THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Jiangsu Expressway Company Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

江蘇寧滬高速公路股份有限公司

Jiangsu Expressway Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

CONNECTED TRANSACTION
ACQUISITION OF 33.33% EQUITY INTERESTS
IN SUJIAHANG EXPRESSWAY COMPANY LIMITED

Financial adviser to the Company

CLSA EMERGING MARKETS

CLSA Equity Capital Markets Limited

Financial adviser to the Independent Board Committee of Jiangsu Expressway Company Limited

CAZENOVE

Cazenove Asia Limited

A letter from the Chairman of Jiangsu Expressway Company Limited dated 26th April, 2002 is set out on pages 4 to 10 of this circular.

A letter from the Independent Board Committee dated 26th April, 2002 is set out on page 11 of this circular. A letter from Cazenove Asia Limited, the independent financial adviser to the Independent Board Committee, containing its advice to the Independent Board Committee is set out on pages 12 to 20 of this circular.

A notice convening an annual general meeting of Jiangsu Expressway Company Limited to be held at Jiangsu Communications Building, 69 Shigu Road, Nanjing, the PRC on Tuesday, 28th May, 2002 at 9:00 a.m. is set out on pages 45 to 47 of this circular. Whether or not you are able to attend, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time of the meeting. The completion and return of the form of proxy will not preclude you from attending the meeting and voting in person. In such event, your appointment of a proxy will be deemed to have been revoked.

26th April, 2002

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In this circular, the following expressions have the following meanings unless the context otherwise requires:

"Acquisition"	the purchase of an approximately 33.33% interest in Sujiahang Expressway Co. from JCHC by the Company
"Acquisition Agreement"	the agreement between the Company and JCHC dated 8th April, 2002 in relation to the Acquisition
"AGM"	the annual general meeting of the Company to be held at Jiangsu Communications Building, 69 Shigu Road, Nanjing, PRC on Tuesday, 28th May, 2002 at 9:00 a.m.
"American Appraisal"	American Appraisal Hongkong Limited, an independent international valuer appointed by the Company in respect of the Acquisition
"American Appraisal Valuation"	a valuation report produced by the independent valuer, American Appraisal, dated 26th April, 2002, valuing the 33.33% interest in the Sujiahang Expressway Co. at approximately RMB323,000,000 (approximately HK$304,716,981) as at 31st December, 2001
"Cazenove"	Cazenove Asia Limited, financial adviser to the Independent Board Committee in respect of the Acquisition
"CLSA"	CLSA Equity Capital Markets Limited, financial adviser to the Company in respect of the Acquisition
"Company"	江蘇寧滬高速公路股份有限公司 Jiangsu Expressway Company Limited, a joint stock limited company registered and established in the PRC
"Director(s)"	the director(s) of the Company
"Domestic Shareholders"	holders of domestic shares of the Company
"Expressway"	蘇嘉杭高速公路江蘇段 (the Jiangsu section of the Sujiahang Expressway) stretching from 常熟董滨镇 (Dongbin Town, Changshu) to 吳江盛澤鎮 (Shengze Town, Wujiang) at the boundary Jiangsu Province with Zhejiang Province with a total length of approximately 100 km
"Group"	the Company and its subsidiaries
"H Shares Shareholders"	holders of H shares of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	the independent board committee of the Company appointed on 8th April, 2002 comprising the independent non-executive directors of the Company Ms. Cheng Chang Yung Tsung, Alice and Mr. Fang Keng
"Independent Shareholders"	shareholders of the Company other than JCHC and its associates (as defined in the Listing Rules)
"JCHC"	江蘇交通控股有限公司 (Jiangsu Communications Holdings Co., Ltd.), a state-owned enterprise established in the PRC under the control of Jiangsu Provincial Government Department
"Jiangsu Finance Department"	the Finance Department of Jiangsu Province, a bureau of the Jiangsu Provincial Government
"Jiangsu Provincial Government"	the People's Government of Jiangsu Province
"Jiangsu Renhe"	江蘇仁合資產評估有限公司 (Jiangsu Renhe Assets Valuation Limited), the PRC valuer appointed by JCHC
"Jiangsu Renhe Valuation"	the valuation of the 33.33% equity interests in the paid up contribution of Sujiahang Expressway Co., Ltd. as at 31st December, 2001 done by Jiangsu Renhe and filed at the Department of Finance, which is RMB315,400,000 (approximately HK$297,547,170)
"Latest Practicable Date"	19th April, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Operating Rights"	the rights to collect toll fees from vehicles using the Expressway and the rights to operate services and facilities on the expressway
"PRC"	the People's Republic of China
"Scott Wilson"	Scott Wilson (Hong Kong) Ltd., traffic consultant appointed by the Company
"SDI Ordinance"	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) as amended from time to time
"State"	the PRC Government

"Shanghai Listing Rules"	the Rules Governing the Listing of Securities on Shanghai Stock Exchange
"Sujiahang Expressway Co."	江蘇蘇嘉杭高速公路有限公司 (Sujiahang Expressway Company, Limited), a limited liability company incorporated in the PRC
"Supervisors"	supervisors of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"km"	kilometers

Note: Unless otherwise specified in this circular, the conversion of RMB into HK$ is based on the exchange rate of HK$100 to RMB106 and are approximations for information only.

江蘇寧滬高速公路股份有限公司

Jiangsu Expressway Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Executive Directors
Mr. Shen Chang Quan
Mr. Zhou Jian Qiang
Mr. Zhu Yao Ting
Mr. Chen Xiang Hui
Mr. Li Da Peng
Mr. Liu Bu Cun
Ms. Fan Yu Shu
Mr. Cui Xiao Long
Mr. Wang Zheng Yi

Independent Non-executive Directors
Ms. Cheng Chang Yung Tsung, Alice
Mr. Fang Keng

Registered Address:
69 Shigu Road
Jiangsu Communications Building
Nanjing
Jiangsu Province
the PRC

26th April, 2002

To the shareholders of the Company

Dear Sir or Madam,

CONNECTED TRANSACTION
ACQUISITION OF 33.33% EQUITY INTERESTS
IN SUJIAHANG EXPRESSWAY COMPANY LIMITED

1. Introduction

The board of Directors announced on 8th April, 2002 that an agreement was entered into on the 8th April, 2002 for the acquisition of an approximately 33.33% interest in Sujiahang Expressway Co. from JCHC at a consideration of RMB315,400,000 (approximately HK$297,547,170).

As set out in the announcement of 9th April, 2002, JCHC currently holds approximately 55.22% interest in the Company and is the controlling shareholder of the Company. The Acquisition constitutes a connected transaction for the Company under the Hong Kong Listing Rules which requires the approval of the Independent Shareholders at the AGM at which JCHC and its associates (as defined in the Hong Kong Listing Rules) will abstain from voting.

The purpose of this circular is to provide you with further details of the Acquisition, to set out the recommendation of the Independent Board Committee to the Independent Shareholders, the advice of Cazenove to the Independent Board Committee and the valuation of the businesses to be acquired prepared by Americal Appraisal.

2. **Key terms of the acquisition agreement dated 8th April, 2002**

The buyer:	The Company
The seller:	JCHC, the controlling shareholder of the Company which holds approximately 55.22% interest in the share capital of the Company
The sale equity interests:	JCHC's RMB276,000,000 investment in the registered capital of Sujiahang Expressway Co. (approximately HK$260,377,358), accounting for approximately 33.33% of the currently paid up registered capital of Sujiahang Expressway Co., with all rights and obligations accrued to the sale equity interests as at the completion date.
Consideration:	RMB315,400,000 (approximately HK$297,547,170), equivalent to Jiangsu Renhe Valuation, payable in cash on completion.
Conditions precedent:	(i) The approval of the proposed transaction under the agreement by the buyer's independent shareholders in accordance with the Hong Kong Listing Rules and Shanghai Listing Rules. (ii) The approval of the proposed transaction under the agreement by the seller's board of directors. (iii) The waiver of the pre-emptive right to the sale equity interests by other shareholders of Sujiahang Expressway Co. and the approval of the transfer by the shareholders of Sujiahang Expressway Co. (iv) Such consent or authority as may be required by both parties under any existing legally binding contractual arrangement or loan or facility document for the purpose of the performance of the agreement.

(v) The completion of the legal and the financial due diligence of Sujiahang Expressway Co. by the buyer to its satisfaction.

(vi) All such authority, consents and approvals as may be reasonably deemed necessary by the seller (upon consultation with the buyer in advance) and those which must be obtained from or filed at government departments and regulatory bodies in respect of the proposed transaction.

Completion: Completion shall take place on the day agreed by both parties after the condition precedents have been fulfilled or waived, but in any event no later than the end of June 2002.

3. **Sujiahang Expressway Co.**

Sujiahang Expressway Co. was a company established in the PRC with limited liability on 18th June, 1999. At present, JCHC, Suzhou Municipal Infrastructure Investment Management Co., Ltd., Suzhou Expressway Co., Ltd., Suzhou Municipal International Economic Development Holdings Co., Ltd. and Suzhou Municipal Sujiahang Expressway Farmer Shareholders Association respectively hold approximately 33.33%, 35.56%, 11.11%, 11.11% and 8.89% of the registered capital of Sujiahang Expressway Co. Suzhou Municipal Infrastructure Investment Management Co., Ltd. is a company with limited liability incorporated in the PRC as approved by the People's Government of Suzhou Municipal. It is mainly responsible for the investments in the Sujiahang Expressway project. In accordance with the Articles of Association of Sujiahang Expressway Co., each shareholder's share in the registered capital and their paid up contribution as at 31st December, 2001 are as follows:

Shareholders *Note 1*	**Share in the registered capital** *(RMB)*	**Paid up contribution** *(RMB)*
Jiangsu Communications Holdings Co. Ltd.	539,470,000 (33.33%)	276,000,000 *Note 2*
Suzhou Municipal Infrastructure Investment Management Co., Ltd.	575,560,000 (35.56%)	294,400,000
Suzhou Expressway Co., Ltd.	179,820,000 (11.11%)	92,000,000
Suzhou Municipal International Economic Development Holdings Co., Ltd.	179,820,000 (11.11%)	92,000,000
Suzhou Municipal Sujiahang Expressway Farmer Shareholders Association	143,890,000 (8.89%)	73,600,000
	1,618,560,000	828,000,000

The approved total investment of the Expressway is RMB4,495,937,613 (approximately HK$4,241,450,578).

