



## Chapter VIII Supervisors' Report

### 1. Meetings and Resolutions of the Supervisory Committee

During the reporting period, the Supervisory Committee held five meetings, the details are as follows:

Meeting	Summary of matters resolved	Date of Meeting	Newspapers for Publication of the Resolutions	Date of Announcement
The third meeting of the fourth Supervisory Committee	1. The 2004 Supervisors' Report of the Company was considered and approved; 2. The 2004 Financial Report of the Company were considered and approved; and 3. The 2004 Annual Report of the Company and its Summary were considered and approved.	29th March 2005	Securities Times, WenWei Po and the Standard in Hong Kong	30th March 2005
The fourth meeting of the fourth Supervisory Committee	1. The Rules of Proceedings for Meetings of Supervisory Committee was considered and approved; 2. The resignation of Mr. Liu Xianming as the shareholders' representative supervisor of the Company was considered and approved; and 3. The election of Ms. Peng Zeqing as the shareholders' representative supervisor of the Company and the same be submitted to the 2004 Annual General Meeting for approval was considered and approved.	21st April 2005	Securities Times, WenWei Po and the Standard in Hong Kong	22nd April 2005
The fifth meeting of the fourth Supervisory Committee	Mr Liu Xianming's resignation from the position of Vice-chairman of the Supervisory Committee of the Company was approved and Ms Peng Zeqing was elected as Vice-chairman of the Supervisory Committee of the Company.	9th June 2005	Securities Times, WenWei Po and the Standard in Hong Kong	10th June 2005
The sixth meeting of the fourth Supervisory Committee	The Company's 2005 Interim Report and its summary was considered and approved.	12th August 2005	Securities Times, WenWei Po and the Standard in Hong Kong	15th August 2005
The seventh meeting of the fourth Supervisory Committee	1. Mr. Yan Fuquan's resignation from the position of shareholders' representative Supervisor of the Company was considered and approved; and 2. Mr. Sun Jie's election as a shareholders' representative Supervisor of the Company and the same be to the extraordinary general meeting was considered and approved.	30th December 2005	Securities Times, WenWei Po and the Standard in Hong Kong	5th January 2006

### 2. Opinion of the Supervisory Committee on the lawful operation of the Company

In accordance with the relevant State laws and regulations, the Supervisory Committee conducted its conscientious monitoring of the procedures for convening the general meetings and the Board meetings of the Company, the resolutions, the implementation by the Board of the resolutions of the general meetings, the discharge of duties by the senior management of the Company, and the internal management system of the Company. The Supervisory Committee is of the opinion that the Board engaged itself in standardised operation in pursuance to the Company Law, the Securities Law, the Articles of Association of the Company, and the relevant laws and regulations. The Board members worked diligently and responsibly, with scientific and rational decision-making. Every management system of the Company became more sound and was consistently operated. The Supervisors were not aware of the Directors and senior management of the Company discharging duties in contravention of the state regulations and the Articles of Association of the Company or in prejudice against the interests of the Company.

**3. Opinion of the Supervisory Committee on the financial status of the Company**

The Supervisory Committee made a conscientious review on the profit distribution proposal of the Company for 2005 to be submitted by the Board of the Company for approval at the general meeting and the relevant audited materials in respect of the auditors' report for 2005 prepared by the domestic and international auditors with unqualified opinion. The Supervisory Committee considers that the auditors' report of the Company for 2005 reflects in an objective way the financial status and operating results of the Company.

**4. Opinion of the Supervisory Committee on the use of proceeds by the Company in investments**

No proceeds from the issue of shares were utilized by the Company during the reporting period.

**5. Opinion of the Supervisory Committee on the acquisition and disposal of assets**

The Supervisory Committee was of the opinion that the prices for the acquisition and disposal of assets by the Company were reasonable and there were not any events of insider dealings, prejudice of interests to certain shareholders or loss of assets.

**6. Opinion of the Supervisory Committee on connected transactions**

During the reporting period, every connected transaction of the Company was disclosed in accordance with the relevant disclosure requirements, and the transaction prices were settled according to prevailing market prices. Nothing was found detrimental to the interests of the Company.