approximately RMB1,179,313,000 in operating revenue, representing an increase of approximately 40.54% as compared to the corresponding period of 2006. Net profit amounted to approximately RMB396,122,000, with earnings per share being approximately RMB0.079, representing an increase of approximately 54.99% as compared to the corresponding period of 2006.

During the reporting period, the Group realized a revenue of RMB978,450,000 for its principal toll road and bridge operations, representing an increase of approximately 33.07% as compared to the corresponding period of 2006. Among this, Shanghai-Nanjing Expressway realized a toll revenue of approximately RMB775,061,000, accounting for approximately 79.21% of the Group's toll revenue and approximately 65.72% of the Group's total revenue. The average daily traffic volume and average daily toll revenue reached 46,591 vehicles and RMB8,611,800 respectively, representing increases of approximately 30.38% and 48.85%, respectively, over the corresponding period of the previous year. Owing to the Lunar New Year traffic peak during the first quarter, the growth in passenger vehicle traffic volume was more rapid. The proportion of truck traffic was at a lower level overall, accounting for approximately 28.49% of the average daily traffic volume but representing an approximately 6.46 percentage-point increase over the corresponding period of the previous year. The proportion of average daily toll revenue of trucks was approximately 47.07%, representing a 10.89 percentage-point increase over the corresponding period of the previous year. The average daily full-trip revenue per vehicle was RMB184.84, representing an increase of approximately 14.2% over the corresponding period of the previous year.

The toll revenue and traffic volume of G312 continued to decline. Meanwhile, Nanjing-Lianyungang Expressway was opened in December 2006 and its impact on Nanjing-Lianyungang Highway was apparent, leading to decreases of approximately 47.4% and 35.54% in the latter's average daily traffic volume and average daily toll revenue as compared to the corresponding period of the previous year. The operations of the Company's other road and bridge assets and service areas were in normal operation with relatively good performance.

Data of average daily traffic volumes and average daily toll revenues of various roads and bridges during January - March 2007:

Expressway or bridge operation	Average daily traffic volume (Vehicle/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	46,591	30.38	8,611.8	48.85
Shanghai-Nanjing Section of G312	28,238	-18.59	451.4	-28.12
Nanjing Section of Nanjing				
- Lianyungang Highway	7,569	-47.40	176.1	-34.54
Guangjing Expressway	38,202	6.34	631.5	-0.06
Xicheng Expressway	35,758	19.57	1,000.9	16.98
Jiangyin Yangtze Bridge	41,431	10.81	2,121.2	0.74
Sujiahang Expressway	18,756	12.49	1,443.2	9.72

As at 31 March 2007, according to the PRC Accounting Standards, the total assets of the Group amounted to approximately RMB26,400,557,000 and total liabilities amounted to approximately RMB10,525,811,000. The gearing ratio was approximately 39.87%. Minority interests amounted to approximately RMB438,926,000, while interests attributable to equity holders of the parent company was approximately RMB15,435,820,000. The balance of borrowings was approximately RMB8,948,694,000. Changes in major financial indicators are as follows:

Reasons of Material Changes in Balance Sheet Items as at 31 March 2007

Unit: RMB'000

Item	As at	As at	Change (%)
	31 March 2007	31 December 2006	
Accounts payable	1,036,221	1,609,495	-35.62
Tax payable	259,550	127,633	103.36

As at the end of the reporting period, accounts payable decreased by approximately RMB573,000,000 as compared to the beginning of the period, due to the balance payment of construction amounted approximately RMB558,000,000 for the Shanghai-Nanjing Expressway expansion project.

As at the end of the reporting period, tax payable increased by approximately RMB132,000,000 as compared to the beginning of the period, as certain income tax and business tax incurred during the reporting period were not paid yet.

Reasons of Material Changes in Income Statement Items during the Reporting Period

Unit: RMB'000

Item	The reporting period	Corresponding period of the previous year	Change (%)
Operating revenue	1,179,313	839,142	40.54
Operating costs	417,595	315,761	32.25
Operating profit	594,624	377,365	57.57
Net profit attributable to equity holders of the parent company	396,122	255,580	54.99

During the reporting period, the operating revenue, operating profit and net profit attributable to equity holders of the parent company all reported relatively significant increases, benefiting from the toll revenue growth of the core asset - the Jiangsu Section of Shanghai-Nanjing Expressway.

During the reporting period, there were two factors contributing to the year-on-year increase in operating costs. The first factor was the increase in traffic volume which led to an increase in the provision for depreciation charges for the road and bridge assets of Shanghai-Nanjing Expressway; the second factor was the increased sales volume of petroleum products in ancillary services, leading to a corresponding rise in fuel costs.

