

董事會報告

本公司董事會(「董事會」)欣然提呈本公司及其附屬公司(「本集團」)截至二零零五年十二月三十一日止年度之週年報告及經審核財務報表。

主要業務

本集團從事生產及銷售五十鈴輕型商用車、多功能汽車、皮卡車、重型車、其他汽車和汽車零件及部件。有關本公司於二零零五年十二月三十一日附屬公司之詳情載於財務報表附註3。

分析資料

有關本集團業務及地區分析資料之詳情載於財務報表附註7。

業績及分配

有關本集團本年度內業績載於年報第39頁之綜合損益表。董事建議派發末期股息每股人民幣0.02元予於二零零六年五月二十三日名列本公司股東名冊之股東。建議末期股息總額為人民幣49,645,000元。

物業、機器及設備

本集團於本年度內添置物業、機器及設備約人民幣23,063,000元，以用作擴充生產設施。有關本集團物業、機器與設備之變動詳情載於財務報表附註17。

DIRECTORS' REPORT

The board of directors of the Company (the "Board") have pleasure in presenting the annual report and audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Group is engaged in the production and sale of Isuzu light-duty trucks, multi-purposes vehicles, pick-up trucks, heavy-duty trucks, other vehicles and automobile parts and accessories. Details of the Company's subsidiaries as at 31st December, 2005 are set out in note 3 to the financial statements.

SEGMENTAL INFORMATION

Details of segmental information of the Group are set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

Details of the results of the Group during the year are set out in the consolidated income statement on page 39 of the annual report. The directors recommend the payment of a final dividend of RMB0.02 per share to the shareholders whose names appear on the register of shareholders on 23rd May, 2006. The proposed final dividends amount to a total of RMB49,645,000.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred approximately RMB23,063,000 on acquisition of property, plant and equipment for expansion of its production facilities. Details of movements in property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

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股本

本公司股本之詳情載於財務報表附註24。

董事及監事

於本年度內及本報告截至日之本公司董事及監事之名單如下：

執行董事：

吳雲(董事長)

高建民

宮武良行 (於二零零五年十一月二十二日獲委任)

細井行 (於二零零五年十一月二十二日獲委任)

劉光明

潘勇

樂華強

望月義人 (於二零零五年十一月二十二日辭任)

宋振遠 (於二零零五年十一月二十二日辭任)

DIRECTORS' REPORT

SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the financial statements.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year and up to the date of this report were:

Executive directors:

Wu Yun (Chairman)

Gao Jianmin

Miyatake Yoshiyuki (appointed on 22nd November, 2005)

Hosoi Susumu (appointed on 22nd November, 2005)

Liu Guangming

Pan Yong

Yue Huaqiang

Yoshito Mochizuki (resigned on 22nd November, 2005)

Song Zhenyuan (resigned on 22nd November, 2005)

董事會報告

DIRECTORS' REPORT

董事及監事(續)

獨立非執行董事：

龍濤
宋小江
徐秉金

監事：

劉琦
周紅
馮嘉陵

除二零零五年十一月二十二日獲委任的宮武良行先生及細井行先生及二零零四年九月二十二日獲委任的徐秉金先生外，所有在任董事均與本公司於二零零三年六月十七日更新為期三年的服務合約。

本公司已取得各獨立非執行董事每年確認其獨立地位的確證函。本公司亦認為每位獨立非執行董事就本公司而言，其地位是獨立的。但本公司仍未按香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第19A.18(1)條聘用一名香港居民為獨立非執行董事。本公司現正尋找適當人選以盡快出任該職位。

根據本公司的公司章程，每位董事及監事現屆任期將於即將召開之股東周年大會之日屆滿，並有資格連選連任。

DIRECTORS AND SUPERVISORS (Cont'd)

Independent non-executive directors:

Long Tao
Song Xiaojiang
Xu Bingjin

Supervisors:

Liu Qi
Zhou Hong
Feng Jialing

All Directors, except Messrs. Miyatake Yoshiyuki and Hosoi Susumu who were both appointed on 22nd November, 2005, and Mr. Xu Bingjin who was appointed on 22nd September, 2004, had renewed their service contracts with the Company for a term of three years commencing on 17th June, 2003.

