

Report of the Supervisory Committee

(I) Work of the Supervisory Committee of 2004

During the reporting period, the supervisory committee had convened two meetings, details of which and the resolutions passed at such meetings were as follows:

On 17 March 2004, the tenth meeting of the second session of the supervisory committee was held in the conference room of the Company, during which the 2003 report of the supervisory committee, the 2003 financial statements prepared in accordance with the IAS and the PRC Accounting Standards respectively, the 2003 annual report and results announcement, the 2003 profit appropriation proposals, the connected transactions entered into in 2003 and the nomination of Mr. Ji Qinying, Mr. Wang Yanmou and Mr. Kang Woon as the candidates for the supervisors for the third session of the supervisory committee of the Company were considered and passed.

On 31 May 2004, the first meeting of the third session of the supervisory committee was held in the conference room of the Company, during which all attending supervisors unanimously consented Mr. Ji Qinying to be elected the Chairman of the third session of the supervisory committee.

On 9 August 2004, the second meeting of the third session of the supervisory committee was held in the conference room of the Company, during which the 2004 interim (half-yearly) report of the Company was considered and passed.

(II) Independent Opinion Issued by the Supervisory Committee on Relevant Matters of the Company During 2004

1. Lawful operation of the Company

In 2004, the supervisory committee attended all meetings of the board of directors and general meetings of the Company and monitored the convening procedures, proposed resolutions, decision-making procedures, the implementation of resolutions passed in the general meetings by the board of directors, the execution of duties by directors and managers of the Company in accordance with the relevant laws and regulations of the State. The supervisory committee is of the opinion that the board of directors of the Company has standardised operations in accordance with the relevant laws and regulations of Company Law of the People's Republic of China, Securities Law and Stock Listing Rules of the Shanghai Stock Exchange and the articles of association of the Company, strictly implemented various resolutions of general meetings, been scientific and reasonable in making its various operating decisions, and established a more refined internal management and internal control system. The directors, managers and other senior management of the Company have not performed any act that is in breach of any laws, regulations and the articles of association or detrimental to the interests of the Company during the execution of their duties.

Report of the Supervisory Committee

(II) Independent Opinion Issued by the Supervisory Committee on Relevant Matters of the Company During 2004 *(Continued)*

2. The 2004 financial statements of the Company give a true and fair view of the financial conditions and operating results of the Company. The unqualified auditors' report presented by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Company Limited is objective and fair.
3. During the reporting period, the proceeds raised from the issue of new H Shares were injected in the projects as committed by the Company in 2003.
4. During the reporting period, the considerations in respect of the acquisitions and disposals of assets were reasonable. None of the senior management nor personnel with insider information has committed any act of insider dealing. No act which is detrimental to the interest of some of the shareholders nor causes loss of assets of the Company is committed.
5. During the reporting period, the procedures taken in the course of connected transactions of the Company were legal. Prices were determined in accordance with market prices with sufficient pricing supporting evidence and was fair and reasonable. The interest of the Company was not damaged.

By order of the Supervisory Committee

Ji Qinying

Chairman of the Supervisory Committee