

# FINANCIAL HIGHLIGHTS

The year 2001 financial report prepared by the Company was audited by Arthur Andersen • Hua-Qiang Certified Public Accountants and Arthur Andersen & Co (Hong Kong), whose report expressed an unqualified opinion on the financial statements.

(1) According to the PRC Accounting Standards, the financial highlights of the Group as at 31st December 2001 are as follows:

Unit: RMB '000

Profit before taxation and minority interest	940,590
Net profit	780,864
Net profit after non-operating profits/losses	625,593
Gross profit from operations	1,017,568
Other operating income	22,915
Profit from operations	909,549
Investment income	37,193
Subsidy income	—
Non-operating income/expenses, net	(6,151)
Net cash flow from operating activities	1,089,528
Net decrease in cash and cash equivalents	(86,136)

(2) According to the International Accounting Standards, the financial highlights of the Group as at 31st December 2001 are as follows:

Unit: RMB '000

Revenue, net	1,829,552
Profit before taxation and minority interest	1,027,871
Net profit	841,240
Profit from operations	978,633
Net cash flow from operating activities	1,092,958
Net decrease in cash and cash equivalents	(79,059)

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## (3) Differences between the PRC Accounting Standards and International Accounting Standards

The Group has prepared statutory financial statements in accordance with the PRC Accounting Standards and relevant rules and regulations ("PRC Accounting Standards"). Difference between PRC Accounting Standards and International Accounting Standards ("IAS") resulted in differences in the reported financial statements of the Group which are summarised and explained as follows:

	Consolidated profit after taxation and minority interests		Shareholders' equity	
	2001	2000	31st December 2001	31st December 2000
	RMB '000	RMB '000	RMB '000	RMB '000
As restated in statutory financial statements	<b>784,864</b>	691,487	<b>13,470,559</b>	13,319,413
IAS adjustments:				
- Reversal of impact of change in accounting policy under statutory financial statements	—	(603)	—	—
- amortisation of land use right	<b>36,920</b>	—	<b>36,920</b>	—
- valuation, depreciation and amortisation of property, plant and equipment	<b>30,730</b>	26,570	<b>(1,618,152)</b>	(1,648,882)
- loss on disposal of staff quarters	—	(31,866)	<b>(8,237)</b>	(8,237)
- deferred taxation	<b>(14,351)</b>	2,718	<b>(14,351)</b>	—
- interests on investment holding till maturity date	<b>7,077</b>	—	<b>7,077</b>	—
- dividends proposed in subsequent period	—	—	<b>629,718</b>	453,397
As reported in this financial statement prepared in accordance with IAS	<b>841,240</b>	688,306	<b>12,503,534</b>	12,115,691

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(4) Items and amount of non-operating profits/losses deducted:

(Unit: RMB '000)

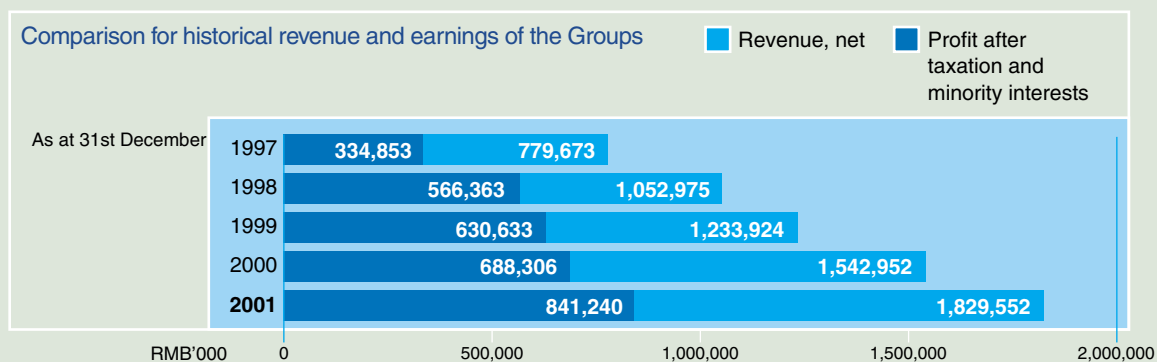
	2001		2000	
	The Group	The Company	The Group	The Company
Non-operating income	8,529	7,297	9,414	9,414
Non-operating expenses	(14,680)	(14,299)	(6,501)	(4,505)
Refund of income tax	163,430	163,430	122,627	122,627
Amortisation of difference on				
Long term equity investments	(6,026)	(6,026)	259	259
Effects of Income tax	4,018	4,299	(1,047)	(1,705)
	155,271	154,701	124,752	126,090

