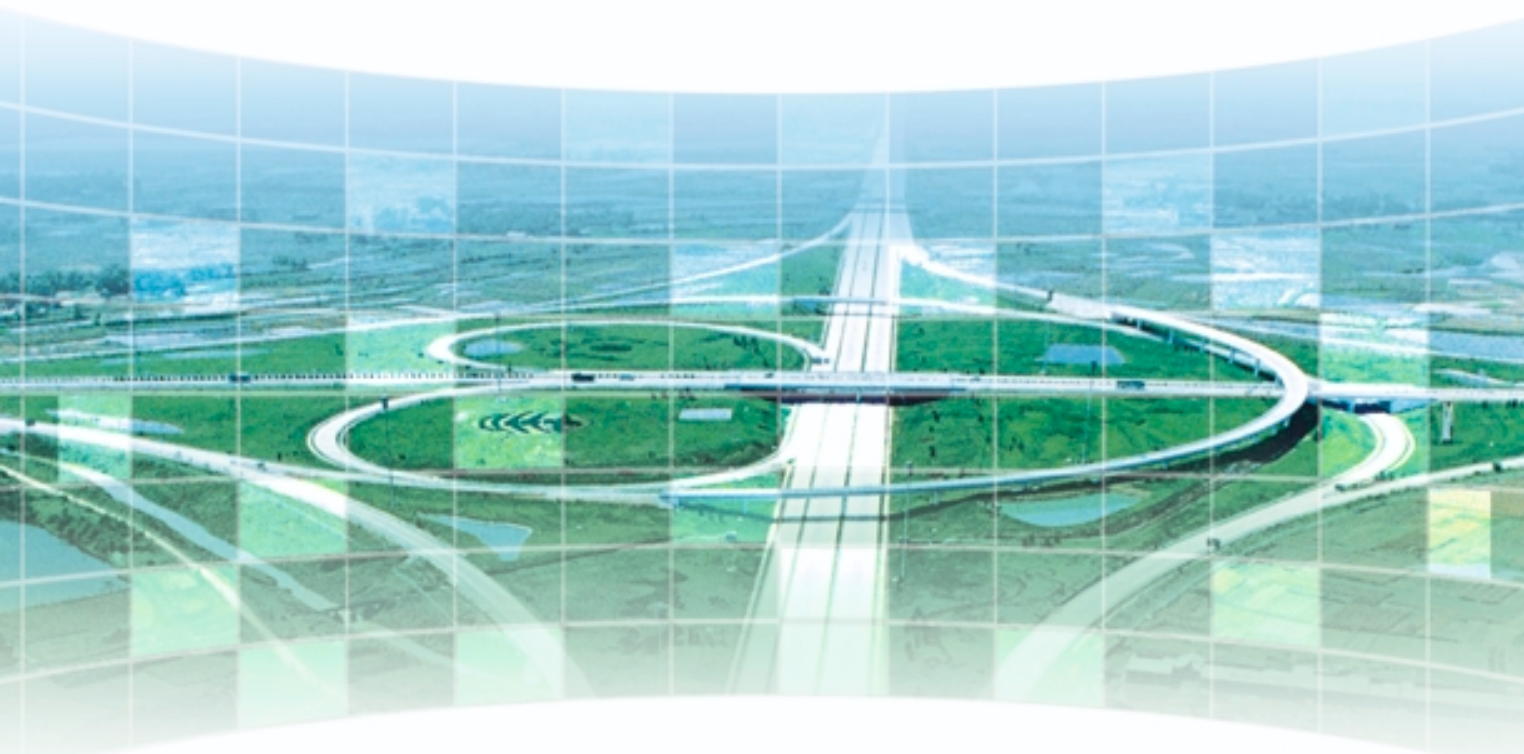


In 2006, relying on favorable macroeconomic conditions, a continued upgraded corporate governance structure and hard work of all staff, the Group's income from principal operations achieved a stable increase.



