

**(1) Profit Distribution Scheme**

The Board of Directors has proposed a profit distribution scheme for 2003 as follows:

**In accordance with the PRC accounting standards**

Items	RMB'000
Gross profit	1,447,833
Less: Profit tax	(475,924)
Minority interests	(22,982)
Add: Unrealized loss on investments	1,604
Net profit	950,531
Add: Retained earnings at the beginning of the year	1,145,819
Profits available for distribution	2,096,350
Less: Appropriations of statutory surplus reserve funds	(109,289)
Appropriations of statutory public welfare funds	(54,645)
Profits available for distribution to shareholders	1,932,416
Less: Dividends distribution	(654,907)
Retained earnings	1,277,509
Earnings per share	0.19

**In accordance with HKGAAP**

Items	RMB'000
Profit before tax and minority interests	1,533,974
Taxation	(505,219)
Minority interests	(22,982)
Profit attributable to shareholders	1,005,773
Profit appropriations	
Statutory surplus reserve funds	(109,289)
Statutory public welfare funds	(54,645)
Discretionary welfare funds	—
Profit available for distribution to shareholders for the year	841,839
Retained earnings brought forward	1,357,612
Dividends for 2002	(654,907)
Retained earnings carried forward	1,544,544
Proposed dividends for 2003 (RMB per share)	0.145
Earnings per share (RMB)	0.20

Pursuant to relevant provisions of the Ministry of Finance and the Articles of Association of the Company, in the event that the profit of the Company calculated in accordance with the PRC accounting standards were different from that as calculated in accordance with HKGAAP, the lower will be adopted. As audited by Deloitte Touche Tohmatsu Certified Public Accountants Limited, the Company's net profit for 2003 as calculated in accordance with the PRC accounting standards is RMB950,530,727. After deducting the appropriations of 10% as statutory reserve funds and 5% as statutory public welfare funds and adding the retained earnings at the beginning of the year of RMB1,145,819,878 (with dividend of 2002 of RMB654,907,175 deducted), the total amount of profit available for distribution is RMB1,277,509,496. Based on the total share capital of the Company of 5,037,747,500 shares, the Board of Directors proposes to pay a final dividend of RMB1.45 (tax inclusive) for every ten shares to all shareholders.

The aforesaid profit distribution scheme proposed by the Board of Directors will be submitted to the 2003 Annual General Meeting for consideration and approval. The date and procedures for the payment of final dividends will be announced separately.

## **(2) Day-to-day Operation of the Board of Directors**

### **1. The 16th session of the third Board of Directors meeting held on 20th March 2003**

The following matters were reviewed and approved at the meeting: approval of the Directors' Report, audited accounts and auditors' report 2002; the payment of a cash dividend of RMB1.30 (tax inclusive) for every ten shares as final dividend for 2002; adoption of HKGAAP throughout the auditing for 2002; establishment of Sundian Engineering; transfer of operation of outdoor advertising panel along Shanghai-Nanjing Expressway (Jiangsu section) to Jiangsu-Ninghu Investment Development Co., Ltd.; intensive maintenance for Shanghai-Nanjing Expressway (eastern section) and the relocation of toll stations along Nanjing-Shanghai Class 2 Highway; payment of housing subsidies implementation plan charged against total amount of wages for 2003.

The proposed directors for the fourth Board of Directors together with their remunerations submitted by this Board to the Annual General Meeting for approval.

### **2. The 17th session of the third Board of Directors meeting held on 24th April 2003**

The following matters were reviewed and approved at the meeting: 2003 First Quarterly Report of the Company.

### **3. The 1st session of the fourth Board of Directors meeting held on 15th May 2003**

The following matters were reviewed and approved at the meeting: to elect Mr. Shen Chang Quan as the Chairman of the Company; to elect members and conveners for the Strategy Committee, the Audit Committee and the Nomination, Remuneration and Appraisal Committee.

### **4. The 2nd session of the fourth Board of Directors meeting held on 14th August 2003**

The following matters were reviewed and approved at the meeting: 2003 Interim Report and its summary; to appoint Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Touche Tohmatsu as domestic and international auditors of the Company and to determine their remunerations as RMB1,180,000/year; to review the amendments to the Articles of Association of the Company.

**5. The 3rd session of the fourth Board of Directors meeting held on 24th October 2003**

The following matters were reviewed and approved at the meeting: 2003 Third Quarterly Report; to renew appointment of Mr Chen Xiang Hui as General Manager of the Company; to review the amendments to the Articles of Association of the Company; to delete passengers and goods transportation from the scope of business as included in its business registration.

**(3) Daily Operations of the Specialized Committees of the Board of Directors**

**1. The first meeting of the third Nomination, Remuneration and Appraisal Committee held on 19th March 2003**

The proposed directors for the fourth Board of Directors together with their remunerations were nominated at the meeting and submitted to the Board for approval.

