



Report of the Supervisory Committee

In compliance with the Company Law of the PRC, the Company's Articles of Association and the Regulations of the Supervisory Committee, the five-member committee earnestly discharged its statutory supervisory duties, safeguarding the lawful interests of the shareholders of the Company. The main tasks of the Committee in 2001 included, among others, attending board meetings; advising on important issues such as the Company's investment decisions and dividend policies; participating in major functions of the Company, and through other means, understanding and monitoring the conduct of the Directors, General Manager and other senior officers in business management; carefully reviewing the financial position of the Company, discussing and reviewing the financial statements and dividend distribution proposal to be submitted by the Board to the annual general meeting.

The Committee concludes that the Directors, General Manager and other senior officers of the Company have adopted steady development strategies in 2001, focusing on the principal business operations, obtaining sustained growth in operating results and providing good returns to shareholders, and have expanded the influence of the Company in the international capital market through the establishment of the Level-I ADR program. The efforts of the Board and management in corporate governance have obtained recognition and approval from investors, and this has consolidated the positive corporate image of the Company in both domestic and overseas capital markets.

The Committee has examined the financial statements of the Company for 2001 prepared to be submitted by the Board to the annual general meeting, and concluded that the statements accurately reflected the Company's operating results and asset position in 2001 and were in compliance with relevant laws and regulations and the Company's Articles of Association. Although the dividend payout ratio in 2001 was lower than that of the previous year, the ratio is still relatively high, providing appropriate cash return to shareholders. We, therefore, endorse this profit distribution proposal, and recommend shareholders to approve the proposal at the forthcoming annual general meeting.

The Committee reviewed the Report of the Directors to be submitted to the annual general meeting, and consider it to be a fair representation of the Company's actual situation. In the course of the Company's business operations, the members of the Board, General Manager and other senior officers of the Company observed their fiduciary duties and worked diligently while exercising their rights or discharging their duties. We did not find any abuse of power or infringement of the interests of shareholders and employees.

The Committee is satisfied with the accomplishments attained by the Company in its various tasks.

By the Order of the Supervisory Committee

Ma Kehua

Chairman of the Supervisory Committee

March 12, 2002

