

## Chairman's Statement



### **RONG YANG**

*Chairman, President and  
Chief Executive Officer*

Dear Shareholders:

In this challenging year of 2001, we have still achieved a 5.0% increase in unit sales volume. We have maintained our leadership position in the Chinese minibus market despite unprecedented

competition, both foreign and domestic. Due to our long-standing efforts to provide more variety, better quality and improved services to our customers, the “JinBei” brand has become the proud symbol of quality in the Chinese minibus market.

We have maintained our position as the most profitable minibus manufacturer in China. For the first time, however, we have failed to record an increase in net income since we took over the management of Shenyang Jinbei Passenger Vehicle Manufacturing Co. Ltd. (hereinafter “Shenyang Automotive”) due to the additional costs relating to the planned roll-out of the Zhong Hua Sedan.

China’s accession to the World Trade Organization in November 2001 marked the beginning of a new era for the automotive industry in China. With the gradual reduction in tariffs, competition in the Chinese market is intensified by the imported automobiles. These challenges

## Chairman's Statement (Cont'd)

have compelled us to further improve our current operations so as to bring better value to our shareholders.

On December 17, 2001, Shenyang Automotive entered into an agreement with Toyota Motor Corporation for the transfer of technology relating to the fifth generation of the Toyota Minibus, the GRANVIA. Pre-production is scheduled to begin in the second half of 2002 and commercial production will be launched one year later. The Zhong Hua Sedan, designed by the world - renowned Italdesign, is under pre-production and is due to be launched to the market once final approval is obtained from the Chinese governmental authorities. In addition, we are currently in negotiations with several foreign automobile manufacturers regarding the production of automobiles for the growing Chinese automotive market at our existing facilities.

We believe that the addition of the above-mentioned new products in the current year and beyond is an essential element in our overall strategy. Looking into the future, the management remain confident that our current product strategy, combined with the united efforts of our employees, will enable us to provide good value to our shareholders for many years to come.

Last but not least, I would like to express my heartfelt gratitude to our staff and shareholders for their continued support.



**Rong Yang**  
*Chairman*  
April 18, 2002

