

The aggregate toll revenue of Shanghai-Nanjing Expressway from January to June of 2001 was approximately RMB532,230,338, and the average daily toll was approximately RMB2,940,500, indicating an increase of approximately 16.36% in comparison with RMB2,527,000 over the corresponding period

in last year. This shows that Shanghai-Nanjing Expressway maintains a rather high growth driven by economic development, and as the key artery of the region between Shanghai and Nanjing it will no doubt bring forth attractive returns on the investment by the Company.

#### A comparison of the toll revenue of the Shanghai-Nanjing Expressway

Month	2001 (RMB'000/day)	2000 (RMB'000/day)
January	2,690	2,462
February	2,820	2,128
March	2,989	2,629
April	3,110	2,803
May	3,037	2,592
June	2,993	2,531
Average for the first half of the year	2,940	2,527

In the first half of this year, the Company strengthened the maintenance of the roads with emphasis on quality, furthered the establishment of a sound system of maintenance, adopted a scientific approach in maintaining the roads and formulated a preliminary medium to long-term framework of scientific and technology research with emphasis on road surface. Special projects were launched to maintain the road surface seriously. The management of the special projects was also strengthened. The above activities were conducted to ensure the maintenance work would be carried out scientifically, timely and persistently and that the roads would be safe and smooth and would have sound appearances. Post-evaluation was launched seriously in respect of Shanghai-Nanjing Expressway in preparation for the examination to be conducted by the Ministry of Communications.

The Company continued strengthening both of its dynamic and static road management. It adhered to the principle that road management should be subject to a set of rules and regulations and standards. The Company is also keen to enforce the laws in a well-disciplined manner and enhance the patrolling system. Breaches of the law were spotted and stopped in time. Accordingly, the drivers were protected and the Company's interests in the road were upheld. The safety and the smoothness of the road were secured.

The operation of the three major systems of Shanghai-Nanjing Expressway, namely, toll collection, communication and monitoring brought about satisfactory effects. The 29 variable notice boards and 36 variable maximum speed limit boards released and announced the information regarding traffic accidents and traffic flow in a timely manner. As a result, the flow of traffic could be controlled and directed and road safety was enhanced. Besides, the newly established internal communication system saved the cost of communication.

#### **Nanjing-Shanghai Class 2 Highway**

Given the year-on-year decrease in the toll revenue and the traffic volume of Nanjing-Shanghai Class 2 Highway, the Company set up an ad hoc department to deal with such affairs of Nanjing-Shanghai Class 2 Highway as toll collection and management. A number of measures were adopted to strengthen road management and toll collection inspection. On the other hand, the toll collection was reviewed. As a result, there was an improvement in the operation of Nanjing-Shanghai Class 2 Highway in the first half of the year.

From January to June 2001, the average daily traffic volume passing through the toll gates of Nanjing-Shanghai Class 2 Highway amounted to approximately 40,531 vehicles, indicating a decrease of 0.83% over the corresponding period in last year, but the decrease was 2.47% less than that for the same period in last year. From January to June of 2001, the aggregate toll revenue was approximately RMB104,643,025, whereas the average daily toll was approximately RMB578,100, indicating a decrease of 4.01% in comparison with that

over the corresponding period in last year. However, the decrease was 3.07% less than that for the corresponding period in last year.

At present, the Company is considering to adjust the distribution of the toll gates along Nanjing-Shanghai Class 2 Highway with a view to increasing the toll revenue by rationalizing the locations of these toll gates.

#### **Nanjing section of the Nanjing-Lianyungang Highway**

For the first half of 2001, following the opening of the entire Beijing-Shanghai Expressway and the re-allocation of the traffic volume of the road network, both the traffic volume and the toll revenue of Nanjing section of the Nanjing-Lianyungang Highway declined, as the average daily traffic volume going through the section was 8,470 vehicles, indicating a decrease of 17.5% in comparison with that over the corresponding period in last year. From January to June, the aggregate toll revenue was approximately RMB22,916,113 and the daily average toll revenue was approximately RMB126,600, indicating a decrease of 15.95% in comparison with that over the corresponding period in last year.

## **2. Other operating activities which have a significant effect on the profit of the Company:**

#### **Non-core Projects**

At the end of last year, the Company established a company, which does not have the status of a legal person but is a subsidiary subject to internal audit, to specialise in operating and developing the non-core business. This is the first year of operation of that company. By strengthening the management, exploring opportunities and reasonably leveraging the advantages of the

expressways, various types of business were launched. From January to June, a turnover of RMB112,409,000 was realized, of which RMB9,132,000 was generated from advertising, RMB65,910,000 from the sale of gasoline, RMB34,317,000 from catering services provided, and RMB3,050,000 from the clearance of the obstacles, which were 194%, 99%, 134% and 97.5% of the corresponding figures over the corresponding period in last year respectively.

#### **Guangjing Expressway and Xicheng Expressway**

Jiangsu Guangjing Expressway Co., Ltd. and Jiangsu Xicheng Expressway Co., Ltd. were merged to become Jiangsu Guangjing-Xicheng Expressway Co., Ltd. on 12th April, 2001. Following the opening of the entire Beijing-Shanghai Expressway in December 1999, it quickly became a major artery, while Guangjing Expressway and Xicheng Expressway as composite road sections enjoyed all-time highs in its traffic volume. From January to June in 2001, the distance weighted average daily traffic volume was 12,353 vehicles, and the average daily toll revenue was approximately RMB210,600, representing an increase by 54.64% and 54.74% respectively in comparison with those over the corresponding period in last year; the distance weighted average daily traffic volume of Xicheng Expressway was 11,222 vehicles, and the average daily toll revenue was approximately RMB276,900, indicating an increase of 32.40% and 41.35% in comparison with those over the corresponding period in last year respectively. The Company anticipates that the rapid growth in traffic volume and toll revenue of both Guangjing Expressway and Xicheng Expressway will continue.