

The financial statements of the Group for the year ended 31 December 2006 were audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Company Limited and PricewaterhouseCoopers Certified Public Accountants respectively 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 | 2006 |
|---|-----------|
| Total profit | 968,980 |
| Net profit | 749,302 |
| Net profit after extraordinary items | 748,419 |
| Profit from principal operations | 1,115,199 |
| Other operating profit | 28,693 |
| Operating profit | 966,307 |
| Investment income | 1,446 |
| Subsidy income | 0 |
| Non-operating loss, net | 1,227 |
| Net cash flows from operating activities | 1,088,885 |
| Net increase in cash and cash equivalent | -180,511 |
| Notes: Extraordinary items deducted and amounts involved: (Unit: RMB’000) | |
| Non-operating income-disposals of fixed assets | -227 |
| Non-operating income excluding disposals of fixed assets | -1,107 |
| Non-operating expenses excluding disposals of fixed assets | 108 |
| Impact of income tax on extraordinary items | 343 |
| Total | -883 |

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 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|------------------|-----------|-----------|-----------|-----------|
| Income from principal operations | 1,617,898 | 1,538,017 | 1,242,899 | 896,554 | 751,627 |
| Net profit | 749,302 | 659,248 | 404,403 | 283,265 | 258,393 |
| Total assets | 7,232,967 | 6,970,438 | 6,551,915 | 6,214,885 | 5,062,204 |
| Shareholders' equities (excluding minority interests) | 4,920,872 | 4,636,192 | 4,142,748 | 3,837,861 | 3,601,958 |
| Earnings per share (RMB) | 0.45 | 0.40 | 0.24 | 0.17 | 0.16 |
| Net asset per share (RMB) | 2.97 | 2.80 | 2.50 | 2.31 | 2.14 |
| Adjusted net asset per share (RMB) | 2.97 | 2.80 | 2.50 | 2.31 | 2.14 |
| Net cash flows from operating activities per share (RMB) | 0.66 | 0.61 | 0.55 | 0.33 | 0.30 |
| Returns on net assets (fully diluted) | 15.23% | 14.22% | 9.76% | 7.38% | 7.18% |
| Returns on net assets after extraordinary items (weighted average) | 15.66% | 15.44% | 10.34% | 7.65% | 8.20% |
| Returns on net assets after extraordinary items (fully diluted) | 15.21% | 14.57% | 9.90% | 7.42% | 6.90% |

3. Changes in shareholders' equities during the reporting period (unit:RMB)

| | At beginning of period | Increase | Decrease | At end of period | Reasons for change |
|-------------------------------|---------------------------|----------------|----------------|------------------|---|
| Share capital | 1,658,610,000.00 | — | — | 1,658,610,000.00 | — |
| Capital reserves | 1,179,042,798.49 | — | 211,152.83 | 1,178,831,645.66 | Adjustment for the investment reserve. |
| Surplus reserves | 582,265,555.81 | 86,412,895.69 | 54,283,527.45 | 614,394,924.05 | Income appropriation and the reversal of balance for Gaojie's de-registration. |
| Including: | | | | | |
| Statutory public welfare fund | 272,841,273.93 | — | 272,841,273.93 | — | Transferred to the Statutory Surplus Reserve Fund according to the Company Law. |
| Unappropriated profit | 1,216,273,353.47 | 803,585,982.84 | 550,823,695.69 | 1,469,035,640.62 | Current year profit, profit appropriation and the reversal of Gaojie's balance. |
| Total shareholders' equities | 4,636,191,707.77 | 889,998,878.53 | 605,318,375.99 | 4,920,872,210.33 | — |

Financial and Business Highlights

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

Summary of results

For the year ended 31 December 2006

Unit: RMB'000

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|----------------------------------|------------------|-----------|-----------|---------|---------|
| Turnover | 1,604,891 | 1,494,704 | 1,200,868 | 874,192 | 727,634 |
| Operating profit before taxation | 1,035,043 | 890,006 | 619,267 | 441,666 | 382,218 |
| Equity holders of the Company | 931,424 | 686,103 | 479,800 | 343,521 | 301,631 |
| Earnings per share (RMB) | 0.5616 | 0.4137 | 0.2893 | 0.2071 | 0.1819 |

