

To All Shareholders,

All members of the Supervisory Committee strictly complied with the requirements of the Company Law of the People's Republic of China and the Articles of Association of the Company during the year 2001, and faithfully discharged the duties of the Supervisory Committee, with an aim to protect the statutory interests of the shareholders and the Company. The members of the Supervisory Committee worked in accordance with the laws, regulations and Listing Rules on management, operation, efficiency and development of the Company. Under the general principle of good faith, they performed the duties actively, pragmatically and prudently. The Supervisory Committee approved all Board Meetings and General Manager Office Meeting of the members present, as well as participated in important decisions of the members of the Group. They also conducted efficient monitoring on administrative duties of the directors, management and senior officers and decision-making processes of the members of the Group. The Supervisory Committee expressed opinions on the following matters:

Compliance in Corporate Operation

The Supervisory Committee is of the view that, the Company's directors and senior officers have been acting in accordance with the requirements of the relevant laws, regulations, the Articles of Associations and the Listing Rules, and performed their duties diligently, all in compliance with the relevant rules of the Stock Exchange of Hong Kong Limited ("SEHK") and China Securities Regulatory Commission ("CSRC"). They aimed at building an all-encompassing internal control system, working towards the interests of the Company as a whole. They also aimed to operate in an active, prudent and faithful manner, in order to maintain the legality of the Company's decision processes.

The Company had not been involved in any material proceedings, nor there any charge against the Company during the year under review. The directors and general managers of the Company have been working in strict compliance under the rules governing listed companies. They performed operation and administration duties in accordance with the State's laws and regulations, the Articles of Association of the Company and for the benefits of the shareholders. There was no reported breach of laws, regulations or Articles of Association, nor was there any reported act that caused any damage to the interests of the Company and the shareholders.

The Company's Financial Conditions

The Supervisory Committee has thoroughly examined the working report of the Board and the General Manager, and has reviewed the financial report and the profits appropriation proposal submitted to the 2001 Annual General Meeting. Based on these reports, the Supervisory Committee considered the Company's financial report has fairly reflected the financial conditions and operation results of the Company, The operation results achieved by the Company represent a true picture; the charges are reasonable; the profits appropriation proposal has addressed both the interests of the domestic and foreign shareholders, and is favorable to the long-term development of the Company. The Company had made contribution to statutory surplus reserve fund and statutory public welfare fund that required by laws, regulations and the Articles of Association. The Supervisory Committee is satisfied with the prominent results of the Company achieved during the year 2001.

The Supervisory Committee approved the Company's and the Group's audited report for the year 2001, which was submitted by Arthur Andersen & Co. The financial information of the reports has truly and accurately reflected the companies' situation.

Assets Acquired by the Company

The Supervisory Committee are of the opinion that, the Company has been in compliance with the Articles of Association throughout the decision-making process of issuing additional A Shares and acquiring and building the Anhui Section of the Lianhuo Expressway. There was no reported breach of the resolutions passed at the general meetings, nor was there any reported act which caused any damage to the interests of the Company and the shareholders.

Connected Transactions of the Company

The Supervisory Committee considered that, the Company has made sufficient disclosure on all the contracts, agreements and other relevant documents involving connected transactions. Both the contents and form of these contracts and agreements complied with laws. These contacts and agreements are fair and reasonable, without prejudice to the interests of the Company and its shareholders. The process of execution, approval, passing of these contacts and agreement satisfied the requirements of laws. In order to protect the interests of the public shareholders, the Company processed the connected transactions of which its controlling shareholders are parties to it in accordance with applicable requirements. No act of which is damaging to the interests of the public shareholders was reported.

All members of the Supervisory Committee fully understood about the material events and operation and administration conditions of the Company. They analyzed the Company's operation and administration conditions on a regular and timely basis, enabling them to give reasonable opinion and advise on the Company's management, operation, investment and development of new project and reforming measurements, as some reference for the senior management in decision-making. It helps to boost the rationalization of decision-making processes and standardization of management, thus promoting the Company's economic efficiency in the course of stable growth.

The Supervisory Committee expressed its appreciation to all shareholders, for their concerns and long-term support to the Company, and for their trust on the work of the Supervisory Committee. All members of the Supervisory Committee will perform their duties actively and diligently in the future, and conduct efficient monitoring in respect of the work done by the Company, with an aim to protect the interests of the Company and the shareholders so as to bring satisfactory returns to the shareholders.

By Order of the Supervisory Committee

Li Yun Gui

Chairman of the Supervisory Committee

Hefei, Anhui, the PRC

4th March, 2002