

1. Works of Supervisory Committee

1. The third meeting of the third Supervisory Committee of the Company was held at Conference Room at 6th floor of the office building of the Company on 11 March 2004. The meeting was chaired by Mr. Wang Maoxian, the Chairman of the Supervisory Committee. Five supervisors should have attended the meeting and five supervisors attended the meeting, at which the 2003 Interim Results Announcement and its Summary was considered and the 2003 Supervisory Committee's Report and Report of Audit Department for Supervisory Committee and the remuneration of Supervisory Committee were considered and approved.
2. The third meeting of the fourth Supervisory Committee of the Company was held at Conference Room at Tongyuan Hotel of the Company on 16 August 2004. The meeting was chaired by Mr. Wang Maoxian, the Chairman of the Supervisory Committee. Five supervisors should have attended the meeting and five supervisors attended the meeting, at which the 2004 Interim Results Announcement and 2004 Interim Financial Report and 2004 Interim Profit Distribution Plan were considered and approved.

2. Independent Opinion of Supervisory Committee on Compliance of the Company's Operations with the laws

During the reporting period, the Company implemented surveillance over its shareholders' meetings, the procedure for convening meetings of the Board of Directors, items to be resolved, execution of resolutions of shareholders' meetings by the Board of Directors, as well as the integrity, diligence and commitment of the Company's directors and senior management, in accordance with the Company Law and the relevant provisions of the Articles of Association of the Company. The Supervisory Committee is of the opinion that the Company's decision-making procedure is lawful. The Company has been operating in strict compliance with the established internal control system. No misappropriation of the Company's funds by connected parties was found, and the Company has not provided guarantee for any connected parties, other individuals or any third parties. Directors, senior management and managers seriously carried out their commitments in respect of integrity and diligence and did not take any actions which were in violation of laws, regulations or the Company's Articles of Associations nor detrimental to the Company's interests when discharging their duties.

3. Independent Opinion of the Supervisory Committee on Financial Status

The Supervisory Committee approved the examination and audit on the Company's financial status and financial structure and is of the opinion that the Company's financial status is sound without the existence of any significant risks. The audit reports without qualified opinions by the domestic and overseas accounting firms give an objective, fair and true view of the Company's financial status and operating results in 2004.

4. Independent Opinion of the Supervisory Committee on Utilisation of the Latest Proceeds

The Company did not raise any funds during the year of 2004.

5. Independent opinion of the Supervisory Committee on acquisition and disposal of assets

In 2004, the Company did not dispose of any assets.

6. Independent opinion of the Supervisory Committee on connected transactions

The Company's procedure for entering into connected transactions for the year of 2004 complied with the relevant provisions of the Listing Rules. The disclosure of information on connected transactions was timely and sufficient. The execution of the contracts of connected transactions was reasonable and fair and was not detrimental to the interests of shareholders or the Company.

By Order of the Board

Wang Maoxian

Chairman Supervisory Committee

10 March 2005