



監事會報告 REPORT OF THE SUPERVISORY COMMITTEE

敬啟者：

二零零六年度，本公司監事會全體成員依照《中華人民共和國公司法》、本公司《公司章程》和有關法律法規的規定和要求，遵守誠信原則，忠實履行公司章程賦予的各項職責，為維護本公司及其股東利益積極地開展工作。

本年度監事會召開會議五次：

二零零六年三月二十四日在公司住所召開第一次監事會會議，形成如下決議：

- (1) 審議通過二零零五年度監事會報告；
- (2) 審議通過二零零五年度報告及業績公佈；
- (3) 審議通過二零零五年經審計的財務報告；
- (4) 審議通過二零零五年度的利潤分配方案；
- (5) 審議關於核銷和計提資產減值準備的決議，認為決議程序合法，依據充分；
- (6) 審議通過二零零五年度的募集資金使用情況和關聯交易；
- (7) 審議並通過預計二零零六年日常關聯交易的議案；
- (8) 審議通過關於清理新華集團非經營性佔用本公司資金的議案。

To All Shareholders,

In 2006, all the members of the supervisory committee of the Company (the "Supervisory Committee") actively performed their tasks in protecting the interests of the Company and its shareholders in accordance with the requirements of the Company Law of the PRC, the Company's articles of association (the "Articles of Association") and the relevant PRC laws and regulations. The Supervisory Committee also performed the various duties assigned to it by the Articles of Association in an active, diligent and faithful manner.

The Supervisory Committee convened five meetings in 2006:

The first meeting was convened at the Company's registered office on 24 March 2006, in which the following resolutions were passed:

1. To approve the report of the Supervisory Committee for the year 2005;
2. To approve the annual report and announcement of results for the year 2005;
3. To approve the audited accounts of the Company for the year 2005;
4. To approve the profit distribution of the Company for the year 2005;
5. To approve the resolution in respect of the provisions for diminution in value of assets and treatment of related losses. In the opinion of the Supervisory Committee, the procedures taken to pass the said resolution were lawful and were adequately evidenced;
6. To approve the use of proceeds raised from the issue of A shares and connected transactions in 2005;
7. To approve the proposal in respect of the estimate of ongoing connected transaction for the year 2006;
8. To approve the resolution in respect of settling the outstanding sum owed by SXPGC to the Company. The sum was owed by SXPGC to the Company for non-business reasons.



監事會報告 (續)

REPORT OF THE SUPERVISORY COMMITTEE (continued)

二零零六年四月二十一日在公司住所召開第二次會議，通過本公司二零零六年第一季度報告及財務報告。

二零零六年六月二十一日在公司住所召開第三次會議，審議通過關於收購關聯資產的議案。

二零零六年七月二十八日在公司住所召開第四次會議，審議通過了關於二零零六年半年度報告；審議通過二零零六年半年度關聯交易及資金佔用情況的議案。

二零零六年十月二十三日在公司住所召開第五次會議，審議通過二零零六年第三季度報告及財務報告；審議通過了持續關聯交易議案。

本監事會在本年度列席本公司董事會會議對本公司董事會所作經營決策決議是否符合國家的法律、法規及公司章程，是否符合本公司的發展前景以及是否符合股東的權益實施有效的監督。認為公司能夠依法進行運作。

本監事會認為本公司最近一次募集資金實際投入與承諾投入項目一致，本年度所發生的關聯交易公平合理。

本監事會亦認真行使職權，全面認真地審閱了董事會擬提交本次股東周年大會之財務報表、董事會的工作報告等，並未發現疑問，二零零六年財務報告真實反映本公司的財務狀況和經營成果。

在該年度內本公司無任何重大訴訟事項。

承監事會命
于公福
監事會主席

中國山東淄博
二零零七年三月二十三日

The second meeting was convened at the Company's Registered office on 21 April 2006 to approve the first quarter report and financial report of 2006 of the Company.

The third meeting was convened at the Company's Registered office on 21 June 2006 to approve the resolution of acquisition of assets.

The fourth meeting was convened at the Company's Registered office on 28 July 2006 to approve the 2006 interim report of the Company, the connected transactions for the first half of 2006 and the use of the Company's fund.

The fifth meeting was convened at the Company's Registered office on 23 October 2006 to approve the third quarter report and financial report of 2006 of the Company and the ongoing connected transaction in the year 2006.

The Supervisory Committee also attended the board meetings of the Company and exercised effective supervision as to whether business decisions made by the Board of Directors were in compliance with the laws and regulations of the PRC and the Articles of Association, and in line with the development of the Company and also in the interests of the shareholders of the Company. The Supervisory Committee considered that the Board of Directors exercised its powers in accordance with the law.

In the opinion of the Supervisory Committee, the actual use of the proceeds from the issue of new shares was in compliance with the undertakings made by the Company and all the connected transactions that took place during the year were fair and reasonable.

The Supervisory Committee has carried out its duties diligently. The Supervisory Committee has carefully reviewed the accounts and the Report of the Directors to be submitted by the Board of Directors to the 2006 Annual General Meeting and has not found anything contained therein to be questionable. In the opinion of the Supervisory Committee, the financial report for the year 2006 reflects the true financial position and results of the Company.

The Company was not involved in any significant litigation during the year.

By order of the Supervisory Committee
Yu Gongfu
Chairman of Supervisory Committee

Zibo, Shandong, PRC
23 March 2007