

## Report of the Supervisory Committee

### (1) Report on the work of the Supervisory Committee in 2006

During the Reporting Period, a total of 4 Supervisory Committee meetings were held. Details of these meetings and their resolutions are as follows:

On 4 January 2006, the seventh meeting of the third session of the Supervisory Committee was held in the conference room of the Company; the meeting heard the report on auditing for 2005.

On 25 April 2006, the eighth meeting of the third session of the Supervisory Committee was held in the conference room of the Company, which considered and approved the report of the Supervisory Committee for 2005, the financial statements prepared according to the IFRS and the PRC Accounting Standards respectively, the annual report for 2005 and its summary and the results announcement, the profit distribution proposal for 2005, the connected transactions which occurred in 2005 and the first quarterly report for 2006.

On 22 August 2006, the ninth meeting of the third session of the Supervisory Committee was held in the conference room of the Company, which considered and approved the unaudited financial reports of the Company for the six months ended 30 June 2006 prepared in accordance with the PRC Accounting Standards and the IFRS respectively, the interim report for 2006, its summary and the results announcements.

On 30 October 2006, the meeting of the Supervisory Committee was held by communication, which considered and approved the third quarterly report of the Company for 2006.

### (2) Independent opinion of the Supervisory Committee on certain issues of the Company in 2006

#### 1. Operation of the Company pursuant to the law

In 2006, the Supervisory Committee attended the Board meetings and general meetings of shareholders, it, in accordance with the relevant laws and regulations, supervised the process of convening the general meetings and the Board meetings, matters to be resolved, the process of decision making, the implementation by the Board of resolutions passed by shareholders in general meetings and the performance of Directors and managers of the Company. The Supervisory Committee considered that the Board had been operating in accordance with the Company Law and Securities Law of the PRC, the Listing Rules of the SSE and the Articles of Association, that it had

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implemented the resolutions of the general meeting of shareholders, and that its operating decisions had been made scientifically and reasonably, 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 prejudiced to the interests of the Company.

- 2.** The financial statements of the Company for the year 2006 had truly, accurately and objectively reflected the financial conditions and operating results of the Company. The audited and unqualified financial statements submitted by KPMG was fair and objective.
- 3.** During the Reporting Period, the Company had made acquisitions or disposal of assets at reasonable prices, and no insider dealings had been conducted by the senior management or those who had insider information, nor was there any act which was against the interests of certain shareholders or which caused loss to 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.