

I Profit Appropriation Plan of 2006

2006 profit appropriations of the Company: Net profit as shown on the 2006 consolidated financial statements amounted to RMB749,302,455.39, with transfers of RMB86,412,895.69 to statutory surplus reserve. The profit attributable to shareholders was RMB1,469,035,640.62. 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 RMB1,469,035,640.62. The Board of the Company recommended the payment of a final dividend of RMB414,652,500 on the basis of RMB2.5 for every 10 shares (tax included) based on the total share capital of 1,658,610,000 shares.

II Usual Operation of the Board of Directors

Six Board meetings of the Company were held in 2006, details are as follows:

Sessions of the Meeting	Convening date	Newspapers for information disclosure	Disclosure date
4th meeting of the 4th Board	21 April 2006	The Shanghai Securities Post The China Securities Post	24 April 2006
5th meeting of the 4th Board	30 June 2006	The Shanghai Securities Post The China Securities Post	3 July 2006
6th meeting of the 4th Board	21 July 2006	—	Free to disclose
7th meeting of the 4th Board	18 August 2006	—	Free to disclose
8th meeting of the 4th Board	7 September 2006	The Shanghai Securities Post The China Securities Post	8 September 2006
9th meeting of the 4th Board	27 October 2006	—	Free to disclose



Report of the Board

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:

1. Execution of 2005 profit appropriations of the Company

The 2005 profit appropriation plan was approved at the 2005 Annual General Meeting held on 16 June 2006: the payment of dividends of RMB2.8 (tax included) with the payout of RMB464,410,800 for every 10 shares on the basis of 1,658,610,000 shares in the total share capital at the end of 2005. Details please see announcements published on Shanghai Securities Post, China Securities Post, South China Morning Post in Hong Kong and Wen Wei Po in Hong Kong on 19 June 2006 and the announcement for payment of dividend for 2005 published on Shanghai Securities Post and China Securities Post on 12 July 2006. The dividends referred to above were paid in full.

2. Issue of short-term financial bonds

The resolution of issuance within the territory of PRC short-term financial bonds not more than RMB1.5 billion in lump sum was approved at the General Meeting held on 27 October 2006. As of the date of the reporting period, relevant declaration documents were being prepared.

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 Co., Ltd. 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.