

REPORT OF THE SUPERVISORY COMMITTEE

To the shareholders:

Pursuant to the Company Law of the People's Republic of China, the Listing Rules of HKEX, Listing Rules of SSE, and the articles of association of the Company, the Supervisory Committee of Shenzhen Expressway Company Limited (the "Company") has faithfully performed its duties as prescribed by the articles of association of the Company during the year ended 31 December 2002. By adhering to the principle of good faith, we have contributed our efforts in our work with prudent and active endeavors to safeguard the interests of the Company and the shareholders.

During the year, the Supervisory Committee convened five meetings, at which the work plan for 2002 was defined, the report of the Supervisory Committee for the year 2001, the report of the site visit to Shenchang Company and the amendments to the Share Appreciation Right Scheme were considered and passed, the financial report for the year 2001, the financial report for the six months ended 30 June 2002, the first and the third quarterly reports in 2002 were reviewed, the report on the short-term investments of the Company was discussed and the incentive scheme for supervisors was studied.

During the year, the Supervisory Committee has monitored the procedure, resolutions of the Board and the general meeting and the Board's execution of the resolutions of the general meetings. It considers that the Board's activities in 2002 were carried out in strict compliance with the Company Law of the People's Republic of China, the Securities Laws the Listing Rules of HKEX, the Listing Rules of SSE, and the articles of association of the Company, and the Board has established good internal control system. It considers that the directors, general managers and other senior management have adhered to the principle of good faith in a prudent manner when they performed their duties. They have also acted sincerely for the benefits of the Company without violation of any laws and regulations. There have been no abuse of authority and no harmful act against the benefits of the Company or the interests of the shareholders and staff.

The members of the Supervisory Committee have also carefully reviewed the accounts and other accounting information of the Company. They consider that the accounts are clear, and the auditing and financial management is in line with relevant regulations. They do not notice anything that is in contravention of relevant laws and regulations. PricewaterhouseCoopers and Shenzhen Tianjian Xinde Certified Public Accountants have audited the financial reports of the Company for the year 2002 prepared in accordance with the Hong Kong accounting standards and PRC accounting standards, respectively and issued unqualified audit reports. The Supervisory Committee considers that those audit reports have reflected the Company's financial position and operation results on a true basis, and they are fair, objective, true and reliable.



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The Company issued 165,000,000 A Shares on 6 December 2001 and raised net proceeds of RMB604,128,000, which is being invested, in accordance with The Prospectus of A Shares, into the construction of Yanba B. Yanba B commenced construction in June 2001. The proceeds from the issue of A shares is being injected as scheduled. Currently, the construction of Yanba B is progressing smoothly. As at 31 December 2002, RMB244 million has been injected into the project, all of which are from proceeds of the A shares issue. The actual investment is in line with that proposed in the Prospectus of A Shares.

The acquisitions and disposal of assets of the Company during 2002 include: (1) the acquisition of 35% equity interest in Shenzhen Zhengyi Advertising Company Limited held by Shenzhen Airport Company Limited; (2) the acquisition of 40% equity interest in Shenzhen Fountain. The Supervisor Committee considers that the terms of the above acquisitions and transfers 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 has not had any material connected transactions.

In 2002, the supervisors attended all the board meetings and general meetings, and visited the Company's investment projects. They expressed their concern to the Board on the risks they were aware. They have monitored various decisions made by the Board to ensure such decisions are in compliance with the laws and regulations of the State, the articles of association of the Company, and the resolutions of shareholders' general meetings, and are in the interests of the shareholders. The Supervisory Committee considers that the Board implemented the resolutions the shareholders' general meetings with a serious attitude. During the year, there have been neither disputes between any Supervisors representing the Company and any of the directors nor litigation instituted against any of the directors.

The Supervisory Committee consents to the report of the Board of Directors for the year 2002 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, 11 April 2003