

3. TURNOVER AND REVENUE

Turnover mainly represents toll income from the operation of expressways, the value of advertising services rendered, and the value of road maintenance services rendered, net of relevant revenue taxes.

An analysis of turnover and revenue is as follows:

	2000	1999
	Rmb'000	Rmb'000
Toll income	1,219,672	1,087,672
Advertising income	15,878	5,859
Road maintenance income	5,130	6,971
Others	15,582	9,918
	1,256,262	1,110,420
Less: Revenue taxes	(67,658)	(59,922)
Turnover	1,188,604	1,050,498
Dividend income from unlisted equity investments	—	107
Income on short term investments in securities	153,566	77,577
Interest income	73,195	79,579
Rental income	7,098	4,893
Trailer income	6,821	4,309
Others	2,208	1,063
Other revenue	242,888	167,528
Revenue	1,431,492	1,218,026



NOTES TO FINANCIAL STATEMENTS (Cont'd)

December 31, 2000

3. TURNOVER AND REVENUE (Continued)

The Company and its subsidiaries are subject to the following types of revenue taxes:

- Business Tax ("BT"), levied at 5% on toll income and 3%-5% on other services income;
- City Development Tax, levied at 1% to 7% of BT;
- Education Supplementary Tax, levied at 3.5% to 4% of BT; and
- Culture & Education Fees, levied at 3% on advertising income.

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2000	1999
	Rmb'000	Rmb'000
Depreciation	142,080	140,127
Operating lease rentals on land and buildings	930	526
Auditors' remuneration	2,267	1,842
Staff costs:		
Wages and salaries	51,593	48,865
Pension contributions	4,358	3,052
Amortization of deferred costs	—	5,102
Amortization of expressway operating rights	8,700	8,700
Loss on disposal of fixed assets	5,595	3,028
Reduction of recoverable amount of fixed assets	42,239	—
Change in fair values of long term		
unlisted equity investments	5,783	—
Rental income	(7,098)	(4,893)
Exchange losses	35	182
Dividend income from unlisted		
equity investments	—	(107)
Interest income	(73,195)	(79,579)
Income on short term investments in securities	(152,633)	(77,577)

5. FINANCE COSTS

	2000	1999
	Rmb'000	Rmb'000
Interest on bank loans and other loans		
wholly repayable within five years	184,969	117,446
Interest on other loans	39,349	70,319
Total finance costs	224,318	187,765
Interest capitalised	(27,235)	(14,843)
	197,083	172,922

6. TAX

No Hong Kong profits tax has been provided as the Group had no taxable profits in Hong Kong during the year.

The Group was subject to the Corporate Income Tax (the "CIT") levied at a rate of 33% of taxable income based on income for financial reporting purposes prepared in accordance with the laws and regulations in the PRC.

According to an approval from Zhejiang Provincial Local Tax Bureau dated February 12, 2001 and December 11, 2000, respectively, Shangsang Co and Advertising Co were qualified for the exceptions under the category of "New enterprise providing employment opportunities to redundant workers" as defined in the relevant national tax rules, and therefore was entitled to an exemption from CIT for three years starting from January 1, 1998 and January 1, 1999, respectively.

Pursuant to a directive issued by Zhejiang Provincial People's Government in 1997, the Company was entitled to a refund from the Zhejiang Finance Bureau, of an amount equal to 18% of its taxable income in respect of the CIT paid to the taxation bureau.



NOTES TO FINANCIAL STATEMENTS (Cont'd)

December 31, 2000

6. TAX (Continued)

On January 11, 2000, the State Council issued a directive, in respect of correcting the finance refund policies adopted by local governments with effect from January 1, 2000.

However, a further directive was subsequently released by the Ministry of Finance dated October 13, 2000, according to which listed companies can continue to enjoy the "33% pay first, 18% refund later" policy until December 31, 2001. Such beneficial treatment was not granted to subsidiaries, associates or jointly-controlled entities of listed companies.

In this regard, the tax refunded and refundable represents the financial subsidies received and receivable by the Company in respect of the year.

