

Report of the Supervisory Committee

Dear shareholders:

During the financial year 2005 (the “Period”), the Supervisory Committee duly performed its supervisory duties, and safeguarded the legitimate interests of the shareholders and the Company in accordance with the Company Law of the PRC (the “Company Law”), the Company’s Articles of Association and Rules of the Supervisory Committee. Main tasks undertaken by the Supervisory Committee during the Period 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 activities including holding meetings of the Supervisory Committee and attending meetings of the Board. The Supervisory Committee has 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 during the Period, the Directors, General Manager and other senior management of the Company have continued to adopt a steady operating strategy. Through a variety of management measures, Phase II of the eight-lane widening project along the Shanghai-Hangzhou Expressway was completed ahead of schedule. The improved quality of the expressway and services provided a safer, more comfortable and expedient traveling environment for travelers, resulting in significant business and social benefits while providing attractive returns to shareholders. Efforts made by the Board of Directors and the management in corporate governance continue to win 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 2005 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 2005, and complied with the relevant laws, regulations and the Company’s Articles of Association. In 2005, 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 incident 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.

Having fully completed its objectives in the three-year term, the third session of the Supervisory Committee came to expire on February 28, 2006. Pursuant to relevant rules in the Company Law and the Company’s Articles of Association, the Company held an extraordinary general meeting of shareholders, meetings of representatives of employees and the first meeting of the fourth session of the Supervisory Committee to elect the members and the chairman of the fourth session of the Supervisory Committee. Mr. Wu Yongmin was newly elected as a member of the Supervisory Committee to replace Mr. Sun Xiaoxia, who declined to be a candidate for re-election due to his other commitments; other members of the fourth session of the Supervisory Committee were all members of the third session of the Supervisory Committee. The Supervisory Committee would like to thank Mr. Sun Xiaoxia for his fine service to the Company during his service as a supervisor of the Company.

By the order of the Supervisory Committee

MA Kehua

Chairman of the Supervisory Committee

Hangzhou, Zhejiang Province, the PRC
April 25, 2006