



Guangdong Province

During this decade, economic development of Guangdong Province has continued to lead in China and has long been the hottest investment place for Hong Kong, Macau and Taiwan investors. Nowadays, the economic boom of Pearl River Delta has been publicly recognized. In 2000, the province's GDP recorded RMB 950.6 billion, an annual increase of 10.5% from previous year. Guangdong enhanced its foreign trade activities in 2000, total value of imports and exports for foreign trade grew rapidly to USD 170.1 billion, a 21.2% increase.

Under the close correlation between economic development and infrastructure development, Guangdong has formed a comprehensive expressway network. Up to 2001, a total of 104,000 km of highway had been built in the province, including 1,500 km expressway and 6,050 km Class 1 highway. The highway density was about 58.4 km per hundred km².

As a province with the largest investment amount in Road King's portfolio, the Group's projects in Guangdong performed satisfactorily during 2001. The annual total traffic and total toll revenue recorded a growth of 8.8% and 8.3% respectively, taking out figures from Jieyang Highway Network.



1

Shenzhen Airport-Heao Expressway, Eastern Section ("Jihe Expressway")

Grade	: Expressway, 6 lanes
Project Mileage	: 23.3 kilometers
Project Total Investment	: RMB 1,300 million
Interest Owned by the Group	: 45%
JV Period	: 30 years
JV Expiry Date	: 4 October 2026

Jihe Expressway, situated in Shenzhen, continued to deliver a promising growth during the year. Average daily traffic jumped 17% to 28,043 vehicles and annual toll revenue rose to RMB 153 million with a 15.1% increase. It is believed that Jihe Expressway will have steady growth in the coming future and will be one of the major profit contribution sources for the Group.

2

Jieyang Highway Network

Grade	: Class I / Class II Highway, 4 lanes / 6 lanes
Project Mileage	: 110.7 kilometers
Project Total Investment	: RMB 979.75 million
Interest Owned by the Group	: 50%

On 22 June 2001, the Group entered into agreements with PRC enterprises under the control of Jieyang Municipal Highway Bureau to dispose its entire interest in Jieyang Highway Network. The transaction was completed and disposal proceeds were received in September of the same year.

3

Provincial Highway 268 Zhongshan Shiqi-Jiangmen Highway ("Qijiang Highway")

Grade	: Class II Highway, 4 lanes
Project Mileage	: 26.5 kilometers
Project Total Investment	: RMB 141.67 million
Interest Owned by the Group	: 75%
JV Period	: 20 years
JV Expiry Date	: 11 January 2014

Associated with persistently encouraging economic performance of Zhongshan, Qijiang Highway maintained its steady growth during 2001. The annual toll revenue grew 6.7% to RMB 33.81 million, average daily traffic reached 13,061 mixed vehicles, a 5.6% growth compared with last year. Steady performance is expected for the coming year.

4

Foshan Guangzhou-Sanshui Expressway ("Guangsan Expressway")

Grade	: Expressway, 4 lanes
Project Mileage	: 52 kilometers
Project Total Investment	: RMB 900 million
Interest Owned by the Group	: 35%
JV Period	: 25 years
JV Expiry Date	: 19 June 2018

In 2001, Guangsan Expressway's average daily traffic rose 4.6% to 28,171 mixed vehicles and annual toll revenue increased 3.3% to RMB 142 million. As a vital route passing through Guangzhou, Foshan and Sanshui, a couple of relatively fast developing areas in Guangdong Province, Guangsan Expressway will be benefited from the province's economic development. The completion of whole section Guangzhou-Zhaoqing Expressway in 2002 will bring positive impact on Guangsan Expressway in the coming years.

5

National Highway 324 Luoding-Chonghua Highway ("Luochong Highway")

Grade	: Class I Highway, 6 lanes
Project Mileage	: 35 kilometers
Project Total Investment	: RMB 290.4 million
Interest Owned by the Group	: 61%
JV Period	: 20 years
JV Expiry Date	: 20 July 2014

As an inter-provincial highway connecting western Guangdong and eastern Guangxi, 75% of total traffic of Luochong Highway was cross-border traffic. In 2001, annual toll revenue recorded a growth of 2.2% to RMB 31.3 million, average daily traffic was 10,289 mixed vehicles. As the comprehensive maintenance work of its connecting Yunfu west section has been commenced in end-2001, some traffic of Luochong Highway had been diverted. It is expected the traffic will be resumed by mid-2002 at completion of maintenance works.

