

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary Information on Operating Toll Roads and Bridges

	Length (kms)	Width (lanes)	Attributable interest (%)	Road type	Average daily toll traffic volume (vehicle)	Weighted average toll fare per vehicle (Rmb)
Guangshen Highway	23.1	6	80.0	Class I highway	26,225	6.88
Guangshan Highway	64.0	4	80.0	Class II highway	33,930	10.83
Guangcong Highway Section I	33.3	6	80.0	Class I highway	14,686	12.12
Xinfeng Highways						
National Highway 105	30.5	4	55.0	Class I highway	9,386	16.56
Provincial Highway 1912	15.3	2	55.0	Class II highway		
Guanghua Highway	20.0	6	55.0	Class I highway	9,436	7.82
Dongyang Highways						
Provincial Highway 37	13.0	4	82.0	Class II highway	(Fixed Return)	
Provincial Highway 39	32.0	4	82.0	Class II highway		
Guangcong Highway Section II & Provincial Highway 1909	33.1 33.3	6 4	51.0 51.0	Class I highway Class I highway	24,251	7.76
Xian Expressway	20.1	4	51.0	Expressway	13,033	12.28
Xiang Jiang Bridge II	1.84	4	75.0	Rigid frame bridge	9,717	13.41
Humen Bridge	15.8	6	24.0	Suspension bridge	24,133	37.07
Guangzhou City Northern Ring Road						
	22.0	6	24.3	Expressway	144,267	9.83
Qinglian Highways						
National Highway 107	253.0	2	15.6	Class II highway	35,795	28.09
Highway between Qingyuan and Lianzhou cities	215.2	6	15.6	Class I highway		

The Group's toll road projects primarily provide connections for intra-provincial traffic within Guangdong Province and inter-provincial traffic between Guangdong and eastern provinces such as Hunan and Jiangxi. The major vehicles travelling on intra-provincial routes passing traffic hub of major cities are mainly small sized passenger vehicles and trucks or Class II vehicles. Major vehicles travelling on the more remote inter-provincial routes such as Xinfeng Highways, Qinglian Highways and Xiang Jiang Bridge II are mainly Class III vehicles or medium sized passenger vehicles and trucks.

Guangshen Highway Guangzhou Section ("Guangshen Highway")

Guangshen Highway is a part of National Highway 107 connecting Guangzhou Municipality and Shenzhen City in Guangdong Province. Both are growth engines of southern China.

Average daily toll traffic volume of Guangshen Highway in 2000 increased moderately by 3.05 per cent to 26,225 vehicles inspite of modification work of the adjacent Huangpu Road. Weighted average toll fare per vehicle in the year was Rmb 6.88. The modification work was completed in September 2000.

Guangshan Highway Guangzhou Section ("Guangshan Highway")

Guangshan Highway is a part of National Highway 324 and is the major road connecting Guangzhou Municipality and Shantou City. Both are major cities in Guangdong Province.

In 2000, the average daily toll traffic volume of the two toll stations on Guangshan Highway increased steadily by 4.86 per cent to 33,930 vehicles. Weighted average toll fare per vehicle in the year was Rmb 10.83.





Guangcong Highway connecting Guangzhou Institute of Foreign Language and Tai Ping Chang (“Guangcong Highway Section I”)

Guangcong Highway Section I comprises a section of National Highway 105 between Guangzhou City and Conghua City in the northeast where a hot spring resort is located. Guangcong Highway Section I mainly connects inter-provincial traffic between Guangdong Province and eastern provinces such as Jiangxi. It is also the main access from Guangzhou City to Conghua City.

Owing to decrease of traffic volume of Class I vehicle as a result of changing traffic mix, the average daily toll traffic volume of Guangcong Highway Section I only rose marginally by 0.67 per cent to 14,686 vehicles in 2000. However, weighted average toll fare per vehicle in the year was not adversely affected and increased to Rmb 12.12.

Xinfeng Highways

Xinfeng Highways comprise part of National Highway 105 and Provincial Highway 1912 located in northern Guangdong Province. They primarily connect inter-provincial traffic between Guangdong Province and eastern provinces such as Jiangxi.

