



### TO ALL SHAREHOLDERS:

The Group succeeded to overcome the difficulties, and completed its missions for various projects satisfactorily in 2003 through concerted efforts of all staff as a whole. Operating results of the Company continued to improve in 2003. In accordance with the PRC Accounting Standards, income from principal operations was RMB896,554,000, profit after taxation was approximately RMB283,265,000, representing an increase of 9.63% over the corresponding period last year, earnings per share (fully diluted) was RMB0.17, representing an increase of 6.25% over the corresponding period last year. In accordance with the Hong Kong Accounting Standards, profit after taxation was approximately RMB349,066,000, representing an increase of 12.96% over the corresponding period last year. Basic earnings per share was RMB0.2105, representing a decrease of 3.66% over the corresponding period last year.

Maintaining a sustainable growth in the shareholders' value is the primary duty of the Company's Board and management. As which, we have been actively pursuing for new profit growing areas. Upon the successful issue of A Shares, the Company applied the proceeds from the A Share issue to acquire the Anhui Section of the Lianhuo Expressway. Such acquisition put the Company a significant step forward in obtaining control over the two most important east to west trunk in Anhui Province, and laid a solid foundation for the stable and sustained development of the Company's principal operations. The successful acquisition of the equity of Xuanguang Expressway Co., Ltd. made relatively greater contributions to the Company in terms of operation and revenue, enabling the Company to fully capitalize on the opportunities in implementing the State's strategy of "Developing Western China". Development will be focused on the intra-provincial passage project linking the east and west, by leveraging on the advantages of the highway network. This will in turn facilitate the consolidation of the Company's core competitiveness, and will promote growth in profitability of the Company in future.

Through years of efforts, our corporate governance became mature and perfect. The Company established a system of independent directors relatively early in its history, which made the decision making of the Board more equitable and expedient. Special committees were established under Board, so that its operation will become more scientific and effective.

Sound operation mechanism and standardized corporate governance can ensure the Company will adapt to environmental changes, and operate along the right track. The Company's A Shares - "Wantong Expressway" was selected as a constituent stock of the "SSE 180 Index" of Shanghai Stock Exchange on 1st July 2003. The Company's H Shares - "Anhui Expressway" was selected as the constituent stock of Hang Seng Composite Index on 30th September 2003. At the same time, it was also selected for Hang Seng Mainland Composite Index, Hang Seng Composite Industrial Index, Heng Seng HK Freefloat Index and Hang Seng Mainland Freefloat Index. The achievement made by the Company is attributable to all the dedicated members of the Board, proactive management, and concerted efforts of all staff.

Rapid development in the economy of the State and Anhui Province, and the growth in the possessions of vehicles and road mileage of the highways, provided a comprehensive and beneficial environment for the operation of the Group. Highway construction is now proceeding at an unprecedented rapid pace, which is practically very meaningful to the Company. The Company will capitalize its opportunities to capture the opportunities arising and establish itself firmly in the highway industry in Anhui. The Company will continue to acquire or participate in communication projects within Anhui Province, as well as participating in other quality projects apart from those that are infrastructure in nature at a time appropriate, so as to expand the scope of the Company, increase the Company's future profitability, and establish the corporate image of "Anhui Expressway" as a brand name of highway operator, thereby enhancing the competitiveness of the Company.

In 2003, the Company achieved excellent performance in its operations, so I will express my gratitude on behalf of the Board to the staff, who have been working hard during the year 2003, and to all the shareholders, who provided constant support to the Company. I have every reason to believe that in the coming year, the Company will achieve more excellent performance in its operations and provide satisfactory return to all the shareholders.

**Wang Shui**

*Chairman*

Hefei, Anhui, the PRC

11th March 2004