

REPORT OF THE SUPERVISORY COMMITTEE

To all shareholders:

During the year ended 31 December 2003, in accordance with the PRC Company Law, the Listing Rules and the Company's Articles of Association, all members of the Supervisory Committee have performed their duties properly and carried out its work with the principles of reasonableness, prudence, diligence and initiative.

By attending the Board meetings, as well as the working meetings of the general managers, the Supervisory Committee participated in important activities of the Company, reviewed and gave advice to the Company's finance, operations and daily management. The Supervisory Committee is satisfied with the operating results of the Company in the year 2003, and did not discover any action against the interests of the shareholders, the Company, the Company's Articles of Association and relevant laws.

The Supervisory Committee has carefully reviewed the Report of the Directors, Financial Statements and Profit Appropriation Proposal for the year 2003 to be submitted to the forthcoming annual general meeting of the Company and was not aware of any problem.

The Supervisory Committee supervises the performance of duties by the members of the Board of Directors and the senior management officers. It considers that the members of the Board of Directors, the general manager and other senior management have been complying with the diligent and fiduciary principles, performing their duties in good faith with the interests of the shareholders and the Company as their primary consideration. The Company was operating well.

The Supervisory Committee is fully confident with the prospects of the Company's future development. Meanwhile, it will closely supervise the operation of the Company as usual, to protect the interests of the shareholders and the Company.

By order of the Supervisory Committee

Wang Zuoyi
Chairman

Beijing, the PRC
31 March 2004