

Dear Shareholders:

In 2005, the Supervisory Committee of the Company duly carried out its supervisory duties and protected the interests of the Company, its shareholders and its employees strictly in compliance with the relevant provisions of the Company Law and the Articles of Association of the Company (“Articles of Association”).

During the Year, the Supervisory Committee convened two meetings, at which five proposals, including the Auditors’ Report and Audited Financial Statements for 2004, Profit Distribution Plan for 2004 proposed by the Board of Directors, Report of the Supervisory Committee for 2004, were considered and approved. Two hearings were held, in which the Chief Financial Officer and the Finance Department of the Company, together with Ernst & Young, gave presentations on the financial conditions, business operations and the audit of the Company for 2004.

The Supervisory Committee attended four meetings of the Board of Directors and two meetings of the Audit Committee, participated in three shareholders’ general meetings and submitted the Report of the Supervisory Committee for 2004 to the shareholders’ general meeting, at which it was approved.

In June and September 2005, the Supervisory Committee organised an inspection team to inspect the financial and business operations of the Company’s Yunnan, Shaanxi and Tianjin branches, cover over twenty of their sub-branches. In December 2005, the Supervisory Committee organised an investigation and research team to visit the Company’s Guangdong, Sichuan and Xiamen branches to carry out research on the premium receivables. The Supervisory Committee made pragmatic recommendations to the management of the Company in relation to the operational and management deficiencies of certain branches identified in the process of the inspections, investigations and researches. Through these activities, the Supervisory Committee functioned as a regulator and a promotor in ensuring the compliant operation and financial management and also the improvement of the operational and management capabilities of the Company.

The Supervisory Committee is of the view that:

In 2005, the Board committees’ work was further strengthened. The decision-making process of the Board of Directors was scientific and within its delegated authority. The Board duly carried out its duties and responsibilities.

The President Office of the Company had done substantial work to adjust the business structure and improve the business quality, and effectively enhanced the basic management and profitability of the Company.

The directors and senior management of the Company acted in diligence and good faith. During the reporting period, no director or member of the senior management was found to have committed any breach of any laws, regulations or the Articles of Association or to have infringed any rights or interests of the Company, its shareholders or employees in conducting their duties.

The reviewed financial statements of the Company for the interim period of 2005 and the audited financial statements of the Company for 2005 were prepared strictly in accordance with the financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants. Having consistently applied the accounting treatments, the financial statements gave a true and fair view of the financial conditions and operating results of the Company.

REPORT OF THE SUPERVISORY COMMITTEE

The connected transactions of the Company were conducted on an arm's length basis and satisfied the relevant regulatory provisions of the Stock Exchange. There was no indication of any infringement of the interests of the Company or its independent shareholders.

In 2006, the Supervisory Committee will continue to comply with the Articles of Association and the relevant laws and regulations strictly, increase its efforts in improving itself, carry out its supervisory duties and practically protect the interests of the Company, its shareholders and its employees. The Supervisory Committee will further strengthen its supervision over the decision-making process, the truthfulness of financial information and the supervision and inspection of the establishment of the internal control system, conduct specialised inspections, investigations and researches as regarding major operational issues of the Company.

By Order of the Supervisory Committee

Deng Zhaoyu

Chairman of the Supervisory Committee

Beijing, PRC

19 April 2006