



REPORT OF THE SUPERVISORY COMMITTEE

(I) MEETINGS HELD BY THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

In strict accordance with the Company Law, the Listing Rules, the Articles of Association and the Rules of Proceedings for Supervisory Committee Meetings, the whole Supervisory Committee has faithfully discharged its duties in an active and cautious manner during the year 2004 for the purpose of safeguarding the lawful interests of the Company and its shareholders.

The Secretary to the Board of Directors is also the secretary to the Supervisory Committee, responsible for the daily affairs of the Supervisory Committee and facilitating the communication between the Supervisory Committee, the Board of Directors and the management. The Supervisory Committee held two meetings in 2004. The convening, proceedings and resolutions of the meetings followed legal procedures. The Supervisory Committee attended all Board meetings. It exercised to the fullest and widest extent effective supervision on the management behaviour of the Company's directors, management and senior management members as well as the decision-making process of the Company.

1. The 4th session of the Fourth Supervisory Committee meeting held on 1st April 2004

The meeting reviewed and approved the annual report and the Supervisory Committee Work Report of 2003.

2. The 5th session of the third Supervisory Committee meeting held on 20th August 2004

The meeting reviewed and approved the interim results report of 2004.

(II) INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

1. Compliance of the Company's Operations

During the reporting period, the Supervisory Committee has monitored the procedures of convening and the resolutions passed at the Shareholders' General Meetings and the board meetings. It has also supervised the implementation of the resolutions passed at the Shareholders' General Meetings by the Board of Directors and the implementation of the resolutions passed at the Board meetings by the management. It conscientiously reviewed the Work Reports of the Board of Directors and the Reports of the General Manager in 2004, and considered that the adoption and enforcement of each system and the daily operation and management of the Company complied with the legal requirements. During the reporting period, the Company made timely amendments to the relevant articles of the Articles of Association in compliance with the relevant requirements to further improve its content and reasonableness.

During the reporting period, the Company's directors and senior management have complied with the requirements as stipulated in the relevant laws and regulations, 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. They have carried out their decision-making process in a lawful and valid manner, without violating the relevant laws and regulations, abusing their authorities or causing damage to the interests of the Company, shareholders or staff.



2. Financial Conditions of the Company

The Supervisory Committee has reviewed the financial statements, the dividend distribution scheme and other accounting data for the year 2004. We are of the view that the financial income and expenditure accounts are clear; and that the accounting, auditing and finance management complied with the relevant requirements without any problems found. The domestic and foreign accountants of the Company have audited the 2004 financial statements of the Company in accordance with the HK GAAP and the PRC GAAP, and have issued audit reports with the standard unqualified audit opinions, respectively. The Supervisory Committee is of the view that the financial income and expenditure and the operating results of the Company are fairly and correctly reflected. Dividend payment was further enhanced for year 2004 when compared to the previous year, demonstrating the willingness of the Company to provide satisfactory returns to the shareholders.

3. The Company's Acquisition and Sale of Assets

During the reporting period, the Shareholders' General Meeting and the Board of Directors have reviewed and approved the investment plans on the 8-lane expansion project of Shanghai-Nanjing Expressway, the acquisition of the new operating right of the expanded Nanjing-Shanghai Class 2 Highway and the transfer of equity interests in Nanjing Shuangshilou Hotel Co., Ltd. at an agreed consideration of RMB2 million. The committee is of the view that such investment, acquisition and sale of assets are in line with the economic growth and continued development needs of the Company in the future, which are in the long-term interest of the Company and the shareholders as a whole. In addition, the transaction prices were determined upon sufficient assessments. The transactions were fair and reasonable. We shall exercise effective governance on the fund raising, fund application and other developments of the expansion project and the acquisition in order to safeguard the interests of the shareholders.

4. Connected Transactions of the Company

The Supervisory Committee considers 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 the 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.

The Supervisory Committee shall uphold the conscientious and diligent working tradition and shall 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
18th March 2005