3.2 Analysis of progress and impact of major events and solutions

Applicable Not applicable

3.3 Undertakings made by the Company, shareholders and the actual controller and their implementation

Applicable Not applicable

1. The Board of the Company has undertaken the proposed 2006 profit distribution policy as follows: cash dividend would be distributed once for 2006 with a distribution ratio not lower than 85% of the distributable profit of that year. The 2006 profit distribution scheme proposed by the Board was in compliance with the undertaking.

2. Special undertakings made by the original non-circulating shareholders during the process of the Share Segregation Reform and their fulfillment:

Name of shareholder	Special undertaking	Fulfillment of undertaking
Jiangsu Communications Holdings Company Limited Huajian Transportation Economic Development Centre	<ol style="list-style-type: none"> <li data-bbox="445 379 716 754">1. Within 60 months from the day on which the listing status is granted, the original non-circulating shares of the Company held by the two companies will not be traded on the Shanghai Stock Exchange. <li data-bbox="445 794 716 1283">2. The two companies will propose a motion and vote for a proposal at each of the 2005-2008 annual general meetings of the Company regarding a cash dividend payment not less than 85% of the distributable profit of the Company realized in the relevant year. 	The Company is not aware of any breaches on the undertaking during the reporting period

Name of shareholder	Special undertaking	Fulfillment of undertaking
Jiangsu Communications Holdings Company Limited	These companies undertake that they shall bear all relevant expenses arising from the Share Segregation Reform as per their agreement.	Fulfilled
Huajian Transportation Economic Development Centre		
Jiangsu Communications Construction Group Co., Ltd.		
Jiangsu Communications Engineering Co., Ltd.		

3.4 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

3.5 Explanation on the difference between shareholders' equity as at the beginning of 2007 as stated in this quarterly report and the shareholders' equity as at the beginning of 2007 as stated in the "Table of Reconciliation on Shareholders' Equity Differences Under the New and Old Accounting Standards"

Applicable Not applicable

4. APPENDIX

Balance sheet

As at 31 March 2007

Unit: RMB

Asset	Consolidated		The Company	
	At the end of the period (unaudited)	At the beginning of the year (restated)	At the end of the period (unaudited)	At the beginning of the year (restated)
Currents assets:				
Bank balances and cash	935,861,501	796,874,386	645,719,871	602,181,971
Financial assets held for trading	24,785,463	37,783,600	—	—
Accounts receivable	28,440,438	32,787,813	4,211,819	3,179,851
Prepayments	2,130,145	4,377,355	1,979,561	1,094,396
Other receivables	48,152,481	56,310,991	51,591,843	55,736,878
Inventories	23,161,134	21,695,359	7,165,114	5,805,974
Total current assets	1,062,531,162	949,829,504	710,668,208	667,999,070
Non-current assets:				
Long-term equity investments	1,602,454,613	1,567,858,936	4,009,767,445	3,978,990,832
Fixed assets	22,433,688,927	22,605,070,577	20,194,364,915	20,347,517,538
Construction-in-progress	37,106,583	31,404,863	2,978,934	—
Intangible assets	1,256,739,218	1,272,860,050	1,256,739,218	1,272,860,050
Deferred tax assets	8,036,760	8,013,475	7,701,459	7,696,323
Total non-current assets	25,338,026,101	25,485,207,901	25,471,551,971	25,607,064,743
Total assets	26,400,557,263	26,435,037,405	26,182,220,179	26,275,063,813

Balance sheet (cont'd)

