

## **I. Important**

- 1.1 The board of directors of the Company confirms that there are no false representations or misleading statements contained in or material omissions from this report. The directors severally and jointly accept responsibility for the authenticity, accuracy and completeness of the content of this report.
- 1.2 Ms. Chang Yung Tsung, Alice and Mr. Fang Keng (both are directors) were not able to attend the Board of Directors meeting and appointed Mr. Shen Chang Quan, the Chairman, to vote on their behalf. Mr. Sun Hong Ning (director) did not attend the Board of Directors meeting and assigned Mr. Chen Xiang Hui (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. Shareholders of the Company and public investors should exercise caution when dealing in the Company's shares.
- 1.4 The financial statements in this quarterly report are unaudited.
- 1.5 Mr. Shen Chang Quan, Chairman of the Company, Mr. Xie Jia Quan, General Manager, and Madam Liu Wei, Manager of the Finance and Accounting Department, guarantee the correctness and completeness of the financial statements in the quarterly report.



## 2. Basic Information of the Company

### 2.1 Basic Corporate Information

|  | <b>A Shares</b>   | <b>B Shares</b> | <b>Other 1</b>                | <b>Other 2</b>           | <b>Other 3</b> |
|--|---|-----------------|-------------------------------|--------------------------|----------------|
| Stock Name                             | 寧滬高速  |                 | Jiangsu Expressway (H Shares) | JEXWW (ADR)              |                |
| Stock name prior to amendment (if any) |   |                 |                               |                          |                |
| Stock Code                             | 600377  |                 | 0177                          | 477373104                |                |
|  | Secretary to the Board of Directors                                       |                 |                               | Securities Officers      |                |
| Name                                   | Yao Yong Jia  |                 | Jiang Tao and Lou Qing        |                          |                |
| Correspondence Address                 | Jiangsu Communications Building, 69 Shigu Road, Nanjing, Jiangsu, the PRC |                 |                               |                          |                |
| Telephone                              | 8625-84469332   |                 |                               | 8625-84200999-4706, 4716 |                |
| Fax                                    | 8625-84466643   |                 |                               | 8625-84466643            |                |
| E-mail Address                         | cso@jsexpressway.com  |                 |                               |                          |                |

## 2.2 Financial Information

### 2.2.1 Major accounting data and financial indicators

Unit: RMB

|  | <b>End of the reporting period</b> | <b>End of last reporting year</b> | <b>% increase (decrease) at end of the reporting period compared to end of last reporting year</b> |
|--|------------------------------------|-----------------------------------|--|
| Total assets   | 17,413,672,710                     | 16,732,357,439                    | 4.07   |
| Shareholders' equity<br>(excluding minority interests) | 14,925,043,622                     | 14,562,324,835                    | 2.49   |
| Net assets per share                                   | 2.96                               | 2.89                              | 2.49   |
| Adjusted net assets per share                          | 2.96                               | 2.89                              | 2.49   |

|  | <b>The reporting period</b> | <b>From beginning of year to end of the reporting period</b> | <b>% increase (decrease) for the reporting period compared to the corresponding period of the previous year</b> |
|--|-----------------------------|--|---|
| Net cash flow from operating activities                | 621,175,986                 | 621,175,986  | 111.77  |
| Earnings per share                                     | 0.072                       | 0.072  | 50.00   |
| Return on net assets                                   | 2.43%                       | 2.43%  | 38.86   |
| Return on net assets after extraordinary losses        | 2.79%                       | 2.79%  | 60.34   |
| Extraordinary gains/losses                             |                             |  | Amount  |
| Amortisation of differences in shareholding investment |                             |  | -2,999,223  |
| Non-operating income/expenses                          |                             |  | -50,727,850   |
| Effect on income tax                                   |                             |  | 240,191   |
| Total  |                             |  | -53,486,882   |



## 2.2.2 Profit and loss account

Profit and loss account (unaudited)

