

# Report of the Supervisory Committee

Complying with the Company Law of the PRC, the Listing Rules, the Articles and requirements of other relevant laws and regulations, the Supervisory Committee of the Company faithfully discharged their duties during the year of 2007 for the purpose of safeguarding the interests of the Company, its shareholders and its employees. Specific work undertaken by the Supervisory Committee during the Reporting Period is detailed as follows:

The Supervisory Committee convened eight meetings. These meetings, with proper service of notice and quorum, were held and resolved in accordance with the relevant laws, regulations and the Articles. The matters considered and reviewed by the Supervisory Committee include:

- The report of the Supervisory Committee for 2006 and the work plan for 2007
- The resolutions relating to the resignation of a Supervisor, the nomination of the candidate for a Supervisor, the remuneration of a Supervisor, and the election of the chairman of the Supervisory Committee
- Review of the final accounts and audited financial report for 2006, the profit distribution scheme for 2006, and the budget plan for 2007
- Review of the 2006 annual report, the first quarterly report, interim report and third quarterly report of 2007
- Review of the resolution relating to the implementation of "Accounting Standard for Business Enterprise" and the change in accounting policy and the resolution relating to recognizing the fair value of Qinglian Company and the related accounting treatment
- Review of the resolution relating to the issue of the corporate bonds with an amount of RMB800 million
- Review of the resolution relating to the acceptance of entrusted operation management

During the year 2007, the members of the Supervisory Committee attended and observed at all the shareholders' general meetings and Board meetings in accordance with the laws; reviewed the signing of the written resolutions of the Board; and monitored the Company's decision making procedures, as well as the legality and the implementation of such decisions. The Supervisory Committee promptly informed the Board and the Company's management regarding any potential risks in relation thereto. During the Reporting Period, the Supervisors of the Company inspected Wuhuang Expressway, Changsha Ring Road, and Qinglian Project, etc. with the purpose of obtaining an in-depth understanding of the operation management of some major subsidiaries and the development of the under-construction projects, and put forward their specific suggestions on improving the internal control system and the risk prevention system. During the Reporting Period, there was no incident about which the Supervisors disputed with the Directors or sued the Directors on behalf of the Company.

Pursuant to the relevant requirements, the Supervisory Committee made the following independent opinions in relation to the relevant matters of the Company in the year 2007:

1. In 2007, the Company made its operation decisions strictly in accordance with the Company Law of the PRC, the Securities Law of the PRC, the Listing Rules, the Articles and other relevant rules and regulations; operated its business lawfully; continuously improved its internal control system; and raised its standards of corporate governance. All the Directors and senior management of the Company, with a view to protecting the interests of the Company and its shareholders, diligently performed their duties. The Supervisory Committee was not aware of any incident that violated the rules and regulations or the Articles of the Company or damaged the Company's interests.
2. Upon reviewing the unqualified auditors' reports which are issued by PricewaterhouseCoopers Zhong Tian CPAs Co. Ltd. and PricewaterhouseCoopers on the financial statements of the Company for the year 2007 prepared in accordance with the PRCGAAP and the HKFRS respectively, the Supervisory Committee considered that the financial statements for the year 2007 have objectively, truthfully and fairly reflected the financial status, operating results and cash flows of the Company and the Group.

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3. The Company issued 165 million A Shares in December 2001 and the net proceeds amounted to RMB604 million. Such proceeds were used to the investment and construction of Yanba B. As at the end of the Reporting Period, a total of RMB563 million out of the raised proceeds was utilised. The Company issued corporate bonds of RMB800 million with a term of 15 years in August 2007 and the net proceeds amounted to RMB787 million. Such proceeds were used to the investment and reconstruction of Qinglian Class 1 Highway into an expressway. As at the end of the Reporting Period, all the raised proceeds were utilised. The Company issued Bonds with Warrants of RMB1,500 million in October 2007 and the net amount of funds raised is RMB1,459 million. Such proceeds were used to the investment and construction of Nanguang Expressway. As at the end of the Reporting Period, all the raised proceeds were utilised. The actual projects in which the proceeds were applied are consistent with the projects represented in the prospectus.
4. In December 2007, the Board considered the resolution relating to the acceptance of entrusted operation management and agreed to accept the entrustment of Shenzhen International to manage the 100% equity interests in Baotong Company and the 89.93% equity interests in 深圳龍大高速公路有限公司 (Shenzhen Longda Expressway Company Limited) owned by Baotong Company. According to the Listing Rules, the transaction constituted a connected transaction. The Supervisory Committee considered the Board's procedures for consideration and voting were lawful and no infringement of the interests of the Company and its shareholders was noticed after inspection.
5. During the Reporting Period, the Company finished the amendment of 《信息披露事務管理制度》 (Rules Governing Information Disclosure Matters) and carried out the obligation of the statutory information disclosure timely, fairly, truthfully, accurately and completely in accordance with the relevant laws, regulations and 《信息披露事務管理制度》 (Rules Governing Information Disclosure Matters). Moreover, the Company also voluntarily disclosed other information that the investors concerned. It helped the investors to increase their knowledge and agreement on the operating status and development prospects of the Company.

By Order of the Supervisory Committee

**Jiang Lu Ming**

*Chairman of the Supervisory Committee*

Shenzhen, PRC, 14 March 2008