

# **REPORT OF THE SUPERVISORY COMMITTEE**

To the Shareholders:

During the year ended December 31, 2001, members of the Supervisory Committee of the Company (the "Supervisory Committee") have diligently performed their functions in ensuring that the Company has observed and complied with the Company Law of the People's Republic of China, the Articles of Association of the Company and other relevant regulations to protect the interests of the Company and its shareholders.

The Supervisory Committee convened two meetings during the year to monitor corporate governance issues of the Company. The Supervisory Committee also attended meetings of the Board of Directors. To enhance the efficient management of the Company's business, facilitate the smooth operation of various departments of the Company and the development of business plans in the best interests of shareholders, the Supervisory Committee involved itself in the decision making process of the Board of Directors by putting forward constructive queries and recommendations. The Supervisory Committee reviewed resolutions of the meetings of the Board of Directors to ensure their compliance with applicable laws and regulations in the PRC.

The Supervisory Committee is satisfied that the Directors and senior management have performed their management role in the Company diligently and have acted in the best interests of the Company and its shareholders.

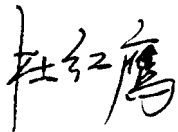
The Supervisory Committee has carefully reviewed the financial statements prepared in accordance with International Financial Reporting Standards and takes the view that the financial statements give a true and fair view of the financial position and results of operations of the Group. The Supervisory Committee further takes the view that the financial statements comply with the relevant laws and regulations applicable to the Company.

The Supervisory Committee confirms that the Company was not involved in any material litigation or proceedings or arbitration and so far as the Supervisory Committee is aware, no litigation or claim of material importance is pending or threatened by or against the Company.

In the opinion of the Supervisory Committee, the Company has been managed in a fair and reasonable manner during the year and has confidence in the Company's future prospects and development. The Supervisory Committee consents to the report of the Board of

Directors for the year ended December 31, 2001 and will commit itself to continuing its role in supervising the Board of Directors for the coming year.

By Order of the Supervisory Committee

A handwritten signature in black ink, consisting of stylized Chinese characters, likely representing the Chairman of the Supervisory Committee.

*Chairman of the Supervisory Committee*

March 21, 2002