Note 1 Except for JCHC, none of the shareholders are connected persons of the Company within the meaning of the Hong Kong Listing Rules.

Note 2 The paid up contribution was made by 3 instalments up to 31st December, 2001. The remaining balance, RMB263,470,000 (approximately HK$248,556,604), shall be paid by instalments in 2002, 2003 and 2004. JCHC became a shareholder in April, 2001 and the consideration paid was approximately RMB162,000,000 (approximately HK$152,830,189).

The financial information of Sujiahang Expressway Co. is as follows:

	Assets and liabilities (unaudited)			
	As at 31st December, 2000		**As at 31st December, 2001**	
	RMB	*HK$*	*RMB*	*HK$*
Total assets	1,216,383,638	1,147,531,735	2,586,844,237	2,440,419,092
Total liabilities	784,447,742	740,045,040	1,758,939,400	1,659,376,792
Current liabilities	19,447,742	18,346,926	4,939,400	4,659,811
Long-term liabilities	765,000,000	721,698,113	1,754,000,000	1,654,716,981
Shareholders' interests	431,935,896	407,486,695	827,904,837	781,042,299
Net asset value	431,935,896	407,486,695	827,904,837	781,042,299

	Profits and loss			
	Up to 31st December, 2000		**Up to 31st December, 2001**	
	RMB	*HK$*	*RMB*	*HK$*
Revenue from the main business	—	—	—	—
Net profit/(loss)	(64,075)	(60,449)	(31,059)	(29,301)

The scope of business of Sujiahang Expressway Co. includes the construction, maintenance and management of the Jiangsu section of Sujiahang Expressway, toll collection, and advertisement service, trading, property development, hotels, restaurants, passenger and cargo transportation, gas stations, vehicle repair, land development and information technology consultancy service (save for those requiring an approval pursuant to the PRC laws) along the Jiangsu section of Sujiahang Expressway. The legal representative of Sujiahang Expressway Co. is Mr. Jiang Ren Jie.

4. **Sujiahang Expressway**

Sujiahang Expressway consists of the Jiangsu and the Zhejiang sections. The Jiangsu section is located within the boundaries of Suzhou City, Jiangsu Province. It links the northern and the southern sections of Suzhou city. It stretches from Dongbin Town, Changshu in the north and ends at Shengze

Town, Wujiang in the south. It strides across Daxi River, the boundary river of Jiangsu and Zhejiang Provinces, and connects with the Zhejiang section. The Jiangsu section is a two-way four-lane closed expressway of approximately 100 km. The designed speed is 120 km per hour.

The construction of the Jiangsu section has been divided into 2 sub-sections, the northern sub-section and the southern sub-sections. The southern sub-section begins at Suzhou and ends at Wujiang. With a length of approximately 54.4 km, the southern sub-section will have 6 interchanges at Northern Suzhou, Suzhou, Southern Suzhou, Wujiang, Lili and Shengze respectively and one service area at Baiyang. The northern sub-section begins at Changshu and ends at Suzhou. With a length of approximately 45.7 km, the northern sub-section will have 4 interchanges at Dongbin, Changshu, Shajiabin and Xiangcheng respectively and one service area at Yangcheng Xiwu. The construction of the southern sub-section commenced in July 1999, it is currently at the road surfacing stage and is expected to open to traffic in December 2002. The construction of the northern sub-section commenced in July 2000, it is currently at the road foundation stage and is expected to open to traffic in July 2004.

5. **Valuation**

The Company has appointed American Appraisal as the independent valuer to evaluate the assets of Sujiahang Expressway Co. According to the American Appraisal Valuation, the fair market value of the 33.33% equity interests in the paid up contribution of Sujiahang Expressway Co., Ltd. as at 31st December, 2001 was RMB323,000,000 (approximately HK$304,716,981), which is RMB7,600,000 (approximately HK$7,169,811) higher than the consideration payable under the Acqusition Agreement which was equivalent to the Jiangsu Renhe Valuation, an independent valuation prepared as required under the relevant PRC regulation. The report from American Appraisal is set out at pages 21 to 25.

6. **JCHC**

JCHC is a State-owned enterprise which is established in Jiangsu Province, the PRC and which is supervised by Jiangsu Provincial People's Government. It is located at No.238 Maqun Street, Nanjing. Its legal representative is Mr. Shen Changquan. Its main businesses include the operation and management of the State-owned asset within the scope of the authority conferred by the provincial government; investments in and construction, operation and management of the traffic infrastructure, transportation and the related business/property; and industrial investment and domestic trading (save for those requiring the specific approval of the State). The registered capital of JCHC in RMB4,600,000,000 (approximately HK$4,339,622,642). Its net profit and net asset value for the accounting year of 2001 were RMB441,959,460 (approximately HK$416,942,887) and RMB 10,217,763,426 (approximately HK$9,639,399,458) respectively.

7. **The reasons for and the interests in the Acquisition**

The main business of the Company is the construction and management of toll roads and expressways in Jiangsu Province. The Acquisition will expand the Company's asset base and match the key aspect of the business growth of the Company. Upon completion of the Acquisition, Sujiahang Expressway Co. will become an approximately 33.33% associated company of the Company.

The Jiangsu section of the Sujiahang Expressway is an important split-flow of the trunk line of Tong Jiang San Ya National Way and a major constituent of the highway framework designated by the Jiangsu province. Upon completion, it will connect the proposed Sutong Changjiang Road Bridge, Yanjiang Expressway and Changshu Port in the north and Hangzhou and Zhapu Port in the south. It will, together with National Road Nos. 204, 312 and 318, Shanghai-Nanjing Expressway and Shanghai-Hangzhou Expressway, be a connection for traffic between Jiangsu and Zhejiang provinces. This intersection will increase the traffic flow of the Jiangsu Section of the Shanghai-Nanjing Expressway, the major operating asset of the Company, by channeling traffic between the north of Jiangsu province, Zhejiang province, Shanghai and Nanjing through the Shanghai-Nanjing Expressway. Thus there is obvious synergy in the Acquisition.

The consideration of the Acquisition will be paid by cash and shall be financed by the Company's internal resources.

Having regard to the terms of the agreement, the directors are of the view that the Acquisition answers the current and the long-term needs of the Company and is in the interests of all the shareholders of the Company and that the total consideration payable pursuant to the Acquisition is fair and reasonable. The connected directors, Mr. Shen Chang Quan, Mr. Cui Xiao Long, Mr. Zhou Jian Qiang and Ms. Fan Yu Shu, have abstained from voting on the resolutions related to the Acquisition.

8. **Connected transactions**

Since the Company's controlling shareholder, JCHC, is the seller in this transaction, this transaction is a connected transaction under Rule 14.23(1)(a) of the Hong Kong Listing Rules. Given that the consideration payable to JCHC together with the balance of JCHC's original share of capital contribution payable to Sujiahang Expressway Co. exceeds 3% of the consolidated net tangible assets of the Company as at 30th June, 2001 (the date to which the latest interim statements of the Company was made up), the Hong Kong Stock Exchange requires that the Acquisition has to be subject to Independent Shareholders' approval requirements in accordance with Rule 14.26 of the Hong Kong Listing Rules. This transaction is also a connected transaction under Rule 7.3.1 of the Shanghai Listing Rules and is subject to independent shareholders approval. The connected persons, JCHC and it associates (as defined in the Hong Kong Listing Rules), shall abstain from voting in the shareholders' general meeting.

9. **AGM**

Set out on pages 45 to 47 is a notice convening the AGM to be held at Jiangsu Communications Building, 69, Shigu Road, Nanjing, Jiangsu, PRC at on Tuesday, 28th May, 2002 at 9:00 a.m. at which an ordinary resolution will be proposed to approve the Acquisition.

A form of proxy for use by H Shares Shareholders at the AGM is enclosed in the annual report of the Company which is despatched together with this Circular. Whether or not you are able to attend the meeting in person, H Share Shareholders are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Branch share registrar, HKSCC Registrars Limited, 2nd Floor, Vicwood Plaza, 199 Des Voeux Road, Central, Hong Kong as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the AGM.

A form of proxy for use by Domestic Shareholders was published in China Securities Journal and Shanghai Securities News on 9th April, 2002 and is also available on the website of the Company (www. jsexpressway.com). Domestics Shareholders are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the registered address of the Company.

Completion of the form of proxy will not preclude you from attending and voting at the AGM in person. In such event, your appointment of a proxy will be deemed to have been revoked.

10. **Recommendation of the Independent Board Committee**

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Acquisition Agreement. Cazenove has been appointed to advise the Independent Board Committee in this respect.

The Independent Board Committee, having taken into account the advice of and the principal factors and reasons considered by Cazenove, is of the opinion that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and, accordingly, recommends that the Independent Shareholders vote in favour of the ordinary resolution regarding the approval of the Acquisition set out in the notice of the AGM at the end of this circular.

The letter from Cazenove containing its advice and recommendation to the Independent Board Committee is set out on pages 12 to 20 of this circular. The letter from the Independent Board Committee to the Independent Shareholders containing its recommendation is set out on page 11 of this circular.

11. **Additional information**

Your attention is also drawn to the information set out in the appendices to this circular, namely, "Business Valuation", "Letter from the Traffic Forecast Consultant", "Letter from the Operation and Maintenance Costs Estimation Consultant" and "General Information".

By order of the Board
Jiangsu Expressway Company Limited
Shen Chang Quan
Chairman

江蘇寧滬高速公路股份有限公司
Jiangsu Expressway Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

26th April, 2002

To the Independent Shareholders

Dear Sir or Madam,

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders in connection with the Acquisition Agreement. Terms defined in the circular dated 26th April, 2002 (the "Circular") issued by the Company to its shareholders, of which this letter forms part, shall have the same meanings when used herein unless the context otherwise requires.

We draw your attention to the letter of advice from Cazenove as set out on pages 12 to 20 of the Circular and the letter from the Chairman as set out on pages 4 to 10 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinions and recommendations of Cazenove as stated in its aforementioned letter of advice, the Independent Board Committee considers that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Acquisition.

As members of the Independent Board Committee, we confirm that we have no interest in the Acquisition.

