

Important

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The Board of Directors and the Directors of the Company confirm that there are no false representations or misleading statements contained in or material omissions from this quarterly report. The Directors severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this quarterly report.

This quarterly report is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies of the China Securities Regulatory Commission. This quarterly 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 share.

This quarterly report is made pursuant to the disclosure obligations under Paragraph 2(2) of Appendix 7I of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements in this quarterly report are unaudited.

Mr. Shen Chang Quan, Chairman, Mr. Chen Xiang Hui, General Manager and Madam Liu Wei, Finance Manager, undertake to guarantee the authenticity and completeness of the financial statements contained in the quarterly report.

I Basic Conditions of the Company

I Basic Conditions of The Company

1. Basic corporate information

Stock Name	寧滬高速 (A Shares)	Jiangsu Expressway (H Shares)	JEXWW (ADR)
Stock Code	600377	0177	477373104
Stock Exchange where the Company's securities are listed	Shanghai Stock Exchange	the Hong Kong Stock Exchange	United States
	Secretary to the Board of Directors	Securities Officers	
Name	Yao Yong Jia	Jiang Tao, Lou Qing	
Correspondence Address	Jiangsu Communications Building, 69 Shigu Road, Nanjing, Jiangsu, the PRC		
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2. Key accounting statistics and indicators

	30th September 2003	31st December 2002	% increase (decrease) at end of reporting period compared to end of last reporting year
Total assets (RMB'000)	15,664,205	15,081,793	3.86
Shareholders' equity (excluding minority interests) (RMB'000)	14,333,256	13,613,202	5.29
Net assets per share (RMB yuan)	2.85	2.70	5.56
Adjusted net assets per share (RMB yuan)	2.85	2.70	5.56

	July to September 2003	January to September 2003	% increase (decrease) for reporting period compared to corresponding period last year
Net cash flow from			
operating activities (RMB'000)	378,754	1,016,359	—
Earnings per share (RMB yuan)	0.051	0.143	13.32
Return on net assets (%)	1.80	5.03	11.11
Return on net assets after extraordinary losses (%)	1.83	5.06	13.66
	Amount		
Extraordinary gains/losses	(RMB'000)		
Non-operating income/ expenses, net	(4,456)		
Total	(4,456)		

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 30th September 2003, there were 14,724 shareholders registered on the registers of members of the Company, among whom 13,396 were holders of domestic shares and 1,328 were holders of foreign shares.

II Management Discussion and Analysis

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1. Overview and brief analysis of the Company's operating activities during the reporting period

In the third quarter of 2003, the national economy has shrugged off the lagging impact of the Severe Acute Respiratory Syndrome ("SARS") and prevailed with rapid and resurgent growth. Gross domestic production ("GDP") for the first nine months of the year registered an 8.5% growth compared to the corresponding period last year, while the third quarter alone saw growth of 9.1%, which was 2.4 percentage points higher than that of the second quarter. For Jiangsu Province, the first nine months of the year saw a 13.2% year-on-year GDP rise, representing an increase of 1.6 percentage points over the corresponding period last year which reflects ongoing buoyancy of the economic environment.

During the reporting period, the Company's major toll road and bridge assets overcame the negative impact of SARS and road surface maintenance work and secured swift recovery of traffic flow, achieving the growth level registered in the first quarter.

Significant improvements of driving condition on Shanghai-Nanjing Expressway were reported following completion of intensive road surface maintenance work. Traffic flow continued to grow at a fast pace, with average daily traffic flow in July, August and September growing year-on-year by 25.08%, 30.53% and 33.69%, respectively.

Newly relocated toll stations along Nanjing-Shanghai Class 2 Highway commenced operation on 31st August. Optimal deployment of the new toll stations resulted in significantly better control over circumventing vehicles. Following the opening of the new toll stations, average daily traffic flow in September surged by 44.85% compared to the figures for August, while average daily toll revenue was 31.04% more than that recorded in August.

