

To all shareholders:

During 2004, the PRC economy experienced the state of macro-economic control. However, the economy still grew at a rate of 9.5%. Economic development in the region and Anhui Province also exceeded the national average. Such favourable macro-economic environment provided a good foundation for the development of the Group. Meanwhile, the Company achieved its targets and plans as formulated at the beginning of the year, as a result of the solid corporate governance structure and the dedicated efforts of all staff. On behalf of the Board, I wish to thank the management and all staff for their contribution to the development of the Company and to thank the shareholders for their enormous support.

Results and dividend

In accordance with the PRC Accounting Standards, income from principal operations was RMB 1,242,899,000, profit after taxation was approximately RMB 404,403,000, representing an increase of 42.76% over the corresponding period last year, earnings per share (fully diluted) was RMB 0.24, representing an increase of 41.18% over the corresponding period last year. In accordance with the Hong Kong Accounting Standards, the profit after taxation was RMB486,658,000, representing an increase of 39.31% over the corresponding period of the previous year, earnings per share of RMB0.2936, representing a increase of 39.48 % over the corresponding period of the previous year.

On the basis of 1,658,610,000 shares in the total capital of the Company, it was recommended by the Board of the Company to distribute a dividend of RMB 1.00 (tax inclusive) per 10 shares in cash.

Review and prospects

During the past year, the policy on tolls for expressway underwent significant changes. The toll rates and charge method for the Group experienced two major adjustments, which formed the bases for toll income. At the same time, an inter-provincial toll collection system was completed, which enhanced efficiency and reduced administration costs.

During 2004, the reconstruction of Hening Expressway was completed and the progress on the maintenance works for the remaining road sections was also smooth. The superior driving condition will effectively accommodate the growth of traffic volume in the future.





CHAIRMAN'S STATEMENT

In order to broaden the Group's base of road assets, the Group actively pursued construction projects of its own, and invested in the construction of Anhui Section for Maba-Liuhe Highway, apart from the acquisition of operating road projects. This will allow the Group to better control the costs incurred in its business expansion.

Looking forward, the PRC economy will continue its sustainable and sound development. This will create excellent conditions for the Company's operations and the competitive advantage of the Company's projects will become more apparent. Meanwhile, the Anhui Province is promoting the formation of networks of expressways within the province. This will create a new round of active construction activities. For the coming ten years, more than 2,000 km of expressways is expected to be built within the Anhui Province.

Despite plenty of room for the development of the Company, the competition faced by the Company is becoming more intense. Deregulation of the industry and enhancement in efficiency will attract more investments in the industry. Fewer projects with excellent potential has made acquisition more difficult. Therefore, the Group must capitalize on opportunities with a more forward-looking vision to conduct acquisition of road assets and expand the Company's asset base and market share. At the same time, it will devote its efforts to enhance core competitiveness and corporate governance. It is contemplated that through the sustainable development of the Company, it will maintain its edge and perform well in this intensive competition environment.

Wang Shui

Chairman

Hefei, Anhui, the PRC

17th March 2005