

## REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the reporting period, all members of the Supervisory Committee conscientiously performed their supervisory duties and earnestly safeguarded the interests of the shareholders and the Company in accordance with the relevant requirements including the PRC Company Law and the Articles of Association of the Company.

During the reporting period, the Supervisory Committee convened two meetings. At the third meeting of the fifth session of the Supervisory Committee convened on 27 March 2020, we reviewed and approved proposals such as the Company's 2019 financial report, 2019 auditors' report issued by the external auditors, profit allocation and dividend distribution plan, the Company's work report on risk management and internal control for 2019 and work plan for 2020, the work report of the Supervisory Committee for 2019 and the work plan of the Supervisory Committee for 2020 and formed resolutions. At the fourth meeting of the fifth session of the Supervisory Committee convened on 21 August 2020, we reviewed and approved proposals such as the Unaudited Interim Financial Report for 2020, the Report on the Review of the Interim Financial Report for 2020 issued by the external auditors and the work report on risk management and internal control for the first half of 2020 and formed resolutions. The meetings of the Supervisory Committee provided management suggestions to the continuous enhancement of internal management and risk prevention of the Group. During the reporting period, the members of the Supervisory Committee attended the board meetings for 2020 and general meetings of the Company. By attending these meetings, the Supervisory Committee supervised significant decision making of the Company and the duty performance of the members of the Board and senior management.

The Supervisory Committee is of the opinion that during the reporting period, the Company faced the severe impact of the pandemic on its production and operation. The Company seized the opportunity of digital transformation and accelerated market expansion under the environment of normalization of pandemic prevention and control. In 2020, the Company's total revenues maintained a positive growth and amounted to RMB122,649 million and net profit amounted to RMB3,081 million. The Company's revenue structure was further optimized, its financial position remained stable and operating results continued to improve, resulting in a continuous increase in the corporate value.

The Supervisory Committee is of the opinion that, in 2020, all members of the Board and senior management of the Company complied with applicable laws and regulations, and performed their duties in accordance with the Articles of Association of the Company. They have also safeguarded the interests of the shareholders, earnestly implemented various resolutions of the general meetings and the board meetings, and operated strictly in accordance with the regulatory requirements for a listed company. The Supervisory Committee was not aware of any violation of relevant PRC laws and regulations and the Articles of Association, or any acts which would prejudice the interests of the Company.

The Supervisory Committee carefully reviewed the information intended to be submitted by the Board of Directors to the general meeting such as the financial report of the Company for 2020 which were prepared according to relevant requirements and issued with unqualified opinion by the external auditors. The Supervisory Committee is of the opinion that the financial report gives an objective and true view of the Company's financial position and operating results.

In 2021, the Supervisory Committee will continue to comply with the relevant requirements of the PRC Company Law and the Articles of Association of the Company strictly and assume the responsibilities of safeguarding the interests of the shareholders and the benefits of the Company, to focus on the supervision of the Company's implementation of its commitment to shareholders and to expand our scope of work approach, with a view to enhancing our supervision and inspection efforts in major operating activities and duly perform our duties in a thoughtful manner.

By order of the Supervisory Committee

**Han Fang**

*Chairperson of the Supervisory Committee*

Beijing, PRC  
25 March 2021