

I Profit Appropriation Plan of 2004

Net profit as shown on the 2004 consolidated financial statements prepared in accordance with the PRC Accounting Standards amounted to RMB404,403,436.18, with transfers of RMB54,153,234.46 and RMB47,296,789.04 to statutory surplus reserve and statutory public welfare fund respectively. The profit attributable to shareholders was RMB990,652,346.01. Pursuant to relevant regulations of the State, the profit attributable to shareholders should be the lower of that calculated in accordance with the Hong Kong Accounting Standards and the PRC Accounting Standards. Accordingly, the profit attributable to shareholders amounted to RMB990,652,346.01. The Board of the Company recommended the payment of a final dividend of RMB165,861,000 on the basis of RMB1.0 for every 10 shares (tax included) based on the total share capital outstanding at the end of 2002 of 1,658,610,000 shares.

II Usual Operation of the Board of Directors

Seven board meetings of the Company were held in 2004:

- (1) The following were considered and approved at the 7th meeting of the third Board held on 11th March 2004:
 - The financial statements for 2003 prepared in accordance with the Hong Kong accounting standards and the PRC accounting standards respectively were approved;
 - The 2003 annual report was approved;
 - The draft announcement of the 2003 results and the annual report summary were approved;
 - The profit appropriation proposal of RMB0.60 for every ten shares (tax included) for 2003 was approved;
 - The report of the Board of Directors of the Company for 2003 was approved;
 - The proposal on the grant of mandate to the Board for the allotment and issue of shares not exceeding 20% of domestic shares and overseas-listed foreign shares issued and outstanding was approved;
 - The re-appointment of PricewaterhouseCoopers (Hong Kong certified public accountant) as the auditor of the Company in Hong Kong and the re-appointment of PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. (the PRC Accountant) as the statutory auditor of the Company was approved, and the Board was authorized to determine their remuneration;
 - The 2003 Annual General Meeting held on 27th April 2004;

The announcement for the resolutions was published on Shanghai Securities Post, China Securities Post, the South China Morning Post in Hong Kong and Wen Wei Po in Hong Kong on 28th April 2004

- (2) The following were considered and approved at the 8th meeting of the third Board held on 21st April 2004:
- The termination of Beijing Haiwei Investment Company Limited, subsidiary of the Company, was approved and the investment was recouped.
- (3) The following were considered and approved at the 9th meeting of the third Board held on 27th April 2004:
- The 2004 first quarterly report was approved;
- (4) The following were considered and approved at the 10th meeting of the third Board held on 25th June 2004:
- The transfer of the Company's interests in Anhui Wantong Science and Technology Company Limited was approved;
- (5) The following were considered and approved at the 11th meeting of the third Board held on 5th August 2004:
- The interim financial report of the Company for 2004 prepared in accordance with the Hong Kong and the PRC accounting standards was approved;
 - The interim report of the Company for 2004 was approved;
 - The interim results announcement for 2004 and the interim report summary for 2004 were approved;
- (6) The following were considered and approved at the 12th meeting of the third Board held on 28th October 2004:
- The third quarterly report of the Company for 2004 was approved;
 - Nominated by the General Manager and considered and approved by the Audit Committee, Mr. Wang Changyin was appointed as the Deputy General Manager of the Company, with a tenure from 28th October 2004 until 16th August 2005.

The announcement for the resolutions was published on Shanghai Securities Post, China Securities Post, the South China Morning Post in Hong Kong and Wen Wei Po in Hong Kong on 29th October 2004.

- (7) The 13th meeting of the third Board was held on 17th November 2004:
- The investment and construction of Maba-Liuhe Expressway Anhui Section was considered and approved.

The announcement for the resolutions was published on Shanghai Securities Post, China Securities Post, the South China Morning Post in Hong Kong and Wen Wei Po in Hong Kong on 18th November 2004.

III Execution of Resolutions Passed at the General Meeting by the Board of Directors

During the reporting period, the Board of Directors duly executed out the contents of the following resolutions in accordance with the relevant law and regulations and the resolutions and authorities as passed in the General Meeting.

Execution of 2003 profit appropriations of the Company

The 2003 profit appropriation plan was approved in the 2003 Extraordinary General Meeting held on 27th April 2004: the payment of dividends of RMB 99,516,600 with the payout of RMB0.60 for every 10 shares (tax included) on the basis of 1,658,610,000 shares in the total share capital at the end of 2003.

The Company published the announcement in respect of distribution of dividend of H shares on the South China Morning Post in Hong Kong and Wen Wei Po in Hong Kong on 28th April 2004. Dividends were paid to the holders of H shares on the basis of HKD0.028 per share. The dividends referred to above were paid on 20th May 2004 and were paid in full.

The announcement for payment of A shares dividend was published on Shanghai Securities Post and China Securities Post on 14th June 2004. The record date for A shares was on 17th June 2004. The ex-dividend date was on 18th June 2004. The dividend payment date was on 24th June 2004. The dividends referred to above were paid in full.

Dividends for the holders of the listed A shares were distributed by the Shanghai branch of China Securities Registration and Clearing Corporation Limited. Dividends for the holders of the State-owned shares and the State-owned legal person shares were distributed directly by the Company. Dividends for the holders of H shares were distributed by Bank of China (Hong Kong) Trustees Limited on behalf of the Company.

IV Other Events

1. The statement in specific details by the certified public accountant about the capital allocation between the Company's controlling shareholder and other related parties.

PricewaterhouseCoopers Zhong Tian CPAs Ltd. Co. stated in specific details about the capital allocation between the Company's controlling shareholder and other related parties pursuant to the requirements under the "Notice concerning the regulation on the flow of funds between listed companies and their related parties and the provision of guarantees by listed companies to external parties" (Zheng Jian Fa [2003] No.56).

2. The statement in specific details and the independent opinion of Independent Directors on accumulated and current external guarantees

The Independent Directors find that the Company has not provided any guarantee to the controlling shareholder and other related parties as at the end of the reporting period. Pursuant to the principle as implied in "Notice concerning the regulation on the flow of funds between listed companies and their related parties and the provision of guarantees by listed companies to external parties", each independent director of the Company expresses independent opinion.