Yours faithfully,
Independent Board Committee

Cheng Chang Yung Tsung, Alice	**Fang Keng**
Director	*Director*

The following is the full text of the letter from Cazenove setting out its advice to the independent board committee of Jiangsu Expressway Company Limited in relation to the Acquisition

CAZENOVE

Cazenove Asia Limited

26th April 2002

The Independent Board Committee
Jiangsu Expressway Company Limited
69 Shigu Road
Jiangsu Communications Building
Nanjing
Jiangsu Province
the PRC

Dear Sir and Madam,

CONNECTED TRANSACTION
ACQUISITON OF 33.33% EQUITY INTERESTS IN
SUJIAHANG EXPRESSWAY COMPANY LIMITED

We refer to our engagement as an independent financial adviser to advise the Independent Board Committee with respect to the Acquisition, details of which are contained in a circular dated 26th April 2002 (the "Circular") to the shareholders of the Company, of which this letter forms part. Under our engagement, we have been retained to advise the Independent Board Committee as to whether or not the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

In formulating our opinion with regard to the Acquisition, we have relied on the information supplied, representation made and opinion expressed by the Company, its Directors and advisers, in particular American Appraisal and Scott Wilson, for each of their respective valuation and/or reports which they are solely responsible. We have assumed that all such information and representations and those contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be so at the date of this letter. We have also assumed that all statements of belief, opinion and intention of the Directors and the Company's advisers as set out in the Circular were reasonably made after due and careful enquiry. We have been advised by the Company and its advisers that there were no material facts the omission of which would make any statement or opinion contained in the Circular, including this letter, misleading.

We consider that we have been provided with, and we have reviewed, sufficient information to enable us to reach an informed view regarding the Acquisition and to justify reliance on the accuracy of the information provided to us and those contained in the Circular so as to provide a reasonable basis for our advice. We have no reason to suspect that any material facts or information have been omitted or withheld from the information supplied or opinions expressed to us nor to doubt the truth, accuracy and completeness of the information and representations provided, or the reasonableness of the opinions expressed, to us by the Company, its Directors and advisers. We have not, however, carried out any independent verification of the information provided to us by the Company, its Directors and advisers, nor have we conducted any independent in-depth investigation into the business and affairs of the Group or Sujiahang Expressway Co. or the commercial viability of the subject infrastructure project under the Acquisition. Accordingly, we do not warrant the accuracy or completeness of any such information. We have assumed that the Acquisition Agreement and related documentation will be legally binding on the parties thereto, that all conditions thereto will be satisfied, and that the Acquisition will be implemented as planned. We have sought and received confirmation from the Company that there have been no material changes to the plans or intentions of the Company, to the terms and conditions of the Acquisition or to the reasons for the Acquisition as set out in the Announcement and the Circular.

Our advice is based upon financial, economic, legal, market and other conditions as they exist and can be evaluated on the date hereof and does not reflect in any way projections by us as to, among other things, the future performance of the Company, the performance of the Company's securities or the future performance of Sujiahang Expressway Co. subject to the Acquisition being implemented or not implemented.

This letter is for the information of the Independent Board Committee solely in connection with their consideration of the Acquisition and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent. We are not providing investment advice in relation to the Company's securities.

THE ACQUISITION

Pursuant to an announcement dated 8th April 2002, the Directors announced that the Company entered into the Acquisition Agreement with JCHC on 8th April 2002 in Nanjing, the PRC in respect of the acquisition of an approximately 33.33% equity interest in the registered capital of Sujiahang Expressway Co.. JCHC is a controlling shareholder of the Company and was holding, as at the Latest Practicable Date, an approximately 55.22% interest in the Company. Accordingly, pursuant to the Hong Kong Listing Rules, the Acquisition constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion as to the fairness and reasonableness of the terms of the Acquisition, we have considered the following principal factors:

Reasons for the Acquisition

1. *Business of Sujiahang Expressway Co.*

Sujiahang Expressway Co.'s scope of business includes the construction, maintenance and management of the Jiangsu section of the Sujiahang Expressway, toll collection and advertisement services, trading, property development, hotels, restaurants, passenger and cargo transportation, gas stations, vehicle repair, land development and information technology consultancy services (save for those requiring approval pursuant to PRC laws) along the Jiangsu section of Sujiahang Expressway.

2. *Business of the Group*

The principal business of the Group includes the construction and management of toll roads and expressways in Jiangsu Province.

3. *Benefits of the Acquisition*

Upon completion of the Acquisition, Sujiahang Expressway Co. will become an 33.33% associated company of the Company. The Acquisition will expand the Company's asset base and match the key aspect of the business growth of the Company.

The Jiangsu section of the Sujiahang Expressway is an important split-flow of the trunk line of Tong Jiang San Ya National Way and a major constituent of the highway framework designated by the Jiangsu Province. Upon completion of the Sujiahang Expressway, it will connect the proposed Sutong Changjiang Road Bridge, Yanjiang Expressway and Changshu Port in the north, and Hangzhou and Zhapu Port in the south. It will, together with National Road nos. 204, 312 and 318, Shanghai-Nanjing Expressway and Shanghai-Hangzhou Expressway, be a connection for traffic between Jiangsu and Zhejiang provinces. The Directors anticipated that this intersection will increase the traffic flow of the Jiangsu section of the Shanghai-Nanjing Expressway, the major operating asset of the Company, by channeling traffic between the north of Jiangsu Province, Zhejiang Province, Shanghai and Nanjing through the Shanghai-Nanjing Expressway and therefore considered that there is synergy in the Acquisition. We note from the Company's prospectus dated 18th June 1997 and its 2000 annual report that it was the intention of the Company to continue to invest in more infrastructure projects in Jiangsu Province. The Acquisition is in line with the Company's principal business and is consistent with the Group's long-term growth strategy.

4. *Expected completion*

The construction of the Jiangsu section of the Sujiahang Expressway has been divided into 2 sub-sections, the northern sub-section and the southern sub-section. The construction of the southern sub-section commenced in July 1999, it is currently at the road surfacing stage and is expected to open to traffic in December 2002. The construction of the northern sub-section commenced in July 2000, it is currently at the foundation stage and is expected to open to traffic in July 2004.

Basis of consideration and valuation

1. *Consideration*

The Company has agreed to pay RMB315,400,000 (approximately HK$297,547,170) in cash on completion of the Acquisition. The total consideration will be equivalent to the valuation by the independent PRC valuer and filed at the Department of Finance of Jiangsu Province and will not be higher than the fair market value assessed by the international valuer.

2. *Valuation of the Acquisition*

Jiangsu Renhe Assets Valuation Limited, a valuer appointed by JCHC, had appraised the fair value of the 33.33% equity interest in Sujiahang Expressway Co. as at 31st December 2001 at RMB315,400,000 (approximately HK$297,547,170), which is the same as the consideration for the Acquisition.

The Company has appointed American Appraisal, being an independent professional valuer, to appraise the fair market value of the 33.33% equity interest in Sujiahang Expressway Co. as at 31st December 2001 and to prepare a valuation report thereon, the text of which is set out in appendix I to the Circular. American Appraisal has appraised the fair market value of the 33.33% equity interest in Sujiahang Expressway Co. as at 31st December 2001 at RMB323,000,000 (approximately HK$304,716,981).

3. *Funding for the Acquisition*

The consideration for the Acquisition will be paid by the Company's internal resources. As discussed below, the Directors are of the view that based on the lastest financial position of the Group and the cashflow expected to be derived from its existing operations as well as the Sujiahang Expressway (which is expected to commence operation in December 2002), the Company will be able to finance the Acquisition entirely from internal sources (including the Group's share of the current estimated further equity contribution that is required for completion of the Sujiahang Expressway, being approximately RMB263,470,000 (approximately HK$248,556,604) between 2002 and 2004). Based on the information provided to us, our discussions with the Directors and the bases and assumptions upon which the Directors have arrived at such view, we consider that such view is fair and reasonable.

In assessing the fairness and reasonableness of the consideration, we have reviewed the methodology, bases and assumptions underlying the valuation prepared by the American Appraisal.

(i) Valuation methodology

There are three commonly used valuation methodologies in determining the value of infrastructure projects namely, (i) the discounted cash flow ("DCF") method, (ii) the earnings and cashflow multiple based approach, and (iii) historical and replacement cost based method.

We note that in determining the fair market value of the 33.33% equity interest in Sujiahang Expressway Co., American Appraisal has adopted the DCF method. Such method determines the value of a project through calculating the present value of all cashflow that is expected to be derived from the project based on a series of forecasts of revenue and cost stream over the operational period.

With regard to the other valuation methodologies, we agree with American Appraisal that they are not applicable in this particular transaction. The reasons being that (i) the proposed acquisition target is still under construction, so there is no existing earning stream that can be used as a basis for any multiple based approach to evaluate the fair value of the project; and (ii) although the cost of building infrastructure projects at different locations may be similar, the economic benefit that can be derived from such projects can vary significantly due to a number of economic as well as regulatory reasons. Therefore, the historical or replacement cost of the project may not serve as a good indicator of fair value for these assets.

Given the above, in particular the fact that (i) the recurrent nature of the toll revenues to be derived from the Sujiahang Expressway during the concession period; and (ii) the DCF method is the most commonly used valuation method in valuing infrastructure projects as noted from other similar listed infrastructure companies in Hong Kong, we regard the valuation methodology adopted by American Appraisal in arriving at its valuation of the Sujiahang Expressway as acceptable and appropriate.

(ii) Bases and assumptions for the valuation

We are advised by American Appraisal that in valuing the 33.33% equity interest in Sujiahang Expressway Co., it has taken into account of all relevant and significant factors affecting the operations of the Sujiahang Expressway, which include the forecasts of toll revenues, construction costs, operating costs and maintenance expenses prepared by the Company and/or the traffic consultant, Scott Wilson. We note that American Appraisal believes that the information and projections provided to them are reasonable. To ascertain the fairness and reasonableness of the bases and assumptions underlying the valuation, we have reviewed and discussed with American Appraisal the respective projections of toll revenues, operating costs, construction costs and maintenance expenses of the Sujiahang Expressway.

During our discussions with American Appraisal, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal bases and assumptions used in arriving at their valuation.