Unit: RMB

| Items  | The reporting period |             | Corresponding period of the previous year |             |
|--|----------------------|-------------|---|-------------|
|  | Consolidated         | The Company | Consolidated                              | The Company |
| <b>1. Income from principal business</b>                         | 873,370,614          | 736,245,512 | 563,733,079                               | 472,650,651 |
| Less: Costs of principal business                                | 187,274,696          | 160,907,351 | 144,637,943                               | 130,093,900 |
| Tax and sur-tax on principal business                            | 48,472,069           | 40,861,626  | 31,286,686                                | 26,231,612  |
| <b>2. Profit from principal business ("-" represents losses)</b> | 637,623,849          | 534,476,535 | 387,808,450                               | 316,325,139 |
| Add: Other operating profit ("-" represents losses)              | 4,922,870            | 2,187,661   | 2,991,229                                 | 2,398,861   |
| Less: Operating expenses   | —                    | —           | —   | —           |
| Administrative expenses  | 43,446,460           | 39,225,629  | 35,604,294                                | 33,409,458  |
| Financial expenses   | 5,093,837            | 5,669,682   | 1,152,137                                 | 2,082,564   |
| <b>3. Profit from operations ("-" represents losses)</b>         | 594,006,422          | 491,768,885 | 354,043,248                               | 283,231,978 |
| Add: Investment income ("-" represents losses)                   | 25,717,825           | 83,818,313  | 13,296,851                                | 53,803,939  |
| Subsidies income   | —                    | —           | —   | —           |
| Non-operating income   | 2,114,475            | 2,114,425   | 2,438,708                                 | 2,278,575   |
| Less: Non-operating expenses                                     | 52,842,325           | 52,574,967  | 848,637                                   | 663,823     |
| <b>4. Gross profit ("-" represents losses)</b>                   | 568,996,397          | 525,126,656 | 368,930,170                               | 338,650,669 |
| Less: Income tax   | 195,991,582          | 162,131,753 | 118,988,115                               | 95,525,045  |
| Gain and loss of minority interests                              | 10,286,028           | —           | 7,142,834                                 | —           |
| Add: Unrealised loss on investments                              | 276,116              | —           | 326,405                                   | —           |
| <b>5. Net profit ("-" represents losses)</b>                     | 362,994,903          | 362,994,903 | 243,125,626                               | 243,125,624 |

## 2.3 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 31st March 2004, there were 33,384 shareholders registered on the registers of members of the Company, among whom 32,363 were holders of domestic shares and 1,021 were holders of foreign shares.

### 3. Management Discussion and Analysis

#### 3.1 Overview and brief analysis of the Company's operating activities during the reporting period

In the first quarter of 2004, all businesses of the Group grew steadily. According to the PRC Accounting Standards, operating income between January and March amounted to approximately RMB980,950,084, whereas net profit amounted to approximately RMB362,994,903, representing increases of approximately 46.69% and 49.30% respectively over those of the corresponding period of the previous year.

Since in the next reporting period there would be no negative impact due to the SARS epidemic or intensive repairs, income from principal business are expected to have relatively large increases compared to the corresponding period of the previous year.

Increase in income was mainly attributable to the following reasons:

1. The national economy sustained a faster rate of growth. In the first quarter of 2004, GDP increased by 9.7% over that of the corresponding period of the previous year. GDP of Jiangsu Province grew 14.6% over that of the corresponding period of the previous year. A favourable macro-economic environment resulted in increase in passenger transport and freight transport. Except for Nanjing-Shanghai Class 2 Highway which recorded a decrease of traffic volume due to the road expansion project, traffic volumes of all roads and bridges operated by the Group all maintained double-digit growth.
2. Increase in toll revenue also resulted from an approximately 12.5% increase in toll tariffs for passenger vehicles at the expressways in Jiangsu Province with effect from 1st January 2004.
3. Implementation of the toll-by-weight tariff system has benefited the Group's road and bridge projects. According to the statistics in respect of Shanghai-Nanjing Expressway, among goods vehicles, 79.69% did not exceed the loading limit, whereas overloaded vehicles accounted for 20.31%. Among overloaded goods vehicles, 11.34% were overloaded by less than 30%, 4.25% were overloaded by 30%-50%, 4.33% were overloaded by 50%-100% and 0.38% were overloaded by over 100%. The increase of toll on overloaded vehicles has in effect led to increase of toll revenues, and as the proportion of trucks showed a growth trend, the proportion of toll revenues contributed by trucks also grew gradually.



