

CHAIRMAN'S STATEMENT

Since the Company listed on The Stock Exchange of Hong Kong Limited in 1997, the Group has been adopting a prudent expansion policy of focusing primarily in Guangdong Province in which the Group has extensive business contacts. During the past four years, attributable length of toll road projects has been expanded from 146.9 kms to 318.7 kms.

Net profit growth slowed down to around 5.7 per cent in 2000 due to changing traffic mix, higher oil price and obstruction of traffic flow caused by construction of road networks around Guangzhou Municipality for preparing the Ninth National Game in the third quarter of 2001. This year the Group will adopt various cost control measures in this challenging environment and remains optimistic in the toll road business due to fast growing private car ownership, which is expected to speed up with China's accession to the World Trade Organization.



Liu Jinxiang

Chairman

The Group's goal is to develop as a major toll road operator in southern China and to provide investment opportunities to institutional and individual investors in the toll road business with fast growing and quality earnings. To achieve this goal, the Group will adopt the following strategies.

Firstly, the Group will speed up its investment activities. After tightening in 1998 and 1999, credit situation in Hong Kong started to improve in 2000. Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Company, also completed a HK\$4.9 billion refinancing in the same year. To capitalize on improving sentiment and credit relaxation, the Group resumed its borrowing and investment activities so that it can operate at a better economy of scale and efficiency. In 2000, the Group entered into an agreement to increase the investment in Xian Expressway from 51 per cent to 100 per cent for HK\$173 million. This transaction was completed in February 2001. To allocate resources for new investments which will result in future growth, dividend in 2000 was reduced and the Group is currently exploring certain toll road investment opportunities in China. While focusing on the core toll road business, the Group will invest in information infrastructure projects selectively. The Group believes that information infrastructure to be built along road networks will provide synergy to the toll road business.

Secondly, the Group will continue to adopt an employee centred and performance based reward system to motivate all staff members to contribute to the growth of the Group. In 2000, around 100 employees were assessed as outstanding performers and rewarded accordingly. Group morale was consequently raised substantially. The Group will continue to invest in training and development of talented staff members, which is vital to the enhancement of talent resources and competitiveness of a business organization.

Thirdly, the Group will continue strengthening management practices of existing toll stations. Since toll road is a cash business, the "One Million Rmb No Mistake" and "Whole Team No Mistake" toll collection competitions have served to raise operational accuracy. Four toll collection staff members achieved results of "Five Million Rmb No Mistake". Moreover, training and professional examinations are provided to the toll collection and supervisory staff members so that effective toll collection and supervision practices will be executed at all levels of the toll stations. The Group believes that its toll station management system is one of the most advanced in Guangdong Province.

Lastly, I would like to thank our shareholders, directors and staff members for their support, hard work and dedication in 2000. In addition, Mr He Yongxian retired and resigned from the Board in early 2001. I would like to thank him for his contribution and welcome Mr Zhong Ming to join the Board.

Liu Jinxiang

Chairman

Hong Kong, 6th April 2001