



Mr. Zou Haifeng  
*Chairman of the Board of Supervisors*

interests. The board of supervisors ensured that the directors carried out their duties strictly in accordance with the resolutions of the Company's annual general meetings and the extraordinary general meetings, the appropriation of profits and significant decisions were also made in accordance with relevant regulations and the articles of association. The internal management system has been improved gradually.

The board of supervisors has reviewed the provision of bad debt, write-off of bad debt and disposal of fixed assets for 2003 and considered them to be in line with prudent operation and effective prevention of assets loss of the Company.

The board of supervisors are not aware of any information relating to the Company's affairs that may contravene the laws and regulations of the PRC, the articles of association of the Company or which may be prejudicial to the interests of the Company.

During 2003, the board of supervisors also reviewed the connected transactions between the Company and JCGC, the Company and PetroChina, the Company and CNPC to ensure that these connected transactions were entered into on a fair and reasonable basis. In particular, the board of supervisors considered that the price of assets including the Water Filtering System and Ammonia Liquefaction Facilities purchased from JCGC was fair and reasonable, no insider dealing existed, and the purchase of assets was not contrary to the interests of shareholders of the Company or resulted in any loss of assets by the Company. The board of supervisors is not aware of any information which may be contrary to the interests of shareholders of the Company nor is it aware of any losses in respect of the Company's assets.

The fixed assets revaluated by the Company complied with requirements of IFRS.

The auditors' reports provided by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Company Limited under IFRS and PRC GAAP, respectively, have been reviewed and certified to be truthful, objective, accurate and complete by the board of supervisors.

In 2004, the board of supervisors will continue to focus on the development of the Company and to protect the interest of shareholders pursuant to the articles of association of the Company.

On behalf of the board of supervisors  
**Zou Haifeng**  
*Chairman*

Jilin, the PRC  
April 20, 2004

During 2003, the Company conducted its business in accordance with the articles of association of the Company, the PRC Company Law, and relevant international and domestic regulations. The board of supervisors carried out its duties in accordance with the articles of association of the Company, supervised and advised the management of the Company on all relevant matters.

The board of supervisors held a meeting on April 24, 2003, at which the report of the Board of Supervisors for 2002, the resolution of impairment provision for fixed assets, the Group's audited financial statements prepared in accordance with PRC GAAP and IFRS, the profit distribution plan of the Company for 2002 and the Company's first quarterly report for 2003, were considered and approved.

The board of supervisors held a meeting on July 31, 2003, at which the Group's financial statements prepared in accordance with PRC GAAP and IFRS for the six months ended June 30, 2003, were considered and approved.

The board of supervisors participated in all meetings of the directors held during 2003 to ensure that the directors' decisions comply with the relevant regulations of the PRC, are in line with the future development of the Company and shareholders'