### Data of daily average traffic volumes and daily average toll revenues of roads and bridges in the first quarter of 2004:

| Expressway or bridge operation                      | Average daily traffic flow<br>(vehicles/day) | Growth over the corresponding      | Average daily toll revenues<br>(RMB'000/day) | Growth over the corresponding      |
|---|--|------------------------------------|--|------------------------------------|
|   |  | period of the previous year<br>(%) |  | period of the previous year<br>(%) |
| Jiangsu section of Shanghai-Nanjing Expressway      | 36,403                                       | 21.74                              | 7,366.3                                      | 61.98                              |
| Jiangsu section of Nanjing-Shanghai Class 2 Highway | 33,879                                       | -8.37                              | 533.0  | -4.53                              |
| Nanjing section of Nanjing-Lianyungang Highway      | 12,359                                       | 23.78                              | 191.3  | 31.24                              |
| Guangjing Expressway                                | 28,041                                       | 12.70                              | 564.8  | 31.35                              |
| Xicheng Expressway                                  | 26,054                                       | 19.78                              | 942.1  | 61.90                              |
| Jiangyin Yangtze Bridge                             | 30,458                                       | 18.50                              | 1,813.4                                      | 44.43                              |
| Sujiahang Expressway                                | 16,672                                       | —                                  | 1,585.6                                      | 110.15                             |

### Non-core Businesses

In addition to operations of the service areas, revenues from the Group's non-core businesses also included the operating revenues of Jiangsu Ninghu Investment Development Co., Ltd. and Jiangsu Sundian Engineering Co., Ltd. Revenues from the non-core businesses between January and March 2004 amounted to approximately RMB107,579,470, whereas profits from non-core businesses amounted to approximately RMB4,922,870.

### Progress on Expansion Project

The eight-lane expansion project of Shanghai-Nanjing Expressway was approved by the State Development and Reform Commission on 20th February 2004. The Company convened the 6th session of the fourth Board of Directors meeting on 1st April 2004, at which the investment matters in relation to the expansion project as well as the acquisition of the extended 12-year operating right of Nanjing-Shanghai Class 2 Highway subsequent to its expansion were approved (details of which were published in China Securities and Shanghai Securities on 2nd April 2004). At present, both projects are proceeding smoothly, and relevant preliminary preparation work for the eight-lane expansion project of Shanghai-Nanjing Expressway is nearly completed.

Upon approval at the 2003 Annual General Meeting, according to the work progress, filling and construction of soil excavation of earth and stone for roadbeds in the southern side will be substantially completed in the next stage, works pertaining to superstructure of bridges, base structures of large bridges and specially large bridges reinforcing of main structures of the original bridges which affect connection, demolition and construction of cross-over bridges over feeders, modification of intersecting and interconnecting roads and modification and expansion of service areas will commence on a full-scale. Works relating to improvement of designs, scientific research, and the establishment of tenders and project management systems will also commence. The Company will work hard on quality management, coordination with communications authorities and on-site management, and will steadily push forward the expansion project.

Traffic volume on Shanghai-Nanjing Expressway has not been affected by the expansion project. Currently the traffic flow is normal and smooth.