On the other hand, as the toll rates to be charged by the Sujiahang Expressway is yet to be determined, we understand from American Appraisal that the assumed toll rates used in its valuation is based on the current tariff structure that is used on all similar expressways within Jiangsu Province.

Furthermore, we understand from American Appraisal that the outstanding construction costs for the Sujiahang Expressway has been taken into account of in the valuation. We have been advised by the Directors that based on the current government regulations, the progress of the construction works, the financial position of, and the existing banking facilities available to, Sujiahang Expressway Co., all shareholders of Sujiahang Expressway Co., are expected to contribute a combined total of approximately RMB791,000,000 (approximately HK$746,226,415) between 2002 and 2004. As of 31st December 2001, the outstanding construction costs amounted to approximately RMB1,952,000,000 (approximately HK$1,841,509,434), out of which approximately RMB791,000,000 (approximately HK$746,226,415) will be contributed by all the shareholders of Sujiahang Expressway Co. and the remaining RMB1,161,000,000 (approximately HK$1,095,283,019) will be borrowed from the banks.

(iii) Discount rate used in the DCF valuation model

We understand that American Appraisal has adopted a discount rate of approximately 13.96% in its valuation. Such discount rate was determined after taking into account of the relevant risks pertinent to the construction and operations of the Sujiahang Expressway, which include changes in interest rates, inflation, size of the operation, and the uncertainty inherent in the revenue projections. We note that such discount rate did not account for the low liquidity of the assets being acquired, nor the potential disadvantage as a minority shareholder of Sujiahang Expressway Co.. American Appraisal has separately applied a 30% discount for the low liquidity of the assets as an interest in a privately held company and a further 5% discount for being a minority stake. Alternatively, we view American Appraisal's valuation is implying a discount rate of 16.8% after taking into account of all risk factors being considered. Given the current low interest rate environment in PRC (one year lending rate of 5.85% as quoted by the People Bank of China) and Hong Kong (prime rate of 5.125% per annum as quoted by the Hong Kong Monetary Authority) and the long-term borrowing cost of the Company is less than 6% per annum, we are of the view that the discount rate used by American Appraisal in arriving at the valuation of the 33.33% equity interest in Sujiahang Expressway Co., is fair and reasonable.

Given the above, we consider the consideration to be paid by the Company for the Acquisition to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Estimated financial impacts of the Acquisition on the Company

1. As disclosed in its 2001 results announcement, the Group had cash and cash equivalents of approximately RMB891,934,000 (approximately HK$841,447,170) as at 31st December 2001. As mentioned above, the Directors have advised us that they consider that based on the latest financial position of the Group and the cashflow expected to be derived from its existing operations as well as the Sujiahang Expressway (which is expected to commence operation in December 2002), the Company will be able to finance the Acquisition from its internal sources (including the Group's share of the current estimated further equity contribution that is required for completion of the Sujiahang Expressway, being approximately RMB263,470,000 (approximately HK$248,556,604) between 2002 and 2004.

2. Based on the total borrowings of the Group of approximately RMB265,016,000 (approximately HK$250,015,094) and cash and cash equivalents held by the Group of approximately RMB891,934,000 (approximately HK$841,447,170) as at 31st December 2001, the Group had a net cash position of approximately RMB626,918,000 (approximately HK$591,432,075) as at 31st December 2001. As the Acquisition would require only RMB315,400,000 (approximately HK$297,547,170) and a share of further equity injection of approximately RMB263,470,000 (approximately HK$248,556,604) between 2002 and 2004, the Directors have advised us that they consider that the Group should have sufficient capital to pay for the Acquisition and its share of further equity injection that will be required between 2002 and 2004 as mentioned above. Based on the information provided to us, our discussions with the Directors and the bases and assumptions upon which the Directors have arrived at such view, we consider that such view is fair and reasonable.

3. The Directors have confirmed to us that the interests in the Sujiahang Expressway Co. will be equity accounted for in the financial statements of the Group and there would not be any material impact on the Group's profit and loss account immediately following completion of the Acquisition.

4. The implied rate of return for the Acquisition is approximately 16.8%, based on the proposed consideration of RMB315,400,000 (approximately HK$297,547,170) and American Appraisal's cashflow projections. Given that corporate deposits at banks in China currently can yield a maximum of 2.25% per annum only and the Company's long-term borrowing cost at less than 6% per annum, we are of the view that the Acquisition will enhance the earnings of the Company in the long term.

Risk Factors

The Independent Shareholders should recognise that there are various risks factors affecting the Acquisition, in particular, the following principal risk factors:

1. *Toll road operations of Sujiahang Expressway*

   The operation of the Sujiahang Expressway may be adversely interrupted or otherwise affected by a variety of events, such as serious traffic accidents, natural disasters and other unforeseen circumstances. If the operation of the Sujiahang Expressway is interrupted in whole or in part for any extended period as a result of any such events, the income of Sujiahang Expressway Co., and thus the Company, will be adversely affected.

2. *Traffic volumes of Sujiahang Expressway*

The traffic flow forecasts for Sujiahang Expressway prepared by Scott Wilson have been made subject to certain bases and assumptions, and have been prepared using such analytical methods and models as were considered appropriate by Scott Wilson. A copy of the letter from Scott Wilson summarising its report on the traffic flow forecasts is set out in appendix II to the Circular. However, it should be noted that traffic volumes, and thus toll revenues, may be affected by a number of factors including the quality and proximity of alternative roads, weather conditions, fuel prices, number of vehicles, environmental regulations, taxation and general economic conditions.

3. *Toll rates*

The right to receive toll fees from users of a toll road in Jiangsu Province requires the approval of certain authorities as designated by the Jiangsu Provincial Government from time to time, such as the Jiangsu Price Bureau, the Jiangsu Planning & Economic Commission, the Jiangsu Finance Department and the Jiangsu Communications Department. It should, however, be noted that no assurance can be given that any future applications for increases of toll rates will be approved by the relevant authorities or that the relevant authorities will not require a toll reduction.

4. *Construction risks*

Although the construction of the southern sub-section commenced in July 1999 is currently at the road surfacing stage and is expected to open to traffic in December 2002, the construction of the northern sub-section commenced in July 2000 and is currently at the foundation stage with an expected completion date in July 2004. Considerable capital expenditure is required for most road projects during the construction period. The construction period and the capital required to complete the Sujiahang Expressway may be affected by various factors, including shortage of construction materials, equipment and labour, bad weather conditions, natural disasters, disputes with workers or contractors, accidents, changes in government policies and other unforeseen difficulties or circumstances. Delay may result if any of such events occur, resulting in cost overruns and loss of income. We have been advised by the Directors that the relevant construction contracts contain provisions protecting Sujiahang Expressway Co. for delay in completion, however, the effectiveness of such protection may be affected by factors such as the ability of the other parties to the contracts to perform their respective obligations thereunder.

RECOMMENDATION

Having taken into account the information and representations provided to us and the above principal factors and the terms of the Acquisition Agreement, we are of the opinion that the terms of the Acquisition Agreement, including the consideration, are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Independent Shareholders. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Cazenove Asia Limited

May Tan
Managing Director

Karman Hsu
Director and Head of Corporate Finance

The following is the text of a letter prepared for inclusion in this circular, received from American Appraisal Hongkong Limited in connection with its valuation for the fair market value of the 33.33% interest of the business enterprise of Suzhou Sujiahang Expressway.

American Appraisal Hongkong Limited

Suite 2901, 29/F
Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Telephone: (852) 2511 5200
Facsimile: (852) 2511 9626

April 26, 2002

The Directors
Jiangsu Expressway Company Ltd.
69 Shigu Road, Nanjing
Jiangsu Province
China

Dear Sirs or Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of 33.33% interest of the business enterprise of Suzhou SuJiaHang Expressway, Jiangsu Section (the "Expressway") operated by 蘇州蘇嘉杭高速公路有限公司 (the "Company"), which were hold by 江蘇交通控股有限公司, 蘇州市基礎設施投資管理有限公司, 蘇州高速公路有限公司, 蘇州市國際經濟發展控股集團公司 and 蘇州蘇嘉杭高速公路農民持股協會組成 as of December 31, 2001.

This letter identifies the property appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. Excluded from this appraisal are all real estate property, machinery, equipment, supplies, stocks, spare parts, materials on hand, computer software, inventories, current assets, current liabilities or any intangible assets that may exist.

Business enterprise is defined for this appraisal as the total invested capital, net of the value of debt but including shareholders' loans, and is equivalent to shareholders' equity plus shareholders' loans (Business enterprise of the Company does not bear any shareholders' loans).

The purpose of this appraisal is to express an independent opinion of the fair market value of the business enterprise of the Expressway as of December 31, 2001. It is our understanding that this appraisal is to be used for acquisition purposes.

INTRODUCTION

The Company has obtained the right to operate the Expressway situated in Suzhou, Jiang Su province, PRC for a period of 30 years (not including construction period). The Expressway will be integrated with Jiangsu Huning Expressway and Yanjiang Expressway which will form the local district's highway network. It will link between Dongbang, Changshu city and Shengze, Hujiang city. The Expressway is designed to be an expressway, dual 4 lane configuration with a total length of approximately 100 kilometers. The Expressway that is divided into south section and north section is currently under construction. The south section of the Expressway is from Suzhou North to Hujiang with approximately 54 km long, and the north section is from Changshu to Suzhou with total length of 46 km. According to the management of the Company, the south section and north section of the Expressway are expected to commence operation in December 2002 and July 2004 respectively. The future toll fee and subsequent rate increase are subject to approval from the Jiangsu Provincial Price Bureau.

The details of the Expressway are listed below,

Project Name	**Expected Total Investment Cost of the Expressway**	**Term of the Operation Right**	**Operating Status**
Sujiahang Expressway (Jiangsu Section)	Rmb4.5 billion	30 years	under construction

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the Expressway based on fair market value. Fair market value is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

Our investigation included discussions with members of the management of Jiangsu Expressway Co. Ltd ("Jiangsu Expressway"), the subsidiary of Jiangsu Communications Holdings Co. Ltd. in relation to the history and nature of the business, operations and prospects of the Expressway, a study of the Expressway's projected financial information as well as a review of traffic engineering studies and other relevant documents. Before arriving at our opinion of value, we have considered the following principal factors:

- The nature of the business and the history of the Company from its inception;
- The financial condition of the Company and its book value;
- The economic outlook in general and the specific economic and competitive elements affecting the Expressway;
- The economies of Suzhou city and Jiangsu province of PRC;
- The historical freight traffic volume and passenger traffic volume for highways and road networks in Suzhou city and Jiangsu province of PRC;

— Traffic projections and studies prepared by Scott Wilson (Hong Kong) Limited as of April 2002;

— Market-derived investment returns of entities engaged in a similar line of business and returns from other similar types of infrastructure projects; and

— The financial and business risk of the Company and the projected results.

