



## 監事會報告

# Report of the Supervisory Committee

致各位股東：

報告期內，公司監事會全體成員依照《公司法》、《證券法》、《公司章程》、國家其他法律法規及國內、國際監管機構之規定，遵守誠信原則，忠實履行有關法律、法規及《公司章程》所賦予的職責，竭誠維護公司及股東的利益。

報告期內，監事會共召開了二次會議，分別就有關事項作出決議，具體情況如下：

- (1) 2005年4月28日，公司第五屆三次監事會在公司會議室召開，會議審議通過了2004年度監事會報告、審核了公司經審核的2004年度財務報告及公司2004年度報告及其摘要。通過了監事會2005年度工作要點。監事會認為公司董事會對核數師出具的2004年度審計報告中有保留意見所涉及事項作出的說明是合理的和符合公司實際情況的，監事會須積極督促董事會儘快落實江蘇省投資管理有限責任公司的人民幣5億元還款事宜。
- (2) 2005年7月27日，公司第五屆四次監事會在公司會議室召開，會議審核了公司2005年半年度報告及其摘要。

To all shareholders,

During the Reporting Period, all the members of the Supervisory Committee of the Company have, in accordance with the provision of the of the Company Law of the People's Republic of China ("Company Law"), Securities Law, the Articles of Association of the Company, other state laws and rules of domestic and international securities regulatory bodies, based on the principles of acting in good faith, performed faithfully their duties prescribed in laws and regulations concerned and in the Articles of Association to protect the interests of the Company and its shareholders.

During the Reporting Period, the Supervisory Committee held two meetings for several resolutions. The details are as follows:

- (1) On 28 April 2005, the fifth Supervisory Committee held its third meeting at the Company's Conference Room during which the Company passed the 2004 Report of the Supervisory Committee, the 2004 audited financial statements and 2004 annual report and its summary. The Supervisory Committee also passed the summary of work for 2005. The Supervisory Committee are in the view that the explanations made by the Board of Directors of the Company on events to the qualified opinion in the 2004 auditors' report issued by the auditors are reasonable and in accordance with the practical condition of the Company. The Supervisory Committee shall proactively supervise the Board of Directors to materialize the repayment of RMB500 million of Jiangsu Province Investment Management Company Limited as soon as possible.
- (2) On 27 July 2005, the fifth Supervisory Committee held its fourth meeting at the Company's Conference Room during which the Company reviewed the 2005 interim report and its summary.

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報告期內，全體監事列席了公司全部的董事會會議，並對董事會所作出的各項決議是否符合國家的法律、法規及《公司章程》，是否符合公司的實際和發展前景，是否符合公司股東的合法權益，進行了監督。監事會也對公司的生產經營、技術改造及投資計劃等事項積極參與，並提出諸多良好建議。

監事會認為公司所有董事及高級管理人員能夠按照法律、法規及《公司章程》的規定履行職責，決策程序合法。未發現董事、經理及其它高級管理人員有違反國家法律、法規或《公司章程》的其他違法行為，亦未有濫用職權、損害公司利益或侵犯公司股東及員工權益的不法行為。於報告期內，公司修訂完善一系列規章制度以加強公司內部控制制度。

報告期內，公司無募集資金的使用或報告期之前延續使用的情況；在轉讓本公司所持有的南京夏普電子有限公司8.72%的全部股權交易中，交易條款公平合理、符合股東整體利益。

公司關聯交易皆按公平合理之原則訂立，得到公司獨立非執行董事的確認，並未有任何損害本公司利益的行為。

公司截止2005年12月31日財務報告已經香港浩華會計師事務所和岳華會計師事務所分別按國際、國內會計準則審計岳華會計師事務所出具了無保留意見的審計報告，香港浩華會計師事務所出具了有保留意見的審計報告。公司董事會對此報告所涉及的相關事項作出了說明。監事會認為董事會的說明是合理的和符合實際情況的。

During the Reporting Period, all supervisors attended all board meetings, and provided effective supervision to ensure that all decisions were made by the Board of Directors according to laws and regulations and the Company's Article of Association, were in line with the Company's development and prospects and were in accordance with shareholders' interests. The Supervisory Committee actively participated in issues such as production operation, technological renovation and investment projects, and provided many good proposals.

In the opinion of the Supervisory Committee, the directors and senior management of the Company had performed their duties as provided in the Company's Articles of Association and as required by the relevant laws and regulations. During the year, none of the directors, managers and other senior management violated any laws and regulations of the State or the Articles of Association of the Company, they neither abused their office nor act illegally to harm the interests of the Company or its shareholders and staff. During the Reporting Period, the Company had revised and perfected a series of regulations and provisions to strengthen the internal control mechanism of the Company.

The Company did not utilize any proceeds raised in the Reporting Period or proceeds raised in the previous period. In the transactions for transfer of 8.72% equity interest of Nanjing Sharp Electronics Co. Ltd. held by the Company, the terms of transaction are fair and reasonable and in the interest of shareholders as a whole.

Connected transactions of the Company were made on a fair and reasonable basis and were confirmed by Independent Non-executive Directors of the Company. No acts detrimental to the interests of the Company were found.

The financial statements as of 31 December 2005 were audited by Horwath Hong Kong CPA Limited and YueHua Certified Public Accountants Co., Ltd., in accordance with international and domestic accounting stands respectively. YueHua Certified Public Accountants Co. Ltd. issued an unqualified Auditors' Report while Horwath Hong Kong CPA Limited issued qualified Auditors' Report. The Board of the Company has made statements on the relevant matters in the report. The Supervisory Committee is in the opinion that the statements made by the Board are reasonable and meet the reality.



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監事會希望要加強對控股子公司對外擔保的管理，完善內部控制制度。尤其是資金運用和對外擔保的內部控制，切實有效地控制擔保風險。

The Supervisory Committee wishes to reinforce the management of guarantee to outside parties provided by subsidiaries and to perfect the internal control mechanism, especially for capital utilization and guarantee to outside parties, as so to effectively control the risk of guarantee.

監事會對董事會一年來的工作表示滿意，並對公司未來發展抱有信心。

The Supervisory Committee is satisfied with the performance of the Board of Directors for the year and have great confidence in the future development of the Company.

承監事會命  
**張政平**  
主席

By Order of the Supervisory Committee  
**Zhang Zhengping**  
Chairman

中國·南京  
2006年4月21日

Nanjing, the PRC  
21 April 2006