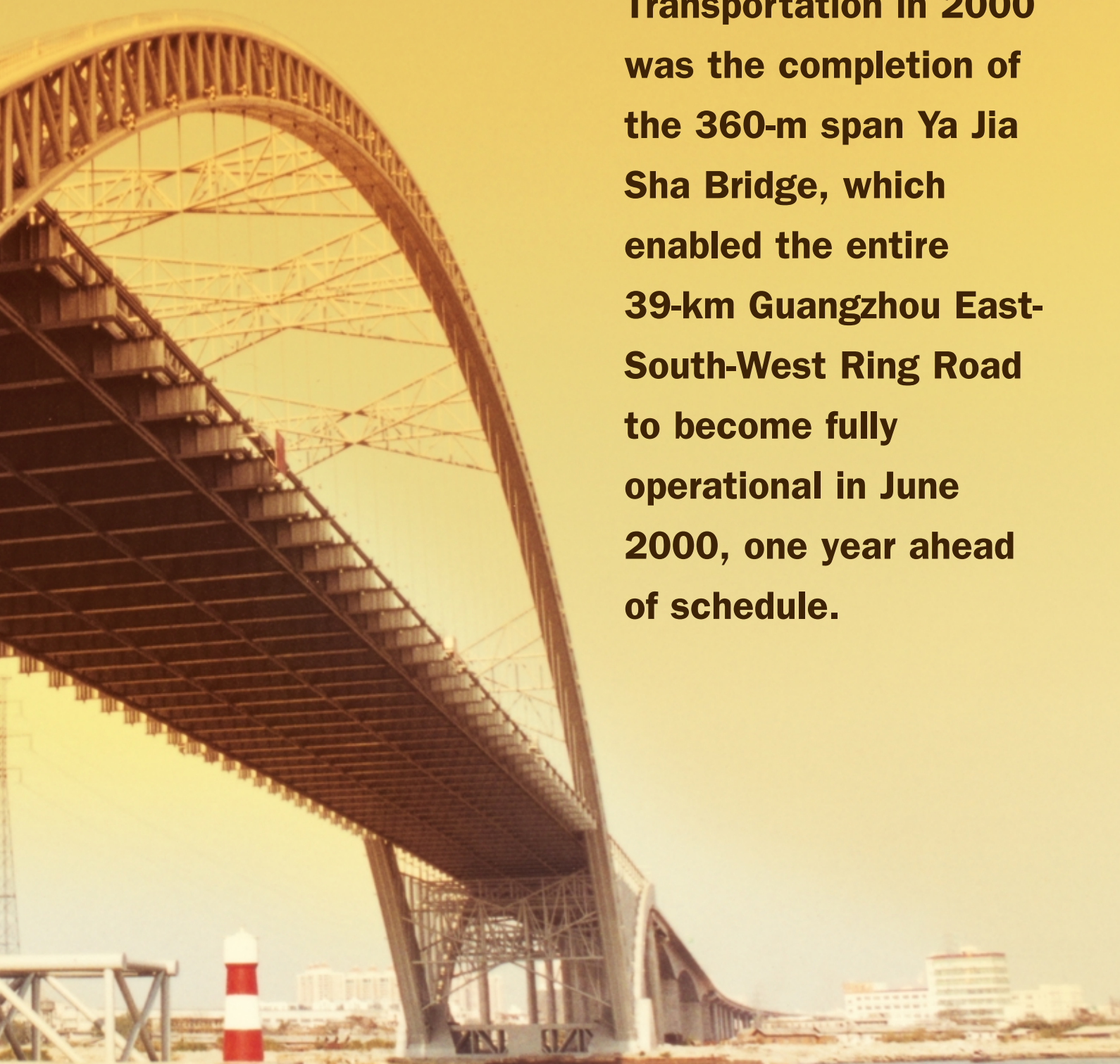


# Transportation







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# Transportation

## A Mature Portfolio

CKI Transportation reported profit contribution growth of 9 per cent. over the previous year, mainly arising from existing projects' organic growth and revenue from newly completed projects. The Group's transportation investments have reached harvesting phase and this business division is expected to become an increasingly significant revenue contributor to the Group in the coming years.

