

REPORT OF THE BOARD

I Profit Appropriation Plan of 2005

2005 profit appropriations of the Company: Net profit as shown on the 2005 consolidated financial statements amounted to RMB659,248,355.31, with transfers of RMB90,191,553.39 and RMB78,058,194.46 to statutory surplus reserve and statutory public welfare fund respectively. The profit attributable to shareholders was RMB1,216,273,353.47. Pursuant to relevant regulations of the State, the profit attributable to shareholders should be the lower of that calculated in accordance with the Hong Kong Accounting Standards and the PRC Accounting Standards. Accordingly, the profit attributable to shareholders amounted to RMB1,216,273,353.47. The Board of the Company recommended the payment of a final dividend of RMB464,410,800 on the basis of RMB2.8 for every 10 shares (tax included) based on the total share capital outstanding at the end of 2005 of 1,658,610,000 shares.

II Usual Operation of the Board of Directors

Seven board meetings of the Company were held in 2005, details are as follows:

Sessions of the Meeting	Convening date	Newspapers for information disclosure	Disclosure date
14th meeting of the 3rd Board	4 March 2005		10 March 2005
15th meeting of the 3rd Board	17 March 2005	The Shanghai Securities Post	18 March 2005
16th meeting of the 3rd Board	27 April 2005	The China Securities Post	Free to disclose
17th meeting of the 3rd Board	23 June 2005		24 June 2005
First meeting of the 4th Board	17 August 2005		18 August 2005
2nd meeting of the 4th Board	26 August 2005		29 August 2005
3rd meeting of the 4th Board	28 October 2005		31 October 2005

III Execution of Resolutions Passed at the General Meeting by the Board of Directors

During the reporting period, the Board of Directors duly executed the contents of the following resolutions in accordance with the relevant law and regulations and the resolutions and authorities as passed in the General Meeting:

Execution of 2004 profit appropriations of the Company

The 2004 profit appropriation plan was approved in the 2004 Annual General Meeting held on 20 May 2005: the payment of dividends of RMB1.0 (tax included) for every 10 shares on the basis of 1,658,610,000 shares in the total share capital at the end of 2004, with the payout of RMB165,861,000.

The Company published the announcement in respect of distribution of dividend of H shares on the South China Morning Post in Hong Kong and Wen Wei Po in Hong Kong on 23 May 2005. Dividends were paid to the holders of H shares on the basis of HKD0.094 per share. The dividends referred to above were paid on 30 June 2005 and were paid in full.

The announcement for payment of A shares dividend was published on Shanghai Securities Post and China Securities Post on 11 July 2005. The record date for A shares was on 14 July 2005. The ex-dividend date was on 15 July 2005. The dividend payment date was on 20 July 2005. The dividends referred to above were paid in full.

Dividends for the holders of the listed A shares were distributed by the Shanghai branch of China Securities Registration and Clearing Corporation Limited. Dividends for the holders of the State-owned shares and the State-owned legal person shares were distributed directly by the Company. Dividends for the holders of H shares were distributed by Bank of China (Hong Kong) Trustees Limited on behalf of the Company.

IV Other Events

1. The statement in specific details by the certified public accountant about the receivables from the Company's controlling shareholder and other related parties.

PricewaterhouseCoopers Zhong Tian CPAs Ltd. Co. stated in specific details about the receivables from the Company's controlling shareholder and other related parties pursuant to the requirements under the "Notice concerning the regulation on the flow of funds between listed companies and their related parties and the provision of guarantees by listed companies to external parties" (Zheng Jian Fa [2003] No.56).

2. The statement in specific details and the independent opinion of Independent Directors on accumulated and current external guarantees

The Independent Directors find that the Company has not provided any guarantee to the controlling shareholder and other related parties as at the end of the reporting period. Pursuant to the principle as implied in "Notice concerning the regulation on the flow of funds between listed companies and their related parties and the provision of guarantees by listed companies to external parties", each independent director of the Company expresses independent opinion.