Guangxi Zhuang Autonomous Region

Guangxi is the hub from the south to southwest China, which also serves as one of the major sugar manufacturing and rice production bases. In 2000, GDP of the province rose to RMB 203.6 billion, recorded a growth of 7.2%.

In recent years, highway development of Guangxi reached a certain stage. In 2001, cumulative highway mileage of the province was 54,752 km, which consisted of 822 km expressway and 449 km Class I highway. The highway density was about 23.2 km per hundred km².

The total traffic of Road King's two projects in the province this year was equivalent with year 2000 and annual total revenue grew 6.0%.



6

Yulin City Ring Roads

Grade	: Class I / Class II Highway, 4 lanes / 6 lanes
Project Mileage	: 27 kilometers
Project Total Investment	: RMB 248.91 million
Interest Owned by the Group	: 70%
JV Period	: 25 years
JV Expiry Date	: 13 November 2021

The performance of Yulin City Ring Roads was relatively poor. For the year of 2001, the project recorded 4,392 mixed vehicles in average daily traffic and RMB 13.2 million in annual toll revenue last year. Revenue increased by 12% as a result of toll increase for some toll stations in January 2001, while traffic flow remained at the same level of year 2000.

7

Yulin-Gongguan Highway, Yulin Section ("Yugong Highway")

Grade	: Class I / Class II Highway, 2 lanes / 4 lanes
Project Mileage	: 39 kilometers
Project Total Investment	: RMB 203.8 million
Interest Owned by the Group	: 70%
JV Period	: 25 years
JV Expiry Date	: 13 November 2021

Affected by the closure of Yulin-Gongguan Highway Bobai section for upgrading works, average daily traffic and annual toll revenue of Yugong Highway flatted at 6,867 mixed vehicles and RMB 11.65 million respectively. Performance of the highway is expected to resume upon the completion of Bobai section in mid-2002.

Hunan Province

Hunan Province is the neighbor of Guangdong Province and is one of the most important agricultural provinces in China. The supply of rice and pig ranks among the highest in the country. With affluent ores reserve, the output of non-ferrous metals constitutes a quarter of the total production in China. Zhangjiajie, one of the most famous tourist spots in the nation, attracted over four million tourists annually. In 2000, the GDP was RMB 368.9 billion, grew by 9% compared with last year.

In order to cope with the surging passenger and freight traffic volume, government put huge effort in developing expressway network. In 2001, cumulative mileage of the province amounted to 66,593 km, that comprised 585 km expressway and 335 km Class 1 highway. The highway density was about 31.4 km per hundred km².

The Group’s project in the province recorded steady growth.



8 Changsha-Yiyang Expressway (“Changyi Expressway”)

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

There are two major routes along the region of Changsha and Yiyang. One is Changsha to Yiyang Expressway and the other one is National Highway 319 Changsha to Yiyang old road. Both routes have been operating and

collecting tolls by joint ventures. During 2001, the average daily traffic and annual toll revenue surged to 23,788 and RMB 119 million, representing a growth of 19.6% and 7.8% respectively. Toll income of expressway represented 74% in total. Application for toll increment of old road is under way and is expected in the first half 2002. Taking advantage of the “Western Region Development Policy” of China, serving as a major passage to popular sightseeing spot - Zhangjiajie, and coupling with the gradual completion of its connecting expressways, Changyi Expressway will lure and generate more traffic.

Jiangsu Province

Jiangsu Province, located in eastern China and adjacent to Shanghai and Zhejiang, where Suzhou and Wuxi are well recognized by overseas investors as an ideal place for investment in the country. The GDP in 2000 totaled RMB 858.5 billion, surged 10.6% from past year, and remained as the second place in China. In 2000, succeed in attracting foreign investment resulted in promising growth of the export trade. Total value of Exports for Foreign Investment Enterprises amounted to RMB 14.45 billion with a tremendous rise of 46.6%, which constituted about 56.1% of the total export in Jiangsu.