In accordance with the PRC accounting standards, the Group recorded an income from principal operations of RMB1,617,898,000 from major businesses for the whole year. The profit after tax was RMB749,302,000, up 13.66% from the previous year. Earnings per share was RMB0.4518. Pursuant to Hong Kong accounting standards, profit after tax was RMB931,424,000, up 35.76% from the previous year. Basic earnings per share was RMB0.5616.

### Review and Outlook

In 2006, the national economy of the PRC maintained a rapid and steady growth. The total GDP of the PRC achieved RMB21,000 billion, which was 10.7% higher than the corresponding period last year, which was significantly higher than the target of about 8% set by the government in early 2006, and revised the highest annual growth speed of GDP since 1995. In 2006, economy in Anhui Province also maintained a good developing trend of rapid and healthy growth, with total GDP of the whole province attaining RMB614 billion, an increase of 12.9% over the corresponding period last year. Per capita GDP was RMB10,044, which broke the RMB10,000 record. The upstanding economy circumstance has led to a rapid increase to the demands in transportation. In 2006, the turnover of domestic roads freight has increased by 8.4% compared to the corresponding period last year. The passenger turnover has increased by 9.9% compared to the corresponding period last year.

In 2006, the Company completed the acquisition of 49% interests in Gaojie Company, Ninghuai Expressway Tianchang Section constructed by the Company was completed and opened to traffic at the end of the year, which expanded the scope of the Company's assets and consolidated its income base.



## Chairman's Statement

In 2006, the Company's Share Segregation Reform has been successfully completed, and the Share Reform has further optimized the Company's shareholding system and shareholding structure, expanded the basis of mutual benefits of shareholders, also further upgraded the Company's corporate governance structure, providing a precondition for forming a more effective supervising and encouraging mechanism within the Company in future.

Looking forward, China is expected to maintain a high increasing and low inflation economy. National economy will continue to grow steadily at about 8%. The active economy in China will continue to provide a fine atmosphere for the development of the Company.

With the continued implementation of the "Vitalizing the Middle" strategy of the State, and based on the abundant natural resources and great geographical location, in cooperating with the fine environment provided by Yangtse Rider delta industrial shifting, Anhui province will have huge potential for economic development, which will be the main driving force for the Company's future development.

In the past five years, the number of vehicles in China maintained at a rapid growth of over 15%, and at the end of 2006, the number of vehicles in Anhui was 946,000, an annual growth of 17.5% compared with the corresponding period last year. The continued increase in the number of vehicles in the society has added to the demands for expressways, providing the most direct driving force for traffic growth of expressways.

During the whole "China's Eleventh Five-year Plan" period, national expressway mileage will reach 65,000 kilometers. Anhui Province will invest billions to finish the construction of national expressway network within the Anhui section by building 2,000 kilometers of new expressways in order to accomplish the "Three Verticals and Seven Horizontals" from the future layout of "Four Verticals and Eight Horizontals" expressway network, which will provide plenty of project resources for the Company's sustained development.

The sustained healthy economy in China and the industrial sound development trend have provided broad developing space for the Company. However, the Company also faced with the following problems: increase in the difficulty of project acquisitions, the possible diversification to be faced to the existing projects with the developing highway networks and competitions with other transportations such as express railways. Therefore, with the supports of the major shareholders, the Company will continuously acquire road assets, expand asset base and maintain the core competitiveness of the principal operations, at the same time, make efforts to enhance the level of the Company's operation and control, and realize the steady enhancement in profitability through the continuous exploration of growth potentials in existing road sections, reduce operating costs through toll management, enhancement in road maintenance, capability of protection against risks through upgrading corporate governance structure and regularized management, so as to realize the sustained and stable development of the Company, thereby maintaining the Company's edges and create better results in the intensifying competition environment.

I would like to express my heartfelt thanks for the support of all the shareholders, the close cooperation of the Board and the Supervisory Committee and the efforts of the whole staff.

**Wang Shui**  
*Chairman*

Hefei, Anhui, the PRC  
23 March 2007