

## 1. Important

- 1.1 The board of directors (the “Board of Directors”) of Jiangsu Expressway Company Limited (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 Independent directors Ms. Chang Yung Tsung and Mr. Fang Keng were engaged in work and did not attend the Board of Directors. They have appointed Mr. Yang Xiong Shen, independent director, to vote on their 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 first quarterly report are unaudited and have been reviewed by the Audit Committee of the Company.
- 1.5 Mr. Shen Chang Quan, Chairman of the Company, Mr. Xie Jia Quan, General Manager, and Madam Liu Wei, Accountant of the Company, guarantee the correctness and completeness of the financial statements in the quarterly report.

## 2. Basic Information of the Company

### 2.1 Basic Corporate Information

	A Shares	H Shares	ADR
Abbreviation of Stock Name	寧滬高速	江蘇寧滬	JEXWW
Stock Code	600377	0177	477373104
	<b>Secretary to the Board of Directors</b>		<b>Securities Officers</b>
Name	Yao Yong Jia		Jiang Tao and Lou Qing
Correspondence Address	Jiangsu Communications Buildings, 69 Shigu Road, Nanjing, Jiangsu, the PRC		Jiangsu Communications Buildings, 69 Shigu Road, Nanjing, Jiangsu, the PRC
Telephone Number	8625-84469332		8625-84200999-4706, 4716
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E-mail Address	nhgs@jsexpressway.com		nhgs@jsexpressway.com

### 2.2 Financial Information

#### 2.2.1 Major accounting data and financial indicators

Unit: RMB

	End of the reporting period	End of last reporting year	% increase (decrease) at end of the reporting period compared to end of last reporting year
Total assets	21,970,947,402	20,638,701,012	6.46
Shareholders' equity (excluding minority interests)	14,117,461,324	14,666,085,009	(3.74)
Net assets per share	2.802	2.911	(3.74)
Adjusted net assets per share	2.802	2.911	(3.74)

	The reporting period	Beginning of the year to end of the reporting period	% increase (decrease) for this reporting period compared to the corresponding period of the previous year
Net cash flow from operating activities	354,926,808	354,926,808	(42.86)
Earnings per share	0.036	0.036	(49.90)
Return on net assets (%)	1.29	1.29	(46.91)
Return on net assets excluding non-recurring items (%)	1.30	1.30	(53.41)

Non-recurring Item	Amount
Amortisation of equity investment difference	(3,054,051)
Non-operating income/expenses	1,605,636
Income tax effect	(529,860)
Total	(1,978,275)

## 2.2.2 Income statement

Unit: RMB

Item	The reporting period (January to March)		Corresponding period of the previous year (January to March)	
	Consolidated	The Company	Consolidated	The Company
<b>1. Turnover</b>	545,776,808	411,599,662	978,203,948	821,784,988
Less: Costs of sales	189,067,138	156,318,365	287,128,393	242,951,204
Sales tax and surcharges	28,874,498	21,385,432	49,985,466	42,169,588
<b>2. Gross profit</b>	327,835,172	233,895,865	641,090,089	536,664,196
Add: Other operating profit	-83,567	—	1,456,630	—
Less: Administrative expenses	49,278,354	44,594,892	43,446,460	39,225,629
Financial expenses	27,319,236	27,810,178	5,093,837	5,669,682
<b>3. Profit from operations</b>	251,154,015	161,490,795	594,006,422	491,768,885
Add: Investment income	23,985,706	73,139,125	25,717,825	83,818,313
Subsidies income	—	—	—	—
Non-operating income	2,887,928	2,426,287	2,114,475	2,114,425
Less: Non-operating expenses	1,282,292	474,017	52,842,325	52,574,967
<b>4. Profit before taxation</b>	276,745,357	236,582,190	568,996,397	525,126,656
Less: Income tax	85,561,475	54,732,487	195,991,582	162,131,753
Minority interests	9,334,179	—	10,286,028	—
Add: Unrecognised loss on investments	—	—	276,116	—
<b>5. Net profit</b>	181,849,703	181,849,703	362,994,903	362,994,903

## 2.3 Total number of shareholders as at the end of the reporting period and the top ten holders of shares in circulation

Unit: share

Total number of shareholders at the end of the reporting period	As at 31st March 2005, there were 32,689 shareholders registered on the registers of members of the Company, among whom 31,747 were holders of domestic shares and 942 were holders of foreign shares.
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### Top ten holders of shares in circulation

