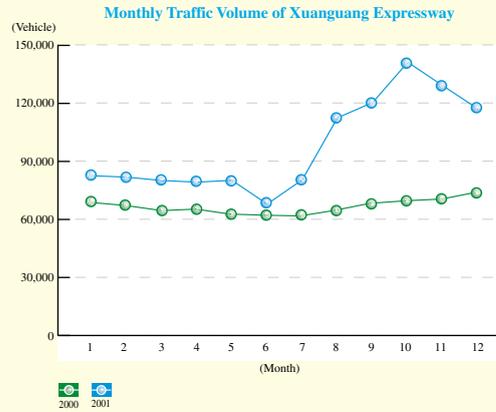
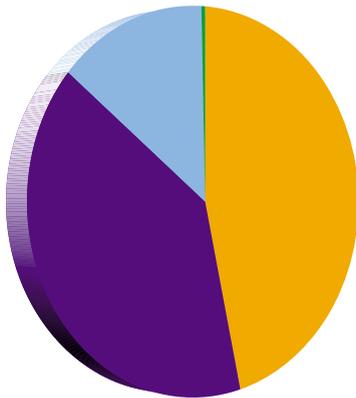


Traffic Volume

During the year, the average daily traffic volume was approximately 3,211 vehicles per day, representing a 46.49% increase over last year.



Type ratios of vehicles of Xuanguang Expressway in 2001



■ Small ■ Medium
■ Large ■ Special

Toll Rates for Xuanguang Expressway

Vehicle Classification	Toll Rates (RMB/kilometer)
Small (trucks up to 2.5 tonnes, and passenger wagons up to 20 seats)	0.40
Medium (trucks between 2.5 tonnes and 7 tonnes, and passenger wagons between 20 and 35 seats)	0.70
Large (trucks between 7 tonnes and 15 tonnes, and passenger wagons over 35 seats)	1.00
Special (trucks between 15 tonnes and 40 tonnes)	1.80
Special Large (trucks over 40 tonnes)	1.80

- Note: 1. Special large trucks are charged with RMB10 for every additional kilometer for every 10 tonnes in excess.
 2. The toll rates only apply to vehicles using the Xuanguang Expressway.

Toll Rates for the Old Road

Vehicle Classification	New Toll Rates
Vehicles over 1 tonne	RMB6 per tonne
Vehicles up to 1 tonne	RMB10 each
Agricultural vehicles up to 1 tonne (including 1 tonne)	RMB5 each

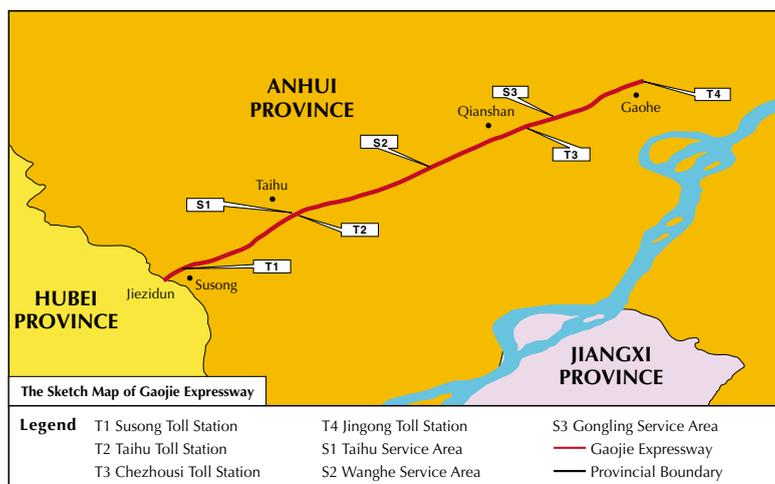
- Notes: 1. The toll rates only apply to vehicles passing the Xuanzhou Toll Station and Cishangang Toll Station without using Xuanguang Expressway.
 2. Vehicles registered in Xuanzhou and Guande (excluding those using Xuanguang Expressway of National Trunk 318) can pay the toll monthly in accordance with the rates of RMB30 per tonne per month and the vehicles under 1 tonne should be charged as 1 tonne.

