



Report of the Supervisory Committee

To all shareholders:

During the year of 2005, the Supervisory Committee has strictly complied with the PRC Company Law, the Articles of Association of the Company and Rules of Procedure for Supervisory Committee in performing the supervisory duties and exercising the rights conferred thereon by the Articles of Association, and has also in good faith safeguarded the shareholders' interests in a diligent, pragmatic and serious manner.

The Supervisory Committee convened two meetings in 2005.

The first meeting of the first Supervisory Committee in 2005 was held on 4th April 2005 in Beijing Kang Ming Building to consider and approve resolutions respectively relating to:

1. the report on the work of Supervisory Committee in 2004;
2. the audited financial statements of the Company for the period ended 31st December 2004;
3. the proposal on profit distribution of the Company for the year ended 31st December 2004;
4. the 2004 Annual Report and Results Announcement of the Company; and
5. the Rules of Procedure for Supervisory Committee of the Company.

The second meeting of the first Supervisory Committee in 2005 was held on 26th August 2005 in Beijing Oriental Culture Hotel to consider and approve the 2005 Interim Report and proposal on profit distribution of the Company.

The Supervisory Committee had attended the five Board meetings and three general meetings to monitor the procedures applied to the convening of board meetings and general meetings and to the decision-making and the validity of such procedures. Through convening meetings and attending board meetings and general meetings, the Supervisory Committee performed its duties of supervising the major operating activities of the Group, as well as the performance of Directors and senior management officers on their duties and provided advice to the Board.

The Supervisory Committee has reviewed the Report of the Board of Directors which the Board submitted to the general meeting, and considered that the report has fairly described the current position of the Company. In 2005, the Board and the senior management of the Company had duly exercised various powers conferred by the shareholders pursuant to the laws, performed various obligations, and used their best endeavours to make important contributions to the development of the Company.

The Supervisory Committee has also reviewed the financial statements as audited by PricewaterhouseCoopers, and considered that the statements had fairly reflected the financial position and operating results of the Company. The Company's financial statements are prepared accurately with clear records and complete information.

The Supervisory Committee is fully confident in the prospect of the Company. In 2006, the Supervisory Committee will continue to strictly perform its duties in accordance with the Articles of Association and the relevant requirements to safeguard shareholders' interests.

By Order of the Supervisory Committee

Wang Shouxin

Chairman of the Supervisory Committee

Beijing, the PRC, 4th April 2006