

The shareholding of the directors and the supervisors

- As at 30th June, 2001, record shows that none of the directors, supervisors, key officers or their respective associates is holding any interests in the registered share capital of the Company or its affiliated companies.
- During the period, neither the Company nor its associated companies had any arrangement pursuant to which the directors, supervisors, key officers or their respective associates could subscribe the shares or debentures in the Company or its affiliated companies and obtain any benefits.

Purchase, sale and redemption of the Shares in the Company

- As at 30th June, 2001, the Company has not purchased, sold or redeemed any of the Shares in the Company.

Pre-emptive Right to the Shares

- Under the Articles of Association and the laws of the PRC, there is no pre-emptive right arrangement pursuant to which the Company has to offer any new Shares to the existing shareholders in proportion to their shareholding.

Income Tax

- Pursuant to the document (reference: Cai Shui [2000] No. 99) issued by the Ministry of Finance in October 2000, the Company shall continue to be entitled to the preferential treatment of first paying the taxes and then receiving the tax refunds. The actual tax rate applicable to the Company is 15%.

Trust Deposits

- As at 30th June, 2001, the Company has no trust deposit in any financial institution in the PRC. There is also no default in any fixed deposit on maturity.

Risks concerning the Lending Rate

- The Company has no material foreign exchange risk. The Company obtained a US\$9,800,000 loan from the Spanish government in 1998. As at 30th June, 2001, the balance of the loan was US\$6,930,000. The Company is having a foreign exchange deposit of over US\$25,000,000. This off-sets the foreign exchange risks.

The Code of Best Practice

- The board of directors of the Company has not yet established an audit committee to review and supervise the Company's financial reporting process and internal control pursuant to paragraph 14 of the Code of Best Practice set out in Appendix 14 to the Listing Rules (the "Code of Best Practice"). However, the Company has had a supervisory board, the functions of which are similar to those of the audit committee. The difference is that the Company's supervisory board comprises five (one of whom shall be an employee of the Company) who will be elected and removed in the general meeting and who will report to the general meeting instead of the board of directors, whereas the audit committee comprises the non-executive directors of a company. Other than this, none of the Directors is aware of any remarkable indication that the Company fails, or at any point of time during the report period failed, to comply with the Code of Best Practice.

The meetings of the Board of Directors and the Supervisory Board and the General Meetings during the Report Period

- The board of directors

1. The 5th meeting of the third board convened on 20th February, 2001

The following matters were considered and resolved at the meeting: Mr. Shen Chang Quan, Mr. Zhou Jian Qiang, Mr. Cui Xiao Long, Mr. Zhu Yao Ting and Mr. Chen Xiang Hui were proposed for the directorship of the Company. The resignation of Mr. Zhang Jun Yuan, Mr. Le Jia Hua and Ms. Xu Yi Qun for job changes and that of Mr. Zhang Quan Gong for retirement were accepted. It was agreed that first special general meeting for the year of 2001 should be convened on 9th April, 2001.

2. The 6th meeting of the third board convened on 9th April, 2001

The following matter was considered and resolved at the meeting: Mr. Shen Chang Quan was elected as the chairman of the board of the Company.

3. The 7th meeting of the third board convened on 11th April, 2001

The following matters were considered resolved at the meeting: board report for the year of 2000 was approved. The audited accounts and the Auditors' Report were approved. The appointment of Arthur Andersen Hua-Qiang Certified Public Accountants as the auditor of the Company was renewed. The final dividend distribution plan for the year of 2000 was approved. The investment in Suzhou-Jiading-Hangzhou Expressway was allowed to commence. The proposal for reducing the Company's contribution to the capital of Yicao Highway, was approved. The Articles of Association as amended subsequent to the A Share Issue were adopted.

— The supervisory board

4. The 2nd meeting of the third supervisory board convened on 20th April, 2001

The following matters were considered and resolved at the meeting: Mr. Xu Yang, Mr. Du Wen Yi and Ms. Ma Ning were proposed for the positions of supervisors of the Company, the resignation of Mr. Geng Liu Yu, Mr. Wu Zan Ping and Mr. Xing Guo Qiang for job changes was accepted.

5. The 3rd meeting of the third supervisory board convened on 23rd March, 2001

At the meeting, the results of the Company for the year of 2000 were seriously reviewed and approved.

6. The 4th meeting of the third supervisory board convened on 11th April, 2001

The following matter was considered and resolved at the meeting: The working report of the supervisory board for the year of 2000 was approved.

— The general meetings

7. The First Extraordinary General Meeting for the year of 2001 convened on 9th April, 2001

The following matters were considered and resolved at the meeting: The proposal to appoint Mr. Shen Chang Quan, Mr. Zhou Jian Qiang, Mr. Cui Xiao Long, Mr. Zhu Yao Ting and Mr. Chen Xiang Hui as directors of the Company was approved. The proposal to appoint Mr. Xu Yang, Mr. Du Wen Yi and Ms. Ma Ning as the supervisors of the Company was approved. The resignation of Mr. Xu Hua Qiang from the board of directors was ratified. The resignations of Mr. Zhang Jun Yuan, Mr. Le Jia Hua, Ms. Xu Yi Qun and Mr. Zhang Quan Gong from the board of directors was accepted. The resignation of Mr. Geng Liu Yu, Mr. Wu Zan Ping and Mr. Xing Guo Qiang from the supervisory board was accepted.

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8. The Annual General Meeting for the year of 2000 convened on 8th June, 2001

The following matters were considered and resolved at the meeting: The board report, the supervisory board report, the audited accounts and the Auditors' Report, for the year of 2000 were approved. The appointment of Arthur Andersen Hua-Qiang Certified Public Accountants as the auditor of the Company was renewed. The final dividend distribution plan for the year of 2000 concerning the cash bonus dividend of RMB0.90 for every 10 Shares (tax included was approved).

Election and Replacement of the Directors and the Supervisors

- On 9th April, 2001, the Company convened the First Extraordinary General Meeting for the year of 2001, at which the members of the board of directors and supervisory board were reelected or replaced. Mr. Shen Chang Quan, Mr. Zhou Jian Qiang, Mr. Cui Xiao Long, Mr. Zhu Yao Ting and Mr. Chen Xiang Hui were elected as the directors of the Company and service contracts were signed. The resignation of Mr. Zhang Jun Yuan, Mr. Le Jia Hua and Ms. Xu Yi Qun from the board of directors for job changes that of Mr. Zhang Quan Gong for retirement were accepted. Mr. Xu Yang, Mr. Du Wen Yi, Ms. Ma Ning were elected as the supervisors of the Company and service contracts were signed. The resignation of Mr. Geng Liu Yu, Mr. Wu Zan Ping and Mr. Xing Guo Qiang from the supervisory board for job changes was accepted.