As at 31 March 2007

Unit: RMB

Liabilities and shareholders' equity	Consolidated		The Company	
	At the end of the period (unaudited)	At the beginning of the year (restated)	At the end of the period (unaudited)	At the beginning of the year (restated)
Current liabilities:				
Short-term borrowings	4,510,000,000	4,510,000,000	4,800,000,000	4,800,000,000
Accounts payable	1,036,221,020	1,609,494,835	1,027,277,219	1,598,039,529
Advances from customers	10,193,725	12,184,565	1,387,917	3,263,757
Salary payable	30,804,788	37,365,708	26,274,462	27,303,064
Taxes payable	259,550,222	127,633,020	235,861,942	101,939,439
Interests payable	26,068,750	20,467,917	26,068,750	20,467,917
Dividends payable	11,057,681	11,057,681	11,057,681	11,057,681
Other payables	192,120,129	200,614,542	236,105,057	229,178,138
Non-current liabilities				
due within 1 year	1,934,692	1,934,692	1,934,692	1,934,692
Total current liabilities	6,077,951,007	6,530,752,960	6,365,967,720	6,793,184,217
Non-current liabilities:				
Long-term borrowings	4,447,859,860	4,436,759,139	4,436,759,138	4,436,759,139
Total non-current liabilities	4,447,859,860	4,436,759,139	4,436,759,138	4,436,759,139
Total liabilities	10,525,810,867	10,967,512,099	10,802,726,858	11,229,943,356
Shareholders' equity:				
Share capital	5,037,747,500	5,037,747,500	5,037,747,500	5,037,747,500
Capital reserves	7,488,686,684	7,488,686,684	7,488,686,684	7,488,686,684
Surplus reserves	1,194,135,789	1,194,135,789	1,047,767,610	1,047,767,610
Undistributed profit	1,715,250,095	1,319,128,186	1,805,291,527	1,470,918,663
Total equity attributable to equity holders of the parent	15,435,820,068	15,039,698,159	15,379,493,321	15,045,120,457
Minority interests	438,926,328	427,827,147	—	—
Total shareholders' equity	15,874,746,396	15,467,525,306	15,379,493,321	15,045,120,457
Total liabilities and shareholders' equity	26,400,557,263	26,435,037,405	26,182,220,179	26,275,063,813

Income Statement

For the year ended 31 March 2007

Unit: RMB

Item	Consolidated		The Company	
	Jan-Mar 2007 (unaudited)	Jan-Mar 2006 (restated)	Jan-Mar 2007 (unaudited)	Jan-Mar 2006 (restated)
1. Operating revenue	1,179,313,428	839,141,621	1,023,362,640	697,092,425
Less: Operating costs	417,595,322	315,761,297	377,888,946	274,350,450
Business tax and levy	34,549,932	26,431,827	29,657,597	21,973,651
General and administrative expenses	50,364,477	44,784,350	45,552,594	41,144,332
Financial expenses	114,618,442	100,457,123	117,973,043	101,170,481
Add: Gain/loss of change-in fair value	-126,833	—	—	—
Investment income of which: investment income from associate and jointly controlled entity	32,565,157	25,657,498	30,776,614	25,837,984
2. Operating profit	594,623,579	377,364,522	483,067,074	284,291,495
Add: Non-operating income	2,739,865	2,184,255	2,738,366	2,182,355
Less: Non-operating expenses	3,846,006	2,594,769	1,907,762	1,379,918
3. Total profit	593,517,438	376,954,008	483,897,678	285,093,932
Less: Income tax	186,294,807	112,220,325	149,524,814	81,964,264
4. Net profit	407,222,631	264,733,683	334,372,864	203,129,668
Net profit attributable to the parent company	396,121,909	255,580,252	—	—
Minority interests	11,100,722	9,153,431	—	—
5. Earnings per share				
(i) Basic earnings per share	0.079	0.051	—	—
(ii) Diluted earnings per share	0.079	0.051	—	—

Cash Flow Statement

As at 31 March 2007

Unit: RMB

	Consolidated		The Company	
	Jan-Mar 2007 (unaudited)	Jan-Mar 2006 (unaudited)	Jan-Mar 2007 (unaudited)	Jan-Mar 2006 (unaudited)
1. Cash flows from				
operating activities:				
Cash received from sale of goods and rendering of services	1,167,859,818	781,999,517	1,003,624,227	621,609,384
Other cash received relating to operating activities	2,739,866	2,184,255	2,738,366	2,182,355
Sub-total of cash inflows	1,170,599,684	784,183,772	1,006,362,593	623,791,739
Cash paid for goods and services	214,128,109	148,610,676	188,625,941	113,541,147
Cash paid to and on behalf of employees	52,642,012	37,518,273	46,978,069	34,436,377
Taxes paid	89,674,655	44,141,936	45,404,431	13,388,451
Cash paid relating to other operating activities	11,625,318	8,483,580	10,102,392	7,779,674
Sub-total of cash outflows	368,070,094	238,754,465	291,110,833	169,145,649
Net cash flows from operating activities	802,529,590	545,429,307	715,251,760	454,646,090
2. Cash flows from				
investing activities:				
Cash received from investment	53,045,454	—	—	—
Other cash received relating to investment activities	1,990,195	1,604,546	1,359,388	891,189
Sub-total of cash inflows	55,035,649	1,604,546	1,359,388	891,189

Cash Flow Statement (cont'd)

