


*Capitalizing on
Opportunities*





Securing Continued Growth



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Year 2003 was a particularly eventful one for the Company in the history of its operation and development. The Company experienced challenges arising from the SARS epidemic and intensive repairs of road surface. Along with the continuous economic growth and rapid increase of traffic came the increased pressure on maintaining a smooth traffic flow, creating a new challenge for the operation and management of the Company.

With correct decision-making from the Board of the Company, strong commitment of the management and efforts from our strenuous workforce, progress was made in every aspect of our business. Growth in operating results for seven consecutive years were achieved, with operating revenues for the year amounting to RMB2,810,602,000. Net profit was approximately RMB950,531,000 and earnings per share was approximately RMB0.19 under PRC Accounting Standards, an increase of approximately 17.28% over the corresponding period of the previous year. According to HKGAAP, net profit was about RMB1,005,773,000 and earnings per share was around RMB0.20, both an increase of approximately 17.7% over the corresponding period of the previous year.

2003 was also a year in which remarkable headway has been made in the internal management of the Company. We are glad to report that the tri-fold quality management system covering operational quality, environment awareness and occupational health and safety has received certification from the China Quality Accreditation Centre, making us the first highway operator in the country which has received certification simultaneously in respect of three international standards. This represents a major breakthrough in the systemization, regularization and standardization of the Company's management system.

As a pioneer within the industry, the Company has also developed a system to study the customers' satisfaction level. Through the implementation of the system, feedbacks on the services provided by the Company were reflected on an objective and scientific basis. Thus, continuous improvements to the quality of service can be made and the level of service provided to the customers can be continuously upgraded.

The Company is in the process of developing a sophisticated and comprehensive system of corporate governance, which was reflected by the regulated operation and stable development of the Company. In 2003, the election of new Board of Directors was conducted. The newly elected Board of Directors is committed to faithfully performing its duties, and is dedicated to maintaining continued and healthy development of the Company and stable growth of the shareholders' interests, leading the company to achieve continued success in its business operations.

The Company also maintained sound relations with investors. We actively created a two-way communication platform with investors, enabling them to have a clear and deep understanding of the Company's policy decisions, status of operation and strategies of development. Positive interactions were resulted which provided useful channels for the management to obtain suggestions from our investors, facilitating the Company's understanding of the market and improvements of work. This will be conducive for enhancing the core competitiveness of the Company and maximizing the interest of the shareholders.

We fully understand that achievements, however great they may be, are history, and our emphasis should be on the development in the future. The 8-lane widening project for Shanghai-Nanjing Expressway will be fully implemented in 2004, which is a strategic construction to the Company in the long run and represents a favourable opportunity to capture the “Second Venture”. The widening project will further enhance the core competitiveness of the Company, consolidate the leading position of the Company within the industry and provide new horizons for further development.

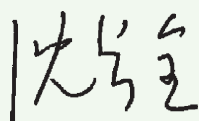
In the coming few years, continued development of the Company will top our priority, focusing on the widening project and operation management. We aim to strengthen internal controls, enhance service standards, ensure safety and smooth traffic and deploy all positive factors to safeguard the levels of operating revenue and profitability during the widening project, so as to maintain continued long-term return for the shareholders.

In terms of corporate management, the Company upgrades the management level step by step to match that of international modern enterprises. Upon completion of the expansion work, the quality of our road will be enhanced, and therefore, the level of management should be enhanced commensurately and enter a new stage.

As a public service enterprise, our product is nothing but providing the best service. Our staff strongly believe in “Customer is Our Priority”, with faithful service as our spirit. With patience and passion, we shall comfort expressway users for the inconvenience caused by road construction and pursue understanding and support from our customers. We shall compensate the disadvantages of road conditions by quality service and maintain the image of the Company.

We are proud to have a united, focused and experienced management team and an energetic, hardworking and professional workforce, who helped to create encouraging results for seven consecutive years. In the future development of the Company, we will continue to pursue the spirit of dedication, solidarity and hardwork, striving for new achievements. The Company aims to maintain its competitive advantages despite keen competition in future, incessantly searching for excellence and moving ahead with the future.

By Order of the Board



Shen Chang Quan
Chairman

Nanjing, the PRC
1st April 2004