



To the shareholders:

Pursuant to the Company Law of the People's Republic of China, the Listing Rules of the Stock Exchange of Hong Kong Limited ("Listing Rules") and the articles of association of the Company, the Supervisory Committee of Shenzhen Expressway Company Limited (the "Company") has performed faithfully its duties as prescribed by the articles of association of the Company during the year ended 31 December, 2001 (the "Year"). By adhering to the principle of good faith, we have contributed our efforts in our work with prudent and active endeavor to safeguard the interests of the Company and the shareholders.

During the year, the Supervisory Committee has convened two meetings, at which the report of the Supervisory Committee for the year 2000 was considered and passed, the financial statements for the year 2000 were reviewed, the reason for the decrease in toll income and traffic volume of NH107 and NH205 was discussed, and Articles 4, 9, 10 and 13 of the passed Regulation of the Supervisory Committee were revised. The Supervisory Committee has attended all the Board meetings and the general meeting, monitoring the procedure, resolutions of the Board and the general meeting and the Board's execution of the resolutions of the general meeting. It has visited the investment projects of the Company, participated in material activities of the Company, and put forward recommendations to the Board in respect of the operation, management and investment of the Company. It has monitored effectively various decisions made by the Board of Directors to ensure such decisions are in compliance with the laws and regulations of the State and the articles of association, the resolutions of annual general meeting of the Company, and are in the interests of the shareholders.

The members have also reviewed the accounts and other accounting information of the Company on time, and do not notice anything that is in contravention of relevant laws and regulations.

The Company issued 165,000,000 A Shares to the domestic investors on 6 December, 2001. The proceeds raised from the A Share issue is being invested, according to the construction progress, into Section B of Shenzhen Yanba Expressway which commenced construction in June, 2001. In the view of the Supervisory Committee, the actual investment project is in line with the proposed project in the Prospectus of the A Share issue.

During the Year, the Company transferred its 20% equity interest in Zhongyunjie Transportation Development to Shenzhen Transportation Service Company. In addition, Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited, a 55% owned subsidiary of the Company, transferred 5% equity interest it held of Shenzhen Meiguan Expressway Company Limited to Shenzhen Freeway Development Company Limited. The supervisors consider that the terms of the above asset disposal or connected transaction are fair and reasonable, and do not notice any insiders transactions or asset losses they have caused or any harmful act against the interests of the shareholders and the Company.

During the Year, the Company was not involved in any material litigation of proceedings. There have been neither disputes between any Supervisors representing the Company and any of the Directors nor litigation instituted against any of the Directors during 2001. All the business activities were conducted in its ordinary and normal operations, and the terms of which were fair and reasonable to the shareholders.

The Supervisory Committee has examined the Directors' Report, 2001 accounts and the profit distribution scheme to be proposed in the 2001 Annual General Meeting. In our opinion, these reports have reflected the 2001 results and the assets position of the Company on a true and fair basis. We also consider that the directors, general managers and other senior management have adhered to the articles of association of the Company, Listing Rules and the principle of good faith in a prudent manner when they performed their duties. They have also acted sincerely for the benefit of the Company without any violation of the law and regulations. There have been no abuse of authority and no harmful act against the benefit of the Company or the interests of the shareholders and staff.

The Supervisory Committee consents with the report of the Board for the year 2001 and has confidence in the future prospects of the Company.

By Order of the Committee

Wang Ji Zhong

Chairman of the Supervisory Committee

Shenzhen, the PRC, 12 April, 2002