

Report of the Supervisory Committee

In accordance with the principle of being accountable to all shareholders, the Supervisory Committee of the Company fully complied with the duties to supervise and ensure that the resolutions as passed in the Shareholders' General Meetings were consistently implemented, the legal interest of shareholders were protected and the duties conferred under the Articles of Association and in the Shareholders' General Meetings were completed in accordance with the Company Law, the Articles of Association and the relevant provisions, in order to facilitate a disciplined operation and sustainable development of the Company.

1. MEETINGS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD AND RESOLUTIONS PASSED IN SUCH MEETINGS

On 19 August 2003, the Supervisory Committee convened its meeting at the office of the Company, where the interim report of the Company for 2003 was considered and approved accordingly.

On 20 February 2004, the Supervisory Committee convened its meeting at the office of the Company, where the annual report of the Company for 2003 was considered and approved accordingly.

2. PROGRESS ON THE WORK OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the period under review, the Supervisory Committee of the Company performed its supervisory functions in a fiduciary manner. Apart from participating in the Shareholders' General Meetings for 2003 and attending every board meetings of the Company held in 2003, the Supervisory Committee duly supervised and examined the Company's financial situation, the execution of the Board of Directors regarding the resolutions passed in the Shareholders' General Meetings, operational decisions of the management, the due operation of the Company, the acts of the directors, managers and senior management, and the connected transactions entered into with its controlling shareholder. The Supervisory Committee considered that:

- (1) The operating activities of the Company and its subsidiaries in 2003 have not violated the Company Law, the Articles of Association, financial accounting system as well as the laws and regulations of the PRC.
- (2) During the course of performing their duties in 2003, the directors, managers and senior management of the Company fulfilled their fiduciary duties by acting lawfully, disciplinarily and innovatively, honoring and protecting the interests of all the shareholders of the Company. None of the parties named above was found in breach of the Company Law, the Articles of Association as well as the laws and regulations of the PRC.
- (3) The Supervisory Committee considered that the consideration for the connected transactions entered into between the Company and its controlling shareholder is established on a fair basis with accordance to the market behaviour without prejudice to the interests of the Company and its shareholders.
- (4) The auditors presented their auditors' report in an unreserved and manner, which has unexplanatory truly, objectively and accurately reflected the financial condition of the Company.

Supervisory Committee of BYD Company Limited

Dong Jun-qing

Chairman

20th February 2004