The southern section of Sujiahang Expressway has been enjoying rapid growth in traffic flow since its opening. Average daily traffic flow in September exceeded 30,000 vehicles, generating daily toll revenue well above RMB1 million. The pace of its growth is encouraging and its prospects are promising.

Jiangyin Yangtze Bridge, closed since 15th August to repair damage to the road surface attributable to overloaded vehicles, was re-opened for full traffic on 10th October after the maintenance work was completed. Average daily traffic flow in September at Jiangyin Yangtze Bridge, Guangjing Expressway and Xicheng Expressway dropped by 21.63%, 14.52% and 12.68%, respectively, compared to a year ago as a result of diversion arrangements for trucks during the period necessitated by the closure. Meanwhile, traffic flow at the Nanjing section of Nanjing-Lianyungang Highway was substantially bolstered by diverted cross-river truck traffic, and average daily toll registered a year-on-year growth of 19.85% in August and 30.79% in September.

Average daily traffic flow and average daily toll revenue for January to September 2003:

Expressway or bridge operation	Average daily traffic flow (vehicles/day)	Growth over corresponding period of previous year (%)	Average daily toll revenue (RMB'000/day)	Growth over corresponding period of previous year (%)
Jiangsu section of Shanghai				
Nanjing Expressway	29,307	18.18	4,435.4	15.46
Jiangsu section of Nanjing				
Shanghai Class 2 Highway	40,088	-2.38	650.4	-2.49
Nanjing section of				
Nanjing-Lianyungang Highway	10,667	7.27	158.2	9.97
Guangjing Expressway	21,713	16.54	365.8	12.01
Xicheng Expressway	18,925	15.93	489.0	12.50
Jiangyin Yangtze Bridge	22,106	9.71	1,004.7	3.06
Southern section of				
Sujiayang Expressway	23,639	—	825.4	—

With consumer confidence restored, the operations of the Group's non-core businesses in the third quarter were basically back to the normal level seen before the SARS outbreak. Revenue from non-core businesses from January to September amounted to approximately RMB317,442,000, and the profit registered was RMB25,782,000.

The Group's principal business from January to September showed stable growth, with spectacular performance in the toll road operations of Shanghai-Nanjing Expressway, Nanjing-Lianyungang Highway and Sujiahang Expressway in the third quarter. For January to September 2003, the Group's operating income and net profit amounted to approximately RMB1,982,100,000 and RMB721,301,000, respectively, according to PRC GAAP, representing year-on-year growth of approximately 15.52% and 13.32%, respectively. We are upbeat about achieving the full-year target for profitability and sustainable growth of results.

The Company is glad to report that the tri-fold quality management system covering operational quality, environmental awareness and occupational health and safety has received certification from the China Quality Accreditation Centre, the nation's most authoritative accreditation body, and has become the first highway operator in the country which receives certification from as many as three international bodies. This represents a major breakthrough in the systemisation and standardisation of the Company's management system, and is set to lay a solid foundation for the healthy development and the implementation of modernised management of the Company. Preliminary works for the widening project of Shanghai-Nanjing Expressway are progressing smoothly, and construction work will commence within this year.

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

Unit: RMB'000

Industry or product	Principal operating income	Principal operating costs	Gross profit margin (%)
Shanghai Nanjing Expressway	1,210,803	310,976	74.32
Nanjing Shanghai Class 2 Highway	177,229	63,101	64.40
Nanjing section of			
Nanjing-Lianyungang Highway	43,202	21,917	49.27
Guangjing-Xicheng Expressway	233,423	52,305	77.59
Total	1,664,657	448,299	73.07

