

# Chairman's Statement



## To Shareholders,

I am pleased to present the Annual Report of Sichuan Expressway Company Limited for the year ended 31 December 2001, including the audited financial statements prepared in accordance with International Accounting Standards, and hereby express my gratitude to shareholders.

## Results and Dividends

For the year ended 31 December 2001, the Group's turnover was Rmb664,607,000, representing a 11.86% increase over last year; profit attributable to shareholders for the year amounted to Rmb174,576,000, representing a 4.88% increase over last year; earnings per share was Rmb0.0682, a 4.76% increase over last year.

The Board of Directors proposed to distribute a final dividend of Rmb0.03 per share for the year ended 31 December 2001. This proposal is subject to approval by shareholders at the Annual General Meeting to be held in Chengdu on Tuesday, 28 May 2002. Dividends are expected to be distributed by Wednesday, 12 June 2002 to all shareholders whose names appear on the Company's register as of Tuesday, 28 May 2002.

## Review

### Steady Growth in Operating Results

Notwithstanding the bleak situation of the global economy in 2001, the Chinese economy was still able to have an outstanding performance and became a focus in the world. Sichuan is the province in the western part of the PRC recording the greatest total economic output, its gross domestic product (GDP) increased by 9.2% over the previous year, outperformed the national average by 1.9 percentage points. The Group grasped the development opportunities and proceeded with its best endeavours in an aggressive manner in an attempt to achieve a remarkable operating results. Toll income generated from the core asset of the Group, namely Sichuan Chengyu Expressway made a historical high record of Rmb467,568,000, representing an increase of 6.79% over last year. The operating results of Chengya Company and Chengbei Company which are controlled by the Group, and Airport Expressway Company, which is partially controlled by the Group, increased significantly. Toll income of the Group reached Rmb701,180,000, representing an increase of 12.13% over the previous year. Total assets of the Group amounted to Rmb8.2 billion, representing a growth of 1.23% from the previous year. The Group emphasized on its core business while actively explored market opportunities and developed related businesses in an effort to improve profitability and expand the room for the Company's development.

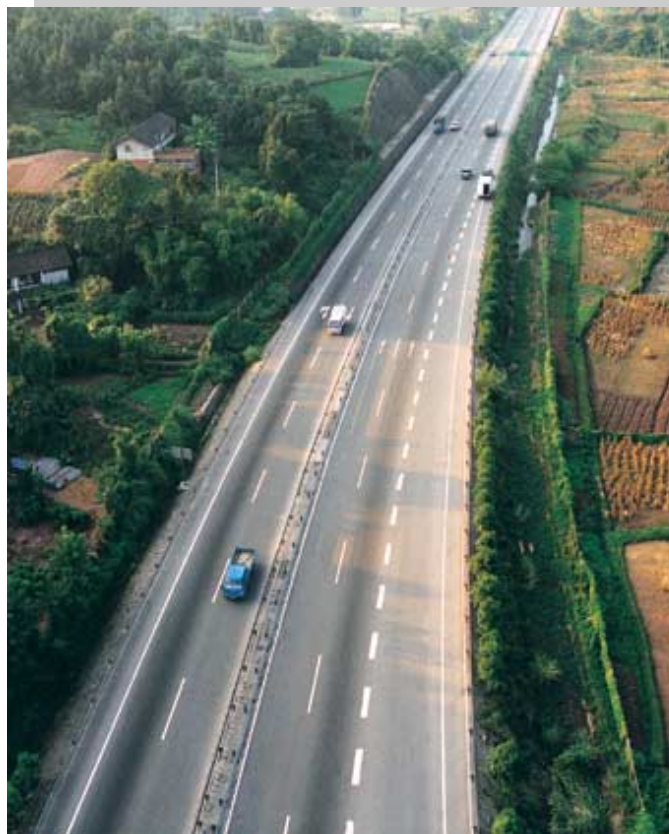
## Review *(continued)*

### Stringent Financial Management

The Group has a stable financial position all along. The Group has strictly complied with the accounting rules and accounting principles, exercised effective supervision and control over all the financial activities through further refining and improving its internal financial management system, tightening the financial budget system and unifying the financial accounting policy. The Company has enhanced its economic efficiency through strengthening its control and management in internal costs. Furthermore, the Company has obtained credit facilities advanced by the financial institutions in the PRC as a result of its credit worthiness. During the year, interest rates for loans advanced by the bank in the PRC had further reduced. The Group had made a prepayment for a US dollar loan in the amount of RMB200million granted by the World Bank, resulting in a reduction in finance costs and further improvement in capital structure. The stable financial status of the Group has paved the way for its business development in the future.

### Standardizing Corporate Operation and Refining Corporate Management

The Company has strictly complied with the relevant laws, regulations, policies and stipulations of the State and Hong Kong since its incorporation and listing. The Company placed emphasis on operating in a standardized way in accordance with the requirements of modern enterprise systems and continued its indepth renovation in an effort to conform with international standard. The Company has been endeavouring to formulate and improve the management system of the Company based on the operation and development requirements of the Company. The Company's internal management is conducted in a systematic manner which conforms to its actual operation model. Meanwhile, the Company has strengthened its management of its subsidiaries and partially holding companies as a result of the conclusion drawn from its experience. By unifying the accounting policy of the Group and taking necessary control measures, the internal relations of the Group has been basically rationalized and the operation efficiency and the management level of the Company were enhanced.



### Prospects

Steady growth in the economy of the PRC, its successful accession to the World Trade Organization (WTO) and initiation of grand development strategy for the western region have constituted a favourable business development prospect for the Group. According to the traffic development plan of Sichuan Province, Sichuan intends to invest Rmb60 billion to develop traffic constructions during the Tenth Five Year Plan period. It is planned that the mileage of road in the province will reach 95,000km in 2005 and the mileage of the roads to be constructed will increase by 5,000km, of which it is ensured that the mileage of expressway will reach 1,700km, and is expected to reach 2,000km. The mileage of the expressways to be constructed will increase by 700km to 1,000km. The circumstances are prominent and meaningful to the Company which possesses the first right of refusal to develop expressways and Class I and Class II roads in Sichuan Province. Confronted with new opportunities and challenges, the Group will, in the forthcoming financial year, continue to adhere to the guidance of expediting development, firmly grasp the unprecedented opportunity of the grand development strategy for the western region, emphasize on economic benefits, focus on the operation of its principal activities as well as strengthen capital operation, develop other related industries and businesses, so as to maintain and enhance its market competitiveness, maximize the returns to our shareholders as well as to contribute to traffic construction and economic development of Sichuan.

### Gratitude

I, on behalf of the Board of Directors, would like to express my gratitude to the staff for their endeavours proceeded in the year and to the people in and outside the PRC for their tremendous support. I would also like to tender my sincere thankfulness towards Mr. Wang Zhan Yi and Mr. Chen Yong De, who had resigned from the positions of independent director and executive director respectively, for their contribution to the establishment and development of the Company.



**Yang Shu Zhuang**  
*Chairperson*

Chengdu, Sichuan, the PRC  
21 March 2002