

公司治理結構 Structure of Corporate Governance

1. 公司治理情況

報告期內，本公司嚴格按照中華人民共和國《公司法》、《證券法》和中國證監會有關法律法規的要求，以及香港交易所《證券上市規則》以及《企業管制常規守則》所轉載的條文，積極完善本公司法人治理結構、建立現代企業制度、規範本公司運作。

根據以上規則的變化內容和中國證監會於2004年12月7日發布的《關於加強社會公眾股東權益保護的若干規定》文件的要求，本公司完善和修改了《公司章程》和相關文件。《公司章程》是本公司的行為準則，本公司還將根據實際情況和相關的法律、法規及規章制度的變動及時修訂。

(1) 關於股東與股東大會：本公司建立了與股東溝通的有效渠道，確保所有股東，特別是中小股東享有平等地位，充分行使自己的職權；本公司嚴格按照《股東大會議事規則》的要求召集、召開股東大會，使股東對公司重大事項有知情權、參與權和表決權。

1. The conditions of corporate governance

During the reporting period, the Company strictly complied with the requirements under the Company Law, Securities Law of the PRC and the relevant rules and regulations of the CSRC and the provisions under the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the "Listing Rules") and "Code on Corporate Governance for Listed Companies". The Company devoted a lot of effort to improve its corporate governance structure and established a contemporary corporate system so as to standardize the operation of the Company.

Pursuant to the amendments to the above regulations and also to the requirements as provided in the circular of Certain Provisions on Strengthening the Protection of the Rights and Interests of General Public Shareholders promulgated by the CSRC on 7th December, 2004, the Company had improved and amended the Articles of Association and its related documents. The Articles of Association are the principles governing the behavior of the Company, which are amended timely in accordance with the change in actual situation and the system of relevant laws, rules and regulations.

(1) As to the Shareholders and the Shareholders' general meetings: The Company has established effective channel of communication with shareholders, which ensured that all shareholders, in particular medium and minor shareholders, enjoyed equal positions and exercised their own rights. The Company convened and held general meetings, enabling the shareholders have their rights of information to the Company's material issues, participation rights and voting rights.

1. 公司治理情況 (續)

- (2) 關於控股股東和上市公司：控股股東行為規範，沒有超越股東大會直接干預本公司的決策和經營活動，沒有佔用公司資金或要求為其擔保或替他人擔保；本公司與控股股東在人員、資產、財務、機構和業務方面完全分開；本公司董事會、監事會和經營管理的職能部門能夠獨立運作。
- (3) 關於董事與董事會：本公司董事會人數和人員構成符合法律和法規的要求，本公司所有董事承諾遵守相關法律法規和《公司章程》及本公司相關議事規則的規定，本著穩健、發展的原則，從股東的利益出發，認真履行職責，並且按照《公司章程》和股東大會的授權和規定程序進行決策。
- (4) 關於監事和監事會：本公司嚴格按照《公司章程》規定的監事任職資格和選聘程序選舉監事，監事會人數和人員構成符合法律和法規的要求；全體監事本著對股東負責的原則，對本公司的財務和經營活動進行嚴格監督和檢查，與外部審計和管理層進行充分溝通，並向董事會提出建議，很好地發揮了監事會的作用。

1. The conditions of corporate governance (Continued)

- (2) Regarding the controlling shareholder and listed companies: the Company has established an effective channel for communication with shareholders and ensures that all shareholders, particularly medium and small shareholders, enjoy equal standing and fully perform their own powers. The Company calls and convenes general meetings pursuant to the requirements of "Rules of Procedure of General Meetings" so that shareholders are entitled to the rights of accessing information, participation and voting in respect of major events of the Company.
- (3) As to the Directors and the Board: The number and composition of the Board have complied with the requirements as provided in rules and regulations. During the reporting period, the Company underwent the election of Directors for the next Board. The Directors undertook to comply with the relevant laws and regulations, the Articles of Association and the relevant rules governing the procedures for operating general meetings. The Board was able to seriously discharge its duties, and made decisions pursuant to the Articles of Association and the authorization and required procedures of general meetings.
- (4) Election of supervisors have been strictly in compliance with the qualification and election procedures of supervisors as required under the Articles of Association, and the number and composition of members of the Supervisory Committee were in compliance with the laws and regulations. All the supervisors have performed strict supervision and inspection to the Company's financial and operation activities based on the principle of accountability to shareholders, made full communication with external auditors and management, made proposals to the Board, and exercised good effect of the Supervisory Committee.

