

Supervisory Committee's Report

To: Shareholders

The Supervisory Committee held two meetings during the year. The meetings reviewed the directors' report, financial statements and profit appropriation schemes for the year, approved auditors' report, recommended members of external supervisors for the 1st Supervisory Committee, approved election of Chairman for the 1st Supervisory Committee and related matters.

The Supervisory Committee of the Company is established to protect the interest of the Company and all of its shareholders and staff to the best of their ability, based on the principle of objectivity, realism and fairness. The work and responsibilities of the Supervisory Committee were strictly in accordance with the regulations as specified in the "Company Law of the People's Republic of China", "Listing Rules" and the Company's Articles of Association.

The Supervisory Committee monitors the activities of the Board of Directors, the General Manager and other senior management personnel through various means including attendance at the Board of Directors' meetings. Nothing has come to our attention that causes us to believe that the Company's Directors, the General Manager or any of the senior management personnel have violated any related laws, regulations, the Company's Article of Association, the "Listing Rules" or infringed upon any of the shareholders' rights or interests in the execution of their duty.

We have reviewed and concurred with the 2000 financial statements, review of operations and appropriation scheme to be submitted by the Board of Directors at the Annual General Meeting. In our opinion, these financial statements and review of operations were prepared in accordance with relevant rules and regulations, and present a true and fair view on the Company's financial position and operating results. We have also approved the auditors' report.

The Supervisory Committee considered that the use of the Company's listing proceeds was in accordance with the Company's business plan.

During the year, the Company was not involved in any significant litigation nor did the Supervisory Committee prosecute any of the directors on behalf of the Company.

We would like to express our thanks to all of the shareholders who support our work.

On behalf of the Supervisory Committee

Li Renzhong

Chairman

8th March, 2001