

Report of the Supervisory Committee

To All Shareholders:

During the period of this report, all members of the Supervisory Committee have faithfully discharged their supervisory duties vested in them by the Articles of Association of the Company in compliance of the provisions of the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company to safeguard the interests of the Company and its shareholders and abiding by the principle of good faith in performing its work prudently and diligently. Our major functions comprised: exercising supervision over the Board of Directors to ensure their continual application of the proceeds from the share issue in accordance with the plans disclosed in the prospectus of the Company, performing effective supervision of the major policies and decisions of the Company's management to determine their consistency with the law and regulations of the State, the Articles of Association of the Company and the interests of the shareholders, and making recommendations on the development strategy of the Group.

The Supervisory Committee has reviewed the accounting evidence, books and records, statements and other accounting information of the Company. We are of the opinion that the Company's financial statements have been properly prepared, and that the auditing work and financial management of the Company are in compliance of the relevant regulations. We have found nothing contained therein to be doubtful.

The Supervisory Committee has also carefully reviewed the report of the Directors, the audited financial statement and the proposed profit appropriation plan to be submitted by the Board of Directors to the forthcoming Annual General Meeting. We are of the opinion that the directors, general manager and other senior management staff of the Company have strictly adhered to the principle of good faith and sincerely acted in the best interests of the Company when they exercised their powers. They have not committed any acts in violation of the Articles or any laws or regulations, nor have they been involved in any acts of abuse of power or infringement of the interests of the Company and its shareholders.

In 2001, the Supervisory Committee will continue faithfully to perform its duties and work diligently to safeguard the interests of all of the Company's investors.

By Order of the Supervisory Committee

Shao Ke Xiong

Chairman of the Supervisory Committee

Shenzhen, PRC

23rd April, 2001