Name of shareholder	Number of shares in circulation held as at the end of the reporting period	Class of shares
JP Morgan Chase & Co.	108,148,500	H shares
Sumitomo Life Insurance Company	97,760,000	H shares
UBS AG	75,734,000	H shares
Winner Glory Development Ltd	12,000,000	H shares
銀河證券有限責任公司	17,511,666	A shares
中國工商銀行－諾安平衡證券投資基金	12,271,191	A shares
中國工商銀行－東吳嘉禾優勢精選混合型開放式證券投資基金	4,959,366	A shares
景福證券投資基金	3,568,647	A shares
中國銀行－嘉實服務增值行業證券投資基金	2,567,352	A shares
中國工商銀行－中銀國際中國精選混合型開放式證券投資基金	2,404,794	A shares

## 3. Management Discussion and Analysis

### 3.1 Brief analysis of the overall situation of the Company's operating activities during the reporting period

During the first quarter of 2005, although the economies of China and Jiangsu Province continued to grow rapidly, the operating results of the Company dropped significantly as compared to the corresponding period of the previous year due to the Shanghai-Nanjing Expressway expansion project for which traffic diversion measures for trucks were implemented on the whole expressway and traffic control measures were adopted for certain sections. Under PRC Accounting Standards, during January to March 2005, the Group recorded an operating income of approximately RMB550,661,000, a decrease of approximately 43.86% as compared to the corresponding period of the previous year. Net profit amounted to approximately RMB181,850,000 with an earnings per share of RMB0.036, a decrease of approximately 49.90% as compared to the corresponding period of the previous year.

The traffic diversions for trucks on Shanghai-Nanjing Expressway have significantly affected the expressway's toll income. During the reporting period, the average daily toll revenue on Shanghai-Nanjing Expressway amounted to approximately RMB3,173,400, a decrease of 56.92% as compared to the corresponding period of the previous year.

The traffic diversions for trucks and construction works on Shanghai-Nanjing Expressway have also affected Xicheng Expressway and Sujiahang Expressway which were connected to Shanghai-Nanjing Expressway. During the reporting period, average daily traffic volumes on Xicheng Expressway and Sujiahang Expressway decreased by approximately 5.88% and 15.78%, respectively; while average daily toll revenues decreased by approximately 22.39% and 11.10%, respectively.

Except for the above-mentioned assets, other assets owned by the Group including Nanjing-Shanghai Class 2 Highway, Nanjing-Lianyungang Highway, Guangjing Expressway and Jiangyin Yangtze Bridge operated steadily and normally during the reporting period.

**Data of daily average traffic volumes and daily average toll revenues of various roads and bridges during the reporting period:**

Expressway or bridge operation	Average daily traffic volume (vehicles/day)	Growth over the corresponding period of the previous year (%)	Average daily toll revenue (RMB'000/day)	Growth over the corresponding period of the previous year (%)
Jiangsu Section of Shanghai-Nanjing Expressway	22,355	-38.59	3,173.4	-56.92
Jiangsu Section of Nanjing-Shanghai Class 2 Highway	39,260	15.88	711.6	33.51
Nanjing Section of Nanjing-Lianyungang Highway	12,420	9.44	221.5	15.79
Guangjing Expressway	33,008	17.71	612.8	8.50
Xicheng Expressway	24,522	-5.88	731.2	-22.39
Jiangyin Yangtze Bridge	34,784	14.20	1,931.3	6.50
Sujjahang Expressway	14,041	-15.78	1,268.6	-11.10

As at 31st March 2005, total assets of the Group amounted to RMB21,970,947,000; minority interests amounted to RMB407,366,000; and shareholders' equity amounted RMB14,117,461,000. During the reporting period, current liabilities increased by RMB1,170,895,000; long-term liabilities increased by RMB716,073,000; and total liabilities amounted to RMB7,446,120,000. Assets-to-liabilities ratio was 33.89%, an increase as compared to the beginning of the reporting period but still at a reasonable level. The Group's overall financial status was sound.

**Progress of the expansion project**

During the reporting period, the Shanghai-Nanjing Expressway expansion project has overcome various unfavourable conditions, including low temperature in winter, quite a number of on-site intersection works, difficulties in traffic arrangements and complications of technical proposals. Construction works progressed smoothly in accordance with schedule. Investment made during the first quarter amounted to RMB1,141 million. Road surface works progressed swiftly, with an addition of 31 km of road surface completed on the southern section of the expressway. Traffic works and building works were carried out in full swing, while expansion works on the service areas were accelerated.