4. Gaohe to Jiezidun Expressway

Gaohe to Jiezidun Expressway has a total length of approximately 110 kilometers. It is a dual four-lane expressway and forms part of the Priority National Trunk System running from Shanghai to Chengdu, Sichuan Province. The expressway starts from Gaohe, Huaining County, Anhui Province and passes Hefei-Anqing Highway and links to Hening Expressway operated by the Company. It ends at Jiezidun located at the E-Wan border of Susong County of Anhui Province. The expressway extends westward to cities such as Wuhan, Chongqing and Chengdu and is an important network highway linking the central and western regions and the southeast coastal regions. The construction of the expressway commenced in 1996 and the road was opened to traffic on 1st May, 1999. The Gaojie Expressway has four toll stations and two interchanges.

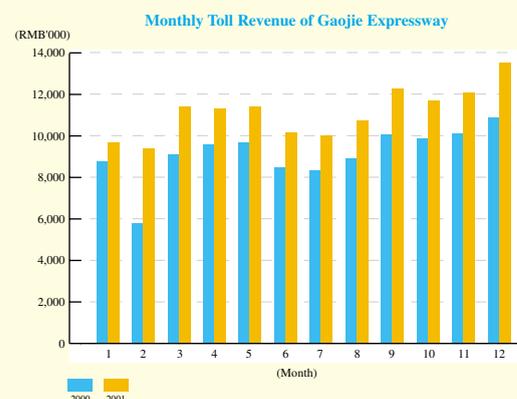
On 13th May, 1997, a joint venture agreement was entered into between the Company and AEHC, whereby Gaojie Company, a company incorporated in the PRC with limited liabilities, was established for the purpose of developing, constructing and operating the expressway from Gaohe to Jiezidun. The Company holds 30% of the equity interest.

On 10th November, 2000, an agreement on equity transfer was entered into by the Company and AEHC, pursuant to which 21% equity held by AEHC was transferred to the Company at a consideration of RMB387,240,000. Since the completion of the transfer on 31st December, 2000, the Company owns 51% equity in Gaojie Company as its holding company.



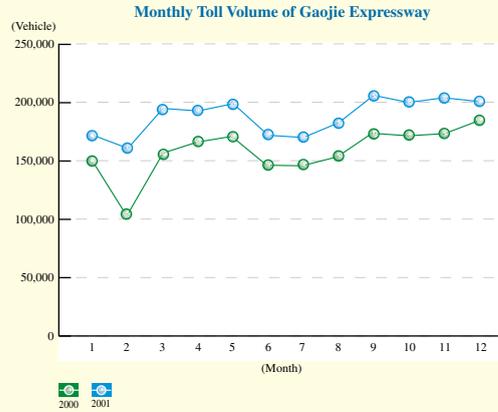
Toll Revenue

During the year, the toll revenue amounted to approximately RMB134,055,000, representing a 21.61% increase compared with last year. The increase of the toll revenue was mainly due to the raise of the traffic volume.

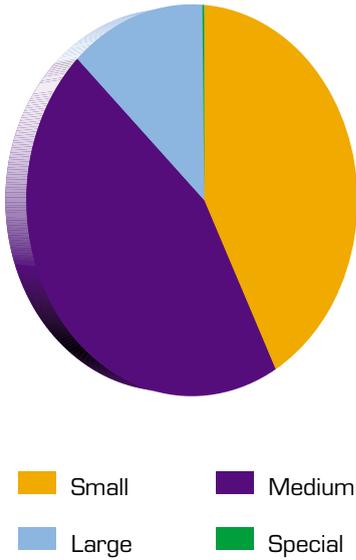


Traffic Volume

During the year, the average daily traffic volume of Gaojie Expressway was approximately 6,193 vehicles, representing a 18.91% increase over the previous year.



Type ratios of vehicles of Gaojie Expressway in 2001



Toll Rates

Vehicle Classification

Toll Rates
(RMB/kilometer)

Small (trucks up to 2.5 tonnes, and passenger wagons up to 20 seats)	0.40
Medium (trucks between 2.5 tonnes and 7 tonnes, and passenger wagons between 20 and 35 seats)	0.70
Large (trucks between 7 tonnes and 15 tonnes, and passenger wagons over 35 seats)	1.00
Special (trucks between 15 tonnes and 40 tonnes)	1.80
Special Large (trucks over 40 tonnes)	1.80

Note: Special large trucks are charged with RMB10 for every additional kilometer for every 10 tonnes in excess.