1. 公司治理情況 (續)

- (5) 關於審核委員會：本公司董事會下轄審核委員會。為規範與加強審核委員會的日常工作，本公司制定了《審核委員會工作細則》，並已經本公司三屆董事會二十五次會議審議通過。《審核委員會工作細則》中明確規定了審核委員會的職責權限、決策程序及議事規則，報告期內本公司共召開兩次會議，分別審議了本公司 2004 年度報告及 2005 年半年度報告，並出具了工作報告。
- (6) 關於績效評價與激勵約束機制：本公司已成立了董事會薪酬與考核委員會，為規範與加強薪酬與考核委員會的日常工作，本公司制定了《薪酬與考核委員會工作細則》，並已經公司第三屆董事會第二十五次會議審議通過。《薪酬委員會工作細則》中明確規定了薪酬委員會的職責權限、決策程序及議事規則。報告期內本公司共召開了一次薪酬與考核委員會，審議了《薪酬分配與績效考核方案(試行)》，並經本公司第三屆第十三次董事會審議通過。
- (7) 關於利益相關者：本公司充分尊重和維護銀行及其他債權人、職工、客戶、供應商等利益相關者的合法權益，共同推進本公司持續、健康地發展。

1. The conditions of corporate governance (Continued)

- (5) As to the audit committee of the Company: The Board has established the audit committee. To regulate and strengthen the daily routine of the audit committee, the Company has formulated the “Articles of the Audit Committee” which has been considered and approved at the 25th meeting of the 3rd board of directors of the Company. The “Articles of the Audit Committee” stated explicitly the terms of reference, the procedure for decision making and the rules for considering matters of the audit committee. During this reporting period, the Company convened two meetings to consider the 2004 annual report and the 2005 half-yearly report and issued the working report.
- (6) As to the mechanisms governing the appraisal and motivation: The Company has established the Board remuneration and appraisal committee. To regulate and strengthen the daily routine of the remuneration and appraisal committee, the Company has formulated the “Articles of the Remuneration and Appraisal Committee” which has been considered and approved at the 25th meeting of the 3rd board of directors of the Company. The “Articles of the Remuneration Committee” stated explicitly the terms of reference, the procedure for decision making and the rules for considering matters of the remuneration committee. During this reporting period, the Company convened one remuneration and appraisal committee meeting to consider the “remuneration distribution and performance appraisal plan (trial)” which has been considered and approved at the 13th meeting of the 3rd Board of Directors of the Company.
- (7) As to the related parties: The Company fully respects and safeguards the legal interests of the related interests parties such as the banks, other creditors, staff, customers and suppliers for the sustainable and healthy development of the Company.

1. 公司治理情況 (續)

- (8) 關於信息披露：本公司指定董事會秘書、證券事務代表負責信息披露工作，接待股東、投資者的來訪和諮詢，及時準確地向證監會派出機構、交易所報告有關情況；本年度本公司已披露的定期報告和臨時報告，真實、準確、及時、完整地披露了本公司有關信息。

2. 獨立董事履行職責情況

(1) 獨立董事參加董事會的出席情況

獨立 董事姓名	Name of independent non-executive Directors	本年應參加 董事會次數 Number of attendance required in the Board meetings during the year	親自 出席次數 Attendance in person	委託 出席次數 Attendance by proxy	缺席次數 Absent	備註 Notes
高寶明	Ko Poming	11	10	1	0	—
王翔飛	Wang Xiangfei	11	11	0	0	—
高宗澤	Gao Zongze	11	11	0	0	—

1. The conditions of corporate governance (Continued)

- (8) Information disclosure: The Company has designated the secretary of the Board, the securities affairs representative to be responsible for information disclosure, receiving Shareholders, investor visits and enquiries, and to report the relevant situations to agencies of the CSRC and the Hong Kong Stock Exchange in a timely and accurate manner. The regular reports and provisional reports disclosed by the Company during the year have disclosed the relevant information of the Company in a true, accurate, timely and complete manner.