As at 31st March 2005, the Shanghai-Nanjing Expressway expansion project has completed an accumulated investment amounting to RMB5,515 million while 161 km of the road surface connection works for the 4-lane road of the southern section of the expressway was completed.

According to the construction plan by 30th June 2005, road surface works for the remaining portion of the southern section of the expressway will be completed, ensuring the completion of the whole of the southern expressway. Road surface construction works for the northern section of the expressway will commence; construction of inter-change hubs, traffic works, greenery and facilities along the expressway will be in full swing; and the principal construction of all service areas will basically be completed with some service areas open for operation.

The expansion project of Nanjing-Shanghai Class 2 Highway progressed smoothly according to plan. During the first quarter of 2005, the Company has provided construction investment amounting to RMB150 million with aggregate investment amounting to RMB1,900 million.

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

Applicable     Not applicable

Unit: RMB

Industry	Turnover	Cost of sales	Gross profit margin (%)
Jiangsu Section of Shanghai-Nanjing Expressway	288,779,707	74,105,819	74.34
Guangjing Xicheng Expressways	122,301,445	20,779,651	83.01

### 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

Applicable     Not applicable



Unit: RMB

Item	January - March 2005	Proportion to gross profit (%)	January - March 2004	Proportion to gross profit (%)
Gross Profit	327,835,172	118.46	641,090,089	-48.86
Other operating profit	-83,567	-0.03	1,456,630	—
Total expenses	-76,597,590	-27.68	-48,540,297	57.80
Investment income	23,985,706	8.67	25,717,825	-6.74
Subsidies income	—	—	—	—
Non-operating income/expenses, net	1,605,636	0.58	-50,727,850	—
Total profit	276,745,357	100.00	568,996,397	-51.36

Explanation of changes:

1. During the reporting period, gross profit decreased mainly due to traffic diversions for trucks for the Shanghai-Nanjing Expressway expansion project.
2. During the reporting report, total expenses increased mainly due to increase of finance costs. During the reporting period, finance costs amounted to RMB27,320,000, an increase of RMB22,226,000 as compared to RMB5,094,000 in the corresponding period of the previous year.
3. During the reporting period, net of non-operating income/expenses has changed significantly as compared to the corresponding period of the previous year mainly due to the impairment provision of RMB50,000,000 made to the Company's fixed assets during the corresponding period of the previous year.

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 profitability (gross profit margin) of the principal business compared to last reporting period

Applicable  Not applicable

### 3.2 Analysis of impact of major events and solutions

Applicable     Not applicable

Pursuant to 《印發關於降低車輛通行費收費標準的意見的通知》(the “Notice on the Issue of the Opinion on Reducing Vehicle Toll Rates”) issued by the Ministry of Communications and the National Development and Reform Commission and 《關於發布交通行業標準收費公路車輛通行費車型分類的通知》(the “Notice on the Announcement of Classification of Vehicles for Standard Toll Roads for the Transport Industry”) issued by the Ministry of Communications, and 《關於調整全省公路車輛通行費徵收政策的通知》(the “Notice on Adjustments to the Policy on Highway Vehicle Toll Collection in Jiangsu Province”) issued by the Government of the Jiangsu Province, adjustments was made to the toll rate policy in respect of the roads and bridges operated by the Company or by companies which the Company controls or invests in, the new toll rates became effective in respect of all expressways from 10th January 2005 and in respect of all open-end toll roads from 20th January 2005.

The number of classes of vehicle was changed from six to five upon the adjustments. The vehicle classification standards were also modified. The toll rates were adjusted based on the toll rates of trucks implemented with effect from 28th December 2003 and the toll rates of passenger cars implemented with effect from 1st January 2004. The toll rates for heavy vehicles decreased after the adjustments which have slightly affected toll revenue in a negative manner.