5. Other Operations

On 12th May, 1999, Wantong Technology was registered and established in Anhui Hefei National New and Hi-tech Industry Park as the first new and hi-tech enterprise stationed in the Software Park. Wantong Technology is mainly engaged in the development of comprehensive information systems on expressways, large-scaled network system integration projects, digital monitoring products and optical communication products.

Wantong Technology is a joint venture established by the Company and other investors. Its registered capital on incorporation was RMB1,000,000 and the Company was interested as to 51%. On 18th December, 2000, the shareholders of Wantong Technology resolved to increase the registered capital of Wantong Technology to RMB20,000,000 by utilizing its non-appropriated profit of RMB2,000,000 and valuation surplus of technology know-how of RMB7,000,000, and the remaining RMB10,000,000 was injected by the Company in cash. Following the increase in registered capital, the Company owns 75.5% equity interest in Wantong Technology, and the remaining 24.5% interests being owned by researchers. Wantong Technology became a medium-sized IT enterprise through the said capital injection.

During the year, Wantong Technology has demonstrated its advanced technology and strong market competitiveness in expanding its business scope from a simple mechanical and electrical projects on expressways to a large integrated network system in many areas. The serial digital monitoring products and ATM systems of Fairy Eagle have been introduced for test run, and was categorized as designated products. The market shares of these products were further enhanced. During the year, Wantong Technology enjoyed a turnover of RMB29,851,000 with a net profit of RMB827,000.

Beijing Haiwei was incorporated on 24th May 2001 at No.8 Beijing Dongcheng Chaoyangmenwai Dajie. Its scope of operations covers project investment management, investment consultation, computer software and hardware development, technological service, technological transfer, technological consultation, technological training, sales of construction materials, steel materials, mechanical and electrical products, communication equipment, light industry and agricultural by-products. Beijing Haiwei is a joint venture of the Company with Gaojie Company and Wantong Technology with a registered capital of RMB50,000,000. The Company contributed RMB35,000,000, holding 70% equity interest, Gaojie Company contributed RMB14,000,000, holding 28% equity interest, and Wantong Technology contributed RMB1,000,000, holding 2% equity interest.

Tianjin Information Port was established on 20th August 1999. On 8th March 2001, Wantong Technology increased its shareholding to hold as to 70% equity interest in the company, and the registered capital was changed from the original RMB600,000 to RMB2,000,000. The scope of its operations includes technological development, consultation, service, transfer (electronic and information, combined mechanical and electrical technology and products), computer accessory equipment, mechanical equipment, electrical equipment, cultural office machines, wholesale and retailing, computer installation and maintenance. At present, Wantong Technology is holding 70% interest in the company. Since Wantong Technology is the subsidiary of the Company, the Company is therefore indirectly interested in Tianjin Information Port as to 52.85%.

6. Active Pursuit for the Additional A Shares Issue

Pursuant to the “Administrative Measures for the New Issue of Listed Companies” promulgated by the China Securities Regulatory Commission in March 2001, the Company is in compliance with the actual conditions to offer of Renminbi ordinary shares (A shares) to the public in the domestic securities market, in order to cope with the future investment plans and further development of the Company. On 19th May 2001, the Company convened the class meeting of domestic share holders, the class meeting of H share holders and the first shareholders extraordinary meeting of 2001, and the resolution regarding the additional issue of not exceeding 250,000,000 A shares was passed. Proceeds from the said issue will be used for the acquisition and construction of the Anhui Section of the Lianhuo Expressway. The China Securities Regulatory Commission is currently reviewing the application materials regarding the additional issue of Renminbi ordinary shares (A shares) submitted by the Company.

