

1. The profit appropriation plan and the capitalisation plan of the statutory common reserve formulated by the Company during the interim period:

During the interim period, the Company has no intention to distribute or capitalise any statutory common reserve.

2. The profit distribution plan and the capitalisation plan of the statutory common reserve of the Company and their implementation in the previous year, and the implementation of the Placing plan during the period of report:

The profit distribution plan of the Company for the year of 2000 was based on the total number of 5,037,747,500 Shares issued as at the end of 2000, and distributed to all shareholders was a cash bonus dividend of RMB0.90 (tax included) for every 10 Shares, that was approved at the Annual General Meeting for the year of 2000. Under an authorisation granted in the General Meeting on 9th June, 2001, the board of the Company published an announcement on the "Distribution of the Bonus Dividend" in the "China Securities", "Shanghai Securities", "South China Morning Post"

and "Hong Kong Economic Times" simultaneously, that bonus distribution date was 21st June, and that the profit distribution plan for the previous year had been implemented.

3. Material litigation and arbitration during the report period:

The Company has no material litigation and arbitration during the report period.

4. A summary of the acquisition and the disposal of the assets and the merger of the Company and the progress thereof during the report period and their impact on the financial position and the business results of the Company:

During the report period, the Company has no acquisition, merger or reorganisation.

5. Material connected transactions of the Company during the report period:

The Company has no material connected transactions during the report period.

6. The "Tripartite" of listed company with the controlling shareholders on the staff, the assets and the finance:

- The Company is totally independent of the controlling shareholder. None of the members of the senior management such as the general manager, deputy general manager or the secretary to the board receives any salaries from or holds any position in the company of the controlling shareholder.
- The Company's assets are complete, and its operating assets are the property of the Company.
- The Company has established its own finance department and independent accounting and financial management systems and holds independent accounts in the banks.

7. Other Material Contracts and their performance:

As at 30th June, 2001, material contracts being performed by the Company include:

- In respect of the loan agreements (being performed) between the Company and certain banks which involve RMB587,363,768 in aggregate, a sum of RMB57,363,768 is guaranteed by the Communications Holdings. The more important agreement is the on-lending agreement entered into between the

Company (as the borrower) and the Bank of China Suzhou Branch (as the lender or the "on-lending bank") in Nanjing on 15th October, 1998. The main terms of the on-lending agreement are as follows: (1) the amount and the use of the loan: the loan set out in the agreement shall only be used to settle the foreign exchange portion of the total consideration under the commercial contract between China Technology Import and Export Corporation and the exporter INDRASCA S.A. in respect of the equipment and technology required by Shanghai-Nanjing Expressway, being US\$9,804,269.50; (2) the term of repayment: subject to the "Foreign Loan Agreement", the governmental loan portion shall be drawn down within 12 months from the date of the coming into effect of the commercial contract. The first instalment shall be paid on 16th January, 2007. The term of the loan shall be 30 years, consisting of a grace period of 10 years and a repayment period of 20 years. The loan shall be repaid half-yearly of 40 equal installments. The buyer's facility shall be drawn down within 10 months from the date of the commercial contract. The first date of repayment shall not be later than July 1999. The term of the loan shall be 7 years. The loan shall be repaid half-yearly by 14 equal installments.

- The Company entered into an "Management Agreement in relation to the Operation and the Maintenance of the Nanjing Section of Nanjing-Lianyungang Highway" (being performed) with Jiangsu Ninglian-Ningtong Highway Management Office on 8th April, 1999. The main terms of the management agreement are as follows: Jiangsu Ninglian-Ningtong Highway Management Office is appointed by the Company to manage the operation and the maintenance of the Nanjing Section of Nanjing-Lianyungang Highway at a total consideration of 17% of the annual total toll revenue of the Section.

Financial Management

- During the report period, the Company entrusted a third party to handle the idle funds of RMB210,000,000 for short-term asset management. The Company entered into an RMB100,000,000 asset management agreement with Guotong Securities Company Limited. The term of the agreement started from 19th March, 2001 until 19th March, 2002. The Company also entered into an RMB110,000,000 asset management agreement with Suzhou Investment Company. The term of the agreement started from 10th May, 2001 until 10th May, 2002. The above assets management contracts have been considered and approved by the senior management of the Company. In the first half of this year, 3% and 1% gains were generated from the management conducted by Guotong Securities Company Limited and Suzhou Investment Company respectively.

8. Guarantees given by the Company for the third parties:

As at 30th June, 2001, the Company has not provided any guarantee for any shareholder, connected parties or any other company.

9. The disclosure of the capital commitments of the Company or the shareholders who hold over 5% interest:

During the report period, neither the Company nor the shareholders who hold over 5% interest has disclosed their capital commitments in any specified newspaper or website.

10. Other Material Issues:

Merger between Guangjing Company and Xicheng Company

- In order to reduce the cost, streamline the organisations and raise the efficiency, Guangjing Co. and Xicheng Co., which were both the subsidiaries of the Company, completed a merger on 12th April, 2001 (being the date of the issuance of the business license of the newly formed Guangjing Xicheng Co.). The shareholding of the Company in Guangjing Xicheng Co. is the same (85%) as its original shareholding in Guangjing Co. and Xicheng Co., and the new company shall hold the assets of Guangjing Co. and the Xicheng Co., and assume all their liabilities.