An exciting milestone achievement of CKI Transportation in 2000 was the completion of the 360-m span Ya Jia Sha Bridge in June 2000. This enabled the entire 39-km Guangzhou East-South-West Ring Road, the Group's largest transportation investment in the PRC, to become fully operational in June 2000, one year ahead of schedule. This Ring Road is a vital trunk route uniting the eastern, western and southern parts of Guangzhou, and provides a key link with major transportation corridors such as the Guang-Fo Expressway and Guang-Shen Expressway. Traffic flow



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In Panyu, the Beidou Bridge and its connecting roads totalling 3.25km were completed last year on schedule and on budget. →



TRANSPORTATION
Eastern Harbour Crossing Rail Tunnel, Hong Kong
Changsha Wujialing and Wuyilu Bridges, Hunan
Guangzhou East-South-West Ring Road, Guangdong
Jiangmen Chaolian Bridge, Guangdong
Jiangmen Jianghe Highway, Guangdong
Jiangmen Jiangsha Highway, Guangdong
Nanhai Road Network, Guangdong
National Highway 107 (Zhumadian Sections), Henan
Panyu Beidou Bridge, Guangdong
Shantou Bay Bridge, Guangdong
Shen-Shan Highway (Eastern Section), Guangdong
Shenyang Changqing Bridge, Liaoning
Shenyang Da Ba Road and South-West Elevated Sections, Liaoning
Shenyang Gongnong Bridge, Liaoning
Shenyang Shensu Expressway, Liaoning
Tangshan Tangle Road, Hebei
Zengcheng Lixin Road, Guangdong

CKI's joint ventures in the PRC own and operate over 600 km of toll roads and bridges spanning the provinces of Guangdong, Hunan, Henan, Hebei, and Liaoning. In Hong Kong, the Group owns a 50 per cent. stake in the Eastern Harbour Crossing Company Limited, the concessionaire holder operating the rail part of the Hong Kong Eastern Harbour Crossing Tunnel.

## Guangdong Roads

With improvements in economic development in Guangdong Province, all the Guangdong toll roads and bridges owned and operated by CKI's PRC joint ventures reported double-digit percentage growth in toll revenue in 2000.

and toll revenue on the Ring Road recorded satisfactory growth since operation commenced. Continued increase in revenue is expected as new highways connecting the Ring Road to other major highways are completed within the Pearl River Delta.

Another accomplishment was the ISO 9002 certification awarded by the Hong Kong Quality Assurance Agency (HKQAA) to the joint venture company which owns and operates the Ring Road. The award, a first for a toll expressway in the Mainland, reflects the Group's continued emphasis on quality management and operational efficiency.



In Panyu, the Beidou Bridge and its connecting roads totalling 3.25-km were completed last year on schedule and on budget. The Bridge and roads are currently fully operational. The Bridge, which connects the southern and northern parts of Panyu, will facilitate the economic development of the City, a key transportation hub in Guangdong Province.

On the eastern part of Guangdong Province, the Group's Shantou Bay Bridge and Shen-Shan Highway recorded double-digit growth in toll revenues.

In Henan, the joint venture company which operates the 114-km Zhumadian section of the dual two-lane Class Two National Highway 107 contributed favourable returns in spite of increased expenditure on maintenance and upgrading work since its opening in 1997. In Hunan, the Wujialing Bridge and Wuyilu Bridge reported steady growth in operating revenue.

Other road and bridge projects in Shenyang, Liaoning and the 100-km Tangshan Tangle Road in Hebei also recorded healthy revenue growth.

**Geographical Expansion, Industry Diversification**

The impending accession of China to the WTO, which is expected to drive higher economic growth and increase demand for more and better infrastructure developments in the Mainland, will provide CKI with great opportunities in this core transportation business.

Following CKI Energy's strategy of industry diversification from power to gas, and geographical expansion from Hong Kong and the Mainland to



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In the heart of the province, toll revenues from the dual two-lane Jianghe Highway and the Chaolian Bridge in Jiangmen almost doubled, while the 21-km Jiangsha Highway and the 30-km Class One Zengcheng Lixin Highway also recorded solid performance and growth.

**Other China Toll Roads**

Despite changes in economic conditions and government policies in some provinces, the overall performance of CKI Transportation's toll roads and bridges in other provinces in China posted satisfactory results.

**Eastern Harbour Crossing Company Limited, Hong Kong**

Since CKI's acquisition in 1999 of a 50 per cent. stake in the Eastern Harbour Crossing Company Limited, which owns the rail tunnel connecting eastern Hong Kong and eastern Kowloon, the Tunnel has been generating satisfactory returns and a stable cash flow for the Group.

Australia, CKI Transportation has active plans to diversify into other transportation businesses such as railways, and expand its footprint into other markets such as South Korea.