

## Report of the Supervisory Committee

### (1) Report on the work of the Supervisory Committee in 2005

During the Reporting Period, a total of four meetings had been held. Details of these meetings and their resolutions are as follows:

On 22 March 2005, the third meeting of the second session of the Supervisory Committee was held in the conference room of the Company; the meeting considered and approved the report of the Supervisory Committee for 2004, the financial statements prepared according to the IAS and the PRC Accounting Standards, the annual report for 2004, the profit distribution proposal for 2004 and the connected transactions which occurred in 2004.

On 19 May 2005, the fourth meeting of the third session of the Supervisory Committee was held in the conference room of the Company. Supervisors attending the meeting agreed unanimously that Mr Wang Jun be elected as the Chairman of the Supervisory Committee.

On 24 August 2005, the fifth meeting of the third session of the Supervisory Committee was held in the conference room of the Company. It considered and approved the interim (half yearly) report of the Company for 2005.

On 12 October 2005, the sixth meeting of the third session of the Supervisory Committee was held in the conference room of the Company. It considered and approved the motion to adjust the cap for the agency commission payable by the Group for its export of cement and clinker by Shanghai Conch Construction Materials International Trading Company Limited, the motion regarding the ongoing connected transaction for the Group to purchase cement packing bags from Anhui Ningchang Plastic Packing Company Limited and its subsidiaries and the motion concerning amendments to certain provisions of the Articles of Association of the Company.

### (2) Independent opinion of the Supervisory Committee on certain issues of the Company in 2005

1. Operation of the Company pursuant to the law

In 2005, the Supervisory Committee attended the Board meetings and general meetings of shareholders to supervise the process of convening the Board meetings, matters to be resolved, the process of decision making, the implementation of resolutions passed by shareholders in general meetings and the performance of directors and managers of the Company according to the laws and regulations. The Supervisory Committee considered that the Board of Directors of the Company had been operating normally in accordance with the Company Law and Securities Law of the People's Republic of China, the Listing Rules of the Shanghai Stock Exchange and the Articles of Association, that it had implemented the resolutions of the general meeting of shareholders, and that its operating decisions had been scientific and reasonable, and it had established a sound system for internal management and control, that the directors, managers and other senior management had not violated any laws, regulations or the Articles of Association in the course of performing their duties, nor had they caused any harm to the interests of the Company.
2. The financial statements of the Company had truly, accurately and objectively reflected the financial conditions and operating results of the Company. The audited and unqualified financial statements submitted by PricewaterhouseCoopers Zhongtian was fair and objective.
3. During the Reporting Period, the Company had made acquisitions or disposal of assets at reasonable prices, and none of those who had insider information had entered into any insider dealings, nor there was any act which was against the interests of certain shareholders or which caused loss of the Company's assets.
4. During the Reporting Period, the connected transactions of the Company had been conducted according to the rules and at market prices, where the pricing was sufficiently justified and not against the interests of the Company.