

# Corporate Governance and Other Information

## 公司管治及其他資料

The Company is committed to ensure high standards of corporate governance in the interests of shareholders.

The directors acknowledge their responsibilities for preparing the financial statements, which give a true and fair view of the state of affairs of the Company and of the Group on a going concern basis. In preparing the financial statements for the six months ended 30 June 2005, the Directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that are prudence and reasonable.

### CODE ON CORPORATE GOVERNANCE PRACTICE

#### Securities Dealing by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) as the code of conduct for securities transactions by directors. The Company, having made specific enquiry, confirms that all directors have complied with the required standards set out in Model Code throughout the six months period ended 30 June 2005.

#### Audit Committee

The Audit Committee meets at least two times each year with the purpose of monitoring the integrity of the Group’s financial statements and to consider the nature and scope of internal and external audit reviews. It also assesses the effectiveness of the systems of internal control. All the members of the Audit Committee are independent non-executive directors, namely Mr. Kang Dian (Chairman), Mr. Zhang Lu and Mr. Hung Muk Ming.

為符合股東利益，本公司致力實行高水平的企業管治。

董事確認按持續經營標準編制能真實及公平地反映本公司及本集團財務狀況的財務報表乃屬其責任。在編制截至二零零五年六月三十日止六個月之財務報表時，董事採用了合適的會計政策並持續應用該等會計政策，同時亦以保守及合理的態度作出判斷及估計。

### 企業管治常規守則

#### 董事進行證券交易

本公司已採納並實施了香港聯合交易所有限公司頒佈之證券上市規則（「上市規則」）附錄10所載之《上市公司董事進行證券交易的標準守則》（「標準守則」）作為董事進行證券交易的守則。經就此事專門徵詢所有董事，所有董事均已確認其於截至二零零五年六月三十日止六個月期間內嚴格遵守該標準守則所規定的標準。

#### 審核委員會

審核委員會每年最少舉行兩次會議，監察本集團財務報表的完整性，並審議內部及外部審計的性質及範圍，以及評估內部控制系統的成效。審核委員會的成員全部為獨立非執行董事，包括康典先生（主席）、張璐先生及洪木明先生。

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### CODE ON CORPORATE GOVERNANCE PRACTICE (continued)

#### Audit Committee (continued)

The Audit Committee has reviewed and approved the financial statements for the six months ended 30 June 2005.

#### Remuneration Committee

The Remuneration Committee meets regularly to consider human resources issues, including the terms and conditions of employment, remuneration and retirement benefits of the chairman, the chief executive officer and the directors. All the members of the Remuneration Committee are independent non-executive directors, namely Mr. Kang Dian (Chairman) and Mr. Zhang Lu.

### DEVIATIONS FROM THE MODEL CODE

To the knowledge of the directors, the Company has complied with the Code Provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules other than the deviations as described below:

Code Provision A.2.1 stipulates that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Zhu Dengshan and Mr. Gao Jian Min are the Chairman and Managing Director of the Company (i.e. Chief Executive Officer) respectively. Although the Company did not establish the division of responsibilities during the current period, the Company has now adopted a memorandum setting out the division of responsibilities between the Chairman and Managing Director.

### 企業管治常規守則 (續)

#### 審核委員會 (續)

審核委員會已經審閱並批准了截止二零零五年六月三十日止六個月之財務報表。

#### 薪酬委員會

薪酬委員會定期舉行會議，檢討人力資源事項，包括主席、行政總裁及董事的聘用條件及條款、薪酬和退休福利等。薪酬委員會的成員全部為獨立非執行董事，包括康典先生(主席)及張璐先生。

### 偏離標準守則

據董事所知，除下文所述的偏離之外，本公司已遵守企業管治常規守則內的守則條文：

守則條文第A.2.1條要求主席與行政總裁的職務須予分開並須明確地以書面方式列名各自的責任。

朱登山先生及高建民先生分別為本公司的主席及董事總經理(亦即行政總裁)。雖然本公司於本期內並無定明責任的分工，然而本公司目前已經採納一項備忘錄明確列出主席及董事總經理的分工及責任。

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### DEVIATIONS FROM THE MODEL CODE

(continued)

Code Provision A.5.4 stipulates that the board should establish written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the issuer. The Company did not establish any relevant guidelines during the current period. However, the Company has now adopted the relevant written guidelines.

