

# CONNECTED

Reached out to the  
main cities and ports  
in Jiangsu Province



# REPORT OF THE BOARD OF DIRECTORS



## REPORT OF THE BOARD OF DIRECTORS



Mr. Shen Chang Quan, Chairman

### (I) Chairman's Statement

To: All shareholders

I am pleased to present the operating results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2000.

For the year ended 31st December 2000, the operating revenue of the Group amounted to RMB 1,619,637,000. According to PRC Accounting Standards, the profit after taxation reached RMB 691,487,000 representing an increase of 14.32% over 1999. According to IAS, the profit after taxation reached RMB 688,306,000 representing an increase of 9.14% over 1999.

The Board of Directors of the Company (the "Board") recommends the payment of a final dividend of RMB 0.09 per share (including tax) for the year ended 31st December 2000. The final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 8th June 2001 in Nanjing, the PRC and will be paid to shareholders of the Company.

H share dividends are calculated in Renminbi and paid in Hong Kong dollars at an exchange rate based on the average closing price of Renminbi against Hong Kong dollars quoted by the People's Bank of China during the week prior to payment of dividends.

During 2000, the Company has continued to focus on the enhancement of profitability, quality highways and services, technological renovation, and production safety, and focus on toll collection, road maintenance, and non-core operations, so as to guarantee fulfillment of its targets as well as maintenance of the excellent quality of its highways.

The Guangjing Expressway and the Xicheng Expressway, invested by the Company and opened to traffic on 28th September 1999, has seen gradual growth in the traffic and toll income, becoming a new hallmark of profitability of the Company.

By the end of 1999, the Company completed the acquisition of the Nanjing section of the Nanjing-Lianyungang Expressway for a consideration of RMB 448,200,000, whereby the Company was entitled to an operating right for 30 years starting from 1st January 2000. Toll income from this expressway during 2000 was vested in the Company thus its profit was increased.

In December 2000, the Company has successfully issued 150,000,000 A shares at Shanghai Stock Exchange, by which the Company raised a fund of approximately RMB 630,000,000. The Company also acquired 17.83% of the shares of Yangtze Bridge and became its third largest shareholder. With the

successful listing of A share, the Company has become one of the few companies listed both in Hong Kong and PRC. Consequently, the Company has access to the capital markets in and out of the PRC, which forms two financing sources and provide the Company a support for its future development. A shares are listed on the Shanghai Stock Exchange at 16th January 2001.

In the coming years, highway infrastructure will continue to be priority in the PRC. Given the rapid economic development of the PRC and the Yangtze Delta, expressway projects are developing in an unprecedented rate. Jiangsu Province will invest more than RMB 20,000,000,000 in expressway projects in 2001. Jiangsu Province will construct 1,200 kilometers of expressways during the Tenth Five-Year Plan period (2001-2005) and the total distance of expressway in the province will reach 2,300 kilometers by the end of that period.

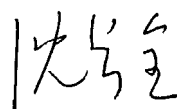
Expressway projects will continue to be our core business. With our solid foundation in the highway industry of Jiangsu Province, the Company will capitalise the new opportunities brought by a steady growth of national macro economy, continue to acquire or participate in the equity in communication projects in Jiangsu Province, and participate in other infrastructure projects and high quality projects in other professions, so as to increase the scale and future profitability of the Company, and increase the competitiveness of the Company by building up the "Nanjing-Shanghai Expressway Brandname".

The Company will carry out research on the communications industry, raise fund from the capital markets in and out of the PRC and actively look for investment opportunities that are in line with the level of investment returns and growth we expected.

As part of the long-term strategic development of the Company, we will strengthen our reform, standardise our operations, establish a comprehensive modern corporate system, enhance the legal person administrative structure, promote any system innovations, management and technology, and initialize the reform in labour, human resources and their allocation systems.

In 2000, the Company has achieved good results. On behalf of the Board, I would like to express my sincere thanks to all our staff and shareholders for their dedication and full support respectively. I am confident that the Company will continue to achieve a better performance in the coming year and to foster returns for the shareholders.

By Order of the Board



**Shen Chang Quan**  
Chairman

Nanjing, the PRC  
12th April 2001

## (II) Report of the Board of Directors

To: All shareholders

The Board of Directors is pleased to present the report of the Board and the audited financial statements of the Group for the year ended 31st December 2000. As the Board of Directors believes, no information set forth herein is omissive, false or misleading in any material aspect, and the Board of Directors is severally and jointly responsible for the truthfulness, accuracy and completeness thereof.

### Financial conditions of the Company

### 1. Operations and Results

The Group is principally engaged in the investment, construction, operation and management of the Shanghai-Nanjing Expressway and other related expressways in Jiangsu Province, and the development of passenger transport and other ancillary services (including fuelling, catering, shopping, vehicle maintenance, advertising and accommodation) along the expressways.

(According to the PRC Accounting Standards)

Items	2000 (RMB'000)	1999 (RMB'000)	difference (%)
Total asset	15,057,227	14,519,176	3.71
Long-term liabilities	234,158	263,661	(11.19)
Shareholders' equity	13,343,042	12,490,452	6.83
Profit from principal activities	881,805	754,792	16.83
Net profit	691,487	604,868	14.32

Major reasons for the movement:

The reasons for the increase in total asset are net cash flow and gain from operating activities and the issue of A shares.

Pursuant to the requirements of the Ministry of Finance, the Company transferred the loss on disposal of staff quarters to "Housing fund", resulting in the decrease in the long-term liabilities.

The shareholders' equity increase due to the increase in share capital, capital reserve and the undistributed profit from operating activities and resulting from the issue of A shares.

The consolidated results of the Group for the year ended 31st December 2000 and the financial statements of the Company and the Group as at 31st December 2000 prepared in accordance with ISA are set out in page 51 and 94 of this report respectively.