

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is pleased to present the report of the Supervisory Committee for the year ended 31 December 2006.

In 2006, the Supervisory Committee mainly carried out the following work:

INSPECTION OVER IMPLEMENTATION OF RESOLUTIONS OF THE GENERAL MEETINGS

The Supervisory Committee exercised supervision and inspection of the implementation of the General Meetings' resolutions by the Board, the Directors and the management through observation and attendance at the Board Meetings and General Meetings. The Supervisory Committee is of the opinion that the Directors and management of the Company have diligently performed their duties in compliance with resolutions of the General Meetings. No violation of any laws or regulations or Articles or any act which jeopardizes the interests of the Company and shareholders has been found in the performance of the Company's Directors and the management.

INSPECTION OVER LEGAL COMPLIANCE OF THE COMPANY'S OPERATIONS

The Supervisory Committee exercised supervision on a regular basis over the legal compliance and rationality of the Company's operation and management. It has also exercised supervision over work performance of the Company's Directors and senior management. The Supervisory Committee is of the opinion that the Company's operation is sound and rational, and is in compliance with all applicable laws, regulations and rules. The members of the Board and senior management of the Company have faithfully and diligently performed their duties, and accomplished the mission entrusted to them by the shareholders.

INSPECTION OVER THE COMPANY'S DAILY OPERATING ACTIVITIES

The Supervisory Committee exercised supervision over the Company's operating activities. The Supervisory Committee is of the opinion that the Company has established a sound internal control system, and has made great progress in the formulation and implementation of its internal work procedures, thus effectively controlled its exposure to various operating risks. The Company's operation is in compliance with the PRC laws and regulations, the Articles and its internal work procedures.

INSPECTION OVER THE COMPANY'S FINANCIAL CONDITION

The Supervisory Committee has carefully verified the Company's 2006 financial statements, supervised and inspected the Company's implementation of relevant financial policies legislation as well as details on the Company's assets, financial income and expenditure and connected transactions. It is of the opinion that the operating results achieved by the Company were true, the expenses were reasonable and all the connected transactions were entered into on a fair basis. The Supervisory Committee reviewed the Company's audited report presented by PricewaterhouseCoopers, the Company's auditors.

Looking forward, the Supervisory Committee will continue to carry out its duties in strict compliance with the Articles and the relevant laws and regulations and protect the interests of the shareholders.

Jiang Yanfeng

Chairman of the Supervisory Committee

Jilin, the PRC
19 April 2007