

# Report of the Supervisory Committee

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Dear shareholders,

During the reporting period, all members of the Supervisory Committee (the "Committee") have conscientiously performed their duties in strict compliance with the Company Law of the People's Republic of China (the "Company Law"), the Articles of Association of the Company and the relevant laws and regulations of Hong Kong in order to safeguard the interests of shareholders and the Company all along.

In 2006, the Committee attended the meetings of the Board of Directors (the "Board") of the Company and its committees including the Audit Committee and Remuneration Committee, and learned about the development and operating situation of the Company. We are of the opinion that the management has kept its promises and abided by the relevant laws and also made significant contribution to the Company in respect of operation, development and management. The Committee considers that the Company's management has been playing an effective role in ensuring that the Company operates in conformity with all relevant requirements, and to contribute to the sustained development of the Company.

## 1. REVIEW ON LEGAL COMPLIANCE OF THE COMPANY

The Committee has carefully examined the procedures convening general meetings and Board meetings of the Company, resolutions passed at such meetings, implementation of resolutions passed at general meetings by the Board, senior management's performance of its duties and the Company's internal management system, in accordance with relevant PRC laws and regulations.

The Committee considers that: the Board has conducted its operations properly in strict compliance with the Company Law, the Securities Law of the People's Republic of China, the Articles of Association and other relevant laws and regulations; the Directors were diligent and made decisions according to procedures. The Company's operating activities are in compliance with laws and regulations. In reviewing the Company's financial affairs and examining the Directors' and senior management's performance of their duties, the Committee is not aware of any breach of disciplines and rules, or any harm to the interests of the shareholders.

## 2. REVIEW ON THE FINANCIAL POSITION OF THE COMPANY

The Committee has carefully reviewed the Company's 2006 financial final report, 2006 profit distribution plan, 2006 annual report, and 2006 audited financial statements.

The Committee is of the view that the Company's 2006 final financial report was objective and fair, which reflected the financial position and operating results of the Company. The Committee has agreed with the financial statements, which have been audited by the auditors, and 2006 profit distribution plan of the Company.

In 2007, the Committee will continue to concentrate on its own improvement, carry out its supervisory duties and practically protect the interests of the shareholders, the Company and the employees in strict compliance with the Articles of Association and relevant regulations. The Committee is satisfied with the overall performance and the economic benefits achieved by the Company, and is confident about the prospects of the Company.

By Order of the Supervisory Committee

Su Yi

*Chairman of the Supervisory Committee*

Beijing, the PRC  
26 March 2007