Jiangsu has put great efforts to develop the transportation network in order to keep abreast of the economic growth. Up to 2001, a total of 58,884 km of highway had been accomplished in the province, which constituted 1,384 km of expressway and 2,905 km of Class 1 highway. The highway density was about 57.4 km per hundred km².

During the period, the overall performance of two Road King's projects in Jiangsu was basically in line with previous year.



grew by 1.5% from previous year. In end-2001, Qiandeng toll station was relocated, split into two toll collection points and each collected tolls on one direction with a significant toll adjustment. In result, toll income of Qiandeng toll station climbed about 20%. It is anticipated this positive movement will be reflected through the toll income for coming year.

9

Suzhou-Shanghai Airport Highway ("Airport Highway")

Grade	: Super Class II Highway, 4 lanes
Project Mileage	: 52.8 kilometers
Project Total Investment	: RMB 387 million
Interest Owned by the Group	: 50%
JV Period	: 23 years
JV Expiry Date	: 15 December 2017

Affected by the improvement of surrounding road network, Airport Highway only achieved a moderate growth last year. Annual toll revenue rose 3.5% to RMB 39.96 million, average daily traffic was 11,571 mixed vehicles, slightly

10

Provincial Highway 211 Changzhou-Caoqiao Highway ("Changcao Highway")

Grade	: Class I Highway, 4 lanes
Project Mileage	: 26.1 kilometers
Project Total Investment	: RMB 249 million
Interest Owned by the Group	: 60.24%
JV Period	: 20 years
JV Expiry Date	: 28 March 2016

Dampened by the problem of bypassing access of toll stations, both traffic and toll income of Changcao Highway declined in 2001. Average daily traffic dropped 3.9% to 4,785 mixed vehicles, while annual toll revenue fell 9.4% to RMB 20.07 million. Joint venture is striving to improve the situation through various measures.

Anhui Province

Located along the developed Yangtze River Delta, Anhui Province is the hinterland of eastern China. To lure foreign investment, a series of measures have been taken by simplifying approval procedures and implementing incentive scheme. In 2000, the import and export amounts reached USD 3.33 billion, surged for 25.7% compared to last year. At the same year, the GDP was RMB 303.2 billion, up 8%.

Up to 2001, a total of 65,800 km of highway had been achieved in the region, in which 597 km was expressway and 300 km was Class I highway. The highway density was about 47.1 km per hundred km².

Anhui is ranked the second, just behind Guangdong, in terms of the Group's investment allocation. The performance of Group's five highway & bridge projects in Anhui Province was encouraging that the total traffic and total toll revenue surged 17.8% and 11.5% in 2001.



million respectively, representing 11.8% and 6.7% increase to that of previous year. However, as expected, the full completion of Hefei to Xuzhou Expressway in 2002 will have negative impact on the project.

11

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

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

Bengbu Huaihe Bridge is the only bridge crossing Huaihe in Bengbu. Performance of the bridge is satisfactory in year 2001. Average daily traffic and annual toll revenue had reached 11,758 mixed vehicles and RMB 50.28

12

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

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

Affected by the traffic diversion to adjacent route during the period, Bengbu Huaimeng Highway experienced a significant decrease in both traffic and toll revenue. Average daily traffic and annual toll revenue was recorded as 7,936 mixed vehicles and RMB 23.71 million. The joint venture is looking for actions/measures to improve the situation.

13

National Highway 206 Hefei-Huainan Highway (“Hehuai Highway”)

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

Affected by the opening of Hefei to Xuzhou Expressway Southern section, traffic on Hehuai Highway suffered a structural change and the average toll rate lowered. Nevertheless, Hehuai Highway still benefited from the newly completed Hefei Second Ring Road, which induced significant number of small passenger vehicle. As a result, average daily traffic rose 14.2% to 16,258 mixed vehicles, while annual toll revenue only increased by 1.4% to RMB 73.4 million in 2001.

