

## **Report of Supervisory Committee**

During the reporting period, the Supervisory Committee attended nine board meetings and three general meetings as non-voting participants. According to the Company Law of the People's Republic of China, the Supervisory Committee faithfully performed their duties and effectively monitored various decisions made by the board of directors.

1. During the period, the board of directors complied with the requirements of the resolutions passed at general meeting and carried out the resolutions. The decision-making procedure was conscientiously in accordance with the PRC Company Law and the Articles of Association of the Company. Under the principle of cautious operation, the Company set up internal supervisory system and formulated working system and established investment audit committee. In the process of performing duties, none of the directors and senior management have ever conducted actions against law, regulation, Articles of Association and the interests of the Company.
2. The audit reports prepared by Moores Rowland Certified Public Accountants and Hualun Certified Public Accountants truthfully and objectively reflect the financial status and operational results of the Company.
3. During the period, the Company's connected transactions were fair and in compliance with the interests of the listed Company.
4. The Supervisory Committee agreed at the representations made by the board of directors in respect of the qualified auditors' reports prepared by Moores Rowland and Hualun. The Supervisory Committee urged the management to seriously analyse the related problems and take effective measures to cope with it as soon as possible.

By order of the Supervisory Committee  
**Wu Qingwei**

Shenyang, the PRC, 20 April 2001