

Anhui Province

Anhui Province located at the southeastern part of China and across the basins of the Yangtze River. The province is rich in agricultural resources and products, and engaged in mining and energy industrial. It is also served as the hub of strategic connection between eastern China and mid-west China. In line with the economic development in western China, the future development of Anhui is promising and encouraging. The province has 8.1% increase on GDP totaled RMB 290.9 billion in 1999.

At the end of 2000, a total of 44,000 km of highway was built, which included 470 km of expressway and 260 km of Class I highway. Road King owns share of five highway projects in Anhui Province with a total length of 301.8 km, representing the longest mileage among the provinces with Road King's investment.



Provincial Highway 307 Bengbu Huaihe Bridge Highway ("Bengbu Huaihe Bridge Highway")

Project Summary

Grade	: Super Class II Highway and suspension cable-stayed Bridge, 4 lanes
Project Mileage	: 21 kilometers
Project Total Investment	: RMB 232.2 million
Interest owned by the Group	: 60%
JV Period	: 32 years
JV Expiry Date	: 22 November 2029

Average daily traffic and annual toll income of the project recorded 10,514 mixed vehicles and RMB 47.12 million respectively during the year. This movement was a result of the reallocation of toll stations nearby Bengbu Huaihe Bridge after the closure of Bengbu gate for repairing. Bengbu Huaihe Bridge Highway and Bengbu Huaimeng Highway as a whole are benefited from this arrangement and the revenue

was increased by 9.7% to RMB 85.49 million.

Provincial Highway 307 Bengbu Huaiyuan-Mengcheng Highway ("Bengbu Huaimeng Highway")

Project Summary

Grade	: Super Class II Highway, 4 lanes
Project Mileage	: 59 kilometers
Project Total Investment	: RMB 170.1 million
Interest owned by the Group	: 60%
JV Period	: 32 years
JV Expiry Date	: 22 November 2029

Performance of Bengbu Huaimeng Highway improved very well due to the reallocation of toll stations for the project. Average daily traffic soared by 330% to 10,101 mixed vehicles and annual toll income surged by 100% to RMB 38.36 million during the year.

Project Review

National Highway 206 Hefei-Huainan Highway ("Hehuai Highway")

Project Summary

Grade	: Super Class II Highway, 4 lanes
Project Mileage	: 90 kilometers
Project Total Investment	: RMB 425 million
Interest owned by the Group	: 60%
JV Period	: 25 years
JV Expiry Date	: 28 July 2022

Benefited from the grand opening of Hefei Second Ring Road, Hehuai Highway gained increase in both traffic and revenue. The average daily traffic of Hehuai Highway was up 10.6% to 14,237 mixed vehicles, while annual toll income increased by 6.6% to RMB 72.42 million.

Hefei-Yeji Highway ("Heye Highway")

Project Summary

Grade	: Class I Highway, 4 lanes/6 lanes
Project Mileage	: 130 kilometers
Project Total Investment	: RMB 1,102 million
Interest owned by the Group	: 50%
JV Period	: 25 years
JV Expiry Date	: 15 March 2025

Based on well-established local government relation and good reputation, Road King entered into a new highway investment contract with old partner under the Provincial Highway Management Bureau in November 1999. Heye Highway contributed income to the group since April 2000. Revenue in 9-month accounted to RMB 85.72 million and average daily traffic of 17,644 mixed vehicles was recorded.

Bengbu Chaoyanglu Huaihe Highway Bridge ("Chaoyanglu Huaihe Bridge")

Project Summary

Grade	: Continuous rigid frame structure, 6 lanes
Project Mileage	: 1.765 kilometers
Project Total Investment	: RMB 183.98 million
Interest owned by the Group	: 60%
JV Period	: 30 years
JV Expiry Date	: 22 November 2029

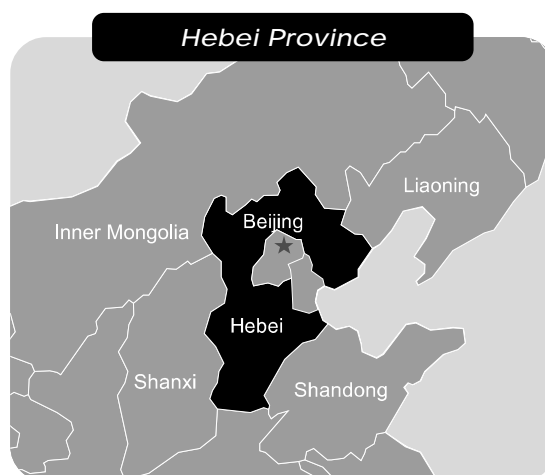
Chaoyanglu Huaihe Bridge locates in the city centre of Bengbu. Construction works commenced in August 2000 and is expected to be completed by March 2002.

