



Society

While an expressway provides immeasurable social benefits in terms of promoting the economy in its vicinity, we also realize that the construction of an expressway, as well as the development of the associated automobile industry, will to a certain extent affect the natural environment...we strive to compensate this by accommodating more environmental considerations in our development work.

Report of the Supervisory Committee

Dear shareholders:

In compliance with the Company Law of the PRC, the Company's Articles of Association and Regulations of the Supervisory Committee, the Supervisory Committee duly performed its supervisory duties, and safeguarded the legitimate interests of the shareholders and the Company. Main tasks undertaken by the Supervisory Committee during 2004 were to assess and supervise the legality and appropriateness of the activities of the Directors, General Manager and other senior management of the Company in their business decision-making and daily management processes, through a combination of actions including holding meetings of the Supervisory Committee, attending meetings of the Board, and participating in major corporate events. The Supervisory Committee carefully examined the operating results and the financial standing of the Company, and discussed and reviewed the financial statements to be submitted by the Board to the general meeting.

The Supervisory Committee concluded that the Directors, General Manager and other senior management of the Company have continued to adopt a steady operating strategy in 2004. Alongside with an emphasis on its principal operations, efforts were also put into developing ancillary business, with remarkable results achieved. Growth was again recorded for the operating results of the Company, providing attractive returns to shareholders. Efforts made by the Board of Directors and the management in corporate governance have won recognition and affirmation from investors, and have consolidated the Company's reputation in the overseas markets.

The Supervisory Committee has reviewed the financial statements of the Company for 2004 prepared by the Board for submission to the general meeting of shareholders, and concluded that the financial statements accurately reflected the financial position of the Company in 2004, and complied with the relevant laws, regulations and the Company's Articles of Association. In 2004, the Company maintained a high dividend yield, providing satisfactory return in cash to the shareholders.

During the course of the Company's business operations, the members of the Board, General Manager and other senior management of the Company have complied with their fiduciary duties and worked in good faith while exercising their powers when discharging their duties. There were no incidents of abuse of power or infringement of the interests of shareholders and employees.

The Supervisory Committee is satisfied with the various results obtained by the Board and the management of the Company.

By the order of the Supervisory Committee

Ma Kehua

Chairman of the Supervisory Committee

Hangzhou, Zhejiang Province, the PRC
March 28, 2005