

EMPLOYEE STOCK OPTION PLAN

In March 2004, our board of directors formally adopted a Stock Option Plan (the "Plan"). Under the Plan, we are authorized to grant non-qualified options to purchase up to 2,900,000 shares of our common stock to our employees, officers, directors and consultants. The Plan is presently administered directly by our board of directors. Subject to the provisions of the Plan, the board of directors will determine who will receive stock options, the number of shares of common stock that may be covered by the option grants, the time and manner of exercise of options and exercise prices, as well as any other pertinent terms of the options.

As of December 31, 2005, the Company granted an aggregate of 68,925 options under the Plan. For the fiscal year ended December 31, 2005, options to purchase a total of 25,827 shares of common stock were granted to the executive officers. In 2005, the Company granted the following options to the named executive officers pursuant to the Plan:

NAME OF EMPLOYEE OF WHOM THE OPTION WAS GRANTED -----	NUMBER OF SECURITIES UNDERLYING STOCK OPTIONS GRANTED -----	PERCENTAGE OF TOTAL OPTIONS GRANTED -----	EXERCISE PRICE -----	EXPIRATION DATE -----
Shujun Liu	4,902	18.98%	\$2.00	September 30, 2010
	5,187	20.08%	\$2.00	December 30, 2010
Yanchun Li	2,941	11.39%	\$2.00	September 30, 2010
	3,112	12.05%	\$2.00	December 30, 2010
Jun Min	2,941	11.39%	\$2.00	September 30, 2010
	3,112	12.05%	\$2.00	December 30, 2010
Binsheng Li	1,765	6.83%	\$2.00	September 30, 2010
	1,867	7.23%	\$2.00	December 30, 2010

OPTION EXERCISES DURING 2005 FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

There were no options exercised during our 2005 fiscal year.

COMPENSATION OF INDEPENDENT DIRECTORS

We have entered into a service agreement with each of our independent directors, Cosimo J. Patti, Xianmin Wang and Eileen Brody, pursuant to which each shall carry out the duties of an independent director and serve on our Audit Committee and Compensation Committee. Pursuant to the terms of each such agreement, as amended, we have agreed to pay to each of our independent directors an annual cash retainer of \$30,000, payable in monthly installments of \$2,500, for participation in board meetings or meetings of committees of the board. In addition, pursuant to each of the agreements, we are obligated to issue to each independent director on the anniversary of the date of each service agreement, \$30,000 worth of our common stock valued based on 100% of the average closing prices for the five trading days prior to the signing of each such independent director's service agreement with the Company. Based on such information, Mr. Patti, Mr. Wang and Ms. Brody is each entitled to receive, for each year of service, an aggregate of 22,026, 19,506, and 21,552 shares, respectively.