### 3.3 Accounting policy, accounting estimation, changes in the scope of consolidation and major accounting errors and its reasons

Applicable     Not applicable

### 3.4 Explanation of the Board and the Supervisory Committee in relation to “disclaimer of opinion” given in audited reports

Applicable     Not applicable

### 3.5 Warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next reporting period becoming a loss or significant changes compared to the corresponding period of the previous year

Applicable     Not applicable

### 3.6 Rolling adjustments of the Company to the annual operating plans or budget as disclosed

Applicable     Not applicable

## 4. Appendix

### Balance Sheet 31st March 2005

Unit: RMB

Item	At the end of the period		At the beginning of the year	
	Consolidated	The Company	Consolidated	The Company
<b>Assets</b>				
<b>Current assets:</b>				
Bank balances and cash	820,410,921	630,291,296	524,774,481	382,704,360
Short-term investment	30,000,000	—	—	—
Dividend receivable	—	92,687,233	—	—
Interest receivable	211,040	211,040	405,440	211,040
Accounts receivable	22,271,139	3,289,968	15,843,717	3,019,974
Other receivables	85,021,371	89,984,439	39,031,352	37,451,190
Prepayments	17,520,636	431,768	20,422,888	9,172,797
Inventories	5,903,690	2,912,465	6,408,573	3,465,281
Loan to associate	15,000,000	—	15,000,000	—
Total current assets	996,338,797	819,808,209	621,886,451	436,024,642
<b>Long-term investments:</b>				
Long-term equity investments	1,593,443,344	3,881,158,433	1,568,230,714	3,900,206,541
Total long-term investments	1,593,443,344	3,881,158,433	1,568,230,714	3,900,206,541
<b>Fixed assets:</b>				
Fixed assets at cost	12,881,933,649	10,229,553,737	12,864,447,028	10,210,093,783
Less: Accumulated depreciation	2,439,680,958	2,140,603,305	2,325,063,294	2,045,636,098
Fixed assets, net	10,442,252,691	8,088,950,432	10,539,383,734	8,164,457,685
Less: Impairment	—	—	—	—
Net book value	10,442,252,691	8,088,950,432	10,539,383,734	8,164,457,685
Construction materials	109,218,762	109,218,762	114,037,781	114,037,781
Construction-in-progress	5,531,493,071	5,515,693,668	4,630,430,383	4,615,718,503
Total fixed assets	16,082,964,524	13,713,862,862	15,283,851,898	12,894,213,969
<b>Intangible assets and other assets:</b>				
Intangible assets	1,396,423,653	1,385,705,874	1,412,599,448	1,401,826,706
Long-term deferred expenses	1,777,084	—	2,132,501	—
Other long-term assets	1,900,000,000	1,900,000,000	1,750,000,000	1,750,000,000
Total intangible assets and other assets	3,298,200,737	3,285,705,874	3,164,731,949	3,151,826,706
Total assets	21,970,947,402	21,700,535,378	20,638,701,012	20,382,271,858

**Balance Sheet (cont'd)**  
31st March 2005

Unit: RMB

Item	At the end of the period		At the beginning of the year	
	Consolidated	The Company	Consolidated	The Company
<b>Liabilities and Shareholder's equity</b>				
Current liabilities:				
Short-term borrowings	2,300,000,000	2,500,000,000	1,950,000,000	2,150,000,000
Accounts payable	329,303,382	323,940,081	303,413,526	296,441,924
Advances from customers	13,674,347	1,021,988	3,769,626	1,341,111
Salary payable	10,359,342	10,359,342	13,549,342	10,359,342
Welfare payable	19,263,895	14,655,076	19,905,504	14,700,093
Dividend payable	755,613,506	740,182,755	9,709,367	9,709,367
Taxes payable	127,514,868	110,811,040	66,614,310	54,289,060
Other payables	89,641,198	78,390,119	107,513,784	91,705,407
Accrued expenses	—	—	—	—
Long-term liabilities due within one year	6,813,262	6,813,262	6,813,262	6,813,262
Total current liabilities	3,652,183,800	3,786,173,663	2,481,288,721	2,635,359,566
Long-term liabilities:				
Long-term borrowings	3,793,936,456	3,793,936,456	3,077,863,348	3,077,863,348
Total long-term liabilities	3,793,936,456	3,793,936,456	3,077,863,348	3,077,863,348
Total liabilities	7,446,120,256	7,580,110,119	5,559,152,069	5,713,222,914
Minority interests	407,365,822	—	413,463,934	—
Shareholder's equity:				
Share capital	5,037,747,500	5,037,747,500	5,037,747,500	5,037,747,500
Capital reserves	7,488,194,416	7,488,194,416	7,488,194,416	7,488,194,416
Surplus reserves	925,544,505	830,230,202	925,544,505	830,230,202
Including: public welfare fund	308,514,834	276,743,401	308,514,834	276,743,401
Unrecognized loss on investments	—	—	—	—
Undistributed profits	665,974,903	764,253,141	484,125,200	582,403,438
Dividend payable post balance sheet date	—	—	730,473,388	730,473,388
Total shareholder's equity	14,117,461,324	14,120,425,259	14,666,085,009	14,669,048,944
Total liabilities and shareholder's equity	21,970,947,402	21,700,535,378	20,638,701,012	20,382,271,858