Code Provision C.3.3 stipulates that the terms of reference of the Audit Committee should include all duties as stated in such Code Provision. The Company did not revise the existing terms of reference of the Audit Committee during the current period. However, the Company has now adopted revised terms of reference of the Audit Committee to include all duties as stated in Code Provision C.3.3.

Code Provision D.1.2 stipulates that the Company should formalize the functions reserved to the board and those delegated to management. Although the Company did not formalize the functions of the board and management during the current period, the Company has now adopted the functions of the board and management.

Code Provision E.1.2 stipulates that the Chairman of the board should attend the annual general meeting. The Chairman of the board had not attended the annual general meeting of the Company held on 26 May 2005. The Chairman will endeavor to attend all future annual general meetings of the Company unless unexpected or special circumstances preventing him from doing so.

### 偏離標準守則 (續)

守則條文第A.5.4條要求董事局設立書面指引，其中條款不亞於標準守則，以規範相關僱員進行有關上市公司的股份買賣。本公司於本期內並無設立有關指引。然而本公司目前已經採納該等適用的書面指引。

守則條文第C.3.3條要求審核委員會的職權應涵蓋該守則條文所列的全部職責。於本期內本公司並無就審核委員會沿用的職權作出修訂。然而本公司目前已經採納經修訂的審核委員會職權以涵蓋守則條文C.3.3所列的所有職責。

守則條文第D.1.2條要求本公司就保留於董事局的功能及下放管理層的功能正式劃分。雖然本公司於本期內並無正式劃分董事局和管理層的功能，然而本公司目前已經採納並界定了董事局以及管理層各自的功能。

守則條文第E.1.2條要求董事局主席應出席股東週年大會。董事會主席並無出席本公司於二零零五年五月二十六日召開的股東週年大會。主席將竭力出席本公司於未來召開的所有股東週年大會，除非出現不可預見或特殊情況導致其未克出席。

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### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Details of outstanding share options granted to the directors and other employees of the Company under the share option scheme adopted by the Company on 26 June 1995 (the "Old Scheme") and share option scheme adopted by the Company on 27 May 2002 (the "New Scheme") are set out below:

		Exercisable period 可予行使期間	Subscription price per share 每股認購價	Outstanding as at 31 December 2004 and 30 June 2005 於二零零四年十二月 三十一日及於二零零五年 六月三十日之尚餘數目
<b>Directors</b>	<b>董事</b>			
Chen Yongcun	陳永存	25/07/2001-24/07/2011 07/06/2002-06/06/2012	0.535 0.700	2,000,000 5,000,000
Gao Jian Min	高建民	09/01/1997-08/01/2007 07/06/2002-06/06/2012	0.967 0.700	15,000,000 5,000,000
Gu Jianguo	顧建國	27/07/1999-26/07/2009	0.900	2,000,000
				29,000,000
<b>Other employees</b>	<b>其他僱員</b>	25/07/2001-24/07/2011	0.535	3,000,000
				3,000,000
				32,000,000

During the current period, no share option was granted to the directors and other employees under the New Scheme. There was also no share option being exercised or lapsed during the current period.

Other than as disclosed above, at no time during the current period was the Company or its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debenture of, the Company or any other body corporate.

### 董事購買股份或債權證之權利

根據本公司於一九九五年六月二十六日採納之購股權計劃(「舊計劃」)及本公司於二零零二年五月二十七日採納之購股權計劃(「新計劃」)授予董事及本公司其它僱員之尚未行使購股權詳情呈列如下：

於期內並無向董事及其他僱員授出任何新計劃項下之購股權。同時期內並無任何購股權被行使或失效。

除上文所披露者外，本公司或其附屬公司概無於年內任何時間訂立任何安排，致使本公司之董事可藉購入本公司或任何其他法人團體之股份或債權證而得益。

# Corporate Governance and Other Information

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### DIRECTORS' INTEREST IN SHARES

As at 30 June 2005, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the shares and underlying shares of the Company:

### 董事之股份權益

於二零零五年六月三十日，董事及本公司行政總裁於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份及相關股份中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例有關條文彼等被當作或視為擁有的權益及淡倉），或根據證券及期貨條例第352條須記入該條所指登記冊的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉如下：

