

Report of the Supervisory Committee

I. MEETINGS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

1. The following items were considered and passed at the sixth meeting of the 2nd Supervisory Committee held on 4th March 2002: the 2001 Annual Report and the 2001 report of the Supervisory Committee.
2. The following items were considered and passed at the seventh meeting of the 2nd Supervisory Committee held on 15th June 2002: the 2002 Annual plan of the Company; the Standing Order of the Supervisory Committee and the draft stock option proposal of the Company.
3. The following item was considered and passed at the eighth meeting of the 2nd Supervisory Committee held on 15th August 2002: the 2002 Interim Report.
4. The following item were considered and passed at the first meeting of the 1st Supervisory Committee held on 16th August 2002: To appoint Mr. Kan Zhaorong as Chairman of the Supervisory Committee.

II. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE

To All Shareholders:

In 2002, all members of the Supervisory Committee have strictly complied with the requirements of the Company Law of the People's Republic of China and the Articles of Association of the Company, 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 presided over all Board Meetings and office meetings of General Manager, as well as participated in important decisions of the members of the Group. They also conducted efficient monitoring on the operating and management actions of the directors and senior management and decision-making processes of the members of the Group. The Supervisory Committee expressed independent opinions on the following matters:

1. Compliance with law in operations

The Supervisory Committee is of the view that, the Company's directors and senior management have acted 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 Hong Kong Stock Exchange and the Shanghai Stock Exchange by building an all-encompassing internal control system, working towards the interests of the Company as a whole and operating in a positive, prudent and faithful manner, in order to maintain the legality of the Company's decision processes.

For the past year, the Company was not involved in any material proceedings, nor was any charge against the Company. The directors and general managers of the Company have operated in strict compliance with the rules governing listed companies. They performed operation and management duties in accordance with the State 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 in the execution of their duties, nor was there any reported act that caused any damage to the interests of the Company and the shareholders.

Report of the Supervisory Committee (cont'd)

2. The financial conditions of the Company

The Supervisory Committee has thoroughly reviewed the working report of the Board and the report of the General Manager, and the financial statements and the profit appropriation proposal submitted to the 2002 Annual General Meeting. Based on these reports, the Supervisory Committee considered the Company's financial statements had fairly reflected the financial conditions and operating results of the Company. The operating results achieved by the Company were factual; the charges were reasonable; the profit appropriation proposal has addressed both the interests of the domestic and foreign shareholders, and was favourable to the long-term development of the Company. The Company made transfers to surplus reserve and statutory public welfare fund in compliance with the laws, regulations and the Articles of Association. The Supervisory Committee is satisfied with the good results achieved by the Company during 2002.

The Supervisory Committee concurred with the audit report of the Company and the Group for 2002, which was submitted by PricewaterhouseCoopers Zhong Tian CPA Co., Ltd. and PricewaterhouseCoopers, Certified Public Accountants. The financial data presented by the reports has truly and accurately reflected the financial affairs and operating results of the Company.

3. Use of the proceeds arising from the recent fund raising

In accordance with the purpose stipulated in the Prospectus for the issue of 250,000,000 A Shares on 23rd December 2002, the proceeds of RMB526,910,000 from A Shares listing were fully applied in the acquisition of Lianhuo Expressway (Anhui Section). As of 31st December 2002, the Company has not paid the acquisition consideration.

4. Assets Acquired or Sold by the Company

During the reporting period, asset acquired or sold by the Company was: signed an agreement to acquire and construct the Anhui section of the Lianhuo Expressway. The Supervisory Committee was of the opinion that the Company had complied with the Articles of Association strictly throughout the decision-making process and the transaction price was reasonable. There was no reported breach of the resolutions passed at general meetings, nor was there any insider trading, which might have damaged the interests of the Company and the shareholders and caused loss of assets of the Company.

5. Connected Transactions of the Company

During the reporting period, the connected transactions are as follows: provided the AEHC with the installation service of toll collection system; provided the AEHC with the service management of expressway networking toll collection system. The Supervisory Committee was of the opinion that the Company had made sufficient disclosure on all contracts, agreements and other relevant documents pertaining to the connected transactions. Both the contents and forms of these contracts and agreements complied with the laws. These contacts and agreements were fair and reasonable, without prejudice to the interests of the Company and its shareholders. The process of execution, approval, passing of these contracts and agreements satisfied the requirements of laws. In order to safeguard 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.

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

Kan Zhaorong

Chairman

Hefei, Anhui, the PRC

23rd April 2003