

Report of the Supervisory Committee

To the shareholders:

Strictly adhering to the Company Law of People's Republic of China, the Listing Rules, the articles of association of the Company and the Rules on Operation of the Supervisory Committee, the Supervisory Committee of the Company had faithfully discharged its duties with prudence and endeavours during the year 2004 for the purpose of safeguarding the lawful interests of the Company and its shareholders.

The Company has disposed a Secretary to the Supervisory Committee, as part of Company Secretariat, to manage the daily affairs of the Supervisory Committee and facilitate the communication between the Supervisory Committee and the Company's management. The Supervisory Committee had convened six meetings in 2004, all three members attended these meetings, except those required to be absent. Those meetings were held and resolved in accordance with legal procedures, with proper service of notice and quorum. During the meetings, the report of the Supervisory Committee for the year 2003 was considered and passed; the work plan for 2004 was formulated; and the financial report and distribution scheme for the year 2003, the budget plan for 2004, 2004 interim results report and the first and the third quarterly reports in 2003 were reviewed. Furthermore, the Supervisory Committee reviewed all the written resolutions signed by the Board and internal decision-making process for the Company's major issues in 2004.

During the Year, all members of the Supervisory Committee attended all eight Board meetings and presented the two general meetings, monitoring the procedures and legality of convening such Board meetings and general meetings as well as resolutions made in such meetings. We consider that the Board's activities in 2004 were carried out in strict compliance with the Company Law of the People's Republic of China, the Securities Laws of the People's Republic of China, the Listing Rules, the articles of association of the Company and other relevant laws and regulations. The Board approved the Internal Control System, which comprehensively introduces and describes the aim, contents, methodology and duties of the Company's internal control system, further enhancing

the internal control systems of the Company. Based on an existing and well-developed internal control system, the Risk Management Committee was established. The Audit Committee and the Internal Audit Department prudently and industriously discharge their duties. It considers that all Directors, general managers and other senior management have adhered to the principle of integrity with prudence when they performed their duties. They had also acted sincerely for the maximum interest of the Company without any violation of the laws and regulations. There have been no abuse of authority and no harmful act against the interests of the Company, its shareholders or employees.

The Supervisory Committee had also reviewed the accounts and other accounting information of the Group carefully. We consider that the accounts are clear, and the accounting and financial management is in line with relevant regulations. We do not notice anything that is in contravention of relevant laws and regulations. PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. have audited the financial reports of the Group for the year 2004 prepared in accordance with the Hong Kong accounting standards and PRC accounting standards, as well as issued unqualified audit reports. The Supervisory Committee considers that those audit reports have truly reflected the Group's financial position, operation results and cashflow, and they are fair, objective, accurate and reliable.

During the reporting period, there had been no disputes between any Supervisors on behalf of the Company and the Directors. Also, the Supervisors on behalf of the Company had never instituted any legal action against any of the Directors.

By Order of the Supervisory Committee

Wang Ji Zhong

Chairman

Shenzhen, PRC, 18 February 2005