Summary of Assets

As at 31 December 2006

Unit: RMB'000

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|------------------|-----------|-----------|-----------|-----------|
| Total assets | 7,711,396 | 7,836,196 | 7,358,964 | 6,929,945 | 5,702,473 |
| Total liabilities | 2,249,935 | 2,007,425 | 2,361,445 | 2,305,237 | 1,390,330 |
| Total equity (Excluding minority interests) | 5,396,351 | 5,628,696 | 4,796,389 | 4,416,106 | 4,119,946 |
| Equity per share (RMB) (Excluding minority interests) | 3.2535 | 3.3936 | 2.8918 | 2.6625 | 2.4840 |

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

Reconciliation between PRC and HKGAAP Accounts

| | 2006 | | 2005 | |
|--|------------------------|----------------|------------------------|----------------|
| | RMB'000 | | RMB'000 | |
| | Shareholders' equities | Net profit | Shareholders' equities | Net profit |
| Amount reported in accordance with the PRC Accounting Standards | 4,920,872 | 749,302 | 4,636,192 | 659,248 |
| Adjustments made in accordance with the Hong Kong Accounting Standards | | | | |
| 1. Fair value's adjustment for long-term payables (a) | 160,147 | (36,967) | 421,843 | (43,841) |
| 2. Valuation of expressways and buildings and their depreciation (b) | 890,817 | 57,266 | 833,551 | 60,519 |
| 3. Valuation of land use rights and their amortization (b) | 27,007 | (1,400) | 28,407 | (1,400) |
| 4. Accounting for enterprise safety fund (c) | 40,820 | 15,536 | 25,284 | 14,504 |
| 5. Accounting for goodwill (d) | (442,790) | 31,628 | — | — |
| 6. Deferred taxation (e) | (200,523) | 116,059 | (316,582) | (2,927) |
| Amount as reported in accordance with the Hong Kong Accounting Standards | <u>5,396,350</u> | <u>931,424</u> | <u>5,628,695</u> | <u>686,103</u> |

Explanations for adjustments:

- a. In the financial statements, which are prepared in accordance with the Hong Kong Accounting Standards, the adoption of HKAS 39 resulted in the long-term payables to Xuancheng Highway Management Company Limited and AEHC are initially recorded at fair value and subsequently stated at amortized costs with the difference between the proceeds and the redemption value being recognized in the income statement over the period of the borrowings using the effective interest methods, but were recorded at the proceeds received in the statutory financial statements. Such discrepancy will affect the operational results of the Group, hence the above adjustments were made (The Company repaid all the long-term payables to AEHC in the reporting period).



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- b. 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 30 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. Furthermore, depreciation of expressways and buildings were calculated according to unit-of-usage method in the financial statements prepared in accordance with the Hong Kong Accounting Standards, whereas they 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.
- c. According to the relevant rules and regulations as set out by the authorities, the Group has provided 1% for enterprise safety fund, which is based on the toll income for the reporting period in accordance with the relevant accounting principles and financial regulations applicable to PRC enterprise, which is classified as long term payable and will be offset during its utilization. In the financial statements prepared in accordance with the HKGAAP, such utilization will be classified as expenses, and accordingly, such discrepancy will affect the operational results of the Group, hence the above adjustments were made.
- d. In the financial statements prepared in accordance with the Hong Kong Accounting Standards, the excess of the consideration over carrying amount of the Gaojie's 49% minority interests acquired from AEHC is recognized directly in equity, but was recorded as intangible asset in the statutory financial statements and amortized in 10 years. Such discrepancy made the above adjustments.
- e. In the statutory financial statements, the Group accounts for enterprise income taxes ("EIT") using the tax payable method, but in the financial statements prepared in accordance with the Hong Kong Accounting Standards, deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In addition, as a result of the differences between the statutory financial statements and the financial statements prepared in accordance with the Hong Kong Accounting Standards as mentioned above, deferred taxation was adjusted accordingly.