15

Hefei-Yeji Highway (“Heye Highway”)

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

During the period, joint venture adopted a series of measures to improve toll collection management system including staff restructuring and training, installation of CCTV and computerized toll collection system. Although affected by government policy on restricting over-weight trucks, the performance of Heye Highway was quite good. Annual toll revenue was RMB 124.19 million in comparison with RMB 85.72 million for 9-month of 2000. Average daily traffic recorded a 18.3% increase to 20,871 mixed vehicles.

14

Bengbu Chaoyanglu Huaihe Highway Bridge (“Chaoyanglu Huaihe Bridge”)

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

Located in the downtown of Bengbu City, Chaoyanglu Huaihe Bridge is built to relieve the congested Bengbu Huaihe Bridge and to foster the economic development of northern Bengbu City. Construction work progressed according to the planning schedule and is anticipated to open by late-2002. 65% of total construction works completed by end-2001.

Road King Infrastructure Limited

Henan Province

Situated in the middle plains of China, Henan Province has well-developed industrial and agricultural economy. The province is one of the main wheat production areas, and its output of sesame and tobacco ranked the first in China. With relatively strong economy, Henan recorded the highest GDP among all the inland provinces for the previous few years and ranked the fifth in the nation. The GDP in 2000 was RMB 512.6 billion, recorded a growth of 9.4% from last year. As the most populous region with 92.56 million in population and its unique geographical location, Henan Province has long been the busiest transportation hub and plays a vital role in national transportation planning.

In order to relieve the congested situation, building of new expressways took place in the 9th Five-Year Plan and has been continued in the 10th Five-Year Plan. Up to 2001, a total of 69,041 km of highway had been built in the province, in which 1,076 km was expressway. The highway density was about 41.3 km per hundred km².

Road King’s Henan project delivered a pleasant result that toll revenue soared during 2001.



16

National Highway 311 and Provincial Highway 01 Xuchang-Nanyang Highway (“Xunan Highway”)

Grade	: Class I Highway, 4 lanes
Project Mileage	: 80 kilometers
Project Total Investment	: RMB 410 million
Interest Owned by the Group	: 50%
JV Period	: 23 years
JV Expiry Date	: 5 January 2020

Due to a toll rate increase of Xunan Highway in April 2001, the project’s performance was outstanding. Annual toll revenue bounced to RMB 133 million, representing a sharp rise of 41.3%, while average daily traffic reached 19,509 mixed vehicles. As the planned parallel Xuchang-Pingdingshan-Nanyang Expressway was delayed, the incomes of the project for the coming few years are expected to be higher than originally projected.

Shanxi Province

In order to resume the economy of Shanxi, various measures have been taken by the government to stimulate developing of coal-mining and travel industries. Coal mining industry, as economic backbone of Shanxi, was in trouble of over-supply in these years. To improve the situation, provincial government took action in controlling the production volume and attacking the black market trading. The industry has recovered as a result of those means taken. Meanwhile, benefited from government's supporting policy, tourism of Shanxi was also improved. In 2000, the GDP was RMB 164 billion, up 7.7%.

Up to 2001, a total of 56,993 km of highway had been achieved in the province, in which 586 km was expressway and 674 km was Class I highway. The highway density was about 36.5 km per hundred km².

Taking advantage of economic recovery, Road King's five highway and bridge projects experienced steady growth. The total traffic and total annual revenue recorded 7.7% and 5.2% growth.



17

National Highway 108 Yuci Dongchangshou-Qixian Dongguan Highway ("Dongguan Highway")

Grade	: Class I Highway, 4 lanes
Project Mileage	: 38 kilometers
Project Total Investment	: RMB 247 million
Interest Owned by the Group	: 65%
JV Period	: 20 years
JV Expiry Date	: 25 November 2016

Under central government's incentive policy of developing western China, the economy of Shanxi Province has been improved. As one of the major national routes in Shanxi Jinzhong region, average daily traffic rose 8.1% to 4,759 mixed vehicles, while annual toll revenue had a 1.1% growth to RMB 10.64 million.