The Company has received annual confirmation from each of the independent non-executive Directors as regards to their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company. However, the Company has not yet employed an ordinary Hong Kong resident as an independent non-executive Director pursuant to Rule 19A.18(1) of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company is in the process of locating a suitable candidate to assume such position as soon as possible.

According to the Company's Articles of Association, the term of office of each of the Directors and Supervisors of the current term will expire at the date of the forthcoming annual general meeting and shall be eligible for re-election.

董事會報告

DIRECTORS' REPORT

董事及監事(續)

一位將退任之由本公司股東代表出任的監事劉琦先生及一位將退任之由本公司職工代表出任的監事馮嘉陵先生已通知本公司，由於彼等退休離開本公司之故，彼等將於即將召開之股東周年大會之日退任監事職務，而不會尋求連選連任。除劉琦先生及馮嘉陵先生外，所有其他將退任之董事及監事均有資格連選連任。

董事會已提名所有將退任之董事吳雲先生、高建民先生、宮武良行先生、細井行先生、劉光明先生、潘勇先生、樂華強先生、龍濤先生、宋小江先生及徐秉金先生選舉為由即將召開之股東周年大會之日開始至二零零九年股東周年大會之日之下屆(「下屆」)董事的候選人。

監事會已提名其中一位將退任由本公司股東代表出任的監事周紅女士選舉為下屆由本公司股東代表出任的監事的候選人。如上所述，劉琦先生將於即將召開之股東周年大會之日退任監事職務，而不會尋求連選連任，因此監事會已提名閔慶女士為選舉下屆由本公司股東代表出任的新監事的候選人。如上所述，馮嘉陵先生將於即將召開之股東周年大會之日退任監事職務，而不會尋求連選連任，因此本公司職工代表會已提名鄭崗先生為於即將召開之股東周年大會之日由本公司職工在另行舉行的會議上選舉為下屆由本公司職工代表出任的新監事的候選人。

DIRECTORS AND SUPERVISORS (Cont'd)

Mr. Liu Qi who is a retiring Supervisor representing the shareholders of the Company and Mr. Feng Jialing who is a retiring Supervisor representing the staff and workers of the Company have notified the Company that due to their retirement from the Company, they shall retire from their office at the forthcoming annual general meeting and shall not seek for re-election. Except for Mr. Liu Qi and Mr. Feng Jialing, all other retiring Directors and Supervisors are eligible for re-election.

The Board has nominated Mr. Wu Yun, Mr. Gao Jianmin, Mr. Miyatake Yoshiyuki, Mr. Hosoi Susumu, Mr. Liu Guangming, Mr. Pan Yong, Mr. Yue Huaqiang, Mr. Long Tao, Mr. Song Xiaojiang and Mr. Xu Bingjin, all being retiring Directors, as candidates for election as Directors for the next term of office commencing on the date of the forthcoming annual general meeting until the date of the annual general meeting for the year of 2009 (the "Next Term").

The Supervisory Committee has nominated Ms. Zhou Hong, being one of the retiring Supervisors representing the shareholders of the Company, as candidate for election as a supervisor representing the shareholders of the Company for the Next Term. As mentioned above, Mr. Liu Qi will retire from his office at the date of the forthcoming annual general meeting and will not seek for re-election. The Supervisory Committee has therefore nominated Ms. Min Qing as candidate for election as a new Supervisor representing the shareholders of the Company for the Next Term. As mentioned above, Mr. Feng Jialing will retire from his office at the date of the forthcoming annual general meeting and will not seek for re-election. The Association of the representatives of the staff and workers of the Company has nominated Mr. Zheng Gang as candidate for election as a new Supervisor representing the staff and workers of the Company for the Next Term at a separate meeting held by the staff and workers of the Company at the date of the forthcoming annual general meeting.