### 3.1.1 Principal operating activities or products accounting for more than 10% of income or total profit from principal business

Unit: RMB

| <b>Industry or product</b>    | <b>Principal operating income</b> | <b>Principal operating costs</b> | <b>Gross profit margin (%)</b> |
|-------------------------------|-----------------------------------|----------------------------------|--------------------------------|
| Shanghai-Nanjing Expressway   | 670,329,338                       | 120,411,590                      | 82.04                          |
| Guangjing-Xicheng Expressways | 137,125,102                       | 26,367,345                       | 80.77                          |
| Total                         | 807,454,440                       | 146,778,935                      | 81.82                          |

### 3.1.2 Seasonal or cyclical characteristics of the Company's operation

Applicable       Not applicable



### 3.1.3 Structure of the Group's profit contributions during the reporting period

Unit: RMB

| Items                                   | Jan-Mar<br>2004 | Proportion                | Jan-Mar<br>2003 | Increase/<br>Decrease<br>(%) |
|---|-----------------|---------------------------|-----------------|------------------------------|
|   |                 | to gross<br>profit<br>(%) |                 |                              |
| Profit from principal business          | 637,623,849     | 112.06                    | 387,808,450     | 64.42                        |
| Other operating profit                  | 4,922,870       | 0.87                      | 2,991,229       | 64.58                        |
| Expenses during the<br>reporting period | (48,540,297)    | -8.53                     | (36,756,431)    | 32.06                        |
| Gain on investment                      | 25,717,825      | 4.52                      | 13,296,851      | 93.41                        |
| Subsidies income                        | —               | —                         | —               | —                            |
| Non-operating<br>income/expenses, net   | (50,727,850)    | -8.92                     | 1,590,071       | —                            |
| Net profit before taxation              | 568,996,397     | 100.0                     | 368,930,170     | 54.23                        |

Explanation of changes:

1. Significant increase in profit from principal business was mainly attributable to the rapid growth of toll revenues (approximately RMB310 million) during the reporting period whereas maintenance costs for roads were maintained at the previous year's level.
2. Increase in other operating profit was mainly attributable to Jiangsu Sundian Engineering Co., Ltd. becoming an independent legal entity with effect from May 2003. Its revenue during the reporting period was the major factor to the increase in the Group's other operating profit.
3. Increase in expenses during the reporting period was mainly attributable to the advance payment during the period for expenses of road security amounting to RMB387 million for the year.
4. Significant increase in gain on investment was mainly attributable to the increase of RMB4.23 million in gain on investment in Sujiahang Expressway and the increase of RMB7.19 million in gain on investment in Yangtze Bridge when compared to those of the corresponding period of the previous year.
5. Substantial change in non-operating income/expenses during the year was mainly attributable to provisions for impairment of fixed assets of RMB50 million made after careful and due consideration during the reporting period.



3.1.4 Circumstances and reasons for substantial changes in principal business and its structure compared to last reporting period

Applicable     Not applicable

3.1.5 Circumstances and reasons for substantial changes in the earning capacity (gross profit margin) of the principal business compared to last reporting period.

Applicable     Not applicable

### **3.2 Analysis of impact of significant matters and the solutions**

Applicable     Not applicable

### **3.3 Circumstances and reasons for changes in accounting policies, accounting assumptions, scope of consolidation and significant accounting errors**

Applicable     Not applicable

### **3.4 Statement by the Board of Directors and the Supervisory Committee on qualified opinion in respect of audited financial statements**

