

report of the supervisory committee

(1) Supervisory Committee Meetings during the Period under Review

1. The 8th session of the third Supervisory Committee meeting held on 19th March 2003

The following matters were reviewed and approved at the meeting: the Company 2002 Annual Report and Report of the Supervisory Committee; the nomination of Mr. Zhou Jian Qiang, Mr. Zhang Cheng Yu and Ms Ma Ning to the fourth Supervisory Committee.

2. The 9th session of the third Supervisory Committee meeting held on 24th April 2003

The 2003 First Quarterly Report of the Company was reviewed and approved at the meeting.

3. The 1st session of the fourth Supervisory Committee meeting held on 15th May 2003

The following resolution was considered and passed: Mr. Zhou Jian Qiang was elected as the chairman of the fourth Supervisory Committee.

4. The 2nd session of the fourth Supervisory Committee meeting held on 14th August 2003

The 2003 Interim Report and its Summary of the Company for 2003 was considered and approved at the meeting.

5. The 3rd session of the fourth Supervisory Committee meeting held on 24th October 2003

The 2003 Third Quarterly Report of the Company was considered and approved at the meeting.

(2) Independent Opinions of the Supervisory Committee

Dear Shareholders,

Strictly following to the Company Law of the People's Republic of China, the Articles of Association and Rules of Proceedings for Supervisory Committee Meetings, the Supervisory Committee of the Company has faithfully discharged its duties during year 2003 for the purpose of safeguarding the lawful interests of the Company and its shareholders, within the framework as laid down by the Governance Standards and the Listing Rules. We exercised to the fullest and widest extent effective supervision on the management behavior of the Company's directors, management and senior management as well as the decision-making process of the Company. We put forward our independent opinions on the following matters:

1. Compliance of the Company's operation

We consider that the Company's directors and senior management have complied with the requirements as stipulated in the relevant laws and regulations, the Company's Articles of Association, the Governance Standards and the Listing Rules in their daily management practices, have conscientiously discharged their duties, and have, bearing in mind the best interests of the Company, worked in good team spirit and in an active, cautious and diligent manner. We also consider the Company's decision-making process as lawful and valid.

During the year, the Company did not face or initiate any material proceedings. All directors and senior management have operated in strict compliance with the Listing Rules governing listed companies and their management practices, and have been in line with national laws and regulations, the Articles of Association of the Company and the interests of its shareholders.

2. Financial conditions of the Company

We have reviewed the Report of the Board of Directors and the Report of General Manager, as well as the 2003 financial statements and the dividend distribution scheme submitted to the general meeting for approval. We are of the view that the financial income and expenditure position and the operating results of the Company are fairly and correctly reflected. Dividend payment was further enhanced for year 2003 when compared to the previous year which has provided satisfactory returns to the shareholders.

3. The Company's investments

During the period under review, the Board of Directors studied the investment plans on the 8-way widening project of Shanghai-Nanjing Expressway, as well as the acquisition of the new operating right of the widened Nanjing-Shanghai Class 2 Highway. We are of the view that such investment plans are in line with the economic growth and continuous development needs in the future, which are in the interest of the Company and the long-term interest of the shareholders as a whole. We shall exercise effective governance on the fund raising, fund application and other developments of the widening project and the acquisition in order to safeguard the interest of the shareholders.

4. Connected transactions of the Company

We consider that all contracts, agreements and other documents relating to connected transactions during the year are fair and reasonable, as well as in compliance with the requirements of laws without prejudicing interests of the Company or its shareholders. The connected transactions have been entered into in strict compliance with the principles of "fairness, justice and openness", and the interests of the Company and its shareholders have been fully safeguarded, so much so that none of the interests of the Company nor its shareholders are prejudiced.

During the period under review, re-election of the Supervisory Committee was conducted. Newly elected Supervisory Committee members shall uphold the serious and diligent working tradition and faithfully perform the duties of the Supervisory Committee, so as to safeguard the lawful interest of the shareholders.

By Order of the Supervisory Committee

Zhou Jian Qiang

Chairman of the Supervisory Committee

Nanjing, the PRC

1st April 2004