董事會報告

董事及監事(續)

建議於即將召開之股東周年大會上選舉為董事的候選人、由本公司股東代表出任的監事的候選人及建議由本公司職工於另行舉行的會議上選舉為由本公司職工代表出任的監事的候選人履歷載於二零零六年四月二十八日寄發予各股東之通函附錄內。

無任何董事或監事與本公司或其附屬公司訂有若於一年內本集團如終止即須作出賠償(法定賠償除外)之服務合約。

董事酬金及最高薪酬人士

董事酬金及最高酬金人士之詳情載於財務報表附註10。

合資格會計師

本公司仍未按上市規則第3.24條聘用一名合資格會計師。本公司現正尋找適當人選以儘快出任該職位。

董事、監事及最高行政人員之股份權益

於二零零五年十二月三十一日，本公司董事、監事及高級行政人員概無於本公司或其相聯法團(定義見香港證券及期貨條例(「證券及期貨條例」))之股份，相關股份及債權證中擁有根據證券及期貨條例第352條規定須予備存之名冊所記錄或依據上市規則附錄10上市發行人董事進行證券交易的標準守則(「守則」)通知本公司及聯交所的權益或淡倉。

DIRECTORS' REPORT

DIRECTORS AND SUPERVISORS (Cont'd)

The biographical details of the candidates proposed to be elected as Directors and Supervisors representing the shareholders of the Company at the date of the forthcoming annual general meeting and the candidate proposed to be elected as Supervisor representing the staff and workers of the Company at the separate meeting held by the staff and workers of the Company are set out in the appendix to the circular to be despatched to the shareholders on 28th April, 2006.

None of the Directors or Supervisors has a service contract with the Company and its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION AND HIGHEST PAID INDIVIDUALS

The details of directors' remuneration and highest paid individuals are set out in note 10 to the financial statements.

QUALIFIED ACCOUNTANT

The Company has not yet employed a Qualified Accountant pursuant to Rule 3.24 of the Listing Rules. The Company is in the process of locating a suitable candidate to assume such position as soon as possible.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31st December, 2005, none of the directors, supervisors and chief executive of the Company has any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as defined under the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

董事會報告

DIRECTORS' REPORT

股東人數及主要股東

於二零零五年十二月三十一日，本公司股東名冊上的股東人數為148名及根據證券及期貨條例第336條規定須由本公司備存的股份權益及淡倉登記冊所記錄，本公司董事、監事或最高行政人員以外之股東擁有佔本公司有關類別已發行股本5%或以上的權益及淡倉如下：

本公司股份的好倉情況：

NUMBER OF SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2005, there were 148 shareholders recorded in the register of shareholders of the Company and the shareholders other than a director, supervisor or chief executive of the Company, having an interest and short positions in 5% or more of the issued share capital of the relevant classes as recorded in the register of interests in the shares and short position required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in the shares of the Company:

股東名稱 Name of shareholders	股份類別 Class of shares	股份數目 Number of shares	身份 Capacity	佔有關類別的股本比率 Percentage of the relevant class of share capital	佔總股本比率 Percentage of entire share capital
慶鈴汽車(集團)有限公司 ([慶鈴集團]) Qingling Motors (Group) Company Limited ("Qingling Group")	內資股 Domestic shares	1,243,616,403股 1,243,616,403 shares	實益擁有人 Beneficial owner	100.00%	50.10%
五十鈴汽車有限公司 Isuzu Motors Limited	外資股(H股) Foreign shares (H shares)	496,453,654股 496,453,654 shares	實益擁有人 Beneficial owner	40.08%	20.00%

董事會報告

股東人數及主要股東(續)

除上文所披露者外，根據證券及期貨條例第336條規定須予備存的登記冊所示，本公司截至二零零五年十二月三十一日並無接獲任何有關本公司股份及相關股份的權益或淡倉的通知。

購入股份或債券之權利

本公司、其附屬公司、其最終控股公司或同系附屬公司概無於本年度內任何時間訂立任何安排，使本公司之董事、監事及最高行政人員可藉此購入本公司或任何其他法人團體之股份或債券而得益。

董事及監事之合約權益

本公司、其附屬公司、其最終控股公司或同系附屬公司於結算日或本年度內任何時間概無簽訂任何董事及監事於其中擁有直接或間接重大利益關係之重要合約。

董事及監事於競爭性業務之利益

於年內，本公司之董事及監事並無與本公司業務有所競爭或可能競爭之業務中持有權益。

DIRECTORS' REPORT

NUMBER OF SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

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 31st December, 2005.

RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its subsidiaries, its ultimate holding company or fellow subsidiaries, a party to any arrangements to enable the directors, supervisors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, its subsidiaries, its ultimate holding company or fellow subsidiaries, was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year, none of the Directors or Supervisors had any interest in any business which compete or may compete with the business of the Company.

董事會報告

DIRECTORS' REPORT

與股東之合約

於本年度內，本集團與慶鈴集團及其附屬公司，及五十鈴汽車有限公司（「五十鈴」）及其全資附屬公司，五十鈴（中國）投資有限公司（統稱「五十鈴集團」）均有交易。慶鈴集團及五十鈴分別於二零零五年十二月三十一日持有本公司發行股本約50.10%及約20.00%。此等交易之詳情如下：

- (1) 與慶鈴集團及其附屬公司等之重要交易：

在本公司載入財務報表附註1所述之重組時，本集團與慶鈴集團已簽訂一份有關提供服務給慶鈴集團及由慶鈴集團向本集團提供服務之服務協議書。除此以外，本集團與慶鈴集團也簽訂一份有關慶鈴集團向本集團提供為本集團生產所需之若干零部件與配件之零部件供應協議書。本集團已於二零零五年七月六日與慶鈴集團及其附屬公司分別簽訂了新的零部件供應協議書。該等協議書已於二零零五年九月二十日獲本集團股東大會批准。

於二零零零年八月二十一日，本公司亦簽訂一份關於本公司出租若干模具及夾具設備予慶鈴集團之租約。該租約為期一年，而每月之租金等於本公司所發生之折舊額。於二零零四年及於二零零五年內，本公司分別更新了此租約一年，所有細則維持不變。

CONTRACTS WITH SHAREHOLDERS

During the year, the Group had transactions with Qingling Group and its subsidiaries, and Isuzu Motors Limited ("Isuzu") and its wholly-owned subsidiary, Isuzu (China) Holding Co., Ltd. (collectively "Isuzu Group"). Qingling Group and Isuzu held approximately 50.10% and approximately 20.00% of the issued share capital of the Company respectively as at 31st December, 2005. Details of these transactions are as follows:

- (a) Significant transactions with Qingling Group and its subsidiaries:

At the time of reorganisation of the Company referred to note 1 to the financial statements, the Group entered into a service agreement in relation to the provision of services to and by Qingling Group. In addition, the Group had also entered into a parts supply agreement with Qingling Group whereby Qingling Group agreed to provide the Group with certain parts and components produced by Qingling Group which are required in the production processes of the Group. On 6th July 2005, the Group entered into new parts supply agreements with Qingling Group and its subsidiaries respectively, which were approved by the Group's general meeting on 20th September 2005.

On 21st August, 2000, the Company also entered into a rental agreement with Qingling Group whereby the Company agreed to rent certain moulds and tooling equipment to Qingling Group for a period of one year. The monthly rental was calculated based on the actual depreciation cost incurred by the Company. The Company has renewed the rental agreement in 2004 and 2005 for another year upon the expiration of the relevant agreement with the terms of the agreement remained unchanged.

董事會報告

DIRECTORS' REPORT

與股東之合約(續)

於本年度內與慶鈴集團之交易詳情載於財務報表附註28(i)(a)。

本年度內，本公司與數間慶鈴集團擁有權益之中外合資公司發生交易。這些公司包括重慶慶鈴鑄造有限公司，重慶慶鈴鍛造有限公司，重慶慶鈴車橋有限公司，重慶慶鈴日發座椅有限公司，重慶慶鈴塑料有限公司及重慶慶鈴鑄鋁有限公司。有關此等交易詳情載於財務報表附註28(i)(b)至28(i)(g)。

(2) 與五十鈴集團之重要交易：

本年度內，本公司現有股東於日本註冊成立的五十鈴，提出無條件現金部份要約，收購五十鈴或其一致行動人士尚未擁有之本公司最多達324,960,400股H股。此部分要約詳情已於本公司在二零零五年六月十日刊發的通函中披露。五十鈴其後於二零零五年六月二十四日公佈截止接納此無條件部份要約，並根據部份要約條款收購324,960,400股H股。無條件現金部份要約完成後，五十鈴擁有496,453,654股H股，佔本公司已發行H股本約40.08%及本公司全部已發行股本約20%。

於本年度內與五十鈴集團之交易詳情載於財務報表附註28(ii)。

CONTRACTS WITH SHAREHOLDERS (Cont'd)

Details of transactions with Qingling Group during the year are set out in note 28(i)(a) to the financial statements.