Due to the changing environment in which the Company is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business enterprise. The major assumptions adopted in this appraisal are:

— There will be no major changes in the existing political, legal, and economic conditions in PRC in which the Company carries on its business;

— There will be no major changes in the current taxation law in PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

— Sufficient fund will be injected into the Company by its shareholders and/or through debt financing that is necessary to meet the capital expenditure requirements for completing the construction of the Expressway on time;

— Exchange rates and interest rates will not differ materially from those presently prevailing;

— The local inflation rate in Suzhou city will not differ significantly from the PRC nationwide inflation rate;

— Industry trends and market conditions for the key industries of Suzhou city will not deviate significantly from economic forecasts; and

— No natural calamities will occur that will have a major impact upon the economy and the traffic volume growth in Suzhou city.

VALUATION METHODOLOGY

The fair market value of the business enterprise of the Expressway was developed through the application of the income approach technique known as the discounted cash flow method. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future free cash flows available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards of the toll road project.

When developing the discount rate to apply to the future economic income streams attributable to shareholders, the discount rate is the cost of equity. The cost of equity was developed using Capital Asset Pricing Model ("CAPM"). CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated with the return from the stock market are referred to as systematic; other risks are referred to as nonsystematic. Under CAPM, the appropriate rate of return is the sum of the risk-free return and the equity risk premium required by investors to compensate for the systematic risk assumed. Our analyses concluded that a discount rate of 13.96% is appropriate for valuing the Expressway after taking into account of both the systematic and nonsystematic risks.

Discount for Lack of Marketability

To reflect the relative non-liquidity of the shares in the Expressway as opposed to a publicly traded corporation, the discounts for lack of marketability should be considered.

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. The discount for lack of marketability reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

A number of studies were conducted in the U.S. in an attempt to determine average levels of discounts for lack of marketability. These studies all fall into one of two basic categories, depending on the type of market transaction data on which they are based:

— Restricted ("letter") stock studies;

— Studies of transactions in closely held stocks prior to initial public offerings (IPOs).

With consideration of the circumstances surrounding the business enterprise valuation of the Company, we believed that the discount for lack of marketability should be 30%.

PREMIUM FOR CONTROL AND DISCOUNT FOR MINORITY

Control premium is the additional value inherent in the controlling interest, as contrasted to a minority interest that reflects its power of control. The thousands of daily transaction on stock exchanges are, of course, minority interest transactions. Each year, a controlling interest in a few hundred of these public companies is purchased. In almost all cases, the prices paid for the stock of these companies represent a premium over the market price at which the stock previously traded as a minority interest. Several studies follow these acquisitions in the U.S. and publish data on the control premiums. Viewed from the flip side, a minority discount should be applied if the interest being appraised represents a minority interest or non-controlling nature. *Mergerstat Global Mergers* and *Acquisitions Information* publishes data on the control premiums for different industries in the United States. We made the reference to the control premiums published on Mergerstat Review 2001 to derive of the discount for minority interest for the business enterprise of the Expressway.

Based on our analysis, we used a 5% discount for minority interest in valuing the business enterprise of the Expressway.

We were furnished, for the purpose of this appraisal, with unaudited financial data as well as other records, documents and projections of the Company provided by Jiangsu Expressway. In arriving at our opinion of value, we have relied upon such data, records, documents and projections, as well as financial and business information from other sources.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as of December 31, 2001, the fair market value of 33.33% equity interest of the business enterprise of the Expressway is reasonably stated by the amount of RENMINBI THREE HUNDRED TWENTY THREE MILLION ONLY (RMB323,000,000).

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Respectfully submitted,
For and on behalf of
AMERICAN APPRAISAL HONGKONG LIMITED
Raymond E. Moran, ASA
Senior Vice President

The following is the text of a letter prepared for inclusion in this circular, received from Scott Wilson (HK) Limited in connection with the traffic forecasts for the Suzhou Section of the Suzhou-Jiaxing-Hangzhou Expressway.

Scott Wilson (Hong Kong) Limited
38th Floor
Metroplaza Tower 1
223 Hing Fong Road
Kwai Fong
Hong Kong

26th April, 2002

The Directors
Jiangsu Expressway Company Limited

Dear Sirs,

Jiangsu Expressway Company Limited
Traffic Forecast Study

Scott Wilson (Hong Kong) Limited (the "Consultants") was appointed by Jiangsu Expressway Company Limited (the "Company") to carry out independent traffic forecasts for the Suzhou Section of Suzhou-Jiaxing-Hangzhou Expressway (the "Suzhou Section") as shown in Figure A. The findings of the study will be used by the Company for the purpose of the acquisition of the 33.33% stocks of the study expressway hold by the Jiangsu Communications Holding Co. Ltd..

All reasonable and professional skill, care and due diligence has been exercised in preparing the Traffic Forecast Study Final Report. A summary of the findings of this report is set out below:

1. INTRODUCTION

The following is a brief description of the Suzhou Section:

The total length of the Suzhou Section is 100.073km. The construction of this expressway has been divided into two phases. Phase 1: The construction of the Southern Section(from Suzhou north interchange to the boundary of Jiangsu and Zhejiang province) was started from July 1999, which is expected to be operational in December 2002. Phase 2: The Northern Section(from Dongbang interchange to Suzhou north interchange) has been constructed since the second half of 2000, which is expected to be operational in July 2004. The Suzhou Section is a 28m wide dual 2-lane expressway. The design speed is 120km/h and the design load is Truck-Super20, Trailer-120. Tolls are charged according to the distance traveled, with different rates for each category of vehicle.

2. OBJECTIVES AND SCOPE OF SERVICES

The scope of services provided by the Consultant comprised of:

1) Gathering existing traffic data for different vehicle types on the highway network within the study area.

2) Collecting current and historical socio-economic data to assist in understanding historic trends and predicting likely future trends in the study area.

3) Carrying out a series of Origin-Destination surveys and classified vehicle counts in the study area to determine the existing traffic situation.

4) Developing a traffic forecasting model for the study area. This model will incorporate the ability to relate generated traffic flows to socio-economic development, which will be validated using current traffic count data.

5) Preparing traffic forecasts for "Base", "Optimistic" and "Conservative" Cases for 2003, 2004, 2005, 2010, 2020, 2032 and 2034 for the study expressway. The three cases will take into account the possible levels of future economic growth, which is seen as one of the key determinants of future traffic growth.

6) Preparing independent traffic and toll revenue forecasts for vehicle toll categories from 2003 to 2034. Forecast traffic volumes for intermediate years will be derived by linear interpolation.

7) Submitting a report on the independent traffic and revenue forecasts including the forecast methodology and assumptions, in a form suitable for presentation to potential investors.

8) Preparing a summary of the traffic forecast report for incorporation into a circular to be issued by the Company to its shareholders.

3. TRAFFIC FORECAST METHODOLOGY

The traffic forecast methodology for this study consists of the following stages:

1) Review of the future economic growth rates for the study area.

2) Elasticity analysis to determine the income elasticity of trip levels for the forecast period.

3) Computation of future interzonal matrix growth rates, for assignment years 2003, 2004, 2005, 2010, 2020, 2032 and 2034, for both vehicle types.

4) Definition of appropriate future road network for the assignment years 2003, 2004, 2005, 2010, 2020, 2032 and 2034 to include all planned highway schemes, toll charges and likely local roads.

5) Determination of future behavioural values of time and vehicle operating costs by vehicle types by assignment year, incorporating any predicted changes in the compositions of passenger and goods vehicles.

6) Traffic assignment to the future road network for each assignment year based on future year forecasting parameters.

7) Conversion of forecast traffic volumes by two vehicle types into toll categories on the Suzhou Section

8) Application of capacity restrain to forecast traffic volumes where appropriate.

9) Preparation of the final forecast traffic volumes and toll revenues of the Suzhou Section. Forecast traffic volumes and toll revenues for intermediate years will be derived by linear interpolation.

4. MAJOR MODEL ASSUMPTIONS

The major assumptions adopted in the traffic forecast model comprised of the following:

1) GDP growth rates in the study area assumed in the Base, Optimistic and Conservative Cases are as given in Table 1:

Table 1: GDP Growth Forecasts for 3 Cases

	2001-2005	**2006-2010**	**2011-2020**	**2021-2034**
Base Case	10.5%	9.5%	8.0%	6.6%
Optimistic Case	11.5%	10.5%	9.0%	7.8%
Conservative Case	9.8%	8.7%	7.2%	5.5%

2) The Toll levels on the Suzhou Section are summarised in Table 2.

Table 2: Toll Levels in Future Years

Toll Class	**Descriptions**	**Toll Rate (RMB per km)**
1	PV: 1 to 6 seats	0.40
2	PV: 7 to 20 seats, GV: Up to 2 tonnes	0.60
3	PV: 21 to 50 seats, GV: 2 to 5 tonnes	0.80
4	PV: over 50 seats, GV: 5 to 10 tonnes	1.00
5	GV: 10 to 20 tonnes	1.20
6	GV: over 20 tonnes	1.60

Note: PV=Passenger Vehicles GV=Goods Vehicles

These rates were proposed by the Company and considered reasonable by the Consultant.

As requested by the Company, the Consultant suggested future toll levels of the Expressway as shown in Table 3, which have taken into account the inflation and the operation of other expressways in Jiangsu Province.