18

Taiyuan-Yuci Highway ("Taiyu Highway")

Grade	: Super Class I Highway, : 4 lanes / 6 lanes
Project Mileage	: 17 kilometers
Project Total Investment	: RMB 208.53 million
Interest Owned by the Group	: 65%
JV Period	: 23 years
JV Expiry Date	: 15 May 2020

Revenue and traffic of Taiyu Highway maintained at the same level as that of year 2000. It was because the impact on traffic diversion to Taiyuan Southern Ring Road minimized by the economic recovery during the period. Average daily traffic was 14,736 mixed vehicles while annual toll revenue was RMB 21.39 million.

19

National Highway 108 Yuci City Bypass ("Yuci City Bypass")

Grade	: Class I Highway, 4 lanes
Project Mileage	: 16.6 kilometers
Project Total Investment	: RMB 166.03 million
Interest Owned by the Group	: 65%
JV Period	: 23 years
JV Expiry Date	: 15 May 2020

As similar as other projects in Shanxi Province, the resumption of economy improved the performance of Yuci City Bypass. Average daily traffic was 3,989 mixed vehicles and annual toll revenue was RMB 9.23 million, representing 24.4% and 10.5% growth respectively.

20

Provincial Highway Huanggu Route Xiaodian Fenhe Bridge ("Xiaodian Fenhe Bridge")

Grade	: Class I Highway, 4 lanes
Project Mileage	: 5.5 kilometers
Project Total Investment	: RMB 65.3 million
Interest Owned by the Group	: 25%
JV Period	: 20 years
JV Expiry Date	: 31 May 2019

A new policy was implemented by the Taiyuan City Government to restrict lorries from using Taiyuan City Southern Ring Road. As an alternative, Xiaodian Fenhe Bridge benefited from this and experienced a better year with average daily traffic jumped 18.9% to 2,693 mixed vehicles and annual toll income rose 33.0% to RMB 4.19 million.

21

Provincial Highway 104 Taiyuan Ximing-Gujiao Highway ("Taigu Highway")

Grade	: Class II Highway, 3 lanes
Project Mileage	: 41.5 kilometers
Project Total Investment	: RMB 226.2 million
Interest Owned by the Group	: 60%
JV Period	: 23 years
JV Expiry Date	: 31 October 2020

By strictly controlling the supply of coal, retail price of coal raised, resulting in a gradual improvement of the industry's performance. Functioning as the major link between Gujiao, a coal mining city, and Taiyuan City, Taigu Highway was benefited from the economic upturn. Average daily traffic went up by 11.0% to 7,298 mixed vehicles and annual toll revenue increased by 9.6% to RMB 13.51 million.

Hebei Province

Hebei Province is the main access from the capital to elsewhere in China with a well-formed infrastructure network linking via railway, road and water transports. With a favorable geographical location, Hebei Province becomes the important industrial centre especially in cotton-manufacturing. In between, both Shijiazhuang and Handan cities have developed as the cotton weaving centres. In 2000, GDP of Hebei was RMB 507.6 billion, climbed up by 9.5%.

The prior ranking of freight transport volume has fostered the development of provincial highway network. Till 2001, a total of 62,615 km of highway had been achieved in the province, in which 1,565 km is expressway and 1,936 km is Class I highway. The highway density was about 33.4 km per hundred km².

Road King's two national-highway projects in the province recorded steady growth during the period, with increment of 4.8% and 4.9% in total traffic and total toll revenue respectively.



a moderate growth in 2001. Average daily traffic rose 2.4% to 12,964 mixed vehicles while annual toll revenue dropped 4.4% to RMB 39.41 million.

22

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

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

The full completion of Shijiazhuang to Huanghua Port Expressway had caused the diversion of some trucks. However, the overall traffic of Shijin Highway still showed

23

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

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

Taking advantage of relocating of Qingzhang toll station in June 2001 and the opening of a cross-province bridge, Weihe Bridge, the performance of Hanguan Highway was good during the period. Average daily traffic increased by 9.3% to 8,787 mixed vehicles, while annual toll revenue surged 12.7% to RMB 54.38 million.