

CHAIRMAN'S STATEMENT

Zhou Liming
Chairman



Dear Shareholders,

Benefited by the favorable macro economy in 2005, the principal business of the Group achieved a continuous growth, which drove the Group's overall operation results to improve steadily. For the year ended 31 December 2005, the Group's turnover and profits attributable to ordinary equity holders of the parent amounted to approximately RMB953,165,000 and RMB248,067,000 respectively (2004: RMB884,768,000 and RMB215,598,000), representing a growth of 7.73% and 15.06% respectively. Earnings per share attributable to ordinary equity holders of the parent was RMB0.097 (2004: RMB0.0843).

The Board of Directors recommended a final dividend of RMB0.04 per share for 2005 to all shareholders. The Company is confident in healthy operations and steady dividend distribution in the future.

Sichuan Province's fast-growing economy in 2005 and the immense demand for transportation incurred have become the source of growth in the Group's toll road business. Expressways included in the Group's principal operation recorded a noticeable overall increase in traffic flow and toll income, with an average growth of 5.56% and 7.57% respectively over the previous year.

During the year, the Group's expressways began to implement unified classification criteria for vehicle, which resulted in changes on the toll collection policy of expressways concerned and stabilized the Group's toll income basis. At the same time, under integrated planning of the Sichuan Provincial Department of Communications, the provincial expressways have put on an online toll collection system during the year. The Group's expressways have taken the lead to join in the provincial online toll collection system before the end of March 2005. The changes in the expressway toll collection mode represented a leap in modernized management and services performance for Sichuan Province's expressways, publicized the expressway's advantages of convenient and fast service. Furthermore, as a step to construct its digital transportation framework, Sichuan Province is striving to implement its non-stop toll collection scheme for the online toll collection system by 2010.





The Company strengthened and improved operation and management of its existing assets and achieved a desirable performance. To enlarge our market share, explore new profit sources and further develop the operation scale of the Company, the Group continued to put more effort in investment feasibility study and capital operation of quality road assets during the year, so as to capitalize on the core advantage and accelerate the expansion of the Company, which enabled to lay a good foundation for the sustainable and healthy development of the Company.

Look ahead, Sichuan Province's economy will maintain a rapid and healthy development. As a major economic province with the largest population in China's western region, Sichuan Province outshines other western places in terms of urbanization and residents' income. Private car ownership of Chengdu City, where the Company's principal businesses take place, even ranks the second highest of the State. In order to satisfy the demand of the further balanced development of Sichuan Province's economy and society, Sichuan Province has planned to invest RMB70 billion in the coming 5 years to expedite the expressway construction, giving rise to another peak of the construction. The construction is expected to bring traffic mileage of the Sichuan Province's expressways to 3,160 km within 5 years with the full completion of provincial expressway backbone. The favorable environment for the development of macro economy and transportation industry of Sichuan Province will provide the Company with strategic opportunities for its continuously fast growth. On the other hand, the Company also faces challenges, including competitions for market share from different mode of transportation like railway and aviation, increasing competition from parallel roads in the process of road networks development, as well as the diminishing reserve of quality road assets with high investment value due to competitions from other qualified investors attracted by increasing open up and higher effectiveness of transportation industry, which may also lead to higher cost of acquisitions. To address such opportunities and challenges, the Company, as the only listed expressway company in Sichuan Province's transportation industry, will follow its strategy of engaging in investment, operation and management of expressways and focus on a faster growth of transportation infrastructure construction. Through full utilization of its core competitive edge and the right of first refusal in developing the provincial expressways and class I and II roads, the Company is committed to taking initiatives to explore business and expediting expansion to achieve its sustainable development and the best return to shareholders.

Finally, I would like to express my sincere gratitude on behalf of the Board of Directors to the staff of the Group for their diligent work and to all walks of life for their kind support during the year.

Zhou Liming
Chairman

Chengdu, Sichuan, the PRC
30 March 2006