

Report of the Supervisory Committee

During the financial year 2006 (the “Period”), the Supervisory Committee duly performed its supervisory duties, and safeguarded the legitimate interests of the shareholders and the Company in accordance with relevant rules and regulations under the Company Law of the PRC, the Company’s Articles of Association and the Rules of the Supervisory Committee. Main tasks undertaken by the Supervisory Committee during the Period were to assess and supervise lawfulness 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 shareholders and 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 actively pursued management measures that included technical innovations and strengthening of internal controls, promoting the continued steady growth in its core business operations as well as non-core business operations, while carrying out the third phase of the Widening project along the Shanghai-Hangzhou-Ningbo Expressway.. The improved quality of the expressway and services provided a safer, smoother, more comfortable and expedient traveling environment for travelers, resulting in significant business and social benefits while providing sound returns to shareholders.

The Supervisory Committee has reviewed the financial statements of the Company for 2006 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 2006, and complied with the relevant laws, regulations and the Company’s Articles of Association. In 2006, the Company maintained a high dividend yield, providing satisfactory return in cash to the shareholders.

During the Period, 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 and diligence while carrying out their responsibilities. There was no incident of abuse of power or infringement of the interests of shareholders or 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

April 23, 2007