Applicable     Not applicable

### **3.5 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 of the previous year**

Applicable     Not applicable

### **3.6 Ongoing adjustments by the Company on announced annual business plan or budget**

Applicable     Not applicable



## Balance Sheet

As at 31st March 2004

Unit: RMB Yuan

|  | Consolidated         |                            | Parent Company       |                            |
|--|----------------------|----------------------------|----------------------|----------------------------|
|  | At the end of period | At the beginning of period | At the end of period | At the beginning of period |
| <b>Assets</b>                                      |                      |                            |                      |                            |
| Current assets:                                    |                      |                            |                      |                            |
| Cash and bank deposits                             | 1,396,137,334        | 1,536,773,636              | 1,118,390,775        | 1,308,857,139              |
| Short-term investment                              | 20,027,690           | 255,000                    | —                    | —                          |
| Notes receivable                                   | —                    | —                          | —                    | —                          |
| Dividend receivable                                | 4,490,964            | 4,490,964                  | 4,490,964            | 4,490,964                  |
| Interest receivable                                | 535,040              | 535,040                    | 211,040              | 211,040                    |
| Accounts receivable                                | 23,243,538           | 14,358,099                 | 4,238,397            | 3,872,010                  |
| Other receivables                                  | 76,804,952           | 52,602,684                 | 77,147,172           | 57,459,393                 |
| Prepayments  | 342,187,720          | 19,863,764                 | 316,155,550          | 12,294,632                 |
| Subsidies receivable                               | —                    | —                          | —                    | —                          |
| Inventories  | 23,594,623           | 9,875,337                  | 5,288,336            | 5,949,699                  |
| Deferred expenditures                              |                      |                            |                      |                            |
| Investment in debt securities, current portion     |                      |                            |                      |                            |
| Other current assets                               | 98,100               | —                          | —                    | —                          |
| Total current assets                               | 1,887,119,961        | 1,638,754,524              | 1,525,922,234        | 1,393,134,877              |
| Long-term investments:                             |                      |                            |                      |                            |
| Long-term equity investments                       | 1,526,632,037        | 1,498,468,487              | 3,838,172,027        | 3,754,353,713              |
| Investment in debt securities, non current portion | 19,000,000           | 19,000,000                 | —                    | —                          |
| Total Long-term investments                        | 1,545,632,037        | 1,517,468,487              | 3,838,172,027        | 3,754,353,713              |
| Fixed assets:                                      |                      |                            |                      |                            |
| Fixed asset at cost                                | 13,260,771,373       | 13,255,872,715             | 10,652,579,570       | 10,645,694,334             |
| Less: Accumulated depreciation                     | 2,208,739,618        | 2,080,564,743              | 2,002,090,839        | 1,882,474,341              |
| Net book value                                     | 11,052,031,755       | 11,175,307,972             | 8,650,488,731        | 8,763,219,993              |
| Less: Provision for fixed asset on payment loss    |                      |                            |                      |                            |
| Net book amount                                    | 11,052,031,755       | 11,175,307,972             | 8,650,488,731        | 8,763,219,993              |
| Project materials                                  |                      |                            |                      |                            |
| Construction-in-progress                           | 1,473,561,456        | 919,969,662                | 1,457,505,553        | 897,852,521                |
| Disposal of fixed assets                           | 122,326              | —                          | 122,326              | —                          |
| Total fixed assets                                 | 12,525,715,537       | 12,095,277,634             | 10,108,116,610       | 9,661,072,514              |