Project Review

Hebei Province

Situated in the heart of northern China with an area of 188,000 km² and 66.14 millions of population in 1999, Hebei is enriched with natural resources in terms of coal, gold, iron, cotton and food. With the focus of industrial development in textile, steel and pharmaceutical manufacturing, GDP of Hebei achieved a strong growth of 9.1% in 1999 and amounted to RMB 456.9 billion.

To satisfy the increasing demand of highway freight transportation, aggressive schedule for highway construction had been implementing for years. As of 2000, a total of 59,000 km of highway was built, which included 1,500 km of expressway and 1,500 km of Class I Highway. Road King has invested two sections of National Highways in the province with lengths of 119 km.



National Highway 307 Shijiazhuang - Jinzhou Highway ("Shijin Highway")

Project Summary

Grade	: Class I/II Highway, 4 lanes/ 6 lanes
Project Mileage	: 40 kilometers
Project Total Investment	: RMB 330 million
Interest owned by the Group	: 60%
JV Period	: 20 years
JV Expiry Date	: 13 July 2017

Shijin Highway is the eastern exit of Hebei's provincial capital - Shijiazhuang. A stable increase in both traffic and income recorded during the period. Average daily traffic rose by 6.1% to 12,664 mixed vehicles, while annual toll income was up by 4.5% to RMB 41.22 million.

National Highway 309 Handan - Guantao Highway ("Hanguan Highway")

Project Summary

Grade	: Class I Highway, 4 lanes
Project Mileage	: 79 kilometers
Project Total Investment	: RMB 400 million
Interest owned by the Group	: 70%
JV Period	: 18 years
JV Expiry Date	: 4 September 2015

Handan is situated at the intersection of four provinces including Hebei, Shandong, Shanxi and Henan. Hanguan Highway is an important section in this transportation hub linking Shanxi and Shandong Province. However, the average daily traffic was plagued 17.2% to 8,037 mixed vehicles during the year, while annual toll income was recorded RMB 48.23 million. The drop in traffic was due to traffic diversion of nearby highway and construction works of Weihe Bridge. It is expected the grand opening of Weihe Bridge in December 2000 connecting Shandong Province can induce traffic to the highway.

Project Review

Hunan Province

Located at the central-south of China and lies in the south of the famous Dongting Lake, Hunan Province is renowned for her fish and rice production in the country. The province has an area of 212,000 km² and 65.32 millions in population in 1999. GDP growth for the province in 1999 was 8.1%, which exhibited an above-average growth among the nation. Increased transportation of commodities and natural resources induced high demand for high-grade highway construction.

Annual growth on mileage of expressway and Class I highway reached 35% in average from 1996 to 2000. At the end of 2000, a total of 61,000 km of highway had been operated, which included 450 km of expressway and 240 km of Class I highway. Road King invests on one project in Hunan Province.



Changsha-Yiyang Expressway ("Changyi Expressway")

Project Summary

Grade	: Expressway, 4 lanes
Project Mileage	: 75.6 kilometers
Project Total Investment	: RMB 1,432.58 million
Interest owned by the Group	: 43.17%
JV Period	: 27 years
JV Expiry Date	: 13 October 2024

Regarded as the best managed toll highway in Hunan, Changyi Expressway maintained strong performance for 2000. Annual toll revenue for the expressway was RMB 83.4 million and average daily traffic was 8,349 mixed vehicles for the year, representing a growth of 29% and 26% respectively as compared with previous operating year. This rise is partially due to the toll increment approved in May 2000, with an increase of about 20%. The JV company also possesses management right of the paralleled Changyi Old Road. Annual toll revenue and average daily traffic for the old road was RMB 26.76 million and 11,540 mixed vehicles accordingly during the period.

Project Review