

The financial statements of the Company for the year ended 31st December 2003 were audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Company Limited and PricewaterhouseCoopers who issued unqualified audit opinions on these financial statements.

I. PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE PRC (“the PRC Accounting Standards”)

1. Key profitability indicators of the Company for the current year: (Unit: RMB)

Indicators	2003
Total profit	366,876,443.81
Net profit	283,264,544.99
Net profit after extraordinary items	284,609,650.31
Profit from principal operations	445,219,873.86
Other operating profit	13,430,956.50
Operating profit	367,751,161.40
Investment income	888,114.38
Subsidy income	—
Non-operating loss, net	-1,762,831.97
Net cash flows from operating activities	552,905,969.80
Net increase in cash and cash equivalent	-618,276,464.95
Notes: Extraordinary items:	
(1) Investment income	1,482,242.42
(2) Non-operating income	206,160.30
(3) Non-operating expenses	-1,968,992.27
(4) Depreciation adjustment due to reclassification of assets associated with toll roads of Gaojie Expressway	-1,606,179.94
(5) Impact of income tax on extraordinary items	541,664.17
Total:	-1,345,105.32

2. Key accounting data and financial indicators of the Company for the past five years up to the end of the reporting period: (Unit: RMB)

Items	2003	2002	2001	2000	1999
Income from principal operations	896,554,001	751,627,488	611,449,942	408,766,444	349,435,609
Net profit	283,264,545	258,392,601	248,119,321	179,702,205	144,434,134
Total assets	6,214,884,814	5,062,203,679	4,359,674,870	4,302,013,163	3,054,767,411
Shareholders' interests (excluding minority interests)	3,837,860,710	3,601,957,947	2,929,294,151	2,751,605,330	2,628,247,525
Earnings per share (fully diluted) (RMB)	0.17	0.16	0.18	0.13	0.10
Net asset per share (RMB)	2.31	2.14	2.08	1.95	1.87
Adjusted net asset per share (RMB)	2.31	2.14	2.07	1.95	1.86
Net cash inflows from operating activities per share (RMB)	0.33	0.30	0.30	0.18	0.16
Returns on net assets (fully diluted)	7.4%	7.2%	8.5%	6.5%	5.5%
Returns on net assets after extraordinary items (weighted average)	7.7%	8.2%	8.7%	6.7%	5.8%
Returns on net assets after extraordinary items (fully diluted)	7.4%	6.9%	8.5%	6.5%	5.8%

3. Changes in shareholders' equity during the reporting period:

Items	At beginning of period (Shares)	Increase	Decrease	At end of period (Shares)	Reasons for change
Share capital	1,658,610,000	—	—	1,658,610,000	Not applicable
Capital reserves	1,176,589,474	2,396,518	—	1,178,985,992	Premium of capital injection from minority interests and government grants
Surplus reserves	240,790,055	71,775,729	—	312,565,784	Profit appropriation
Including:					
Statutory public welfare fund	114,295,346	33,190,945	—	147,486,290	Profit appropriation
Unappropriated profit	525,968,418	283,264,545	(121,534,029)	687,698,934	Current year net profit and profit appropriation
Total shareholders' equities	3,601,957,947	357,436,792	(121,534,029)	3,837,860,710	

II. PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN HONG KONG (“the Hong Kong Accounting Standards”)

Summary of Results

For the year ended 31st December 2003

Unit: RMB'000

Year	2003	2002	2001	2000	1999
Turnover	858,858	719,123	588,006	386,825	330,433
Operating profit before taxation	450,205	392,305	329,914	293,353	244,146
Profit attributable to shareholders	349,066	309,031	269,972	227,176	206,156
Earnings per share (RMB)	0.2105	0.2185	0.1917	0.1613	0.1464

Summary of Assets

As at 31st December 2003

					Unit: RMB'000
Year	2003	2002	2001	2000	1999
Total assets	6,984,636	5,748,625	4,978,597	4,881,325	3,559,468
Total liabilities	2,524,677	1,590,371	1,543,645	1,645,915	494,890
Total net assets	4,459,959	4,158,254	3,434,952	3,235,410	3,064,578
Net assets per share (RMB)	2.6890	2.5071	2.4385	2.2969	2.1756

III. MAJOR DIFFERENCE BETWEEN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH DIFFERENT ACCOUNTING STANDARDS

			Unit: RMB'000
	Net assets (As at 31st December 2003)	Net profit (Year ended 31st December 2003)	
Amount reported in accordance with the PRC Accounting Standards	3,837,863	283,264	
Adjustments made in accordance with the Hong Kong Standards:			
1. Valuation of expressways and buildings and their depreciation	664,624	66,823	
2. Valuation of land use rights and their amortization	105,125	16,507	
3. Deferred taxation	(147,653)	(17,528)	
Amount as reported under the Hong Kong Accounting Standards	4,459,959	349,066	

Explanations for adjustments:

- In order to issue and list H shares, the non-current assets and land use rights of the Company, were revalued by a Chinese asset valuation institution and an international asset valuation institution on 30th April 1996 and 15th August 1996 respectively and were incorporated into the related statutory financial statements and the financial statements prepared in accordance with the Hong Kong Accounting Standards. The value evaluated by the international institution was more than that evaluated by the Chinese institution by the amount of RMB319 million. Also, depreciation of expressways and buildings and amortisation of land use rights were calculated according to unit-of-usage method in the financial statements prepared in accordance with the Hong Kong Accounting Standards, but were calculated according to the straight-line method in the statutory financial statements. Such differences led to differences in the results of operations for both the Group and the Company throughout their useful life and therefore was regarded as the adjustment items.
- As a result of the differences in valuations and methods of provisions of depreciation and amortisation of the non-current assets and land use rights between the statutory financial statements and the financial statements prepared in accordance with the Hong Kong Accounting Standards as mentioned in item 1, deferred taxation was adjusted accordingly.