

Report of the Supervisory Committee

To all Shareholders,

During the year ended 31 December 2004 (the "Reporting Period"), all members of Great Wall Automobile Holding Company Limited's (the "Company") supervisory committee (the "Supervisory Committee") adhered strictly to the stipulations of the Company Law of the People's Republic of China (the "PRC") (the "Company Law") and the articles of association of the Company (the "Articles"), and, on the principle of good faith and prudence, discharged their duties of supervision in accordance with the relevant regulations and, actively as well as cautiously, proceeded with various initiatives to safeguard the interest of the shareholders of the Company. The Supervisory Committee played an effective role in ensuring that the Company had operated in conformity with all relevant requirements and contributed to its sustained development.

1. MEETING AND RESOLUTIONS OF THE SUPERVISORY COMMITTEE

The seventh meeting of the first Supervisory Committee was held on 25 March 2004 at the conference room of the Company whereupon the audited financial statements, profit allocation proposal and report of the Supervisory Committee for 2003 were reviewed and approved.

The eighth meeting of the first Supervisory Committee was held on 27 August 2004 at the conference room of the Company whereupon resignation of Mr. Wei De Yi as a supervisor of the Company was reviewed and approved.

2. TASKS OF THE SUPERVISORY COMMITTEE IN THE REPORTING PERIOD

During the Reporting Period, not only did we attend all meetings of the board of directors (the "Directors") of the Company (the "Board"), we also duly supervised and monitored the financial affairs of the Company, operating related decisions made by the management, operating activities of the Company in accordance with relevant regulations and the discharge of duties by the Directors and the senior management. The Supervisory Committee is of the opinion that:

- (1) The Company and its subsidiaries have not violated the Company Law, the Articles, the relevant financial and accounting standards, the laws and regulations of the PRC during its course of operation during the Reporting Period.
- (2) The Directors and senior management of the Company have discharged their duties with commitment, due observance of the law, well-regulated management, innovation, and a high regard to shareholders' interest during the Reporting Period. While discharging their duties, no violation of the Company Law, the Articles, the relevant financial and accounting standards or the laws and regulations of the PRC has been committed.

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- (3) The certified accountants' office issued its audit reports in the standard and unqualified form without opinion. The Company's financial statements truly reflected the financial position of the Company and its subsidiaries (collectively, the "Group") as at 31 December 2004, and the operating results of the Group for the year then ended.

By Order of the Supervisory Committee

Wu Nan

Supervisor

Baoding, Hebei Province, the PRC

14 March 2005