1.2 Seasonal or cyclical characteristics of the Company's operation

Applicable not applicable

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

Unit: RMB'000

Items	January to September 2003	Proportion to gross profit (%)	January to September 2002	Increase/ Decrease (%)
Profit from principal business	1,123,971	104.15	971,380	15.71
Other operating profit	25,782	2.39	39,160	-34.16
Expenses during the reporting period	(112,613)	(10.43)	(98,433)	14.41
Gain on investment	46,505	4.31	36,826	26.28
Subsidies income	—	—	—	—
Non-operating income/expenses, net	(4,456)	(0.42)	5,311	—
Net profit before taxation	1,079,189	100.00	954,244	13.09

Explanations of changes:

- (1) Increase in profit from principal business was mainly attributable to traffic flow increase.
- (2) Decrease in other operating profit was mainly due to the network rental amounting to RMB14,190,000 received from China Unicom during the corresponding period last year (not occurred in this reporting period), as well as the impact of SARS.
- (3) Increase in gain on investment was attributable to the increase in the investment gain from Suzhou Sujiahang Expressway Co., Ltd. amounting to RMB13,040,000, as well as that from Jiangyin Yangtze Bridge amounting to RMB6,420,000.

- 1.4 Circumstances and reasons for substantial changes in principal business and its structure compared with previous reporting period
- Applicable not applicable
- 1.5 Circumstances and reasons for substantial changes in the earning capacity (gross profit margin) of the principal business and its structure compared with previous reporting period
- Applicable not applicable
2. Analysis of impact of significant matters and their solutions
- Applicable not applicable
3. Circumstances and reasons for changes in accounting policies, accounting assumptions, scope of consolidation and significant accounting errors
- Applicable not applicable
4. Statement by the Board of Directors and the Supervisory Committee on qualified opinion in respect of audited financial statements
- Applicable not applicable
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 in the previous year
- Applicable not applicable
6. Ongoing adjustments by the Company on announced annual business plan or budget
- Applicable not applicable

III Financial Statements

III Financial Statements

1. Balance Sheet

(Unit: RMB yuan)

Assets	30th September 2003	31st December 2002	30th September 2003	31st December 2002
	Consolidated	Consolidated	The Company	The Company
Current assets:				
Currency fund	922,369,806.06	719,611,366.00	786,627,936.14	496,965,485.00
Short-term investment	20,648,805.56	100,000,000.00	—	100,000,000.00
Dividends receivable	5,239,458.00	5,239,458.00	5,239,458.00	5,239,458.00
Interests receivable	402,171.65	131,458.00	211,039.59	131,458.00
Accounts receivable	10,443,440.04	18,171,274.00	4,871,285.02	16,190,226.00
Other receivables	376,054,351.73	38,555,670.00	367,955,285.47	47,948,144.00
Prepayments	69,621,161.48	11,052,244.00	30,128,168.63	8,883,315.00
Inventory	35,284,859.30	7,743,710.00	4,709,623.06	7,365,374.00
Other current assets	96,100.00	—	—	—
Total current assets	1,440,160,153.82	900,505,180.00	1,199,742,795.91	682,723,460.00
Long-term investment:				
Long-term securities investment	1,487,240,469.35	1,381,006,533.00	3,689,188,417.96	3,592,359,349.00
Long-term debt investment	19,000,000.00	—	—	—
Total long-term investment	1,506,240,469.35	1,381,006,533.00	3,689,188,417.96	3,592,359,349.00
Fixed assets:				
Fixed assets at cost	13,132,581,845.29	12,912,033,273.00	10,542,040,266.98	10,379,920,423.00
Less: accumulated depreciation	1,922,913,992.82	1,635,937,687.00	1,768,981,618.40	1,526,078,166.00
Net value of fixed asset	11,209,667,852.47	11,276,095,586.00	8,773,058,648.58	8,853,842,257.00
Construction in-progress	44,287,431.34	12,525,157.00	37,586,854.31	11,890,267.00
Disposal of fixed assets	22,404.20	—	22,404.20	—
Total fixed assets	11,253,977,688.01	11,288,620,743.00	8,810,667,907.09	8,865,732,524.00
Intangible assets and other assets:				
Intangible assets	1,462,090,688.77	1,509,767,503.00	1,462,090,688.77	1,509,767,503.00
Long-term amortization charges	1,735,894.90	1,893,277.00	—	—
Total intangible assets and other assets	1,463,826,583.67	1,511,660,780.00	1,462,090,688.77	1,509,767,503.00
Total assets	15,664,204,894.85	15,081,793,236.00	15,161,689,809.73	14,650,582,836.00