**2. The first meeting of the third Audit Committee held on 17th March 2003**

The 2002 Annual Report of the Company and the report supplied by external and internal audit parties were reviewed at the meeting.

**3. The 2nd meeting of the third Audit Committee held on 24th April 2003**

The 2003 First Quarterly Report was reviewed at the meeting.

**4. The 3rd meeting of the third Audit Committee held on 11th August 2003**

The 2003 Interim Report of the Company was reviewed at the meeting.

**5. The 4th meeting of the third Audit Committee held on 23rd October 2003**

The 2003 Third Quarterly Report of the Company was reviewed at the meeting.

**6. The 1st meeting of third Strategy Committee held on 13th August 2003**

The following matters were reviewed at the meeting: the expansion project for the Jiangsu Section of Shanghai-Nanjing Expressway, the acquisition for the toll operating rights of the Jiangsu Section of Nanjing-Shanghai Class 2 Highway, and the analysis reports on the financing for the two projects.

#### **(4) Implementation of the Resolutions Approved at the General Meetings**

During the period under review, the Board of Directors strictly implemented the resolutions approved at the General Meetings, faithfully performed their duties and completed the profit distribution for year 2002. The details were as follows:

According to the mandate granted to the Board of Directors of the Company at the General Meeting, a notice in relation to dividend distribution was published on 28th May 2003. The share register closure date for the domestic share was 3rd June 2003; the ex-dividend date was 4th June 2003. Dividend distribution for the H Shareholders was calculated in Renminbi and paid in Hong Kong dollars, on the basis of a cash dividend of HK\$1.225 for every ten Shares. The share register closure date was 16th April 2003 and dividend was declared on 15th May 2003.

Payment of dividend for this time was 10th June 2003. Dividends for the holders of the A Shares in issue were distributed by China Securities Depository & Clearing Corporation Limited, Shanghai Branch in a unified manner. Dividends for H Shareholders were distributed by the Bank of China, Hong Kong on the Company's behalf. Dividends for Shareholders of State-owned Shares and legal person Shares were distributed by Hua Tai Securities Co., Ltd. on the Company's behalf.

#### **(5) Other Matters**

##### **1. Principal Operations**

The principal operations of the Company and the businesses of the Company's subsidiaries are set out in page 2 and page 24 of the Annual Report.

##### **2. List of Directors and Supervisors in 2003**

The list of Directors and Supervisors of the Company during 2003 are set out in page 44 of the Annual Report.

##### **3. Donations**

During 2003, the Group donated RMB1,517,000.

##### **4. Major movement in property, plant and equipment**

During 2003, major movements in property, plant and equipment were mainly expenditures for the preparation work on the expansion of Shanghai-Nanjing Expressway.

##### **5. Agreement related to the Directors**

During 2003, the Directors and Supervisors of the Company did not enter into any agreement with the subsidiaries, holding company or fellow subsidiaries, save as related to employment with the controlling shareholder referred to on page 43 of the Annual Report.

##### **6. Taxation policies**

The Company paid all of its enterprise profit tax in full according to the statutory 33% tax rate. For 2003, total amount of profit tax paid was RMB475,925,000.

**7. Staff housing subsidies**

Staff housing subsidies are provided by way of either a lump-sum payment or a monthly subsidy payment. Subsidies in the form of lump-sum payments were directly charged to the current operating expenses. Subsidies in the form of monthly payments were charged against the budget of the wages of the employees and would be managed in accordance with housing fund management principles.

Staff housing subsidies of RMB6,423,000 was paid by the Company in 2003.

**8. Basic staff medical insurance**

The Company's staff medical insurance scheme was fully implemented in December 2003 with reference to the Implementation Opinion on Staff Medical Insurance Scheme Reforms promulgated by the Jiangsu Provincial Government. The payment ratio is capped at 9% of the total amount of an employee's wages, and annual gross expenses are capped at RMB6,000,000. This expense was charged against operating expenses.

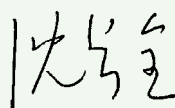
**9. Basic staff pension scheme**

The Company participates in the central retirement and pension fund scheme administered by the State. The Company is required to make an annual contribution equivalent to 21% of employees' wages and the proportion of individual employees' contribution was to be adjusted to 8%. The Company has paid in full its required contributions to pension fund in 2003. The total amount paid was RMB11,480,000, which was included in the operating expenses of the Company. The retirement fund administered by the State shall undertake the pension payment to the Company's retired employees.

**10. Entrusted deposits**

As at 31st December 2003, the Company had not placed any entrusted deposits with PRC financial institutions. There had been no time deposits that were not repaid on maturity.

By Order of the Board



**Shen Chang Quan**  
Chairman

Nanjing, PRC  
1st April 2004