

Report of the Supervisory Committee

During the year ended 31 December 2006, all members of the supervisory committee of the Company (the “Supervisory Committee”) discharged their duties in compliance with the applicable requirements of the Company Law of the PRC, the Securities Law of the PRC, the Rules Governing the Listing of Securities on the main board of the Stock Exchange of Hong Kong Limited (the “HKEx”), and the Articles of Association of the Company and proactively protected the interests of the Company and its shareholders.

The Supervisory Committee consisted of seven supervisors, including six shareholder representative supervisors, namely, Mr. CHANG Yueh, Mr. Ajit MANOCHA, Mr. SHEN Qitang, Mr. YANG Yanhui, Ms. WANG Xiangqun, and Mr. HUANG Jihua, and one employee representative supervisor, Mr. XU Songneng.

Subsequent to the balance sheet date, the above-mentioned supervisors for the first session of the Supervisory Committee served their respective terms until 1 March 2007. In the Company’s extraordinary general meeting held on 29 January 2007, Mr. Anthony LEAR, Mr. SHEN Qitang, Mr. YANG Yanhui, Mr. GUO Yiwu, Ms. WANG Xiangqun, and Mr. MANG Waikin were elected as shareholder representative supervisors of the second session of the Supervisory Committee. Mr. PAN Guojin was elected as an employee representative supervisor of the second session of the Supervisory Committee by the Company’s employees in a democratic manner on 28 December 2006. The term of the second session of the Supervisory Committee took effect from 2 March 2007 through 1 March 2010.

During the year ended 31 December 2006, the Supervisory Committee held two meetings as follows.

At the fifth meeting of the first session of the Supervisory Committee held on 7 March 2006, the Supervisory Committee reviewed and approved the audited financial statement for the year ended 31 December 2005 prepared in accordance with PRC GAAP, the profit distribution plan for the year ended 31 December 2005 and work report of the Supervisory Committee for the year ended 31 December 2005.

At the sixth meeting of the first session of the Supervisory Committee held on 10 August 2006, the Supervisory Committee reviewed and approved the interim report and preliminary announcement of interim results for the six months ended 30 June 2006.

In addition, the Supervisors exercised oversight over major decisions of the Company, such as capital expenditure, connected transactions, etc. by attending meetings of the Directors.

To sum up, set out below are the independent opinions of the Supervisory Committee on its work in the year ended 31 December 2006:

The Supervisory Committee reviewed the Company’s financial statements and interim report for the six months ended 30 June 2006 and financial statements and annual report for the year ended 31 December 2006 and is of the view that they were true and reliable and that the auditors engaged by the Company gave objective and fair opinions on the financial statements.

The Supervisory Committee oversaw the annual assessment by the Audit Committee of the Company’s system of internal control and is of the view that it is effective and adequate.

The Supervisory Committee reviewed the use of proceeds of the Company from the IPO and is satisfied that during the year ended 31 December 2006, the proceeds were utilised in a manner consistent with the disclosures in the Prospectus of the Company.

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The Supervisory Committee also noted the Board's intention to apply the remaining funds of the IPO in the reduction of the Company's long-term debt in order to reduce its current finance costs and believes that such intended change of the use of proceeds is appropriate for preserving and enhancing the Company's value and therefore is in the best interests of the shareholders.

The Supervisory Committee monitored the discharge of duties by the Directors and managers and is of the view that during the year ended 31 December 2006, all the Directors and managers had diligently and faithfully discharged their duties under the Articles of Association of the Company, worked towards maximising the interests of the shareholders and the Company and been dedicated to promoting the development of the Company. The Supervisory Committee was not aware of any act of the Directors or managers during their discharge of duties that were in contradiction to the laws or regulations of the PRC or Articles of Association or detrimental to the interests of shareholders of the Company.

The Supervisory Committee believes that the shareholding structure of the Company has been diversified and internationalised since its listing on the HKEx, laying down a robust foundation for further improvement of corporate governance structure and acceleration of business growth of the Company. In the coming year, the Supervisory Committee will further seek innovation to better deliver its supervisory functions and protect the interests of shareholders as a whole.

By order of the Supervisory Committee

Anthony LEAR

Chairman

Shanghai, the PRC

19 March 2007