Liabilities and shareholders' equity	30th September 2003 Consolidated	31st December 2002 Consolidated	30th September 2003 The Company	31st December 2002 The Company
Current liabilities:				
Short-term borrowings	500,000,000.00	120,000,000.00	500,000,000.00	120,000,000.00
Accounts payable	45,431,255.04	39,957,817.00	34,070,691.48	38,258,336.00
Advances on sales	30,899,740.28	3,703,162.00	3,974,950.00	3,601,634.00
Wages payable	12,588,671.63	12,483,399.00	12,483,398.63	12,483,399.00
Welfare benefits payable	12,500,170.45	12,264,450.00	8,962,975.20	9,903,882.00
Dividend payable	10,642,482.96	660,724,748.00	10,642,482.96	660,724,748.00
Tax payable	121,630,043.20	70,440,622.00	114,836,768.89	58,378,629.00
Other payables	529,578.23	—	422,024.86	—
Other payments	100,936,074.23	84,197,793.00	59,238,469.59	63,268,748.00
Accruals	20,520,385.52	—	18,620,385.52	—
Long-term loan with one year maturity	4,600,959.05	6,822,316.00	4,600,959.05	6,822,316.00
Other current liabilities	793,193.63	—	—	—
Total current liabilities	861,072,554.22	1,010,594,307.00	767,853,106.18	973,441,692.00
Long-term liabilities:				
Total long-term liabilities	64,805,532.14	61,493,867.00	56,888,912.96	61,493,867.00
Total liabilities	925,878,086.36	1,072,088,174.00	824,742,019.14	1,034,935,559.00
Minority interests	405,070,421.05	396,503,024.00	—	—
Shareholders' equity:				
Share capital	5,037,747,500.00	5,037,747,500.00	5,037,747,500.00	5,037,747,500.00
Capital reserve	7,484,538,998.00	7,484,538,998.00	7,484,538,998.00	7,484,538,998.00
Common reserve	612,106,210.16	602,448,076.00	563,197,256.84	563,197,257.00
Unrealized loss on investments	(3,691,403.31)	(2,445,239.00)	—	—
Unallocated profit	1,202,555,082.59	490,912,703.00	1,251,464,035.75	530,163,522.00
Total shareholders' equity	14,333,256,387.44	13,613,202,038.00	14,336,947,790.59	13,615,647,277.00
Total liabilities and shareholders' equity	15,664,204,894.85	15,081,793,236.00	15,161,689,809.73	14,650,582,836.00

2. Profit and Loss Account

The Group's Consolidated Profit and Loss Account (Unit: RMB yuan)

