

REPORT OF THE SUPERVISORY COMMITTEE

I herein report that the supervisory committee of the Company (the "Supervisory Committee") has executed the function of supervision and protected the legal interests of the Shareholders and the Company in accordance with the duties stipulated in the Company Law of the PRC and the Articles of Association of the Company as at the year ended 31 December 2006.

1. In accordance with the Articles of Association, the supervisors attended the Directors' meetings, participated in the Company's major activities, monitored the matters resolved by the Board and discharged their duties of supervising directors, general manager and other senior officers.
2. During the Reporting Period, the Supervisory Committee did not receive any report of or discover any violation of the Articles of Association, the laws and regulations and actions that infringed the Company's interests by the Company. In the opinion of the Supervisory Committee, the Board managed the Company in accordance with the Company Law of the PRC, Articles of Association, the relevant laws, regulations and system.
3. During the Reporting Period, the Supervisory Committee did not receive any report of or discover violation of the Articles of Association, the laws and regulations and actions that infringed the interests of the Company by the Directors, general manager and other senior officers of the Company. In the opinion of the Supervisory Committee, they could carry out their duties honestly, comply with the laws and protect the interests of all shareholders.

During the Reporting Period, the Company had no material litigation nor did the Supervisory Committee have any negotiation with the directors or bring any action against them on behalf of the Company.

4. The Supervisory Committee considers that the financial statements of the Group for the year ended 31 December 2006 which has been audited by Ernst & Young, Certified Public Accountants, reflects a true and fair view of the operating results and assets of the Group in such year.
5. The Supervisory Committee reviewed the financial statements and the proposal of profit distribution, which were proposed to the general meeting by the directors. The Supervisory Committee considers that the above statements and the proposal have complied with the provisions of relevant laws and regulations and the Articles of Association.

By order of the Supervisory Committee
Zheng Lu Yu
Chairman of the Supervisory Committee

Luoyang, the PRC
20 April 2007