

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 was 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

- (1) On 20th 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) On 26th August, 2004, the Supervisory Committee convened its meeting at the office of the Company, where the interim report of the Company for 2004 was considered and approved accordingly.
- (3) On 24th March, 2005, the Supervisory Committee convened its meeting at the office of the Company, where the annual report of the Company for 2004 was considered and approved accordingly.

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

During the reporting period, the Supervisory Committee of the Company performed its supervisory functions in a fiduciary manner. Apart from participating in the Shareholders' General Meeting for 2004 and attending every board meeting of the Company held in 2004, the Supervisory Committee duly supervised and examined the Company's financial situation, the Board of Directors' execution of the resolutions passed in the Shareholders' General Meeting, operational decisions of the management, the operations of the Company in compliance with the laws, 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 2004 did not violated the Company Law, the Articles of Association, financial accounting procedures or the laws and regulations of the PRC.
- (2) During the discharge of their duties in 2004, the directors, managers and senior management of the Company fulfilled their fiduciary duties by acting lawfully, with discipline to protect 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 or the laws and regulations of the PRC.
- (3) The Supervisory Committee considered that the connected transactions entered into between the Company and its connected persons were established on the basis of fair market price, without prejudice to the interests of the Company or its shareholders.
- (4) The auditors presented an unqualified auditors' report. The report truly, objectively and accurately reflected the financial condition of the Company.

Supervisory Committee of BYD Company Limited

**Dong Jun-qing**

*Chairman of the Supervisory Committee*

24th March, 2005