Traffic of Xinfeng Highways was affected by the surface cement work of the Jiangxi section of National Highway 105. In 2000, the average daily toll traffic volume of Xinfeng Highways dropped slightly by 0.06 per cent to 9,386 vehicles. Weighted average toll fare per vehicle in the year was Rmb 16.56. Although upgrading work will continue in 2001, Xinfeng Highways will benefit from completion of the traffic network between Conghua City and Xinfeng County in 2002.

Guanghua Highway

Guanghua Highway mainly connects traffic between the urban area of Guangzhou City and suburb Huadu District, where the new Guangzhou International Airport will be located.

Owing to traffic jam caused by construction of the Guangzhou International Airport's related transport network, the average daily toll traffic volume of Guanghua Highway dropped by 10.51 per cent to 9,436 vehicles in 2000. Weighted average toll fare per vehicle in the year was Rmb 7.82. The construction work of the Guangzhou International Airport's related transport network is expected to continue affecting traffic until the second half of 2001.

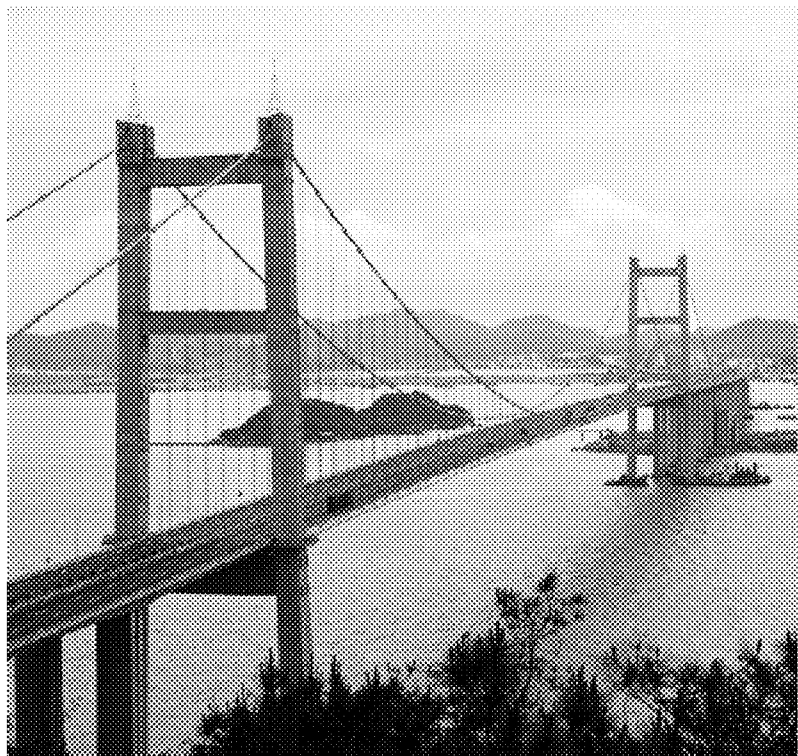
Dongyang Highways in Zhejiang Province ("Dongyang Highways")

Dongyang Highways are consisted of part of Provincial Highway 37 and part of Provincial Highway 39 in Dongyang City of Zhejiang Province. These highways, which were opened in early 1995, connect Hangzhou, Dongyang and Jinhua cities in the eastern Zhejiang Province. The Group received a fixed return from this project.

Guangcong Highway connecting Tai Ping Chang and Wenquan ("Guangcong Highway Section II") & Provincial Highway 1909

Guangcong Highway Section II connects inter-provincial traffic between Guangdong Province and eastern provinces such as Jiangxi and intra-municipality traffic between Guangzhou City and suburb Conghua City where a hot spring resort is located. Provincial Highway 1909 connects inter-provincial traffic between Guangdong and Hunan Provinces.

The high base traffic volume in 1999 resulted in a relatively marginal growth rate in 2000. Average daily toll traffic volume of Guangcong Highway Section II and Provincial Highway 1909 in 2000 was 24,251, which was up by 2.58 per cent compared with 1999. Weighted average toll fare per vehicle in the year was Rmb 7.76. Facilitated by channeling of traffic from the adjacent upgraded National Highway 106, average daily toll traffic volume is expected to grow steadily in 2001.