Items	July to September 2003	January to September 2003	July to September 2002	January to September 2002
1. Income from principal business	629,647,214.00	1,664,657,541.00	539,771,343.00	1,477,978,614.00
Less: Expenses of principal business	(185,439,098.43)	(448,298,270.81)	(169,504,941.00)	(424,570,870.00)
Tax and sur-tax on principal business	(34,945,420.39)	(92,387,994.04)	(29,957,896.00)	(82,027,758.00)
2. Profit from principal business	409,262,695.18	1,123,971,276.15	340,308,506.00	971,379,986.00
Add: Other operating profit	12,193,366.77	25,781,934.42	24,127,525.00	39,160,166.00
Less: Administrative expenses	(41,901,081.75)	(112,017,774.91)	(34,451,325.00)	(96,675,266.00)
Financial expenses	(1,987,058.97)	(594,987.70)	(3,841,690.00)	(1,757,241.00)
3. Profit from operations	377,567,921.23	1,037,140,447.96	326,143,016.00	912,107,645.00
Add: Investment income	12,466,301.80	46,505,496.78	8,224,898.00	36,825,680.00
Non-operating income	2,528,124.81	9,947,480.71	4,222,923.00	12,702,624.00
Less: Non-operating expenses	(6,335,243.61)	(14,403,660.94)	(3,046,878.00)	(7,392,118.00)
4. Gross profit	386,227,104.23	1,079,189,764.51	335,543,959.00	954,243,831.00
Less: Income tax	(123,510,121.55)	(341,523,622.76)	(101,419,851.00)	(304,972,175.00)
Minority interests	(5,137,387.23)	(17,611,792.31)	(5,900,787.00)	(15,013,327.00)
Unrealized loss on investments	261,105.17	1,246,164.31	435,963.00	2,273,051.00
5. Net profit	257,840,700.62	721,300,513.75	228,659,284.00	636,531,380.00

The Company's Profit and Loss Account (Unit: RMB yuan)

Items	July to September 2003	January to September 2003	July to September 2002	January to September 2002
1. Income from principal business	554,021,680.00	1,431,234,258.00	460,198,130.50	1,270,169,921.50
Less: Expenses of principal business	(165,686,207.91)	(395,993,669.88)	(152,824,552.06)	(378,979,752.24)
Tax and sur-tax on principal business	(30,748,203.24)	(79,433,001.80)	(25,540,996.23)	(70,494,430.65)
2. Profit from principal business	357,587,268.85	955,807,586.32	281,832,582.21	820,695,738.61
Add: Other operating profit	5,859,228.05	11,886,020.84	24,985,402.21	38,702,011.16
Less: Administrative expenses	(37,213,162.24)	(102,305,490.80)	(32,502,414.62)	(92,004,369.11)
Financial expenses	(2,490,165.56)	(2,698,501.08)	(4,203,013.51)	(3,390,290.09)
3. Profit from operations	323,743,169.10	862,689,615.28	270,112,556.29	764,003,090.57
Add: Investment income	43,241,705.79	147,254,401.88	44,077,593.62	124,485,857.96
Non-operating income	2,528,074.81	7,862,690.31	3,341,291.43	10,076,550.09
Less: Non-operating expenses	(5,814,616.21)	(13,268,996.90)	(2,959,919.90)	(6,655,329.95)
4. Gross profit	363,698,333.49	1,004,537,710.57	314,571,521.44	891,910,168.67
Less: Income tax	(105,857,632.87)	(283,237,196.82)	(85,912,237.44)	(255,378,788.67)
Minority interests	—	—	—	—
Unrealized loss on investments	—	—	—	—
5. Net profit	257,840,700.62	721,300,513.75	228,659,284.00	636,531,380.00

3. **Cash Flow Statements**
(Unit: RMB yuan)

Items	January to September 2003 Consolidated	January to September 2003 The Company
1. Cash flow from operating activities		
Cash inflow sub-total	1,972,379,938.00	1,640,439,852.00
Cash outflow sub-total	(956,020,902.00)	(756,009,177.00)
Net cash flow from operating activities	1,016,359,036.00	884,430,675.00
2. Cash flows from investing activities		
Cash inflow sub-total	136,492,542.00	245,485,960.00
Cash outflow sub-total	(725,690,879.00)	(655,734,864.00)
Net cash flow from investing activities	(589,198,337.00)	(410,248,904.00)
3. Cash flows from financial activities		
Cash inflow sub-total	500,000,000.00	500,000,000.00
Cash outflow sub-total	(803,753,453.00)	(784,519,320.00)
Net cash flow from financial activities	(303,753,453.00)	(284,519,320.00)
4. Increase of cash and cash equivalents	123,407,246.00	189,662,451.00

By order of the Board
Yao Yong Jia Lam Che Wah
Company Secretaries

Nanjing, the PRC, 24th October 2003