Table 3: Suggested Toll Levels in Future Years (RMB per km)

	Toll Class					
	1	**2**	**3**	**4**	**5**	**6**
2003-2008	0.40	0.60	0.80	1.00	1.20	1.60
2009-2013	0.51	0.77	1.02	1.28	1.53	2.04
2014-2018	0.65	0.98	1.30	1.63	1.95	2.61
2019-2023	0.83	1.25	1.66	2.08	2.49	3.33
2024-2028	1.06	1.59	2.12	2.65	3.18	4.25
2029-2034	1.35	2.03	2.71	3.39	4.06	5.42

Note: This assumed toll levels should only be used for reference only and could be used in providing a rough indicative estimates for the future toll revenues collected by the Expressway. It should be noted that the toll levels actually used in our assignment models are given in Table 2.

3) The study area road network is enhanced and upgraded as specified in the road development plan of Jiangsu Province and Suzhou city. The table below includes details of the major schemes which are also shown in Figure B.

Table 4: Details of the major schemes in Future Years (RMB per km)

No.	Project	Description	Opening Date
1	Jiangyin-Taicang	Dual 2-lane/dual 3-lane expressway	2004.10
2	Nantong-Haimen-Qidong	Dual 2-lane expressway	2004
3	Suzhou Southwest Ring	Dual 3-lane expressway	2004
4	Suzhou Northwest Ring	Dual 3-lane expressway	2005
5	Zhangqiao-Renyang-Zhitang	Class 1 motorway	2005
6	Baimao-Kunshan-Shangta	Class 1 motorway	2005
7	Suzhou-Nantong Bridge	Dual 3-lane	2005
8	South Approach Road of Suzhou-Nantong Bridge	Dual 3-lane expressway	2008
9	Suzhou Southeast Ring	Dual 3-lane expressway	2010
10	Qingpu-Pingwang-Nanxun	Dual 2-lane expressway	2010
11	Suzhou-Zhangjiagang	Dual 2-lane expressway	2010

4) The toll revenue forecasts estimated has assumed 5% toll leakage on the study road.

5. CONCLUSION

The traffic forecast model developed for the study was calibrated and validated using the 2002 independently observed traffic counts, together with the 2000 permanent traffic count data. The Consultant concluded that the model provides a suitable basis for estimating future traffic flows on the Suzhou Section. The traffic and revenue forecasts generated are summarized in the Tables 5-10. The toll levels actually used in toll revenues calculation are shown in Table 2.

Base Case Forecasts (Based on Table 2)

Table 5: Traffic Forecasts for the Suzhou Section (vehicles per day)

	Total	Class1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	11,577	3,629	2,385	2,679	1,756	1,019	109
2004	12,934	4,070	2,673	2,982	1,965	1,126	118
2005	15,243	4,819	3,163	3,499	2,319	1,309	134
2010	25,170	8,041	5,271	5,726	3,845	2,087	200
2020	36,480	11,900	7,780	8,185	5,625	2,770	220
2032	42,880	14,295	9,320	9,549	6,693	2,813	210
2034	38,609	12,914	8,417	8,584	6,037	2,471	186

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Table 6: Revenue Forecasts for the Suzhou Section (10,000 RMB per year)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	15,419	2,737	2,697	4,040	3,311	2,306	328
2004	25,608	4,566	4,499	6,699	5,512	3,800	532
2005	37,231	6,689	6,586	9,713	8,048	5,452	744
2010	61,177	11,161	10,974	15,897	13,342	8,691	1,112
2020	87,709	16,517	16,198	22,721	19,520	11,535	1,219
2032	101,856	19,841	19,405	26,508	23,224	11,712	1,165
2034	20,731	4,059	3,968	5,396	4,744	2,330	233

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Optimistic Case Forecasts (Based on Table 2)

Table 7: Traffic Forecasts for the Suzhou Section (vehicles per day)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	12,511	3,922	2,577	2,895	1,898	1,101	118
2004	14,063	4,426	2,906	3,242	2,136	1,225	128
2005	16,561	5,235	3,437	3,801	2,520	1,422	146
2010	27,228	8,698	5,702	6,194	4,159	2,258	217
2020	39,413	12,857	8,406	8,843	6,077	2,993	237
2032	44,334	14,781	9,637	9,872	6,919	2,908	217
2034	41,948	14,032	9,145	9,327	6,558	2,685	201

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Table 8: Revenue Forecasts for the Suzhou Section (10,000 RMB per year)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	16,665	2,958	2,915	4,367	3,579	2,491	355
2004	27,772	4,952	4,878	7,264	5,978	4,121	578
2005	40,448	7,267	7,155	10,553	8,743	5,922	808
2010	66,177	12,073	11,871	17,196	14,431	9,402	1,203
2020	94,762	17,846	17,501	24,547	21,089	12,462	1,317
2032	105,307	20,516	20,065	27,404	24,009	12,110	1,203
2034	22,524	4,411	4,312	5,863	5,154	2,532	253

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Conservative Case Forecasts (Based on Table 2)

Table 9: Traffic Forecasts for the Suzhou Section (vehicles per day)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	10,221	3,204	2,106	2,365	1,551	899	96
2004	11,373	3,579	2,351	2,622	1,727	990	104
2005	13,392	4,234	2,779	3,074	2,037	1,150	118
2010	22,289	7,120	4,668	5,071	3,405	1,848	177
2020	32,413	10,573	6,913	7,272	4,998	2,462	195
2032	40,990	13,664	8,909	9,128	6,397	2,689	203
2034	34,265	11,462	7,469	7,619	5,358	2,193	164

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Table 10: Revenue Forecasts for the Suzhou Section (10,000 RMB per year)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	13,615	2,417	2,382	3,567	2,924	2,035	290
2004	22,505	4,013	3,954	5,887	4,845	3,339	468
2005	32,707	5,876	5,786	8,533	7,070	4,789	654
2010	54,171	9,883	9,718	14,076	11,815	7,696	983
2020	77,930	14,676	14,392	20,187	17,343	10,250	1,082
2032	97,374	18,966	18,549	25,339	22,198	11,197	1,125
2034	18,398	3,603	3,522	4,789	4,210	2,068	206

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

As requested by the Company, the Consultant provided an estimate for the future toll revenues based on the toll levels shown in Table 3. The revenue forecasts are summarized in Tables 11-13.

Base Case Forecasts (Based on Table 3)

Table 11: Revenue Forecasts for the Suzhou Section (10,000 RMB per year)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	15,419	2,737	2,697	4,040	3,311	2,306	328
2004	25,608	4,566	4,499	6,699	5,512	3,800	532
2005	37,231	6,688	6,586	9,713	8,048	5,452	744
2010	78,160	14,231	14,084	20,268	17,078	11,081	1,418
2020	182,237	34,274	33,745	47,145	40,602	23,934	2,537
2032	344,716	66,965	65,653	89,797	78,729	39,627	3,945
2034	70,162	13,700	13,426	18,281	16,081	7,884	790

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Optimistic Case Forecasts (Based on Table 3)

Table 12: Revenue Forecasts for the Suzhou Section (10,000 RMB per year)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	16,665	2,958	2,915	4,367	3,579	2,491	355
2004	27,772	4,952	4,878	7,264	5,978	4,121	578
2005	40,448	7,267	7,155	10,553	8,743	5,922	808
2010	84,546	15,393	15,235	21,925	18,472	11,988	1,533
2020	196,891	37,030	36,460	50,935	43,865	25,859	2,742
2032	356,398	69,243	67,885	92,832	81,392	40,972	4,074
2034	76,231	14,886	14,588	19,863	17,471	8,566	857

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Conservative Case Forecasts (Based on Table 3)

Table 13: Revenue Forecasts for the Suzhou Section (10,000 RMB per year)

	Total	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
2003	13,615	2,417	2,382	3,567	2,924	2,035	290
2004	22,505	4,013	3,954	5,887	4,845	3,339	468
2005	32,707	5,876	5,786	8,533	7,070	4,789	654
2010	69,208	12,601	12,472	17,947	15,123	9,812	1,253
2020	161,917	30,452	29,984	41,888	36,072	21,268	2,253
2032	329,552	64,012	62,759	85,835	75,251	37,885	3,810
2034	62,266	12,159	11,915	16,224	14,272	6,997	699

Forecast Periods: Northern Section:01/07/2004-30/06/2034
Southern Section:01/01/2003-31/12/2032

Yours faithfully,
For and on behalf of
Scott Wilson (HK) Ltd.
Peter Chan
Director

The following is the text of a letter prepared for inclusion in this prospectus, received from Scott Wilson (HK) Limited in connection with the operation and maintenance costs estimation for the Suzhou-Jiaxing-Hangzhou Expressway (Suzhou Section).

Scott Wilson (Hong Kong) Limited
38th Floor
Metroplaza Tower 1
223 Hing Fong Road
Kwai Fong
Hong Kong

26th April 2002

The Directors
Jiangsu Ninghu Expressway Company Limited

Dear Sirs,

Jiangsu Expressway Company Limited
Operation and Maintenance Costs Estimation

Scott Wilson (Hong Kong) Ltd. (the "Consultant") was appointed by Jiangsu Expressway Company Ltd. (the "Company") to carry out an independent estimation of the operation and maintenance costs for the Suzhou-Jiaxing-Hangzhou Expressway (Suzhou Section). The findings of this estimation can be used by the Company for the purpose of the acquisition of the 33.33% stock share of this expressway hold by Jiangsu Communications Holding Co. Ltd. A summary of the findings of this report titled "Operation and Maintenance Costs Estimation Final Report" is set out below:

1. INTRODUCTION

The Consultant was appointed by the Company to conduct an operation and maintenance costs estimation for the Suzhou-Jiaxing-Hangzhou Expressway (Suzhou Section). All reasonable and professional skill, care and diligence have been exercised in preparing the operation and maintenance costs estimation. The scope of work includes the following tasks:

- to estimate the operation and maintenance costs for the Suzhou Section of Suzhou-Jiaxing-Hangzhou Expressway in future years (2003 to 2034);

- to assess the factors affecting the future operation and maintenance costs; and
- to give recommendation for the future operation and maintenance works.

2. BASIS OF REPORT

The Consultant's report was based on the following:

- interview with senior managers, engineers, accountants and relevant staff of the Company;
- review of the documents of preliminary and detail design of the Suzhou Section;
- operation and maintenance costs for the Jiangsu Section of Shanghai-Nanjing Expressway in previous years.