7. Projects under Letters of Intent

In March 1997, the Company signed a letter of intent with Fuyang Municipal Transport Bureau for the purpose of construction of Jiefubang Expressway. Jiefubang Expressway is a highway network linking Jieshou, Fuyang and Bangbu of Anhui Province, with a total length of 209.7 kilometers (of which 161.9 kilometers are within Fuyang). The expressway starts from Changshenggou located at the Yu-Wan border of Jieshou City and links to Hexu Expressway at its ending, being one of the key projects of the Ninth Five-year Plan of Anhui Province. The expressway is situated at the place where the northwestern part, the central part and the southern coastal regions meet, and is an important gateway for the transport of coal from the north to the south. Fuyang and Bangbu, through which it transits, are respectively an important interchange of Beijing-Kowloon Railway and a transshipment base of Beijing-Shanghai Railway and are also important industrial cities in Anhui Province. The entire project was constructed in various phases and returns were received in stages. Construction of Phase 1 from Sanjiaoyuan to Xipanlou commenced at the end of 1997. Owing to the fact that the construction of the Jiefubang Expressway has not commenced thoroughly and it is unable to connect with the existing road network, the Company believes that the acquisition conditions are not yet mature and further study still has to be conducted on the project.

Discussions on these projects by the Company are being temporarily suspended. The Company is closely monitoring the respective construction progress and actively conducting research work on the projects in order to decide whether or not to participate in the projects and to determine the amount of investment. In the event that any agreement is reached, the Company shall comply with its disclosure responsibilities in accordance with the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Advantages for Development

Since the listing of the H shares of the Company in Hong Kong in 1996, the Company's operating results have been seeing rapid growth, which fully illustrated its advantages for development :

- The expressway industry in which the Company is mainly engaged is characterised by its monopolistic nature and a steady stream of revenue. As an important infrastructure for stimulating economic development, it will continue to be a key industry of national economic development in the next five to ten years.
- Anhui Province where the Company is located is an important province linking the southeast coastal regions of the PRC to the hinterland and the central and western part of the PRC. Anhui Province also enjoys an exceptional regional advantage as the province where the two horizontal national trunks of the Priority National Trunk System run through.
- The Company obtained undertakings from the People's Government of Anhui Province and Anhui Provincial Department of Communications, which provide protection for the toll highways operated by the Company to a considerable extent, from competition with other toll highways, and Anhui Provincial Department of Communications will give the priority to consider the Company when constructing other vehicular highways of Class II standard or above in future.
- The Company is the only domestic highway company that is able to develop and maintain the expressway information system and other relevant systems independently and owns abundant research capability and human resources.

Business Development Plans

1. Improve the standards of service and management of the existing road sections

The Company will strengthen the management of maintenance of the existing road sections, enhance maintenance quality, improve the traffic environment, increase its ability to cope with contingencies, strengthen management on toll operation, refine the various links in toll management, maximizing the operation efficiency of the comprehensive information system of the Company and identify more potential traffic flow.

2. Identify other sources of revenues

The Company will strengthen value-added services along the highways, including the development of advertising business along the roads, setting up chained comprehensive service areas covering catering, resting and vehicle maintenance, reasonably plan and construct fuel stations.

3. Expedite the construction and renovations of roads

The Company will proceed with a survey of the road conditions and plan for the design of the overhaul project of Hening Expressway, thereby endeavoring to complete its implementation in stages within two to three years.

4. Achieve expansion of the core operations safely and efficiently

Active pursuit of the additional issue of A shares and to use the proceeds from the issue on the acquisition and construction of the Anhui Section of Lianhuo Expressway.

5. Increase investments in technological development and technological innovation

The Company plans to gradually increase the input in research and development expenditure in the next two years by adopting high technology to achieve the upgrading and renewal of the existing toll and comprehensive information system network, to enhance the technological level and stability of the system, and to move towards the transition to an autotoll system in order to substantially increase the traffic capacity and toll collection efficiency of the roads. At the same time, it will further expedite the technological development of Wantong Technology, and will invest in the establishment of a photo-communication product base and information product research and development base, and will continuously introduce new technology, develop new products and capture new markets, so that hi-tech business can become a new support to the Company as soon as possible.

6. Strengthen the construction of human resources management system

By adhering to the modern system of corporate management and operation, the Company will establish and refine various regulations and systems. Whilst on one hand it will make efforts to lift the operation and management standards of the Company's management, thereby forming a clear-cut operation mechanism of decision-making, management and implementation with high quality management personnel of merits and expertise introduced to form a core team of high quality and competency, and on the other hand it will strengthen team construction and training of the staff to enhance the business quality and professional morality of the staff as a whole, and to recruit high quality personnel from universities and colleges systematically.