Xian Expressway in Shaanxi Province ("Xian Expressway")

Xian Expressway connects local traffic between Xian City and Lintong County where the world famous historical relic Terra-Cotta Warriors is located.

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Although affected by adverse weather in 2000 and construction of road network, average daily toll traffic volume of Xian Expressway recorded a moderate increase of 3.22 per cent year on year to 13,033 vehicles. Weighted average toll fare per vehicle in the year was Rmb 12.28. Completion of Tong Guan Luo Yang Expressway Section of the National Highway 310 which connects Xian City and Henan Province in late 2001 is expected to boost traffic volume of Xian Expressway.

Xiang Jiang Bridge II in Xiang Tan City of Hunan Province ("Xiang Jiang Bridge II")

Xiang Jiang Bridge II is located in Xiang Tan City of Hunan Province. It has been in operation since 1993 and is part of National Highway 107 linking the northern and southern banks of Xiang Jiang. The bridge primarily connects inter-provincial traffic between Guangdong Province and Hunan Province.

The traffic of Xiang Jiang Bridge II was hindered by administrative control on overloaded vehicles and upgrading work of National Highway 107. Average daily toll traffic volume of Xiang Jiang Bridge II recorded a negative growth of 0.44 per cent in 2000 to 9,717 vehicles. The weighted average toll fare per vehicle in the year was Rmb 13.41. Traffic volume growth of Xiang Jiang Bridge II is expected to be affected in 2001 due to traffic diversion by the recently completed Xiang Geng Section of Jingzhu Expressway.



Humen Bridge

Humen Bridge is an expressway with a six-lane suspension bridge linking Panyu District of Guangzhou Municipality and Dongguan City both located in the heart of the Pearl River Delta. Its two ends are connected to the Guangzhou Shenzhen Expressway and Guangzhou Zhuhai Eastern Expressway.

The traffic of Humen Bridge was significantly facilitated by the completion of Zhongshan Section of Guangzhou Zhuhai Eastern Expressway and Xintai Section of West Coast Expressway in 2000. The average daily toll traffic volume of Humen Bridge in 2000 grew by 18.73 per cent to 24,133 vehicles. Weighted average toll fare per vehicle in the year was Rmb 37.07. The Group foresees that traffic volume of Humen Bridge will experience strong growth in 2001 due to additional traffic channelled by the imminent completion of Taiyang Section of West Coast Expressway.

Guangzhou City Northern Ring Road ("Ring Road")

The Ring Road located in Guangzhou City has been in operation since January 1994. It links the Guangzhou Foshan Expressway in the west and the Guangzhou Shenzhen Expressway in the east.

In spite of the expansion of city road network such as the Inner Ring Road, average daily toll traffic volume of the Ring Road continued to grow steadily in 2000 by 8.07 per cent to 144,267 vehicles. The weighted average toll fare per vehicle in the year was Rmb 9.83.

Qinglian Highways

Qinglian Highways are located in northwestern part of Guangdong Province. They primarily connect inter-provincial traffic between Guangdong Province and Hunan Province.

The average daily toll traffic volume of the nine toll stations on Qinglian Highways was 35,795 vehicles in 2000, which increased slightly by 1.65 per cent year on year and reversed the negative trend in 1999 due to the completion of maintenance work of adjacent roads in 2000. Weighted average toll fare per vehicle in the year was Rmb 28.09.

Guangzhou Northern Second Ring Expressway ("GNSR Expressway")

The six-lane 42.4 kms GNSR Expressway will be linked to a number of national highways and expressways located at the northern side of Guangzhou Municipality. It will serve to divert southern bound traffic away from the congested urban area of Guangzhou Municipality. Construction of the sub-base layer and tunnels were completed. Surface work and bridge construction have been started and GNSR Expressway is expected to be operational in the fourth quarter of 2001.

Toll Rate Changes of Existing Projects

In April 2000, the weighted average toll fare of Humen Bridge was increased by 2.0 per cent, which had outperformed inflation rate. The other toll roads maintained toll fare at the level of 1999.