

I. MEETINGS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

1. The following items were considered and passed at the second meeting of the third Supervisory Committee held on 23rd April 2003: the report of the Supervisory Committee, the audited financial report, the profit appropriation proposal, the annual report, the results announcement and annual report summary of the Company for the year 2002.
2. The following items were considered and passed at the third meeting of the third Supervisory Committee held on 22nd August 2003: the interim report, the interim results announcement and the interim report summary of the Company for the year 2003.
3. The following items were considered and passed at the fourth meeting of the third Supervisory Committee held on 29th October 2003: the third quarterly report of the Company for the year 2003.

II. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE

Dear shareholders,

In 2003, 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 major duties of the Supervisory Committee in 2003 included attending the meetings of the Board of Directors, proactively providing advice on important issues of the Company such as project development, investment decisions and dividend policy, and participating in significant events. They also investigated and monitored in other manners the operating and management actions of the directors, general managers and other senior management staff. It seriously reviewed the state of affairs of the Company, checked the financial report and profit appropriation proposal put forward by the Board of Directors in the General Meetings in a timely manner, and conducted efficient monitoring. 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 Association, the Guidelines for Corporate Governance and the Listing Rules, and performed their duties diligently, all in compliance with the relevant rules of the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the China Securities Regulatory Commission 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 as 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 and 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

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 2003 Annual General Meeting. Based of 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 favorable 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 public welfare fund in compliance with the laws, regulations and the Articles of Association.

The Supervisory Committee concurred with the audit report of the Company and the Group for 2003, which as 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 proceeds arising from the recent fund raising

The Supervisory Committee considered that upon the completion of the issue of A Shares, the proceeds were applied strictly in accordance with the purpose stipulated in the Prospectus. As at 31st December 2003, the proceeds from the issue of A Shares were fully applied in accordance with the purpose stipulated in the Prospectus. The process of the acquisition complied with the requirements under laws.

4. Assets Acquired or Sold by the Company

The Supervisory Committee was of the opinion that the Company had followed the resolutions passed in the General Meeting and complied with the Articles of Association strictly throughout the acquisition of the Anhui section of the Lianhuo Expressway and the shares of Xuan Guang Expressway Company Limited. The transaction price was fair and 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 shareholders and caused loss of assets of the Company.

5. Connected Transactions of the Company

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 contracts 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. The connected transactions were conducted strictly in compliance with fair, partial and open principles. 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 is satisfactory with the work accomplished by the Company in 2003, and is confident in the development prospects of the Company.

By Order of the Supervisory Committee

Kan Zhaorong

Chairman

Hefei, Anhui, the PRC

11th March 2004