	2000	1999
	Rmb'000	Rmb'000
Group:		
Tax charged	185,307	166,839
Overprovision in prior year	(1,474)	(10,930)
Tax refunded/refundable	(50,840)	(82,966)
	132,993	72,943
Deferred - note 29	39,755	(2,312)
Share of tax attributable to associates	6,074	7,443
Share of deferred tax attributable to an associate	6,302	—
Share of deferred tax attributable to a jointly-controlled entity	1,267	—
Overprovision in an associate in prior year	—	(6,264)
Tax charge for the year	186,391	71,810

There was no material unprovided deferred tax in respect of the year (1999: Nil).

7. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is Rmb504,441,000 (1999: Rmb336,731,000).

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section S161 of the Companies Ordinance is as follows:

	2000 Rmb'000	1999 Rmb'000
Fees	—	—
Other emoluments:		
Salaries, allowances and benefits in kind	1,440	1,286
Bonuses paid and payable	477	—
	1,917	1,286

The amount disclosed above include remuneration of HK\$145,000 payable to each of the two independent non-executive directors (1999: HK\$120,000), and Rmb 5,000 payable to another independent non-executive directors (1999: Nil). There were no other emoluments payable to the independent non-executive directors during the year (1999: Nil).

The remuneration of the directors fell within the following band:

	Number of directors	
	2000	1999
Nil to HK\$1,000,000	11	9

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.



NOTES TO FINANCIAL STATEMENTS (Cont'd)

December 31, 2000

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five (1999: five) directors, details of whose remuneration are set out in note 8 above.

10. DIVIDENDS

	Company	
	2000	1999
	Rmb'000	Rmb'000
<hr/>		
Interim - Rmb0.02		
(approximately HK0.0187) per share		
(1999: Rmb0.015		
(approximately HK\$0.014) per share)	86,862	65,147
Proposed final - Rmb0.07		
(approximately HK0.065) per share		
(1999: Rmb0.04		
(approximately HK\$0.037) per share)	304,018	173,725
	<hr/>	<hr/>
	390,880	238,872
	<hr/>	<hr/>

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of Rmb636,001,000 (1999: Rmb548,311,000) and the 4,343,114,500 shares (1999: 4,343,114,500 shares) in issue during the year.

Diluted earnings per share for the years ended December 31, 2000 and 1999 have not been calculated as no diluting event existed during these years.

12. FIXED ASSETS

	Expressways and bridges		Toll stations and facilities		Communications and signaling equipment		Machinery and Motor vehicles		Construction in progress	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Group										
Cost:										
At January 1, 2000	527,628	8,128,994	206,907	8,485	33,328	177,934	1,817,058			10,900,334
Reclassification	—	—	(4,566)	1,649	4,899	(1,982)	—			—
Additions	—	28,009	11,119	—	18,782	9,953	1,183,090			1,250,953
Transfers	—	2,916,589	7,505	—	—	21,605	(2,946,802)			(1,103)
Reduction of recoverable amount	—	(44,160)	—	—	—	—	—			(44,160)
Disposals	—	—	(8,204)	(253)	(4,001)	(2,348)	—			(14,806)
At December 31, 2000	527,628	11,029,432	212,761	9,881	53,008	205,162	53,346			12,091,218
Accumulated depreciation:										
At January 1, 2000	35,834	194,971	11,987	1,220	8,226	26,226	—			278,464
Reclassification	—	—	(2,272)	760	2,337	(825)	—			—
Provided during the year	17,570	84,710	9,217	3,650	4,768	22,165	—			142,080
Reduction of recoverable amount	—	(1,921)	—	—	—	—	—			(1,921)
Disposals	—	—	(5,431)	(86)	(2,201)	(1,493)	—			(9,211)
At December 31, 2000	53,404	277,760	13,501	5,544	13,130	46,073	—			409,412
Net book value:										
At December 31, 2000	474,224	10,751,672	199,260	4,337	39,878	159,089	53,346			11,681,806
At December 31, 1999	491,794	7,934,023	194,920	7,265	25,102	151,708	1,817,058			10,621,870



