

FINANCIAL AND BUSINESS HIGHLIGHTS

The financial statements of the Company for the year ended 31st December 2004 were audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company and PricewaterhouseCoopers Certified Public Accountants 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 group (Unit: RMB’000)

Indicators	2004
Total profit	520,705
Net profit	404,403
Net profit after extraordinary items	410,005
Profit from principal operations	653,421
Other operating profit	13,738
Operating profit	528,339
Investment income	119
Subsidy income	—
Non-operating loss, net	-7,753
Net cash flows from operating activities	917,544
Net increase in case and case equivalent	177,403
Notes: Extraordinary items deducted and amounts involved: (Unit: RMB’000)	
Investment income	-119
Non-operating income-disposals of fixed assets	-381
Non-operating expenses-disposals of fixed assets	8,188
Non-operating income excluding disposals of fixed assets	-79
Non-operating expenses excluding disposals of fixed assets	25
Impact of income tax on extraordinary items	-2,032
Total	5,602

FINANCIAL AND BUSINESS HIGHLIGHTS

2. Key accounting data and financial indicators of the Group for the past five years up to the end of the reporting period: (Unit: RMB'000)

Items	2004	2003	2002	2001	2000
Income from principal operations	1,242,899	896,554	751,627	611,450	408,766
Net profit	404,403	283,265	258,393	248,119	179,702
Total assets	6,551,915	6,214,885	5,062,204	4,359,675	4,302,013
Shareholders' interests (excluding minority interests)	4,142,748	3,837,861	3,601,958	2,929,294	2,751,605
Earnings per share	0.24	0.17	0.16	0.18	0.13
Net asset per share	2.50	2.31	2.14	2.08	1.95
Adjusted net asset per share	2.50	2.31	2.14	2.07	1.95
Net cash flows from operating activities per share	0.55	0.33	0.30	0.30	0.18
Returns on net assets (fully diluted)	9.76%	7.38%	7.18%	8.47%	6.53%
Returns on net assets after extraordinary items (weighted average)	10.34%	7.65%	8.20%	8.70%	6.70%
Returns on net assets after extraordinary items (fully diluted)	9.90%	7.42%	6.90%	8.50%	6.50%

FINANCIAL AND BUSINESS HIGHLIGHTS

3. Changes in shareholders' equity during the reporting period (Unit:RMB)

	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	1,178,985,992.29	—	—	1,178,985,992.29	Not applicable
Surplus reserves	312,565,784.46	101,450,023.50	—	414,015,807.96	Appropriation profit after taxation
Including:					
Statutory public welfare fund	147,486,290.43	47,296,789.04	—	194,783,079.47	Appropriation profit after taxation
Unappropriated profit	687,698,933.33	404,403,436.18	200,966,623.50	891,135,746.01	Increase of profit after taxation, decrease of extraction of statutory surplus reserve fund and statutory welfare fund and payment of dividends
Total shareholders' equities	3,837,860,710.08	505,853,459.68	200,966,623.50	4,142,747,546.26	Arising from the above reasons

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

	Unit: RMB'000				
Year	2004	2003	2002	2001	2000
Turnover	1,187,120	858,858	719,123	588,006	386,825
Operating profit before taxation	628,611	450,205	382,305	329,914	293,353
Profit attributable to shareholders	486,998	349,066	309,031	269,972	227,176
Earnings per share (RMB)	0.2936	0.2105	0.2185	0.1917	0.1613

FINANCIAL AND BUSINESS HIGHLIGHTS

Summary of assets

As at 31st December

Unit: RMB'000

Year	2004	2003	2002	2001	2000
Total assets	7,423,000	6,984,636	5,748,625	4,978,597	4,881,325
Total liabilities	2,575,560	2,524,677	1,590,371	1,543,645	1,645,915
Total net assets	4,847,440	4,459,959	4,158,254	3,434,952	3,235,410
Net assets per share (RMB)	2.9226	2.6890	2.5071	2.4385	2.2969

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

	2004 RMB'000		2003 RMB'000	
	Net assets	Net profit	Net assets	Net profit
As reported in the statutory accounts	4,142,749	404,403	3,837,863	283,264
HKGAAP adjustments:				
1. Valuation and depreciation of toll roads	757,773	93,149	664,624	66,823
2. Valuation and amortization of land use right	109,102	3,977	105,125	16,507
3. Accounting for Enterprise Safety Fund	10,780	10,780	—	—
4. Deferred taxation	(172,964)	(25,311)	(147,653)	(17,528)
As reported under HKGAAP	4,847,440	486,998	4,459,959	349,066

Explanations for adjustments:

1. 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 higher than that evaluated by the Chinese institution by the amount of RMB319 million. Also, depreciation of expressways and buildings and amortization 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.
2. According to the relevant rules and regulations as set out by the authorities, the Group has provided 1% enterprise safety fund based on the toll income for the reporting period. In accordance with the relevant accounting principles and financial regulations applicable to PRC enterprise, enterprise safety fund is classified as long term payable and will be offset during its utilisation. In the financial statements prepared in accordance with the Hong Kong Accounting Standards, such utilisation will be charged to expenses when actually incurred. Accordingly, such discrepancy will affect the operational results of the Group, hence the above adjustments were made.
3. As a result of the differences in valuations and methods of provisions of depreciation and amortization 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 and differences in accounting for enterprise safety fund, deferred taxation was adjusted accordingly.