(5) Principal accounting data and financial indicators of the Group under the PRC Accounting Standards for the past five years:

Items	2001	2000		1999	1998	1997
		after restatement	before restatement			
(Unit: RMB '000)						
Income from						
principal activities	1,625,992	1,381,696	1,381,696	1,138,385	1,013,037	724,586
Net profit	780,864	691,486	691,486	604,868	542,731	314,086
Total assets	14,914,400	15,057,227	15,057,227	14,519,176	14,098,258	14,038,665
Total liabilities	1,312,496	1,608,363	1,584,734	1,684,771	1,609,170	1,886,087
Minority interests	131,345	129,451	129,451	343,953	212,484	125,484
Shareholders' interests	13,470,559	13,319,413	13,343,042	12,490,452	12,276,604	12,027,395
(Unit: RMB)						
Earnings per share	0.16	0.14	0.14	0.12	0.11	0.07
Net asset per share	2.67	2.64	2.65	2.56	2.51	2.46
Adjusted net asset per share	2.67	2.64	2.65	2.56	2.51	2.46
Net cash flow per share from						
operating activities	0.22	0.20	0.20	0.18	0.17	0.0685
Return on net assets	5.8%	5.2%	5.2%	4.8%	4.4%	2.6%
Weighted average						
return on net assets	5.7%	5.4%	5.4%	4.8%	4.4%	4.98%

- Notes: 1) Weighted average share capital at 31st December 1997 was 4,298,509,144 shares.  
 2) Pursuant to the document CaiKuai [2001] No. 5 issued by the Ministry of Finance, the Company has sold existing staff quarters to employees for the sum of RMB 23,629,000, which was credited as housing allowance in 2000 and was adjusted to reduce retained profit for 2001.

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(6) Principal accounting data and financial indicators of the Group under the IAS for the past five years:

Items	2001	2000	1999	1998	1997
(Unit: RMB '000)					
Revenue, net	<b>1,829,552</b>	1,542,952	1,233,924	1,052,975	779,673
Net profit	<b>841,240</b>	688,306	630,683	566,363	334,853
Total Assets	<b>13,334,684</b>	13,400,108	12,844,327	12,397,693	12,313,805
Total Liabilities	<b>452,305</b>	940,466	1,296,469	1,611,986	1,885,185
Minority interests	<b>378,845</b>	343,951	343,953	212,485	125,485
Shareholders' interests	<b>12,503,534</b>	12,115,691	11,203,905	10,573,222	10,303,135
(Unit: RMB)					
Earnings per share	<b>0.167</b>	0.1407	0.129	0.115	0.0779
Net asset per share	<b>2.48</b>	2.41	2.29	2.16	2.11
Adjusted net asset per share	<b>2.48</b>	2.41	2.29	2.16	2.40
Net cash flow per share from operating activities	<b>1,092,958</b>	916,085	855,419	726,814	334,775

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(7) Change of shareholders' interests in accordance with the PRC Accounting Standards during the reporting period:

(Unit: RMB)

Items	At the beginning of period	Increase for the period	Decrease for the period	At the end of period	Reasons for changes
Share capital	5,037,747,500	—	—	5,037,747,500	—
Capital reserve	7,484,538,998	—	—	7,484,538,998	—
Surplus reserve	334,596,559	128,024,567	—	462,621,126	required appropriation
Including:					
Statutory public welfare fund	111,532,186	42,674,855	—	154,207,041	required appropriation
Retained profit	462,530,407	780,863,985	757,743,005	485,651,387	profit and profit appropriation
Shareholders' interests	13,319,413,464	908,888,552	757,743,005	13,470,559,011	profit and profit appropriation

(8) Appendix of income statement

Profit for the reporting period	Rate of return on net asset		Earnings per share	
	Fully diluted	Weighted Average	Fully diluted	Weighted Average
Profit from principal operations	7.6%	7.4%	0.20	0.20
Operating profit	6.8%	6.6%	0.18	0.18
Net profit	5.8%	5.7%	0.16	0.16
Net profit after non-operating profits/losses	4.6%	4.6%	0.12	0.12

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