NOTES TO FINANCIAL STATEMENTS (Cont'd)

December 31, 2000

12. FIXED ASSETS (Continued)

	Land	Expressways and bridges	Buildings and facilities	Construction equipment and signalling	Motor vehicles	Modular equipment	Construction in progress	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Company								
Cost:								
At January 1, 2000	350,384	4,712,616	95,365	8,472	22,118	173,133	2,402	5,364,490
Reclassification	—	—	(4,566)	1,649	4,899	(1,982)	—	—
Additions	—	—	2,890	—	4,855	5,944	38,775	52,464
Transfers	—	—	3,011	—	—	—	(4,114)	(1,103)
Disposals	—	—	(853)	(253)	(3,340)	(2,297)	—	(6,743)
At December 31, 2000	350,384	4,712,616	95,847	9,868	28,532	174,798	37,063	5,409,108
Accumulated depreciation:								
At January 1, 2000	29,662	147,551	6,662	1,218	6,591	23,928	—	215,612
Reclassification	—	—	(2,272)	760	2,337	(825)	—	—
Provided during the year	11,668	59,121	4,699	3,646	3,642	18,712	—	101,488
Disposals	—	—	(44)	(86)	(2,074)	(1,468)	—	(3,672)
At December 31, 2000	41,330	206,672	9,045	5,538	10,496	40,347	—	313,428
Net book value:								
At December 31, 2000	309,054	4,505,944	86,802	4,330	18,036	134,451	37,063	5,095,680
At December 31, 1999	320,722	4,565,065	88,703	7,254	15,527	149,205	2,402	5,148,878

All fixed assets are located in the PRC.



13. INTERESTS IN SUBSIDIARIES

	Company	
	2006	1999
	Rmb'000	Rmb'000
Unlisted shares, at cost	3,555,304	3,196,754
Due from subsidiaries	4,099	28,175
Due to subsidiaries	(9,835)	(13,805)
	3,549,568	3,211,124

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayments.

Particulars of the Company's subsidiaries, all of which are directly held, are as follows:

Names of subsidiaries	Date and place of registration	Registered capital	Percentage of equity attributable to the Company	Principal activities
Zhejiang Yuhang Expressway Co., Ltd. ("Yuhang Co")	Note 1	75,223,000	51%	Construction and management of the Yuhang Section of the Shanghai- Hangzhou Expressway
Zhejiang Jiaxing Expressway Co., Ltd. ("Jiaxing Co")	Note 2	1,859,200,000	84.19%	Construction and management of the Jiaxing Section of the Shanghai-Hangzhou Expressway



NOTES TO FINANCIAL STATEMENTS (Cont'd)

December 31, 2000

13. INTERESTS IN SUBSIDIARIES (Continued)

Names of subsidiaries	Date and place of registration	Registered capital	Percentage of equity attributable to the Company	Principal activities
Zhejiang Gaotong Stone Development Co., Ltd. ("Gaotong Co")	Note 3	5,000,000	80%	Processing and sales of stones and stone related products
Zhejiang Shangsang Expressway Co., Ltd. ("Shangsang Co")	Note 4	2,400,000,000	61%	Investing, construction and operating the Shangsang Expressway
Zhejiang Expressway Advertising Co., Ltd. ("Advertising Co")	Note 5	1,000,000	70%	Advertising

Note 1. Yuhang Co was established on June 7, 1994 in the PRC as a joint stock limited company and was subsequently restructured into a limited liability company under its current name on November 28, 1996.

Note 2. Jiaying Co was established on June 30, 1994 in the PRC as a joint stock limited company and was subsequently restructured into a limited liability company under its current name on November 29, 1996.

Note 3. Gaotong Co was established on November 3, 1997 in the PRC as a limited liability company.

Note 4. Shangsang Co was established on January 1, 1998 in the PRC as a limited liability company.

Note 5. Advertising Co was established on June 1, 1998 in the PRC as a limited liability company.

