

To the shareholders,

During the Year, all the members of the Supervisory Committee of Shenyang Public Utility Holdings Company Limited (the “Supervisory Committee”) have faithfully performed their work and the duties vested in them by the Articles of Association of the Company in an honest manner according to the principle of integrity, and in compliance with the provisions of the Company Law of the People’s Republic of China (the “Company Law”), the Listing Rules and the Articles of Association. In order to safeguard the interests of the Company and all shareholders, the Supervisory Committee performed the work actively and independently during the Year as follows:

1. A meeting was held on 19th April 2002 to approve the 2001 Report of the Supervisory Committee.
2. The Accounts and the Report of the Board of Directors to be tabled at the Annual General Meeting for 2001 by the Board of Directors were diligently reviewed, and no material problems have been discovered.
3. The meetings of the Board of Directors and the general meetings of the Company were attended and the Supervisory Committee expressed its opinion and suggestions on the operations, technological renovation and development plans of the Company respectively, and implemented effective supervision over the guiding ideology of decision-making and ensured that such decisions were made in compliance with the laws and regulations of the State, the Articles of Association and in the interests of the shareholders.

The Supervisory Committee is of the opinion that:

1. the Company was operated in strict compliance with Securities Law, the Company Law, the Articles of Association, the relevant laws and regulations of the State and the requirements of the local and overseas supervisory authorities during the Year. The procedures for decision-making of the Board of Directors were lawful. The Company has established the complete and sound internal control systems in accordance with the regulations. The members of the Board of Directors and the senior management staff have all along followed the principles of diligence and integrity and acted honestly and in the interests of the Company as a whole, and have faithfully discharged their duties within the limits as provided in the Articles of Association. They have implemented all the resolutions passed in the general meetings and the meetings of the Board of Directors and strictly carried out the operations of the Company in accordance with the standard as an internationally listed company. During the Year, the Company did not contravene the laws, regulations and the Articles of Association, nor has any litigation of material importance.
2. the audited financial statements have truly, objectively, completely and accurately reflected the financial position of the Company.

3. the proceeds have been used by the Company in accordance with original planning.
4. the returns of investments made by the Company in other entities were satisfactory.
5. the trading prices of the Company's H shares were reasonable and no insider dealings were found, neither was the interests of the shareholders impaired nor was loss in assets of the Company caused.

The Supervisory Committee concurred with the annual report of the Company during the Year and has confidence in the future development of the Company.

Finally, on behalf of the Supervisory Committee, I would like to express our appreciation to the shareholders for their support and concern of the work of the Supervisory Committee.

By order of the Supervisory Committee
Wang Guang Zhou
Chairman of the Supervisory Committee

19th April 2002, Shenyang, the PRC