



CHAIRMAN'S STATEMENT

To all shareholders:

Relying on favorable macroeconomic conditions, a sound corporate governance structure and hard work of all staff, the Group has fully completed all targets and plans formulated at the beginning of this year.

Result and Dividend

In accordance with the PRC accounting standards, the Group recorded the income from principal operations of RMB1,538,017,000 for the whole year. The profit after tax is RMB659,248,000, 63.02% up from the previous year. Earnings per share was RMB0.40. Pursuant to HKFRS, profit after tax was RMB686,103,000, 43% up from the previous year. Basic earnings per share was RMB0.4137.

The Board of the Company has recommended a cash dividend of RMB2.8 (including tax) for each 10 shares based on the Company's total share capital of 1,658,610,000 shares.

Review and Outlook

In 2005, the implementation of tolls based on weight, the sound operation of the interconnection charging system, the successful completion of the maintenance task and a continued increase in the road administration standard laid a solid foundation for the growth of toll income.

The acquisition of a 49% stake in Gaojie Company has ensured the expansion of the Company's core assets and further achieved the Company's strategic development objectives, laying a solid foundation for the sustained development of the Company.

2006 is the 10th anniversary of the establishment of the Company. The past 10 years were 10 years full of difficulties. The Company was established amidst the initial development of the industry and did not have any experience to follow and faced various difficulties for starting an undertaking. However, the board of the Company rapidly discovered the signs of the emergence of the industry and established the strategy of focusing on the highway business in a timely manner. Besides, through the acquisition of quality highway projects, it managed to enhance the Company's overall strength and core competitiveness so that the Company could maintain its advantages amidst the highly competitive environment.



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The past 10 years were also 10 years with remarkable achievements. As the Company undertook projects such as the New Tianchang section of National Trunk 205, Gaojie Expressway, Xuanguang Expressway and Lianhuo Expressway Anhui Section, it progressively achieved the target of controlling the two most important East-West main state highways within the boundary of Anhui Province. The Company was successively listed on the stock exchanges in Hong Kong and Shanghai, realizing the effective combination of industry capital with financial capital. This not only successfully created a platform for raising funds in the domestic and international capital markets but also effectively overcame the difficulty of a shortage of funds for highway infrastructure construction. It also impelled the Company to create a better corporate governance structure, thereby significantly improving the Company's operation management standard.

The past 10 years were also 10 years full of joy. During this 10-year period, the scale of the assets of the Company expanded by 200% with an eightfold increase in toll income. The Company was accredited as the "Top 100 Public Companies in the Stock Exchange of China". The board of the directors was also accredited as the "Top 50 Best Board of Directors".

In March 2006, the Company successfully completed the share reform. The Company's shareholders of non-circulating shares solemnly undertook that it would continue to inject new highway assets in the future and support the development of the Company. Besides, it would set the minimum price for reducing shareholding at RMB8.28 per share. All these demonstrate that the substantial shareholder's full confidence in the future development of the Company.

Looking ahead, the China economy will continue to grow healthily, thus creating extremely favorable conditions for the operation of the Group. The projects undertaken by the Company will increasingly show their advantages. Meanwhile, Anhui Province is in the new construction high tide represented by driving the networking of highways. In the 11th Five-year period, it will invest \$100 billion in constructing highways with a total length of more than 2,000 km. The Company will capture opportunities for starting the undertaking for the second time. It can be believed that with the strong support from the substantial shareholder and under the leadership of the board and management as well as through the continued efforts of all staff of the Company, the Company is bound to grow into a large infrastructure company with distinct major businesses, sound operations and high management standards, and will reward shareholders and all parties from the community with better results for their strong support to the Company.

On behalf of the board, I would like to take this opportunity to express my gratitude to the management and all staff for their contribution to the development of the Group and to shareholders for their strong support to the Company. In particular, I would like to express my heartfelt thanks to the third board of directors and the supervisory committee for their hard work.

Wang Shui
Chairman

Hefei, Anhui, the PRC
21 April 2006