As at 31 March 2007

Unit: RMB

	Consolidated		The Company	
	Jan-Mar 2007 (unaudited)	Jan-Mar 2006 (unaudited)	Jan-Mar 2007 (unaudited)	Jan-Mar 2006 (unaudited)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	579,578,671	757,595,774	571,524,151	746,132,951
Cash paid for purchase of investments	40,174,150	40,000,000	—	—
Sub-total of cash outflows	619,752,821	797,595,774	571,524,151	746,132,951
Net cash flows from investing activities	-564,717,172	-795,991,228	-570,164,763	-745,241,762
3. Cash flows from financing activities:				
Cash received from borrowings	2,100,000,000	600,000,000	2,100,000,000	800,000,000
Sub-total of cash inflows	2,100,000,000	600,000,000	2,100,000,000	800,000,000
Repayments of borrowings	2,100,000,000	353,312,706	2,100,000,000	353,312,706
Cash paid for distribution of dividends, profits and interests	98,825,303	80,146,410	101,549,098	80,146,410
Sub-total of cash outflows	2,198,825,303	433,459,116	2,201,549,098	433,459,116
Net cash flows from financing activities	-98,825,303	166,540,884	-101,549,098	366,540,884
4. Net increase in cash and cash equivalents	138,987,115	-84,021,037	43,537,900	75,945,212
Add: Cash and cash equivalents at the beginning of the period	796,874,386	1,074,057,577	602,181,971	627,127,116
5. Cash and cash equivalents at the end of the period	935,861,501	990,036,540	645,719,871	703,072,328

Cash Flow Statement (cont'd)

As at 31 March 2007

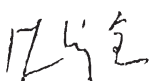
Unit: RMB

Supplementary Information	Consolidated		The Company	
	Jan-Mar 2007 total (unaudited)	Jan-Mar 2006 total (restated)	Jan-Mar 2007 (unaudited)	Jan-Mar 2006 (restated)
1. Reconciliation of net profit to cash flow from operating activities:				
Net profit	407,222,631	264,733,683	334,372,864	203,129,668
Depreciation of fixed asset	190,636,701	176,641,727	163,867,985	152,661,735
Amortization of intangible assets	15,892,290	15,892,290	15,892,290	15,892,290
Amortization of long-term deferred expenses	—	355,417	—	—
Loss from fair value changes (Less: gain)	126,833	—	—	—
Financial expenses	116,608,636	101,122,717	119,332,432	101,836,075
Loss from investment (Less: gain)	-32,565,157	-25,657,498	-30,776,614	-25,837,984
Decrease in deferred income tax assets (Less: increase)	-23,285	119,450	-5,137	165,773
Decrease in inventories (Less: increase)	-1,465,775	1,205,756	-1,359,140	-1,132,900
Decrease in receivables under operating activities (Less: increase)	-8,789,520	-64,413,001	-17,907,147	-74,867,380
Increase in payables under operating activities (Less: decrease)	114,886,236	75,428,766	131,834,227	82,798,813
Net cash flows from operating activities	802,529,590	545,429,307	715,251,760	454,646,090
2. Net increase (decrease) in cash and cash equivalents				
Cash at the end of the year	935,861,501	990,036,540	645,719,871	703,072,328
Less: cash at the beginning of the year	796,874,386	1,074,057,577	602,181,971	627,127,116
Net increase (decrease) in cash and cash equivalents	138,987,115	-84,021,037	43,537,900	75,945,212

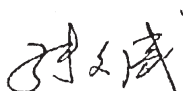
5. Confirmation Opinion to 2007 First Quarterly Report by Directors and Senior Managements

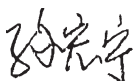
The Company's directors and senior management, hereby confirm in writing that they have reviewed the 2007 first quarterly report and are of the opinion that there are no false representations or misleading statements contained in or material omissions from this report; and that they shall be severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this report.

Directors


Shen Chang Quan


Xie Jia Quan



Zhang Wen Sheng


Sun Hong Ning


Chen Xiang Hui


Fan Yu Shu


Cui Xiao Long

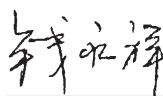

Chang Yung Tsung



Fang Hung, Kenneth


Yang Xiong Sheng



Fan Cong Lai

Senior Management Members


Qian Yong Xiang


Liu Wei


Zhao Jia Jun


Yao Yong Jia

By order of the Board
Jiangsu Expressway Company Limited
Shen Chang Quan
Legal Representative

Nanjing, the PRC, 26 April 2007