

Report of the Supervisory Committee

Dear shareholders,

During the reporting period, all members of the Supervisory Committee (the “Committee”) have conscientiously performed their duties of supervision and dedicated to safeguard the interests of the shareholders and the Company in the principle of good faith and in accordance with the Company Law of the People’s Republic of China, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Articles of Association of the Company and other relevant laws and regulations.

The Committee has engaged its work and performed its duties under the direction of the Company’s adaptation to the persistent change of market development, the enhancement of the degree of transparency and standardisation of the Company’s operation, the establishment of the Company’s image of reliability in the capital market, in particular, the measures to safeguard the interests of investors, especially the minority investors, and the perfection of the Company’s corporate governance structure.

1. REVIEW ON LEGAL COMPLIANCE OF THE COMPANY

In its ordinary course of work, the Committee has reviewed and supervised the compliance of the Company’s operation and management with laws and regulations and has supervised the performance of duty of the Directors, President and senior management. The Committee considers that the Company operates in a normal and disciplined manner and has complied with all the laws, rules and regulations and constitutions. Under the spirit of being accountable to shareholders, the Board members, managers and senior management have accomplished the mission entrusted by the shareholders in a diligent manner.

2. REVIEW ON THE DAILY OPERATION OF THE COMPANY

The Committee has supervised the operation of the Company. It considers that the Company has established a comprehensive internal control system and has made remarkable progress in the formulation and implementation of internal business procedure standardization, contributing to the effective control over the operating risks of the enterprise. The Company’s operations are undertaken in compliance with the laws and regulations of the PRC ,the Articles of Association and the business procedure of the Company.

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3. REVIEW ON THE FINANCIAL POSITION OF THE COMPANY

The Committee has carefully reviewed the financial statements prepared in accordance with International Financial Reporting Standards as well as the Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises of the PRC, and considers that the financial statements reflect a true and fair view of the results of operations and financial position of the Company.

4. REVIEW ON THE EXECUTION OF RESOLUTIONS OF GENERAL MEETINGS

Members of the Committee have attended meetings of the Board and its subordinated committees and general meetings, and had no disagreement as to the reports and proposals submitted by the Board at general meetings for approval. They have also supervised the implementation of resolutions of general meetings by the Board, the Directors and the senior management. The Committee considers that the Directors and management of the Company have conscientiously fulfilled their duties in accordance with the resolutions of general meetings.

In 2006, in order to protect and safeguard the interest of the shareholders and the Company, the Committee will continue to perform its duties by, adhere to the principle of good faith and further increase its efforts on supervision.

By Order of the Supervisory Committee

Su Yi

Chairman of the Supervisory Committee

Beijing, the PRC

28 March 2006