2. An overview on the performance of duties by independent non-executive Directors

(1) Attendance of independent non-executive Directors at the Board meetings

2. 獨立非執行董事履行職責情況
(續)

(1) 獨立非執行董事參加董事會的出席情況 (續)

根據中國證監會《關於在上市公司建立獨立董事制度的指導意見》和香港交易所《上市規則》建立了獨立董事制度，董事會成員包括三名獨立非執行董事，佔董事會成員總數的三分之一。各位獨立非執行董事熟悉本公司的業務及經營情況，能夠以認真負責的態度出席董事會和股東大會，發表獨立性專業意見，能夠積極參加有關培訓，了解作為獨立非執行董事的權利、義務和責任。同時，三位獨立非執行董事高宗澤先生，王翔飛先生和高寶明先生構成了本公司董事會下轄審核委員會和薪酬委員會的主要成員。

本公司已接獲各名獨立非執行董事遵照上市規則第 3.13 條規定發出有關他們的獨立身份的年度確認信。本公司認為所有獨立非執行董事均為獨立。

(2) 獨立非執行董事對本公司有關事項提出異議的情況

報告期內，本公司獨立非執行董事未對公司本年度的董事會議案及其他非董事會議案提出異議。

2. An overview on the performance of duties by independent non-executive directors (Continued)

(1) Attendance of independent non-executive Directors at the Board meetings (Continued)

In accordance with “The Rules Governing the Independent Directors of the Listed Company” issued by the CSRC and the Listing Rules issued by Hong Kong Stock Exchange, the Board comprises three independent non-executive Directors, representing one-third of all the members of the Board. Each of the independent non-executive Directors is familiar with the conditions of the business and operations of the Company. They have attended meetings of the Board and the Shareholders’ general meetings in a serious and responsible manner, and have given independent and professional opinions. They have participated in relevant training proactively so as to understand the rights, duties and responsibilities of an independent non-executive Director. In addition, three independent non-executive Directors, namely Mr. Gao Zongze, Mr. Wang Xiangfei and Mr. Ko Poming, are major members constituting the audit committee and the remuneration and appraisal committee of the Company.

The Company has received the annual confirmation letter issued by each of the independent non-executive Directors in respect of their independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

(2) Issues being disagreed by the independent non-executive Directors with the company

During the reporting period, the Company’s independent non-executive Directors did not disagree with the resolutions proposed in the meeting of the Board and other meetings apart from those of the meeting of the Board held in the year.

3. 本公司與控股股東在業務、人員、資產、機構、財務等方面的獨立情況

業務方面：本公司在業務方面獨立於控股股東，具有獨立完整的業務及自主經營能力。

人員方面：本公司與控股股東在勞動、人事及工資管理等方面是獨立的，並設立了獨立的勞動人事職能部門。除本公司董事長兼任控股股東天津市政投資有限公司董事外，本公司總經理、副總經理、財務總監、董事會秘書等高級管理人員均在本公司領取薪酬，且均未在控股股東單位擔任除董事以外的重要職務。

資產方面：所有與本公司生產經營有關的資產均歸本公司所有，完全獨立於控股股東，本公司除為控股子公司提供擔保外，沒有為控股股東及其他公司提供過擔保。本公司對其資產有完全的控制和支配權，不存在其資產、資金被控股股東佔用而損害本公司利益的情況。

3. Separation of powers between the company and the controlling shareholder with respect to the matters including business, staff, assets, organisation and finance

Scope of business: The Company is independent from the controlling Shareholder in conducting of its business, with independent capability on business and decision making.

Staff: The Company is independent from the controlling Shareholder on aspects such as labour, personnel and salaries management. It has set up an independent labour and personnel functions department. The Chairman took up the position as the director of TMICL which was the controlling Shareholder. Apart from that, all senior management officers such as general manager, deputy general manager, financial controller, secretary to the Board receive their salaries from the Company and they have not taken up any important positions other than directors in the entities of the controlling Shareholder.

Assets: All assets relating to the production and operation of the Company are owned by the Company and independent from the controlling Shareholder and other related companies. The Company did not provide any guarantee to its controlling Shareholder except the subsidiaries. The Company has complete control and the right of using its assets. There are no circumstances of its assets and capital being occupied by the controlling Shareholder which would adversely affect the interest of the Company.

