



Report of the Supervisory Committee

To all shareholders:

During the year of 2006, 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 and stuck to principles on honest and good credit 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 2006, at which 10 resolutions were considered and approved. The Supervisory Committee fulfilled its tasks on reviewing 2005 Annual Report, 2006 Interim Report, plans on distribution of profits for 2005 and the first six months of 2006 respectively and budgets for 2006 of the Company as well as changing its members for a new office term. The Supervisory Committee had also attended the Board meetings and two general meetings held in 2006 to monitor the procedures applied to the convening of board meetings and general meetings and to the decision-making and the effectiveness of such procedures. Through convening supervisory committee 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 which the Board submitted to the general meeting, and considered that the report has fairly described the current position of the Company. In 2006, 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 2007, 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

Tang Jianguo

Chairman of the Supervisory Committee

Beijing, the PRC, 2nd April 2007