

Report of the Supervisory Committee

In 2006, in compliance with the Company Law of the People's Republic of China ("Company Law") and the Articles of Association of the Company, all members of the Supervisory Committee have complied with the principle of integrity, responsible to all shareholders and sincerely performed the duties of Supervisor to protect the interests of the shareholders. They supervised the operation and financial status of the Company and the performance of duties by the senior management in 2006. I hereby present the report of 2006 as follows:

In 2006, pursuant to the requirement of the Articles of Association, the Supervisory Committee reviewed financial reports regularly. In 2006, the Supervisory Committee held meetings to consider and pass the report of the 2005 Supervisory Committee and fully review the audited 2005 financial report of the Company. The convening of the meetings was in compliance with the relevant requirements of the Company Law and the Articles of the Company.

In 2006, the Supervisors of the Company attended all Board meetings and general meetings of the shareholders.

Pursuant to laws and regulations of Hong Kong, the Supervisory Committee performed serious supervision and examination on the procedure of Board meetings, resolutions, the execution by the Board of the resolutions passed in general meetings, the performance of duties by the senior management and the internal control system of the Company and its thorough execution

The Supervisory Committee considered that the Directors and senior management of the Company operated strictly in compliance with the Company Law and Securities Law of the PRC, the Articles of Association of the Company and other relevant regulations and rules of Hong Kong. The Committee members performed their duties with integrity and diligence, and executed various resolutions and authorization passed in general meetings, to ensure that the operation of various businesses complies with the requirements of laws and regulations. Through the establishment of a series of rules, the Company further improved the corporate legal structure and the internal management system and established and improved the internal control system. In the process of the examination of the financial status of the Company and the supervision of the performance of the duties of the Directors and senior management of the Company, the Supervisory Committee did not find any behaviour in prejudice to the interest of the shareholders and the Company, nor any behaviour in contravention to laws and regulations, the Articles of Association of the Company and various rules and systems.

The Supervisory Committee is confident in the prospect of the Company and will proceed to carry out effective supervision on the operation of the Company to safeguard the interests of the shareholders and the Company as a whole.

By order of the Supervisory Committee

Fu Jiuquan

Chairman of the Supervisory Committee

Xianyang, the PRC
12 April 2007