

# Report of the Supervisory Committee

## Dear Shareholders,

The Supervisory Committee of Guangzhou R&F Properties Co., Ltd. (the "Supervisory Committee"), as abided by the Company Law of the PRC, the Hong Kong Company Ordinance, the Listing Rules of the Stock Exchange and the relevant laws and regulations and the Articles of Association of the Company, has exercised its supervisory duties and responsibilities diligently, from the standpoint of protecting shareholders' interests and benefits pertaining to the Company, in respect of the business operation and financial management of the Company and to provide appropriate recommendations as and when required.

The supervisory committee consists of three Members: Mr. Feng Xiangyang, who is elected from the employees of the Company; and Ms. Liang Yingmei and Mr. Zheng Ercheng, both of whom are independent supervisors representing the shareholders' interests.

During the year, members of the supervisory committee confirmed that they have carried out their duties in examining and supervising the performance of the directors and senior management of the Company and in ensuring the Company's business development is in line with corporate goals. A representative of the Supervisory Committee was also invited to attend the Board of Directors meetings and the annual general meetings held or to be held. The Supervisory Committee has appropriately monitored and supervised all important and material policies and decisions as formulated or made by the management of the Company. These are in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and they are in the best interests of the Company and its shareholders.

The Supervisory Committee has reviewed and agreed to the report of the directors, to the audited financial statements and to the profit appropriation proposal to be proposed by the Board for presentation at the forthcoming annual general meeting. The Supervisory Committee is satisfied that the directors and other senior management of the Company are committed to acting honestly and to performing their duties diligently, so as to protect the best interests of the Company and its shareholders.

The Supervisory Committee has also reviewed the financial statements prepared by PricewaterhouseCoopers in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and considers that the financial statements reflect a true and fair view of the financial position and results of operations of the Company and that they comply with all the required regulations applicable to the Company.

The Supervisory Committee is satisfied with the business performance and achievement of the Company in 2006 and has great confidence in the future of the Company.

By order of the Supervisory Committee

**Feng Xiangyang**

*Convenor*

Guangzhou, PRC,  
20 March 2007