## Balance Sheet (cont'd)

As at 31st March 2004

Unit: RMB Yuan

|  | Consolidated         |                            | Parent Company       |                            |
|--|----------------------|----------------------------|----------------------|----------------------------|
|  | At the end of period | At the beginning of period | At the end of period | At the beginning of period |
| <b>Assets</b>                            |                      |                            |                      |                            |
| Intangible assets and other assets:      |                      |                            |                      |                            |
| Intangible assets                        | 1,450,189,202        | 1,477,302,628              | 1,450,189,202        | 1,466,310,034              |
| Long-term deferred expenditure           | 5,015,973            | 3,554,166                  | —                    | —                          |
| Other Long-term assets                   |                      |                            |                      |                            |
| Total intangible assets and other assets | 1,455,205,175        | 1,480,856,794              | 1,450,189,202        | 1,466,310,034              |
| Deferred tax:                            |                      |                            |                      |                            |
| Deferred tax assets                      | —                    | —                          | —                    | —                          |
| Total assets                             | 17,413,672,710       | 16,732,357,439             | 16,922,400,073       | 16,274,871,138             |
| <b>Liabilities and share capital</b>     |                      |                            |                      |                            |
| Current liabilities:                     |                      |                            |                      |                            |
| Short-term borrowings                    | 1,500,000,000        | 1,400,000,000              | 1,500,000,000        | 1,400,000,000              |
| Notes payable                            |                      |                            |                      |                            |
| Accounts payable                         | 69,427,227           | 77,251,165                 | 66,546,263           | 61,944,199                 |
| Trade deposits from customers            | 19,579,434           | 11,641,834                 | 2,029,700            | 2,527,100                  |
| Salary payable                           | 12,483,399           | 14,192,212                 | 12,483,399           | 12,483,399                 |
| Welfare payable                          | 15,974,850           | 15,298,625                 | 11,961,319           | 11,252,983                 |
| Dividend payable                         | 3,947,923            | 7,264,536                  | 3,947,923            | 7,264,536                  |
| Taxes payable                            | 215,095,263          | 129,387,676                | 190,893,993          | 115,967,906                |
| Other payables                           | 103,851,910          | 53,256,558                 | 84,840,312           | 41,616,703                 |
| Accruals                                 | 70,510,998           | —                          | 68,294,580           | —                          |
| Provisions                               |                      |                            |                      |                            |
| Long-term borrowings, current portion    | 3,406,631            | 6,813,262                  | 3,406,631            | 6,813,262                  |
| Other current liabilities                | 522,020              | —                          | —                    | —                          |
| Total current liabilities                | 2,014,799,655        | 1,715,105,868              | 1,944,404,120        | 1,659,870,088              |



## Balance Sheet (cont'd)

|  | Consolidated         |                            | Parent Company       |                            |
|--|----------------------|----------------------------|----------------------|----------------------------|
|  | At the end of period | At the beginning of period | At the end of period | At the beginning of period |
| <b>Liabilities and share capital</b>       |                      |                            |                      |                            |
| Non-current liabilities:                   |                      |                            |                      |                            |
| Long-term borrowings                       | 54,676,610           | 54,676,610                 | 54,676,610           | 54,676,610                 |
| Debentures                                 | —                    | —                          | —                    | —                          |
| Long-term payables                         | 8,616,669            | —                          | —                    | —                          |
| Payable for special purpose                | —                    | —                          | —                    | —                          |
| Other non-current liabilities              | —                    | —                          | —                    | —                          |
| Total non-current liabilities              | 63,293,279           | 54,676,610                 | 54,676,610           | 54,676,610                 |
| Deferred tax:                              |                      |                            |                      |                            |
| Deferred tax liabilities                   |                      |                            |                      |                            |
| Total liabilities                          | 2,078,092,934        | 1,769,782,478              | 1,999,080,730        | 1,714,546,698              |
| Minority interest                          | 410,536,154          | 400,250,126                | —                    | —                          |
| Shareholder's equity:                      |                      |                            |                      |                            |
| Share capital                              | 5,037,747,500        | 5,037,747,500              | 5,037,747,500        | 5,037,747,500              |
| Less: Capital return                       | —                    | —                          | —                    | —                          |
| Share reserve                              | 5,037,747,500        | 5,037,747,500              | 5,037,747,500        | 5,037,747,500              |
| Capital reserve                            | 7,484,734,745        | 7,484,734,745              | 7,484,734,745        | 7,484,734,745              |
| Revenue reserve                            | 766,382,010          | 766,382,010                | 704,869,469          | 704,869,469                |
| Including: Statutory common welfare fund   | 255,460,669          | 255,460,669                | 234,956,490          | 234,956,490                |
| Accumulated losses                         | -4,325,032           | -4,048,916                 | —                    | —                          |
| Retained earnings                          | 1,640,504,399        | 1,277,509,496              | 1,695,967,629        | 1,332,972,726              |
| Total shareholder's equity                 | 14,925,043,622       | 14,562,324,835             | 14,923,319,343       | 14,560,324,440             |
| Total liabilities and shareholder's equity | 17,413,672,710       | 16,732,357,439             | 16,922,400,073       | 16,274,871,138             |

