

- We promote equal rights for shareholders. When connected transactions are up for approval, shareholders with interests involved forfeit their voting rights at the general meetings of shareholders.
- The Board holds the interests of all shareholders as its utmost consideration, and leads the Company to continued success in business operations. Other than adhering to the responsibility in enhancing shareholder value, the Company pays due respect to the legally rights of its stakeholders, including its customers, employees, banks and other creditors, suppliers and communities at large, and works actively in coordination with them to achieve continued and healthy development of the Company.
- The Supervisory Committee, responsible to all shareholders, supervises the legality and compliance of

the Company's financial activities, as well as the Company's directors, general managers and other senior management in carrying out their duties, with an aim to protect the legal interests of the Company and its shareholders.

- The Board comprises executive directors and non-executive directors, including independent non-executive directors. There are more non-executive directors than executive directors, and independent non-executive directors are in the majority among the non-executive directors. The views of independent non-executive directors have significant influence on the decisions made by the board. Furthermore, diversity in experiences and expertise is also being maintained in the board.
- The positions of Chairman and General Manager are being held by different directors who are separately responsible for the tasks of the board and of the business operations, respectively, thus assuring a balance in the responsibilities of the Chairman and the General Manager, as well as a clear division of duties.

On strategic development, the Company has been exceedingly prudent without being overly conservative. We maintained our focus on the core business operation of expressways, and continued to expand on expressway-related operation, while broadening our scope to other fields of infrastructure in order to capture potential business opportunities.

“Pursue Excellence, Enhance Value” has always been our business philosophy. Customers are the sources of our value. In meeting their needs, we are also creating value for our shareholders and the society. On the other hand, employees are the creators of value. With such an understanding, the management of the Company, working with a team spirit with the entire staffs, handled businesses of the Company as if they were their own businesses, and always put the overall interests of the Company, customers and shareholders first. When faced with difficulties and challenges, they turn to innovation for creative solutions to overcome them. Our employees labored





“ Having invested in Zhejiang Expressway for many years, we are pleased to see a company with superb management and a clear set of strategies for its business development. This, coupled with its high standards of corporate governance and high regard for shareholders' interest, has won our great confidence in the Company. Since its listing, the Company has maintained continued business growth for five years, providing its shareholders excellent investment return. ”

— Ms. Zhang Yang, Huajian Transportation Economic Development Center (one of the Company's shareholders)

day and night to ensure the safe and smooth operation of expressways. They responded enthusiastically to the Company's call for proposals in contribution to its management and business development. The internal Corporate Journal published monthly has become an important platform for sharing information, exchanging working experiences and communicating sentiments among the employees. Our personnel policies and clear-cut performance evaluation policies, in which the hiring, promotion and remuneration of all employees are determined individually on merits, have also become an important part of our corporate culture.

On the subject of information disclosure, in addition to making truthful, accurate, complete and timely disclosure in accordance with regulatory requirements, the Company also releases any and all information that could have substantial impact on the decision-making of shareholders and other stakeholders following the principles of accountability and integrity, while making an effort to assure equal access to such information by all shareholders of the Company.

With regard to investor relations, the management takes a hands-on approach, utilizing every opportunity in communicating with investors, to give them a clear and comprehensive understanding on the business environment, operating strategies and growth prospects of the Company.

Having a good corporate culture is an important guarantee for the stability and continued steady development of a company. Corporate culture is not something that can be seen or touched, but its manifestation is real and powerful. I sincerely hope that all of our employees can continue to exemplify the spirit of Zhejiang Expressway's corporate culture, and bring our endeavors to a new high.

## Geng Xiaoping

*Chairman*

March 4, 2003