

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the year ended December 31, 2004, members of the second Supervisory Committee of the Company (the "Supervisory Committee") have diligently performed their duties, in their effective offices respectively, in ensuring that the Company has observed and complied with the Listing Rules, the Company Law of the PRC, the Articles of Association of the Company and other relevant legislations and regulations to protect the interests of the Company and its shareholders.

The second Supervisory Committee convened three meetings during Year 2004 to monitor corporate governance of the Company. The Supervisory Committee also reviewed the Company's annual financial statements for 2003 and interim financial statements for 2004, and attended meetings of the Board of Directors (the "Board") to effectively monitor the policies and decisions made by the Board as to whether they are in compliance with the Listing Rules, the relevant legislative and regulatory requirements of the People's Republic of China, the Articles of Association of the Company, and the interests of the Company and shareholders, and offered proper suggestions to the Board. All members of the Supervisory Committee agreed unanimously to elect Du Hongying as the Vice Chairperson of the Supervisory Committee in April 2004.

The second Supervisory Committee has carefully reviewed the Company's financial statements for 2004 audited by PricewaterhouseCoopers prepared in accordance with International Financial Reporting Standards and considers that the financial statements give a true and fair view of the financial position and results of operations of the Company and they comply with the regulations applicable to the Company.

The Supervisory Committee confirms that the Company has not been involved in any material litigation or proceedings or arbitration, and there is no litigation or claim of material importance pending or threatened by or against the Company.

The Supervisory Committee is satisfied that the Board and senior management of the Company are committed to act honestly and to perform their duties diligently, so as to protect the best interests of the Company and shareholders for Year 2004. The Supervisory Committee confirms that the report of the Board for the year ended December 31, 2004 reflected the actual operational circumstances of the Company. In the opinion of the Supervisory Committee, the Company has achieved satisfactory results during the year and the Supervisory Committee has confidence in the Company's future prospects and development.

By Order of the Supervisory Committee

Li Xiaojun

Chairperson of the Supervisory Committee

March 19, 2005