During the year, the Company had certain transactions with some of the sino-foreign joint venture companies in which Qingling Group has interests. These companies include 重慶慶鈴鑄造有限公司，重慶慶鈴鍛造有限公司，重慶慶鈴車橋有限公司，重慶慶鈴日發座椅有限公司，重慶慶鈴塑料有限公司 and 重慶慶鈴鑄鋁有限公司。Details of these transactions are set out in note 28(i)(b) to 28(i)(g) to the financial statements respectively.

(b) Significant transactions with Isuzu Group:

During the period, Isuzu, an existing shareholder of the Company incorporated in Japan, made an unconditional cash partial offer to acquire up to 324,960,400 H shares of the Company other than those already owned by Isuzu or parties acting in concert with it and details of the partial offer were disclosed in the circular of the Company dated 10th June, 2005. Isuzu subsequently announced the closing for the acceptance of this unconditional cash partial offer on 24th June, 2005 and acquired 324,960,400 H shares of the Company pursuant to the terms of the partial offer. Taking into account such acceptances of the partial offer, Isuzu owns 496,453,654 H shares representing approximately 40.08% of the issued H share capital of the Company and approximately 20% of the entire issued share capital of the Company upon the completion of the unconditional cash partial offer.

Details of the transactions with Isuzu Group during the year are set out in note 28(ii) to the financial statements.

董事會報告

與股東之合約(續)

與慶鈴集團及五十鈴集團無關之本公司獨立非執行董事已察閱及確認以上交易是按照監管此等交易的協議內條款進行。

除上述外，本集團有相當部份之交易乃與其它中國國營企業進行。該等交易乃按照與中國有關機構商訂之條款進行。於本年度內，有關與其他國營企業之交易詳情載於財務報表附註28(iii)。

五大供應商及經銷商

於二零零五年十二月三十一日止年度內，本集團的前五大供應商佔總採購額63%，而最大供應商佔總採購額42%。兩間慶鈴集團之附屬公司及五十鈴透過其供應零件及部件予本集團的某日本貿易公司均屬本集團之五大供應商。與慶鈴集團及其附屬公司，及五十鈴集團交易詳情載於上文「與股東之合約」一節內披露。除上述披露外，於二零零五年十二月三十一日止年度內，本公司董事及監事，其聯繫人或任何股東(據董事會所知擁有5%以上本公司之股本者)，並沒有擁有本集團五大供應商任何權益。

於二零零五年十二月三十一日止年度內，本集團與五大經銷商所發生之總銷售額低於本集團總銷售額之30%。

DIRECTORS' REPORT

CONTRACTS WITH SHAREHOLDERS (Cont'd)

Independent non-executive directors of the Company, who are not connected with Qingling Group and Isuzu Group, have reviewed and confirmed that the above transactions had been conducted in accordance with the terms of the relevant agreements governing these transactions.

Other than the above, a significant portion of transactions undertaken by the Group have been effected with other state-owned enterprises in the PRC and on such terms as have been determined with the relevant PRC authorities. Details of the transactions with other state-owned enterprises during the year are set out in note 28(iii) to the financial statements.

FIVE LARGEST SUPPLIERS AND CUSTOMERS

For the year ended 31st December, 2005, the five largest suppliers accounted for 63% of the total purchases of the Group. The largest supplier accounted for 42% of the total purchases. Two subsidiaries of Qingling Group and the Japanese trading company through which Isuzu channels its supply of parts and components to the Group are included in the five largest suppliers of the Group. Details of transactions with Qingling Group and its subsidiaries and with Isuzu Group are set out in the section "Contracts with Shareholders" above. Other than disclosed above, the Company's directors and supervisors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital), did not have any interests in the Group's five largest suppliers for the year ended 31st December, 2005.