The scope of the consultant's service does not include the technical audit of the design standards, the construction specifications or the construction supervision for the Suzhou-Jiaixing-Hangzhou Expressway (Suzhou Section). The study therefore assumes that the Suzhou-Jiaxing-Hangzhou Expressway (Suzhou Section) has been designed and constructed to applicable PRC highway standards and approved by the relevant authorities similar to those of the Jiangsu Section of Shanghai-Nanjing Expressway. The operation and maintenance costs are therefore estimated on a protocol basis from those of the Jiangsu Section of the Shanghai-Nanjing Expressway.

3. MANAGEMENT STRUCTURE

The management of the Suzhou-Jiaixing-Hangzhou Expressway (Suzhou Section) has adopted the principle of "One Company for One Expressway", which is under the responsibility of the Suzhou Sujiahang Expressway Company. The Sujiahang Expressway Company includes the Administration Office, Planning and Finance Department, Operation and Development Department, Engineering Technology Department, Highway Maintenance Department, Materials and Equipments Department, Traffic Control and Surveillance Centre and Toll Collection department Centre.

The estimated number of staff in the Suzhou Sujiahang Expressway Company

Department	**Number of Staff**
All Administration/Management Departments and Centres	79
Suzhou Toll Station	52
Southern Suzhou Toll Station	48
Wujiang Toll Station	52
Lili Toll Station	52
Shengze Toll Station	48
Shengze Main Line Toll Station	76
Xiaodongbang Toll Station	36
Changshu Toll Station	40
Shajiabang Toll Station	40
Taiping Toll Station	32
Xiangcheng Toll Station	32
Baiyang Lake Service Area	8
Western Yangchen Service Area	8
Suzhou Maintenance Station	69
Changshu Maintenance Station	63
Total	735

4. ESTIMATION OF OPERATION AND MAINTENANCE COSTS

The period of the operation and maintenance costs for the Suzhou-Jiaxing-Hangzhou Expressway (Suzhou Section) is taken between 2003 and 2034. The estimation is based on 2002 price without consideration of inflation.

The estimated operation and maintenance costs (at 2002 price) are summarized below:

2003	2004	2005	2006	2007	2008	2009	2010
13,898,000	19,236,140	25,440,000	26,199,000	27,017,000	27,704,000	28,360,000	100,781,000

2011	2012	2013	2014	2015	2016	2017	2018
100,634,000	110,055,000	39,489,000	39,970,000	40,237,000	40,502,000	31,815,000	32,081,000

2019	2020	2021	2022	2023	2024	2025	2026
32,336,000	104,399,000	103,909,000	104,164,000	33,386,000	33,652,000	33,920,000	43,133,000

2027	2028	2029	2030	2031	2032	2033	2034
43,359,000	43,598,000	43,830,000	115,855,000	106,406,000	106,659,000	18,263,380	9,165,211

Yours faithfully,
For and on behalf of
SCOTT WILSON (HONG KONG) LTD
Peter Chan
Director

Figure A Study Road

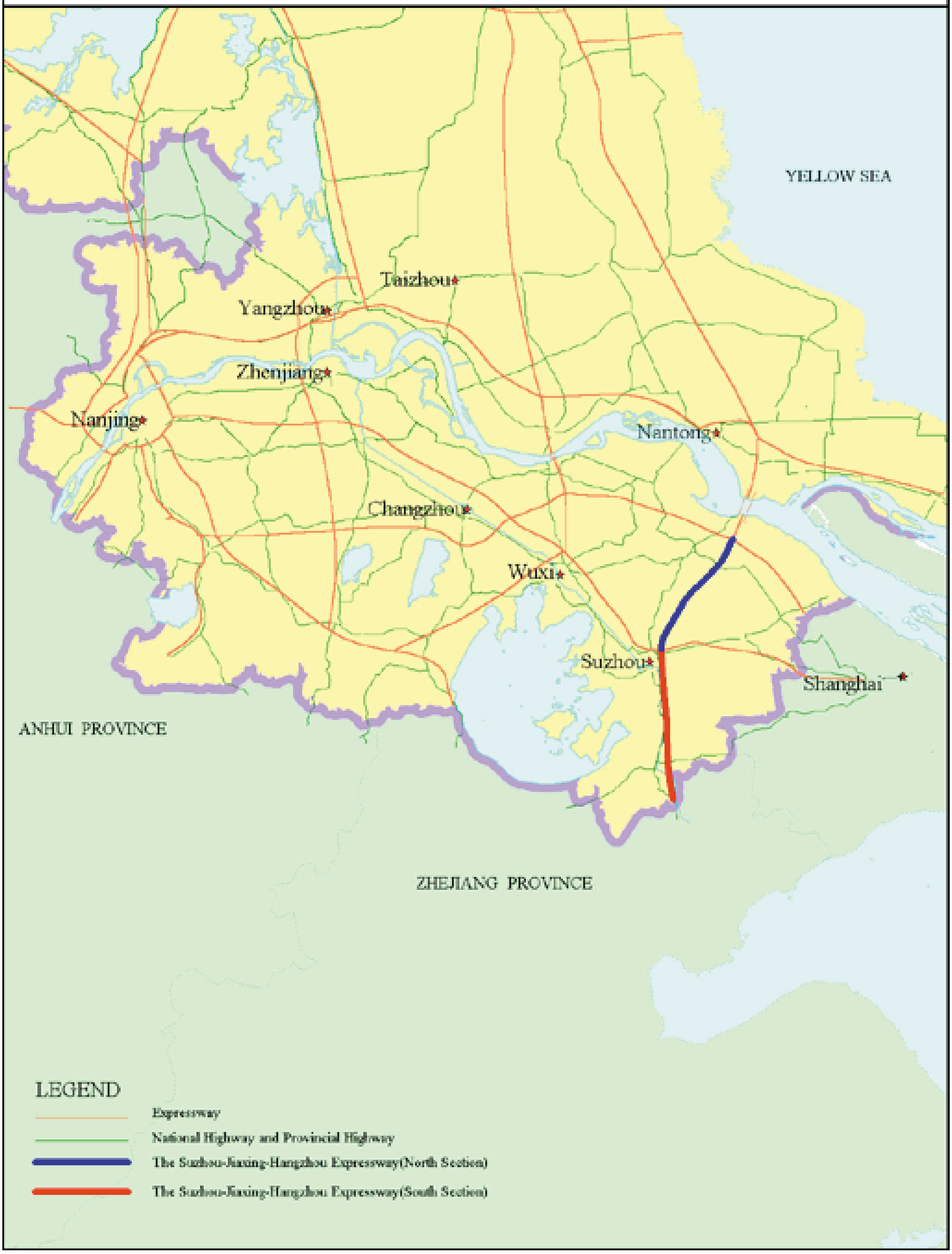
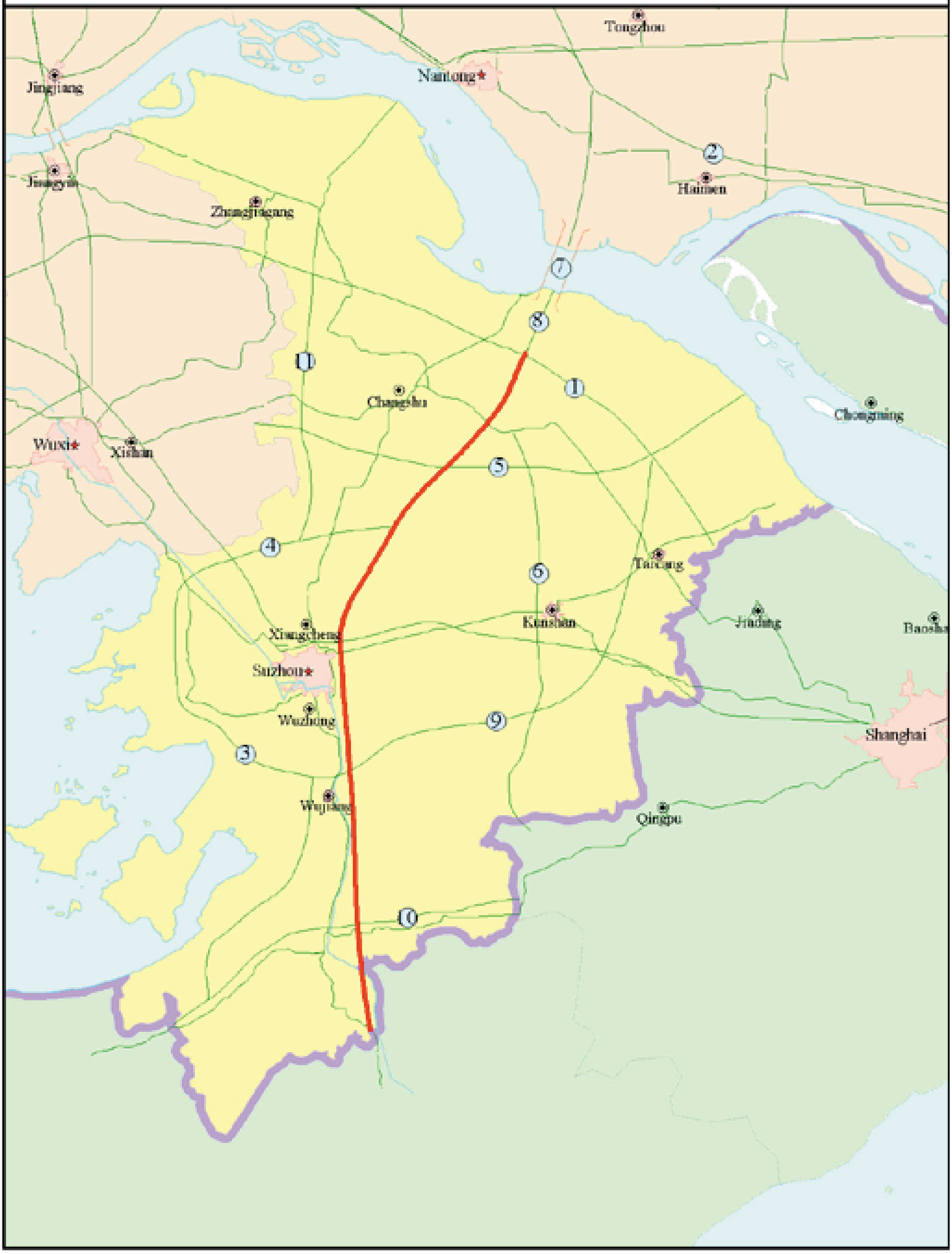


Figure B Future Road Network



1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained in the document misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors or Supervisors was, or was deemed to be, in possession of any equity or interests of the Company or of any of its associated corporations (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under Section 31 of Part 1 of the Schedule to the SDI Ordinance) or which were required to be kept by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules.

