

Report of the Supervisory Committee

To shareholders,

The 3 supervisors of the Supervisory Committee were appointed by General Meeting in 1999. In accordance with the PRC Company Law, the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Company's Articles of Association, all members of the Supervisory Committee, with a principle of protecting the interests of the shareholders and the Company, performed their duties properly and carried out its work with reasonableness, prudence, diligence and initiative for the reporting period. The Supervisory Committee completed the following major work:

1. attending meetings of the board of directors as non-voting participants, reviewing the Company's finance, operations and daily management. The Supervisory Committee did not discover any action against the interests of the shareholders, the Company, the Company's Articles of Association and relevant laws;
2. reviewing the Chairman's Statement, Report of the Directors, Financial Statements, Management Discussion and Analysis and Profit Appropriation Proposal for the year of 2000 to be submitted to the forthcoming annual general meeting of the Company and the Supervisory Committee was not aware of any problem.

The Supervisory Committee is of the opinion that the directors and senior management of the Company diligently performed their duties and the Company was operating well.

The Supervisory Committee is satisfied with the Company's 2000 results and fully confident with the prospects of the Company's future development.

By the order of the Supervisory Committee
Liu Fuquan
Chairman of the Supervisory Committee