

## Report of The Supervisory Committee

*To the shareholders,*

During the Year, all the members of the Supervisory Committee of Shenyang Public Utility Holdings Company Limited (the "Supervisory Committee") have faithfully performed their work and the duties vested in them by the Articles of Association of the Company in an honest manner according to the principle of integrity, and in compliance with the provisions of the Company Act of the People's Republic of China (the "Company Act"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Articles of Association, in order to safeguard the interests of the Company and all of the shareholders. The Supervisory Committee has performed the work actively and independently as follows:

1. held a meeting on 23rd March 2001 and approved the 2000 Report of the Supervisory Committee.
2. has diligently reviewed the Accounts and the Report of the Board of Directors to be tabled at the Annual General Meeting of 2000 by the Board of Directors, and no material problems has been discovered.
3. attended the meetings of the Board of Directors and the general meetings of the Company and expressed its opinion and suggestions on the operations, technological reform and development plans of the Company respectively, and implemented effective supervision over the guiding ideology of decision making and ensure that such decisions were made in compliance with the laws and regulations of the State, the Articles of Association and in the interest of the shareholders.

The Supervisory Committee is of the opinion that:

1. the Company was operated in strict compliance with the Company Act, the Articles and Association, the relevant laws and regulations of the State and the requirements of the local and overseas supervisory authorities during the Year. The procedures for decision making of the Board of Directors were lawful. The Company has established the complete internal supervision systems in accordance with the regulations. The members of the Board of Directors and the senior management staff have all along followed the principles of diligence and integrity and acted honestly and in the interests of the Company as a whole, and have faithfully discharged their duties within the limits as provided in the Articles of Association. They have implemented all the resolutions passed in the general meetings and the meetings of the Board of Directors and operated the Company strictly conforming to the standard as an internationally listed company. During the Year, the Company did not contravene the laws, regulations and the Articles of Association, nor have any litigation of material importance.

2. the audited financial statements have truly, objectively, completely and accurately reflected the financial standing of the Company.
3. the proceeds has been used by the Company in the investment projects as undertaken and planned.
4. the scale of foreign investments made by the Company in dealings of shares was appropriate and the returns were satisfactory.
5. the consideration for the transaction in respect of the disposal of all the shares in Jingwei Transportation held by the Company was reasonable and no insider dealings was found, neither was the interest of the shareholders impaired nor was property loss of the Company caused.

The Supervisory Committee concurred with the Report of the Board of Directors for the Year prepared by the Company and expressed their confidence in the future development of the Company.

Finally, on behalf of the Supervisory Committee, I would like to express our appreciation to the shareholders for their support and concern of the work of the Supervisory Committee.

By Order of the Supervisory Committee

**Wang Guang Zhou**

*Chairman of the Supervisory Committee*

23rd March 2001, Shenyang, the PRC