Since 31st December, 2001, the date on which the latest published audited consolidated financial statements of the Company were made up, none of the Directors or Supervisors has had any interests in any assets which has been sold or purchased by or leased to or which are proposed to be sold or purchased by or leased to the Company or any of its subsidiaries.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, in accordance with the register kept by the Company under Section 16 of the SDI Ordinance and, so far as is known to the Directors, the following persons (other than the Directors and the Supervisors) were interested, either directly or indirectly, in ten per cent. or more of the nominal value of any class of the share capital attaching rights to vote at general meetings of the Company under any circumstances:

A Shares

Name of Shareholders	Number of A Shares held	Percentage of A Shares held	Percentage of total issued share capital
Jiangsu Communications Holdings Co., Ltd 江蘇交通控股有限公司	2,781,743,600	72.86%	55.22%
Huajian Transportation Economic Development Centre 華建交通經濟開發中心	597,471,000	15.66%	11.86%

H Shares

Name of Shareholders	Number of H Shares held	Percentage of H Shares held	Percentage of total issued share capital
The Capital Group Companies, Inc.	154,696,000	12.66%	3.07%

Save as disclosed herein, as at the Latest Practicable Date, so far as is known to the Directors, no other person were interested, either directly or indirectly, in ten per cent. or more of the nominal value of any class of the share capital attaching rights to vote at general meetings of the Company under any circumstances.

4. EXPERTS

The following are qualifications of the experts who have given their opinions or advice which are contained in this circular:

Name	Qualification
Cazenove	Registered investment advisor
Scott Wilson	Traffic and engineering consultant
American Appraisal	Appraiser

Cazenove, Scott Wilson and American Appraisal do not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Since 31st December, 2001, the date on which the latest published audited consolidated financial statements of the Company were made up, Cazenove, Scott Wilson and American Appraisal have not had any interests in any assets which has been sold or purchased by or leased to or which are proposed to be sold or purchased by or leased to the Company or any of its subsidiaries.

Cazenove, Scott Wilson and American Appraisal have given and have not withdrawn their respective written consents to the issue of this document with the inclusion of their letters and valuation reports (for the purpose of Scott Wilson and American Appraisal) and the citation of their names in the form and context in which they respectively appear.

5. MATERIAL CHANGES

Save as disclosed herein, there has been no material adverse change in the Group's financial or trading position since 31st December, 2001, being the date on which the Company's latest audited consolidated financial statements were made up.

6. SERVICE CONTRACTS

No service contract (excluding contract expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)), is entered into between the Directors, the Supervisors, and the Company or any of its subsidiaries.

7. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company and any of its subsidiaries.

8. INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

Each of the directors and supervisors of the Company entered into a service contract with the Company on various date to serve the Company until the 2002 Annual General Meeting. Either party may terminate the service contract by giving not less than 3 months' advance notice to the other party without payment of compensation (other than statutory compensation, if any).

As at the Latest Practicable Date none of the Directors has any direct or indirect interest in any assets which they have, since 31st December, 2001 the date to which the latest published audited consolidated financial statement of the Company were made up, acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

As of the Latest Practicable Date of this circular, none of the Directors and the Supervisors have any material interests in contracts or arrangements which are significant to the general businesses of the Group.

9. MISCELLANEOUS

The joint company secretaries of the Company are Mr. Yao Yong Jia, who is a senior engineer, and Mr. Lam Che Wah, Danny, who is a member of The Institute of Chartered Secretaries and Administrators of the United Kingdom, respectively.

The registered address of the Company is situated at 69 Shigu Road, Nanjing, Jiangsu Province, the People's Republic of China. The registrar and transfer office of the Company in the PRC is at 1st Floor, 180 Hanzhong Road, Nanjing, the PRC. The H Share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

This circular has been prepared in both English and Chinese. In case of any discrepancy, the English version will prevail.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at (1) the office of Richards Butler and (2) the securities department of the Company from now until and including 28th May, 2002. The office of Richards Butler is at 20th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong, and the Securities Department of the Company is at 27th Floor, Jiangsu Communications Building, 69 Shigu Road, Nanjing, the PRC:

(a) the minutes of the 9th meeting of the 3rd Board of the Company;

(b) the acquisition agreement;

(c) the business valuation report produced by American Appraisal Hong Kong Limited;

(d) the opinion of Huatai Securities Co., Ltd. (as the PRC independent financial advisor);

(e) the opinion of the independent financial advisor to the independent board committee;

(f) the Chinese and the English versions of the circular in relation to the acquisition agreement;

(g) the legal opinion of Jiangsu Shiji Tongren Law Office;

(h) the traffic forecast report from Scott Wilson; and

(i) the operation and maintenance costs estimation report from Scott Wilson.

江 蘇 寧 滬 高 速 公 路 股 份 有 限 公 司

Jiangsu Expressway Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

NOTICE IS HEREBY GIVEN THAT the 9th session meeting of the Third Board of Directors of Jiangsu Expressway Company Limited resolved to convene the Annual General Meeting for the year 2001 at Jiangsu Communications Building, 69 Shigu Road, Nanjing, the PRC at 9:00 a.m. on Tuesday, 28th May, 2002 for the following purposes:

1. To review and approve the annual report of the Board for the year ended 31st December 2001;

2. To review and approve the report of the Supervisory Committee for the year ended 31st December 2001;

3. To review and approve the audited accounts and the auditors' report for the year ended 31st December 2001;

4. To approve the re-appointment of Arthur Andersen & Co and Arthur Andersen ● Hua-Qiang Certified Public Accountants as the Company's international auditor and domestic auditor, and to fix the aggregate remuneration be RMB1,250,000 per annum;

5. To approve the profit distribution scheme in respect of the final dividends of the Company for the year 2001:

   The Board meeting on 8th April, 2002 proposed a cash bonus of RMB1.25 for every 10 Shares (tax included);

6. To review and approve the following changes in respect of Directors and Supervisors;

Directors:

1) To elect Mr. Wang Guo Gang as an Independent Director of the Company, and to approve the signing of a service contract with him for a term of three years;

2) To elect Mr. Yang Xiong Sheng as an Independent Director of the Company, and to approve the signing of a service contract for a term of three years;

3) To elect Mr. Zhang Wen Sheng as a Director of the Company, and to approve the signing of an appointment contract for a term of three years;

4) To agree the resignation of Mr. Li Da Peng from his office as a Director, and to approve the signing of a service termination contract with him;

5) To agree the resignation of Mr. Liu Bu Cun from his office as a Director, and to approve the signing of a service termination contract with him;

6) To agree the resignation of Mr. Zhu Yao Ting from his office as a Director, and to approve the signing of a service termination contract with him;

Supervisors:

1) To elect Mr. Zhang Cheng Yu as a Supervisor of the Company, and to approve the signing of a service contract with him for a term of three years;

2) To agree the resignation of Mr. Du Wen Yi from his office as a Supervisor, and to approve the signing of a service termination contract with him;

7. To review and approve the amendments to the Articles of Association of the Company;

8. To review and approve the “Procedural Rules for the shareholders general meetings”;

9. To review and approve the “Procedural Rules for the Board of Directors”;

10. To review and approve the “Procedural Rules for the Supervisory Committee”;

11. To review and approve the “Bye-laws in respect of duties of independent Directors”;

12. To review and approve the “Procedural Rules for the Strategic Committee of the Board”;

13. To review and approve the “Procedural Rules for the Nominating, Salary and Review Committee of the Board”;

14. To review and approve the “Procedural Rules for the Audit Committee of the Board”;

15. To review and approve the connected transaction; to approve the “Agreement in respect of the sale and purchase of 33.33% in the Jiangsu Sujiahang Expressway Co., Ltd.”;

16. To review and approve the proposal of reduction in the beginning balance of the Retained Profits of the Company for the year 2001 for the sum of RMB23,628,000 resulting from loss due to sale of staff quarters;

17. To handle any other matters as may be necessary.

Note: Please refer to the website of Shanghai Stock Exchange (www.sse.com.cn) for details of resolutions Nos. 7, 8, 9, 10, 11, 12, 13 and 14.

By Order of the Board
Yao Yong Jia **Lam Che Wah**
Board Secretary

Nanjing, the PRC

9th April, 2002

Notes:

1. Persons who hold shares of the Company and whose names appear on the register of members as at 26th April, 2002 shall be entitled to attend the AGM after completing and returning to the Company the confirmation slip attached to the annual report by 7th May, 2002. Further details are set out in the confirmation slip and explanation thereto.

2. Registration of transfers of H shares will be suspended by the Company from 26th April, 2002 to 28th May, 2002 (both days inclusive). Holders of H shares who wish to be eligible for final dividends, must deliver their instruments of transfer together with the relevant share certificates to the Registrar of shares of the Company, on 2/F, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong, no later than 4:00 p.m. on Thursday 25th April, 2002. Registration date of equity interests, method and time of the declaration of dividends for holders of A shares will be otherwise notified.

3. A shareholder who has the right to attend and vote at the AGM is entitled to appointed a proxy (whether or not a member) to attend and vote on his behalf. A shareholder (or his proxy) is entitled to cast one vote for each share he holds or represents. Notwithstanding completion and delivery of the form of proxy, a shareholder may still attend and vote at the meeting.

4. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the appointor, an authorisation that authorised such signatory shall be notarized. To be valid, such notarized authorisation together with the form of proxy must be delivered to the Secretary's Office of the meeting not less than 24 hours before the time appointed for holding of the meeting. The form of proxy for use at the meeting will be despatched to shareholders.

5. The meeting will last for half day. Shareholders attending the meeting will be responsible for their own accommodation and travelling expenses.

6. Address: Secretary's Office, 27th Floor, Jiangsu Communication Building, 69 Shigu Road, Nanjing, the PRC.
   Postal Code: 210004
   Tel: 025-4200999 (ext. 4706/4716)
   Fax: 025-4466643, 4207788