

Supervisory Committee's Report

To all shareholders:

In 2004, pursuant to the Company Law of PRC and the articles of association of the Company (the "Articles"), in accordance with the principles of honesty and loyalty, all members of the supervisory committee of the Company (the "Committee") faithfully discharged their duties diligently and loyal to their responsibility in safeguarding the integrity of the Company and to optimize the shareholders' interest.

1. The Committee members attended board meetings in order to exercise effective supervision over whether the management decisions and development plans of the board of directors of the Company were in full compliance with the relevant laws and regulations and the Articles, as well as being in the interests of its shareholders. During the Period, no action breaching state laws or regulations or harming the interests of the Company and its shareholders was found.
2. The Committee exercised supervision over directors, president and senior management of the Company in carrying out its duties. In the opinion of the Committee, the directors, president and senior management of the Company have fulfilled their responsibilities to faithfully protect the interests of the Company and its shareholders. No violation of laws, regulation or the Articles by the directors, president or senior management of the Company was found.
3. The Committee supervised and inspected the financial operations of the Company. Having reviewed the financial report and the financial statements for the year 2004, the Committee was of the opinion that the Company complied with integrated financial management rules and kept clear accounts. Further, the Company's accounting and financial management was in compliance with relevant regulations. No detrimental transactions, situations harming the interests of the shareholders or cases of asset loss of the Company were found. Connected transactions occurred were fair.
4. In 2005, the Committee expects the Company to seize the opportunity for better development trend, to accelerating its internal resource integration, improve organizational structure and enhance management standards in order that the Company will realize breakthroughs in respects of capital development, business expansion and technology upgrade, which further brings about a second leap of the Company's business development.

The Committee is confident about the Company's prospect.

The Supervisory Committee
Shenzhen, PRC

8 April 2005