

For Immediate Release  
February 7, 2002

Media contact:  
Nerys Williams, Hong Kong (852) 2533 3515  
Ada Fong, Hong Kong (852) 2533 3527  
Analytical contact:  
Raymond Woo, Hong Kong (852) 2533 3526  
John Bailey, Hong Kong (852) 2533 3530

**Hong Kong-Based Road King Ratings Raised to 'BBB-'; Outlook Stable**

HONG KONG - Standard & Poor's today raised its ratings on Road King Infrastructure Ltd. (RKI) and its wholly owned subsidiary, Road King Infrastructure Finance (1997) Ltd. to triple-'B'-minus from double-'B'-plus, and removed it from CreditWatch where it was placed on July 5, 2001. The outlook on the ratings is stable.

RKI is a Hong Kong listed company that primarily invests in toll road projects in mainland China. Total debt was about Hong Kong dollar (HK\$) 1.3 billion, while net debt was HK\$825 million as of June 30, 2001.

The ratings reflect the improving performance of RKI's diversified portfolio of toll road projects, and its moderate financial profile with low debt level and relatively strong liquidity. RKI's leverage will further decline as a result of the sale of its 50% interest in four separate joint ventures that form the Jieyang Highway Network in Guangdong province, which was completed in September 2001 and when RKI realized net sale proceeds of Chinese renminbi (RMB) 506 million (about HK\$477 million or US\$61 million).

Underpinning the ratings are:

- RKI has a diverse project portfolio. With 22 operating toll roads in eight different provinces, RKI's toll road portfolio is sufficiently diverse, so as to avoid reliance on any one project. About 25% of RKI's toll road investments are located in Guangdong province, which is one of the highest growth coastal provinces in mainland China.
- RKI has a conservative capital structure and moderate debt-service protection measures. Total debt to capital was 24.6% at year-end 2000, which further decreased to 23.1% as of June 30, 2001. Funds from operations average net debt coverage, adjusted for preferred dividends, also improved to 61.8% in 2000 from 57.2% in 1999.
- RKI has an experienced team of professionals who have adopted a hands-on, prudent management style.

The company's strengths are mitigated by ongoing vulnerability to operating and regulatory uncertainties in mainland China. Franchise structures can be unclear and tariff rate increases can be unpredictable. The legality of minimum income undertakings continue to come under the scrutiny of China's central government, although this risk is declining for RKI. The company also faces foreign exchange risk with the majority of its revenue in RMB, while its debt is largely denominated in U.S. dollars.

**OUTLOOK: STABLE**

RKI's diverse portfolio of toll road projects and conservative capital structure should provide support to its rating. However, mainland China's generally risky toll road sector, with unpredictable policies on toll rate increases and potential for competition will limit a further upgrade to the rating.