

(1) OPERATIONS OF THE SUPERVISORY COMMITTEE

1. The 5th meeting of the fourth Supervisory Committee was held on 17th-18th April 2004 at the Company's conference room number 5. The Supervisory Committee members intended to attend and actually attended were five. The chairman of the meeting was Mr Liu Garg, Chairman of Supervisory Committee. The meeting considered and approved the «2003 Report of the Supervisory Committee», and considered all resolutions of the 16th session of the Board of the Board Directors.

During the reporting period, the performance of the Supervisory Committee was conducted in strict compliance with the Company Law of the People's republic of China and the Articles of Association and other laws and regulations, in order to safeguard the welfare of the Company and its shareholders truly and objectively.

The Supervisory Committee approved the meeting of Board of Directors and other forms of attendance, exercised its supervision on decision made by the Board of Directors and made by supervisors and other senior management.

(2) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON THE OPERATIONS OF THE COMPANY COMPLYING WITH THE LAWS

The Supervisory Committee considered the implementation of the resolutions of the shareholders' meeting and the Board of Directors' meeting were performed by the Board of Directors, supervisors and other senior management, all decisions were in strict compliance with laws and regulations and the Articles of Association, reflecting the sound internal control system of the Company.

(3) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON THE INSPECTION OF THE FINANCIAL POSITION OF THE COMPANY

During the reporting period, the Supervisory Committee consulted to the audit reports issued by Xian Xigema Certified Public Accountants and Messrs. Deloitte Touche Tohmatsu, and agreed with the opinion that the Company's financial statements truly and accurately reflects the financial position and the operation results of the Company.

(4) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON THE ACTUAL RUNNING OF THE COMPANY'S LATEST CAPITAL RAISING

There was no change in the running of the capital raising during the reporting period.

(5) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON THE PURCHASE AND SALE OF THE ASSETS

There was no significant purchase and sale transaction during the reporting period.

(6) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON THE CONNECTED TRANSACTION

All connected transactions were considered fair and reasonable during the reporting period. No act detrimental to the Company's interest was found.