## Profit and Loss Account

1st January 2004 - 31st March 2004

Unit: RMB Yuan

| Items  | Consolidated         |                                 | Parent Company       |                                 |
|--|----------------------|---------------------------------|----------------------|---------------------------------|
|  | At the end of period | At the same period of last year | At the end of period | At the same period of last year |
| <b>1. Income from principal business</b>                         | 873,370,614          | 563,733,079                     | 736,245,512          | 472,650,651                     |
| Less: Costs of principal business                                | 187,274,696          | 144,637,943                     | 160,907,351          | 130,093,900                     |
| Tax and sur-tax on principal business                            | 48,472,069           | 31,286,686                      | 40,861,626           | 26,231,612                      |
| <b>2. Profit from principal business ("-" represents losses)</b> | 637,623,849          | 387,808,450                     | 534,476,535          | 316,325,139                     |
| Add: Other operating profit ("-" represents losses)              | 4,922,870            | 2,991,229                       | 2,187,661            | 2,398,861                       |
| Less: Operating expenses   | —                    | —                               | —                    | —                               |
| Administrative expenses  | 43,446,460           | 35,604,294                      | 39,225,629           | 33,409,458                      |
| Financial expenses   | 5,093,837            | 1,152,137                       | 5,669,682            | 2,082,564                       |
| <b>3. Profit from operations ("-" represents losses)</b>         | 594,006,422          | 354,043,248                     | 491,768,885          | 283,231,978                     |
| Add: Investment income ("-" represents losses)                   | 25,717,825           | 13,296,851                      | 83,818,313           | 53,803,939                      |
| Subsidies income   | —                    | —                               | —                    | —                               |
| Non-operating income   | 2,114,475            | 2,438,708                       | 2,114,425            | 2,278,575                       |
| Less: Non-operating expenses                                     | 52,842,325           | 848,637                         | 52,574,967           | 663,823                         |
| <b>4. Gross profit ("-" represents losses)</b>                   | 568,996,397          | 368,930,170                     | 525,126,656          | 338,650,669                     |
| Less: Income tax   | 195,991,582          | 118,988,115                     | 162,131,753          | 95,525,045                      |
| Gain and loss of minority interests                              | 10,286,028           | 7,142,834                       | —                    | —                               |
| Add: Unrealised loss on investments                              | 276,116              | 326,405                         | —                    | —                               |
| <b>5. Net profit ("-" represents losses)</b>                     | 362,994,903          | 243,125,626                     | 362,994,903          | 243,125,624                     |



## Statement of Cash Flows

1st January 2004 - 31st March 2004

Unit: RMB Yuan

| Description                                  | At the end of period<br>(consolidated) | At the end of period<br>(parent company) |
|--|--|--|
| 1. Cash flow from operating activities       |  |  |
| Cash received from operating activities      | 990,583,721                            | 803,347,847                              |
| Cash paid for operating activities           | (369,407,735)                          | (277,662,481)                            |
| Net cash flow from operating activities      | 621,175,986                            | 525,685,366                              |
| 2. Cash flow from investing activities       |  |  |
| Cash received from investing activities      | 5,273,174                              | 4,164,298                                |
| Cash paid for investing activities           | (839,040,439)                          | (811,614,421)                            |
| Net Cash flow from investing activities      | (833,767,265)                          | (807,450,123)                            |
| 3. Cash flow from financing activities       |  |  |
| Cash received from financing activities      | 500,429,274                            | 500,000,000                              |
| Cash paid for financing activities           | (408,701,607)                          | (408,701,607)                            |
| Net cash flow from financing activities      | 91,727,667                             | 91,298,393                               |
| 4. Net decrease in cash and cash equivalents | (120,863,612)                          | (190,466,364)                            |

By order of the Board

**Yao Yong Jia**

Secretary to the Board

Nanjing, China, 26th April 2004