**Cash Flow Statement**  
January to March 2005

Unit: RMB

Item	Consolidated	The Company
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	507,346,440	358,477,297
Other cash received relating to operating activities	2,313,574	1,818,895
Sub-total of cash inflows	509,660,014	360,296,192
Cash paid for goods and services	52,038,361	41,542,436
Cash paid to and on behalf of employees	32,942,212	28,100,670
Taxes paid	53,502,291	19,818,229
Other cash paid relating to operating activities	16,250,342	14,703,193
Sub-total of cash outflows	154,733,206	104,164,528
Net cash flows from operating activities	354,926,808	256,131,664
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments	—	—
Cash received from investment income	—	—
Cash received from disposal of fixed assets, intangible assets and other long-term assets	—	—
Other cash received relating to investing activities	1,241,671	750,730
Sub-total of cash inflows	1,241,671	750,730
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,067,044,239	1,046,307,658
Cash paid for purchase of investments	1,000,000	500,000
Cash paid for purchase of subsidiaries	—	—
Other cash paid relating to investing activities	—	—
Sub-total of cash outflows	1,068,044,239	1,046,807,658
Net cash flows from investing activities	-1,066,802,568	-1,046,056,928
<b>3. Cash flows from financing activities:</b>		
Cash received from investment	—	—
Including: subsidiaries received cash from investment of minority interests	—	—
Cash received from borrowings	2,170,000,000	2,170,000,000
Cash received from other relating financing activities	—	—
Sub-total of cash inflows	2,170,000,000	2,170,000,000
Repayments of borrowings	1,103,926,892	1,103,926,892
Cash paid for distribution of dividends, profits and interests	28,560,908	28,560,908
Including: dividend payable to minority shareholders from subsidiaries	—	—
Cash paid for other relating financing activities	—	—
Sub-total of cash outflows	1,132,487,800	1,132,487,800
Net cash flows from financing activities	1,037,512,200	1,037,512,200
<b>4. Effect of foreign exchange rate changes</b>	—	—
<b>5. Net increase in cash and cash equivalents</b>	<b>325,636,440</b>	<b>247,586,936</b>

**Cash Flow Statement (cont'd)**  
January to March 2005

Unit: RMB

Item	Consolidated	The Company
<b>Supplementary Information</b>		
<b>1. Reconciliation of Net Profit to Cash Flow from Operating Activities:</b>		
Net profit	181,849,703	181,849,703
Add: Profit/loss of minority shareholders	9,334,179	—
Unrecognized loss on investments	—	—
Provision for impairment	—	—
Depreciation of fixed assets	116,858,272	95,483,202.00
Amortization of intangible assets	15,892,290	15,892,290
Amortization of long-term deferred assets	355,417	—
Decrease of prepaid expense (less: Increase)	—	—
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: Profits)	—	—
Loss on retirement of fixed assets (Less: Profit)	—	—
Finance expense (Less: Income)	28,069,966	28,560,908
Losses arising from investments (Less: Profits)	-23,985,706	-73,139,125
Deferred taxation credit (Less: debit)	—	—
Decrease in inventories (Less: Increase)	504,883	552,816
Decrease in receivables under operating activities (Less: Increase)	-42,512,720	-53,122,365
Increase in payables under operating activities (Less: Decrease)	68,560,524	60,054,235
Net cash flow from operating activities	354,926,808	256,131,664
<b>2. Investing and Financing Activities that do not Involve Cash Receipts and Payments:</b>		
Conversion of debt into capited	—	—
Reclassification of convertible bonds expiring within one year as current liability	—	—
Fixed assets acquired under finance leases	—	—
<b>3. Net Decrease in Cash and Cash Equivalents:</b>		
Cash at the end of the year	820,410,921	630,291,296
Less: Cash at the beginning of the year	524,774,481	382,704,360
Cash equivalents at the end of the year	30,000,000	—
Less: Cash equivalents at the beginning of the year	—	—
Net decrease in cash and cash equivalents	325,636,440	247,586,936

By order of the Board  
**Yao Yong Jia**  
Secretary to the Board

Nanjing, the PRC, 22nd April 2005