

Chairman's Statement



GENG Xiaoping

Without doubt, it is this kind of passion for excellence that has made us excel, and the same passion will help us sustain our leadership for the years to come.



Dear Shareholders,

***We have come a long way ...
and we will go much farther.***

I am pleased to report that year 2006 was another good year of solid growth for Zhejiang Expressway. Its revenue grew 37.8% to Rmb4,763.78 million, while net profit grew 15.5% to Rmb1,652.87 million. This is the tenth consecutive year of double-digit growth achieved by your Company, thanks to China's continued economic growth as well as the unceasing pursuit for excellence on the part of the Directors and staff of Zhejiang Expressway.

Time really flies. Year 2007 marks Zhejiang Expressway's 10th anniversary. It seems just like yesterday when we stood in the middle of the Hong Kong Stock Exchange's trading hall on May 15, 1997, announcing to Hong Kong and overseas investors the debut of trading of the Company's H shares. Alas, how much we have done and how far we have gone ever since!

Ten years later, not only has Zhejiang Expressway become an exemplary expressway operator in the province where it carries out its business operations. It

is also a leading Chinese overseas-listed expressway enterprise both in terms of market capitalization and international reputation. When evaluated by profit records, the Company is also the only Chinese expressway operator that has consistently maintained double-digit growth year after year throughout its ten years' history.

On top of corporate success is Zhejiang Expressway's achievement in developing its human resources and corporate values that are indispensable in securing a company's "longevity". As a founding chairman of the Company, I feel very comforting to see that other than those who have retired, all of the "pioneer" staff who helped me build the Company from scratch ten years ago are still working alongside with me today, and they are still as devoted as ever to contributing their best efforts to help further grow this company. I am equally proud to see that today, Zhejiang Expressway is as energetic as ever in its endeavors to improve itself in every aspect of its business operations, from expressway operations to financial management, and from day-to-day monitoring of its traffic flows to long-term planning of corporate development.



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Such passion for excellence was there ten years ago, and is still here today, and I am confident that it will still be there ten years from now. Without doubt, it is this kind of passion for excellence that has made us excel, and the same passion will help us sustain our leadership for the years to come.

Like Rome, the West Lake of Hangzhou is not built in one day. Its scenic beauty is a result of centuries of conservancy works apart from its natural gifts. Like the West Lake's beauty, Zhejiang Expressway's achievements have come a long way, embodying the contributions of our hardworking and devoted staff and the continued support of our other stakeholders. But we are also aware that ten years is still a relatively short history compared with the track records of some of the world's best corporations. We do have a long way to go. But as a company, Zhejiang Expressway and its staff have the determination – and the essential qualities – to go much farther, for much greater success.

The Company owes its success hitherto to the support of its stakeholders – shareholders and investors, business partners, customers, staff and the community at large. On behalf of the Company, I would like to take this opportunity to extend to them our sincerest appreciation, and would like to re-affirm to them that our dedication to ever-improving ourselves will never cease, and that they can expect that the Company's value will continue to be enhanced for many more years to come.

GENG Xiaoping

Chairman

April 24, 2007



Tang Dynasty – Bai Juyi:

The first large-scale public effort in history to resolve Xi Hu's floods

The beauty of Xi Hu is captivating, but its floods have also brought sufferings to the public. Bai Juyi was the first in history to organize a large-scale public effort to resolve Xi Hu's floods. When Bai was appointed the governor of Hangzhou during the reign of Emperor Muzong of the Tang Dynasty, he came to know that the six wells providing drinking water to the public were silted and the causeways around Xi Hu had collapsed, with farmland suffering from droughts and floods as a result. Bai dredged the six silted wells and built a long causeway to block the water at the upper lake, thereby resolving the drought and floods which plagued the farmland around the lower lake. The existing Bai Causeway on Xi Hu was originally called Baisha Causeway, and was renamed Bai Causeway to commemorate Bai Juyi's monumental contributions to Xi Hu.

1997

Incorporation and listing of Zhejiang Expressway: Opening the international financing channels

Zhejiang Expressway was incorporated in March 1997 and listed on the Hong Kong Stock Exchange in May of the same year, thereby successfully opening a financing channel in the international capital market to support the long-term development of the Company. Since the Company's listing, maintaining effective communication with investors and maximizing shareholders' value have always been Zhejiang Expressway's top priority. By now, Zhejiang Expressway has become one of the leading listed Chinese toll-road companies, strongly favored by institutional investors in Hong Kong and overseas. Meanwhile, the string of awards won by the Company in the international capital market aptly evidences the investment community's vote of trust and recognition for the Company.