

REPORT OF THE SUPERVISORY COMMITTEE

(I) SUPERVISORY COMMITTEE MEETINGS

The Supervisory Committee held four meetings in 2006, details of which are as follows:

1. The eighth meeting of the third session of the Supervisory Committee of the Company was held on 6 April 2006. The Supervisory Committee considered and approved the full text of the 2005 annual report, annual report summary and results announcement of the Company, the 2006 final financial accounts, the 2005 profit distribution plan of the Company, the resolution regarding revising the estimation methodology for bad debt provision in respect of accounts receivable, the resolutions appointing the PRC and Hong Kong auditors of the Company for 2006, the resolution determining the PRC auditors and Hong Kong auditors' 2005 audit fees, the proposed 2006 connected transactions framework agreements, the resolution regarding the proposed application for composite credit facilities for the six months ended 30 June 2006, the 2005 report of the Supervisory Committee and the resolution regarding comprehensive amendments to the Rules of Procedure for Supervisory Committee Meetings.

The announcement of the resolutions of the Supervisory Committee was published in China Securities Journal, Securities Times, and Shanghai Securities News, The Standard and Hong Kong Economic Times on 7 April 2006.

2. The ninth meeting of the third session of the Supervisory Committee of the Company was held on 24 August 2006. The Supervisory Committee considered and approved the full text and the summary and results announcement of the 2006 interim report of the Company, the financial analysis report of the Company for the six months ended 30 June 2006, the resolution regarding the proposed application for composite banking credit facilities for the six months ended 31 December 2006, the resolution regarding the approval process and authority regulating the write-off of long-term assets of the Company and the resolution regarding the approval process and authority regulating the write-off of bad debts and discounted settlement of payments of the Company.

The announcement of the resolutions of the Supervisory Committee was published in China Securities Journal, Securities Times, and Shanghai Securities News, The Standard and Hong Kong Economic Times on 25 August 2006.

3. The tenth meeting of the third session of the Supervisory Committee of the Company was held on 25 October 2006. The Supervisory Committee considered and approved the 2006 third quarterly report of the Company, the resolutions of the Company on the proposed connected transactions framework agreements for 2007, the resolutions of the Company on the Renewal of Continuous Connected Transactions for 2007 to 2009, the Share Incentive Scheme (Phase I) (Draft) of the Company, and the resolution regarding the verification of the name list of the scheme participants of the Share Incentive Scheme (Phase I) of the Company.

The announcement of the resolutions of the Supervisory Committee was published in China Securities Journal, Securities Times, and Shanghai Securities News, The Standard and Hong Kong Economic Times on 26 October 2006.

4. The eleventh meeting of the third session of the Supervisory Committee of the Company was held on 15 December 2006. The Supervisory Committee considered and approved the resolution on the revision of the Share Incentive Scheme (Phase I) (Draft) of the Company and the revised Share Incentive Scheme (Phase I) (Revised) of the Company.

The announcement of the resolutions of the Supervisory Committee was published in China Securities Journal, Securities Times, and Shanghai Securities News, The Standard and Hong Kong Economic Times on 18 December 2006.

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(II) OPINIONS REGARDING THE COMPANY'S CONDITION FOR THE YEAR 2006 HAS BEEN FURNISHED BY THE SUPERVISORY COMMITTEE, AS FOLLOWS:

1. The Company has established a proper internal control system with proper documentation such as the Articles of Association, the Rules of Procedure for Shareholders' General Meetings, the Rules of Procedure for Board of Directors' Meetings and the Rules of Procedure for Supervisory Committee Meetings, the Company's management systems are in good order. The decision-making process of the Company is in compliance with the relevant requirements of the Company Law of the People's Republic of China and the Articles of Association of the Company. The procedures, proposed resolutions and implementation of resolutions of the general meetings and meetings of the Board of Directors were also in compliance with relevant provisions of the laws, regulations and the Articles of Association. Obligations of information disclosure have been duly performed.
2. The Directors and the management diligently performed their duties, abided by the laws and carefully executed all the resolutions of the shareholders' general meetings and meetings of the Board of Directors. They did not violate any laws, regulations and the Articles of Association in exercising their duties, nor did they act against the Company and its shareholders' interests.
3. The preparation and review processes for the full text and summary of the 2006 annual report of the Company were in compliance with provisions of the laws and regulations and the Articles of Association. The contents and format of the full text and summary of the 2006 annual report of the Company were in compliance with various requirements of regulatory authorities including the China Securities Regulatory Commission, Shenzhen Stock Exchange and the Stock Exchange of Hong Kong Limited. The 2006 financial report of the Company gives a true and accurate view of the financial position, and operating results of the Company for the year 2006.
4. All connected party transactions entered into by the Company and its related parties had conducted at arm's length basis, and were not against the interests of the Company and its shareholders.
5. The proceeds from the issue of overseas-listed foreign shares by the Company in 2004 had been fully utilized as at 31 December 2006. After due examination by the Supervisory Committee, the use of proceeds was found to be consistent with the plan as stated in the prospectus.