## Report of the Supervisory Committee ╇

## Dear Shareholders,

During the reporting period, all the members of the Supervisory Committee conscientiously performed their supervisory duties and earnestly safeguarded the interests of the shareholders and the Company in accordance with the relevant requirements of the Company Law of the PRC and the Company's Articles of Association.

During the reporting period, the Supervisory Committee held one meeting. At the first meeting of the first Supervisory Committee held on 18 September 2006, pursuant to the requirements of the approved Company's Articles of Association, the Supervisors elected by the employees and the meeting of promoters adopted a resolution approving the election of Ms Xia Jianghua as the Chairperson of the Supervisory Committee for a term of three years commencing from the date of the meeting. Ms Xia Jianghua would exercise her duties and powers in accordance with the Company's Articles of Association.

At the meeting held on 10 April 2007, the Supervisory Committee carefully reviewed the unqualified 2006 financial report of the Company and other related information which had been prepared in accordance with PRC accounting principles and International Financial Reporting Standards, audited by external auditors of the Company, and were proposed to be submitted by the Board of Directors to the shareholders' general meeting. The Supervisory Committee believed that the financial report was in conformity with the principle of consistency and reflected the Company's financial position and operating results in a true and complete manner. At the same meeting, the Supervisory Committee also reviewed and approved the Report of the Supervisory Committee and the 2007 Work Plan of the Supervisory Committee.

The Supervisory Committee believes that during the reporting period, all members of the Board of Directors and the senior management were dedicated, conscientious and prudent in their decision-making, and earnestly carried out various resolutions of the shareholders' meeting and the Board of Directors. With a view to maximise the value of the Company and the interest of shareholders, they had made relentless efforts for the development of the Company. The Supervisory Committee was not aware of any violation of laws, regulations and Company's Articles of Association during the year.

In the coming year, the Supervisory Committee will continue to perform its duties in accordance with the Company Law of the PRC, the Company's Articles of Association and relevant regulatory requirements of the Hong Kong Listing Rules, adhere to the principle of good faith, strengthen its supervisory work, ensure the prevention of any conflicts of interest between the shareholders and the Company, faithfully and diligently pursue its supervisory duties and endeavour to do a good job.

By order of the Supervisory Committee Xia Jianghua Chairperson of the Supervisory Committee

Beijing, PRC 10 April 2007