7. Regulate operations and strengthen risk control

The Company will further strengthen a healthy internal financial management system within the Company for strengthening the internal control of the Company, the setting up of an effective internal control system in respect of funds, cost expenditure and target profit margin, thereby fully increasing the utilization of assets.

8. Explore fund raising channels and its scientific applications for the Company

The Company will draw up a practicable fund raising plan in accordance with the operating needs and investment plans. To the extent that there are requirements for development and the returns on shareholders' equity are not affected, the Company will carry out fund raising exercises by different means such as bank loans, enterprise bonds and issue of shares, and the costs of raising such funds will be a determinant for the combination of means to be employed.

Financial Review

In 2001, the Company recorded a profit before taxation and minority interests of RMB329,914,000, representing an increase of approximately RMB36,561,000 or approximately 12.47% over 2000. Profit attributable to shareholders grew by approximately 18.84% to approximately RMB269,972,000.

Returns on shareholders' equity

	2001 RMB'000	2000 RMB'000
Profit attributable to shareholders	269,972	227,176
Shareholders' equity	3,434,952	3,235,410
Return on shareholders' equity	7.86%	7.02%

The shareholders' equity increased by 6.17% when compared with that of 2000, and the return on shareholder's equity increased by 11.97% from 7.02% in 2000 to 7.86% in 2001.

Earnings per share

	2001	2000
Outstanding shares (Thousand shares)	1,408,610	1,408,610
Profit attributable to shareholders (RMB'000)	269,972	227,176
Basic earnings per share (RMB)	0.1917	0.1613

In 2001, earnings per share grew by RMB0.0304 to RMB0.1917, representing an increase of 18.85% compared with RMB0.1613 in 2000. The increase was due to the growth of 18.84% in its profit attributable to shareholders.

Assets

Assets	2001 RMB'000	2000 RMB'000	Change RMB'000	Change %
<i>Current assets</i>				
Accounts receivable and prepayments	52,892	47,666	5,226	10.97
Inventories	14,805	3,997	10,808	270.41
Profits tax refundable	160	32,429	-32,269	-99.51
Bank balances and cash	350,920	286,781	64,139	22.37
Short-term investments	20,560	0	20,560	—
Total current assets	439,337	370,873	68,464	18.46
<i>Fixed assets, net</i>				
(including land use rights)	4,529,610	4,502,532	27,078	0.61
Interests in an associated company	4,100	—	4,100	—
Intangible assets	5,550	7,920	-2,370	-29.93
Total assets	4,978,597	4,881,325	97,272	2

Total current assets increase by approximately RMB68,464,000 or approximately 18.64%.

As at 31st December, 2001, the total assets of the Group was approximately RMB4,978,597,000, representing an increase of approximately 2% compared with 2000.

Liabilities

Liabilities	2001 RMB'000	2000 RMB'000	Change RMB'000	Change %
Current liabilities				
Accounts payable and accrued charges	124,842	110,666	14,176	12.81
Short-term loans	65,000	0	65,000	—
Total current liabilities	189,842	110,666	79,176	71.55
Long-term liabilities				
Long-term bank loans	0	0	—	—
Long-term amounts payable to minority shareholders	1,051,003	1,251,310	-200,307	-16.01
Deferred taxation	113,264	95,509	17,755	18.59
Others	630	630	—	—
Total long-term liabilities	1,164,897	1,347,449	-182,552	-13.55
Minority interests	188,906	187,800	1,106	0.59
Total liabilities	1,354,739	1,458,115	-103,376	-7.09

The total liabilities decreased from approximately RMB1,458,115,000 at the end of financial year 2000 to approximately RMB1,354,739,000 at the end of financial year 2001, representing a decrease of 7.09%.

Capital Commitments

The capital commitments of the Company and the Group as at 31st December, 2001 are set out in note 27 to the financial statements.

Zhang Hui

Director and General Manager

Hefei, Anhui, the PRC

4th March, 2002