



Guangshen Railway has the competitive edge in medium to long distant cargo transportation

Report of the Supervisory Committee



Mr. Gu Hongxi, Chairman of the Supervisory Committee

Dear shareholders,

During the year ended 31st December, 2000, all members of the Supervisory Committee (the “Committee”) diligently carried out their duties in accordance with the Company Law of the PRC and the Articles of Association of the Company, adhered to the principle of honesty and good faith and carried out their work cautiously and positively for the purpose of protecting the interests of both the Company and its shareholders. Two meetings were held by the Supervisory Committee during the period under review, in which resolutions concerning certain major items were passed and delivered to the Board. The supervisors attended all meetings of the Board during the period under review and offered advice and suggestions on operations and management, investment decisions, technical innovations, and development plans of the Company. The Committee has, in the spirit of being responsible to the interests of the shareholders of the Company, carefully reviewed the Report of Directors, the financial report and dividend policy to be presented by the Board to the AGM.

The Company achieved an operating profit of RMB519 million in 2000. The Committee believes that this was achieved through the market-oriented measures taken by the Company and through the exploration of internal potentials and efficient control of costs. The Committee believes that broadening its market share, establishing an operating mechanism which responds to market

changes, and increasing operating profit will still remain important tasks of the Company.

In the coming year, the Committee shall offer its support to the Company’s management in the A-Share issue, the construction of the fourth track of the Guangshen Railway and the “As-frequent-as-buses” High-speed Train Project to be implemented between Guangzhou and Shenzhen. As these three projects are critical to the Company’s future development, the Committee hopes that the Company’s management will carry out these projects in accordance with relevant rules and regulations and in a stable and progressive way so as to enhance the Company’s competitiveness.

The Committee is satisfied with the operation of the Company in the past year and is confident of the Company’s future. At the same time, we would like to express our gratitude to the Board, the senior management headed by the General Manager, and all the employees and shareholders for your confidence in and support for our work.

By Order of
The Supervisory Committee
Gu Hongxi
Chairman

Shenzhen, the PRC, 13th March, 2001