

Section VIII Internal Control

I. Statements Regarding the Internal Control and Its Construction

It's the responsibility of the Board of Directors to establish, perfect and effectively implement the internal control system, evaluate its effectiveness, and truthfully disclose the internal control evaluation report.

The Company ensures the completeness and accuracy of the accounting information and keeps the normalized and transparent image of listed company through constant improvement of various financial management systems, normalization of the financial accounting and constant compaction of the basic accounting works.

In terms of the construction of internal control system, the Company continued to perfect the internal control system and promoted the fusion between this system and the management system in accordance with the *Basic Standard for Enterprise Internal Control* and other pertinent regulations. In 2013, the Company newly added 21 management rules involving marketing, import business, confidentiality, safety management and other aspects and revised 64 rules to meet the compliance requirement, the Company's business management demands and the organizational structure adjustment needs.

The Company carried out the internal control evaluation work according to the *Basic Standard for Enterprise Internal Control and Guide for Enterprise Internal Control Evaluation* and formed the internal control evaluation report. No major flaw was found for the internal control of the Company in the reporting period, and the Evaluation Report has been approved by the 13th meeting of the 5th Board Meeting of the Company and disclosed to the public, with information disclosure available at: www.sse.com.cn.

II. Audit Report for the Company's Internal Control

Deloitte Touche Tohmatsu Certified Public Accountants LLP (special general partnership) conducted the internal control audit and gave its audit report for the Company, and the content of the report was disclosed at www.sse.com.cn.

III. The Accountability System for Major Mistakes in the Disclosure of Information of the Company's Annual Report and Its Implementation

The 4th meeting of the 4th Board of the Company held on March 30-31 2010 examined and passed the revision of *Methods of Information Disclosure Management* pursuant to the requirements set out in CSRC Document [2009] No.34 *Circular on Properly Handling the 2009 Annual Reports of Listed Companies and the Related Work*, in which the accountability system for major mistakes in information disclosure of annual reports was added.

According to the accountability system for major mistakes in information disclosure of annual reports, if the person liable violates the stipulations of such state laws and regulations as *Company Law*, *Securities Law*, *Administrative Measures on Information Disclosure by Listed Companies*, *the Rules of Shanghai Stock Exchange for Stock Listing*, *Accounting Standards for Business Enterprises*, intentionally or due to gross negligence, which has resulted in the false record, misleading statement, or major omission in the annual report, the Board of Directors shall punish the person(s) directly liable and other persons liable dependent upon the seriousness of the case and shall disclose the reasons for the correction, supplement and revision as well as the influences thus caused truthfully following the relevant stipulations by China Securities Regulatory Commission and Shanghai Stock Exchange. It shall also disclose information about the accountability measures and punishment of the relevant persons liable by the Board of Directors.

No correction of major accounting mistakes, no statement of major information omission, and no correction of advance notice of annual performance occurred in the reporting period.