本公司股份及相關股份的好倉情況：

Name of director 董事姓名	Capacity 身份	Underlying shares pursuant to share options 購股權相關股份	Percentage to total issued share capital 佔全部已發行 股本百分比
Chen Yongcun 陳永存	Beneficial owner 實益擁有人	7,000,000 (Note 1) (附註1)	0.40%
Gao Jian Min 高建民	Beneficial owner 實益擁有人	20,000,000 (Note 1) (附註1)	1.14%
Gu Jianguo 顧建國	Beneficial owner 實益擁有人	2,000,000 (Note 1) (附註1)	0.11%

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### DIRECTORS' INTEREST IN SHARES (continued)

*Note:*

1. These represent interests of options granted to the directors under the Old Scheme and New Scheme to acquire shares of the Company, further details of which are set out in the section headed "Directors' Right to Acquire Shares or Debenture".

Save as disclosed above headed "Director's Right to Acquire Shares or Debentures" and in the section below headed "Substantial Shareholders", as at 30 June 2005, none of the directors or chief executive of the Company or any of their associates had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. None of the directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the period.

### 董事之股份權益 (續)

*附註：*

1. 此等為根據舊購股權計劃及新購股權計劃授予董事的購股權權益以認購本公司股份，有關詳情載於「董事購買股份及債券之權利」部分。

除上述「董事購買股份或債券之權利」及下述「主要股東」部分所披露者外，於二零零五年六月三十日，本公司根據證券及期貨條例第352條置存的登記冊記錄顯示本公司董事或行政總裁概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）持有任何股份、相關股份或債權證的權益或淡倉或根據標準守則須知會本公司及聯交所的權益及淡倉。於本期間董事或彼等的配偶或十八歲以下的子女，概無獲授予任何權利可認購本公司或其任何相聯法團的股本或債權證或曾行使任何該等權利。

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### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, persons other than a director or chief executive of the Company, having interest in 5% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in shares of the Company as at 30 June 2005:

### 主要股東

於二零零五年六月三十日，於本公司根據證券及期貨條例第336條規定須予備存的登記冊所記錄所顯示，本公司董事或行政總裁以外擁有佔本公司已發行股本5%或以上權益的人士如下：

本公司股份的好倉於二零零五年六月三十日的情況：

Name of substantial shareholder 股東名稱	Capacity 身份	Number of ordinary shares 股份數目	Underlying shares 相關股份	Total interests 權益總額	Percentage to total issued share capital 佔全部已發行股本百分比
Silver Grant International Holdings Limited	Beneficial owner 實益擁有人	127,170,022	—	127,170,022 (Note 1) (附註一)	7.23%
China Cinda Asset Management Corporation 中國信達資產管理公司	Interest of controlled corporation 受控制法團的權益	341,448,000	200,000,000 (Note 2) (附註二)	541,448,000 (Note 3) (附註三)	30.79%
Citigroup Inc.	169,450,000 shares as beneficial owner, 2,525,000 shares as approved lending agent, 138,813,559 underlying shares as beneficial owner and 9,900,000 shares as person having a security interest in shares 169,450,000股屬實益擁有人，2,525,000股屬核准借出代理人，138,813,559相關股份屬實益擁有人及9,900,000股屬對股份持有保證權益的人	181,875,000	138,813,559 (Note 4) (附註四)	320,688,559	18.23%
Lam Ching Kui 林清渠	Beneficial owner 實益擁有人	91,068,000	—	125,254,000 (Note 5) (附註五)	7.12%
	Interest of controlled corporation 受控制法團的權益	33,632,000	—		
	Interest of spouse 配偶權益	554,000	—		
Chan Oi Mo 陳愛武	Beneficial owner 實益擁有人	554,000	—	125,254,000 (Note 6) (附註六)	7.12%
	Interest of spouse 配偶權益	124,700,000	—		

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### SUBSTANTIAL SHAREHOLDERS (continued)

#### Notes:

- Messrs. Hui Xiao Bing and Gao Jian Min, both of whom are directors of the Company, each has a 30% interest in Silver Grant International Holdings Limited as at 30 June 2005.
- These represent the interest in convertible note in the principal amount of HK\$440,000,000 pursuant to which a total number of 200,000,000 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK\$2.20 per share.
- The following is a breakdown of the interests in shares of the Company held by China Cinda Asset Management Corporation:

