

# *Chairman's Statement*







### **To All Shareholders,**

I am pleased to present the audited annual report of Anhui Expressway Company Limited for the year ended 31st December, 2001 which is prepared in accordance with the International Accounting Standards. I would like to take this opportunity to express my compliments to the shareholders.

### **Results and Dividends**

For the year ended 31st December, 2001, the Company's turnover was approximately RMB582,584,000 and profit after taxation was approximately RMB269,972,000, representing an increase of 50.61% and 18.84% respectively over the previous year. Earnings per share was approximately RMB0.1917.

The board of directors of the Company proposes to declare a final dividend of RMB0.03 per share for the year ended 31st December, 2001 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2001 annual general meeting of the Company to be held on 20th April, 2002, and is expected to be paid on or before 6th May, 2002.

### **Business Performance**

In 2001, the Chinese Government adopted vigorous financial policies to cope with difficulties from outside. Domestic economy achieved stable growth. The Group grasped every business opportunity and attained good operation results. As the development of the Group's highways became matured, traffic volumes grew significantly, leading to rapid increase in toll revenues. The Group expanded its business to the mainland's capital market and hi-tech market along with focusing on its core business, reflecting a trend of business diversification. Turnover and profit after taxation sealed all-time heights to record 50.61% and 18.84% of growth respectively.

During the year, Wantong Technology progressed by leaps and bounds. New introduction of wide range of innovative products helped winning an expanding market share. By expanding its operations throughout China, Wantong Technology recorded RMB29,851,000 and RMB827,000 in turnover and profit after taxation respectively, evidencing the enormous growth potential of Wantong Technology.

In order to make better use of the prosperous opportunities brought about by an effective production capital and financing capital combination, and to enlarge room for further development, the Company intends to seek ordinary A shares issue to raise Renminbi fundings during the year. The funds will be used for acquisition of new businesses, and for the construction of the Anhui Section of Lianyungang (連云港) to Huoerguosi (霍爾果斯) Expressway ("Lianhuo Expressway-Anhui Section"). The Group will put greater efforts in opening up financing channels for its development.



## Business Development Strategies

**Primary Business Development Strategies** of the Company are to improve the quality of the staff with its existing highways. It also aims at grasping every opportunity that arises and focusing on toll highway business under the general principle of enhancing economic efficiency. Through construction and acquisition of expressways, it is our aim to realize control of the main section of the two east-west national trunks in Anhui Province (including the Anhui Sections of both the Shanghai-Chengdu Highway and the Lianhuo Expressway) so as to enhance the Company's strengths and core advantages.

**Development Strategies on Related Businesses** are to keep on expanding the community market and service of the Company's expressways business, so as to enhance the general corporate value. In addition, it aims to further improve the infrastructure on expressways and put much efforts on value-added services such as advertisements and fuel stations. It also helps to add value to the core business by building optical fibre networks as a step to develop lease line business.

**Development Strategies on New Businesses** are to speed up the development of Wantong Technology. The Company will invest capital to build R&D center for production of optical communication and information products. Moreover, it will keep on introducing new products and services and developing new markets, with an aim to make them as the core businesses and new profit growth engines of the Company.

**Financing Strategy** is to seek approval of the A shares issue, which will be a new channel to raise funds. With these new findings, the Company will be more capable to realize an effective combination of production capital and financing capital, thus enlarging its room for expansion.

**Corporate Governance** is to improve the legal person governance structure in accordance with the requirements imposed on existing corporate systems, and to bridge the gap between the capital contributors and the management. Corporate governance strengthens the structure of systems, enhancing the Company's general operating management quality, and increasing the Company's transparency, awareness and recognition.

## Prospects

In the years ahead, China will go on to strengthen the infrastructure on highways. With the golden opportunities brought about by China's accession to the WTO and the "Go West" policy, it will substantially speed up the construction and administration of highways. The development of the Company's existing highways has entered a mature stage. The Anhui Provincial Expressway network has just taken shape, traffic volume will grow dramatically. It is expected that the Company will achieve fast growth in term of economic efficiency, and its outlook is promising.

The Company took control of the main road sections of two main east-to-west national trunk in Anhui Province through acquisition and capital injection. The Company further developed highway related businesses, and achieved the general computerization of the expressway operation management. Through exploring and learning from experience, a matured expressway management structure has been formed and the Company is putting more emphasis on the investment of new and high technology.

## Acknowledgements

May I take this opportunity to express my gratitude to the shareholders, the directors, the supervisors and the staff, without whose support, contribution and devotion, the business of the Group can never enjoy such rapid growth.

**Wang Shui**  
*Chairman*

Hefei, Anhui, the PRC  
4th March, 2002