For the year ended 31st December, 2005, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

董事會報告

可換股證券、購股權、認股權證或類似權利

本公司及其附屬公司於本年度內並無發行任何可換股證券、購股權、認股權證或類似權利。

本年度內並無由本公司或其附屬公司發行或授出而尚未行使或尚未轉換之換股權證券、購股權、認股權證或類似權利。

購買、出售或贖回本公司之上市證券

於本年度內，本公司並無贖回本公司的上市證券，本公司或其附屬公司於本年度內亦無購買、贖回或出售任何本公司之上市證券。

委託存款

於二零零五年十二月三十一日，本集團並無任何委託存款及到期未能取回之定期存款。

僱員

於二零零五年十二月三十一日，本集團僱員人數為3,030人。於年度內，僱員人數及薪酬政策沒有發生顯著變化。本集團積極制訂並實施各類員工培訓計劃。

僱員退休福利計劃

本集團之僱員退休福利計劃載於財務報表附註31。

DIRECTORS' REPORT

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company and its subsidiaries did not issue or grant any convertible securities, options, warrants or similar rights during the year.

There were no outstanding or conversion of convertible securities, options, warrants or similar rights issued or granted by the Company or its subsidiaries during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, there was no redemption of listed securities of the Company, and none of the Company or its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year.

DESIGNATED DEPOSITS

As at 31st December, 2005, the Group did not hold any designated deposits or any time deposits that were overdue but could not be collected upon maturity.

EMPLOYEES

As at 31st December, 2005, the Group has 3,030 employees. During the year, no material change is noted for the number of employees nor their remuneration policy. The Group actively provides various training to its staff of all levels.

STAFF RETIREMENT SCHEME

Details of the Group's staff retirement scheme are set out in note 31 to the financial statements.

董事會報告

職工宿舍出售情況

二零零五年內，本公司未曾出售任何職工宿舍予職工。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的標準守則。本公司向所有董事及監事作出特定查詢後，本公司確認其董事及監事於本年度內一直遵守標準守則所載規定的標準。

優先購股權

本公司之公司章程並無有關優先購股權之條款。

公司管治

除載於「企業管治報告」內所載的偏離行為外，本公司於本年度內已遵守上市規則附錄14企業管治常規守則的守則條文。

本公司企業管治常規之進一步資料載於第29至36頁「企業管治報告」內。

公眾持股量

在本年度報告刊發之日，根據本公司取得的公開資料及就董事所知悉，於本公司的公眾持股量是足夠的，此乃因為公眾持股量並不少於本公司已發行的股本百分之二十五。

DIRECTORS' REPORT

SALES OF STAFF QUARTERS

The Company did not sell any of its staff quarters to its employees during the year 2005.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Based on specific enquires to all Directors and Supervisors, the Company confirms that all Directors and Supervisors have complied with the requirements of the Model Code during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association.

CORPORATE GOVERNANCE

Except for the deviations set out in the "corporate governance report", the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the year.

Further information on the Company's corporate governance practices is set out in the "corporate governance report" from pages 29 to 36.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this annual report, there is sufficient public float, as not less than 25% of the Company's issued shares are held by the public.

董事會報告

審閱賬目

審核委員會已與本公司管理層及核數師審閱了本集團所採納之會計原則及實務並討論審核、內部監控及財務彙報事宜包括審閱截至二零零五年十二月三十一日止年度之經審核綜合財務報表。

結算日後事項

結算日後發生的一件重大事項的詳情載於財務報表附註32。

核數師

在最近三個會計年度，德勤華永會計師事務所有限公司及德勤•關黃陳方會計師行分別為本公司之國內及境外核數師。

有關續聘德勤華永會計師事務所有限公司及德勤•關黃陳方會計師行為本公司之核數師之決議案將於本公司之股東週年大會上提呈。

承董事會命

吳雲
董事長

重慶，二零零六年四月二十日

DIRECTORS' REPORT

REVIEW OF ACCOUNTS

The audit committee has reviewed with the management and auditors of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31st December, 2005.

SUBSEQUENT EVENT

Details of a significant event occurred after the balance sheet date are set out in note 32 to the financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu CPA Ltd. and Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for PRC and international reporting purposes respectively for the past three financial years.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu CPA Ltd. and Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

By Order of the Board

WU YUN
Chairman

Chongqing, 20th April, 2006