Name of controlled corporation 受控法團名稱	Name of controlling shareholder 控權股東姓名或名稱	Percentage of control 控制百分率	Total interest in shares 股份權益總數	
			Direct interest 直接權益	Deemed interest 當作持有的權益
Well Kent International Investment Company Limited 華建國際投資有限公司	China Cinda Asset Management Corporation 中國信達資產管理公司	100%	—	541,448,000
Catic Limited	Well Kent International Investment Company Limited 華建國際投資有限公司	100%	541,448,000	—

- These represent the interest in convertible note in the principal amount of USD52,500,000 pursuant to which a total number of 138,813,559 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK\$2.95 per share.
- These interests in aggregate are in fact the same block of shares disclosed of by Chan Oi Mo, the wife of Lam Ching Kui.

### 主要股東 (續)

#### 附註：

- 惠小兵先生及高建民先生彼等均為本公司董事，於二零零五年六月三十日各自擁有Silver Grant International Holdings Limited 30%權益。
- 此等為本金總額440,000,000港元之可換股票據項下的權益，據此按每股2.20港元之初步換股價全面行使可換股票據所附帶之換股權後，將會發行合共200,000,000股新股份。
- 以下為中國信達資產管理公司所持有本公司之股份權益細節：

- 此等為本金總額52,500,000美元之可換股票據項下的權益，據此按每股2.95港元之初步換股價全面行使可換股票據所附帶之換股權後，將會發行合共138,813,559股新股份。
- 該等權益之總數與林清渠之太太陳愛武披露所持有之權益實為同一批股份。



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### SUBSTANTIAL SHAREHOLDERS (continued)

Notes: (continued)

6. These interests in aggregate are in fact the same block of shares disclosed of by Lam Ching Kui, the husband of Chan Oi Mo.

Save as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2005.

### SHARE OPTION SCHEMES

Movements during the current period of share options under the Old Scheme and New Scheme are set out below:

### 主要股東 (續)

附註：(續)

- 六. 該等權益之總數與陳愛武之夫婿林清渠披露所持有之權益實為同一批股份。

除上文所披露外，根據證券及期貨條例第336條規定須予備存的登記冊所示，本公司並無接獲任何有關於二零零五年六月三十日在本公司股份及相關股份中擁有權益或淡倉的申報。

### 購股權計劃

根據舊計劃及新計劃授出之購股權於本期內之變動載列如下：

Subscription price per share 每股股份認購價	Exercisable period 可予行使期間	Number of share options outstanding as at 1 January 2005 and 30 June 2005 於二零零五年一月一日 及二零零五年六月三十日 尚餘之購股權數目
HK\$ 港元		
<b>Old Scheme</b> 舊計劃		
0.967	09/01/1997-08/01/2007	15,000,000
0.900	27/07/1999-26/07/2009	2,000,000
0.535	25/07/2001-24/07/2011	5,000,000
		22,000,000
<b>New Scheme</b> 新計劃		
0.700	07/06/2002-06/06/2012	10,000,000
		32,000,000

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### SHARE OPTION SCHEMES (continued)

### 購股權計劃 (續)

Movements during the current period of share options held by the directors included in the above tables are as follows:

包括在上述列表之董事所持有之購股權於本期內之變動如下：

Subscription price per share 每股股份認購價	Exercisable period 可予行使期間	Number of share options outstanding as at 1 January 2005 and 30 June 2005 於二零零五年一月一日 及二零零五年六月三十日 尚餘之購股權數目
<i>HK\$</i> 港元		
<b>Old Scheme</b> 舊計劃		
0.967	09/01/1997-08/01/2007	15,000,000
0.900	27/07/1999-26/07/2009	2,000,000
0.535	25/07/2001-24/07/2011	2,000,000
		<hr/> 19,000,000
<b>New Scheme</b> 新計劃		
0.700	07/06/2002-06/06/2012	10,000,000
		<hr/> 29,000,000

As at 30 June 2005, the total number of share options available for granting pursuant to the New Scheme are 63,222,000 shares representing approximately 3.6% of the total issued share capital of the Company.

於二零零五年六月三十日，根據新購股權計劃項下尚餘可予授出之購股權總數目為63,222,000股，約佔本公司全部已發行股本的3.6%。