3. 本公司與控股股東在業務、人員、資產、機構、財務等方面的獨立情況 (續)

機構方面：本公司設立了完全獨立於控股股東的組織機構，設有股東大會、董事會、監事會、總經理等機構，本公司的經營管理實行董事會授權下的總經理負責制，有獨立的辦公經營場所。

財務方面：本公司設立了獨立的財務及會計部門，在銀行開設獨立的帳戶，並建立了獨立的會計核算體系和財務管理制度。

3. Separation of powers between the company and the controlling shareholder with respect to the matters including business, staff, assets, organisation and finance (Continued)

Organisation: The Company established an organizational structure which is absolutely independent from the controlling Shareholder. It established the Shareholders' general meetings, the Board, the supervisory committee and the general manager of the Company. The operation and management of the Company are subject to an accountability system of the General Manager under the authorization of the Board. The Company has a separate place of business.

Finance: The Company has set up an independent financial and accounting department, and established an independent account and audit system and financial management system. It has opened separate accounts in banks.

4. 高級管理人員的考評及激勵機制情況

本公司高級管理人員的聘用按照《公司章程》規定的任職條件和選聘程序執行，根據其經營和管理業績以及所承擔的責任、風險確定其收入，實行年薪制，並由本公司績效考核工作組通過年終績效考核確定其績效年薪。

4. The situation of appraisal and motivation mechanism for senior management

The senior management officers are employed in accordance with the employment terms and selection procedures as provided in the Articles of Association. A system of annual income was implemented and their income was based on their operational and management result performance, responsible duties and risk exposure. Their performance-based annual income was determined by the appraisal division of the Company upon year-end appraisal arrangement.

5 企業管治報告

1) 《企業管治常規守則》遵循情況

上市以來，本公司按照境內外監管的要求，逐步建立起規範的法人治理結構並不斷完善。根據《企業管治常規守則》及其他法規的要求，本公司不斷修改和完善《公司章程》、《股東大會議事規則》、《董事會議事規則》等相關制度，同時不斷健全內部控制制度，嚴格遵守《企業管治常規守則》的規定，積極做好各項工作，使本公司治理水平不斷提高。

2) 企業管治報告詳細內容

一、 企業管治常規

- 1、 陳述說明本公司如何應用《企業管治常規守則》列載的原則，並須加以闡釋，讓其股東可衡量有關原則是如何應用的

新修訂的《公司章程》、《董事會議事規則》、《股東大會議事規則》等公司治理相關制度嚴格執行《企業管治常規守則》的規定，本公司董事、監事和高級管理人員認真學習了《企業管治常規守則》，董事會（及其下轄審核委員會、薪酬與考核委員會）、監事會、股東大會的決策程序和依據完全遵守公司治理的相關制度。

5. Corporate governance report

1) Compliance with the “Code of Corporate Governance Practices”

Since the listing of the Company, the Company has complied with domestic and overseas regulatory requirements, and gradually set up and upgraded a regularized corporate governance structure. Pursuant to the “Code of Corporate Governance Practices” and other legal requirements, the Company has continuously amended and upgraded the related systems under the Articles of Association, Rules of the Procedures of General Meetings, Rules of the Procedures of the Board Meetings, at the same time continued to upgrade its internal control system, and strictly complied with the “Code of Corporate Governance Practices”, proactively carried out various assignments, to continuously enhance the Company’s governance level.

2) Details of the Corporate Governance Report

I. Corporate Governance Practices

1. Stating how the Company applied the principles as set out in the “Code of Corporate Governance Practice”, with further explanations how the shareholders’ deliberation of the relevant principles is applied

The newly amended Articles of Association, the Rules of the Procedures of Board Meetings, the Rules of the Procedures of General Meetings have strictly implemented the requirements under the Codes of Corporate Governance Practices. The Directors, Supervisors and senior management have seriously studied the “Codes of Corporate Governance Practices”, the decision procedures of the Board (and its Audit Committee, Remuneration and Assessment Committees), Supervisory Committee and the general meeting, and has fully complied with the related system of Corporate Governance.

- 2、說明本公司是否遵守《企業管治常規守則》載列的守則條文。若本公司自行採納本身比《企業管治常規守則》列載的守則條文更為嚴格的守則，則本公司須在年報中促使他人注意該等事實

《公司章程》、《董事會議事規則》、《股東大會議事規則》等公司治理相關制度嚴格遵守《企業管治常規守則》。於現實或在本期間內，本公司遵守《企業管治常規守則》。

- 3、如偏離《企業管治常規守則》所載的守則條文，須說明在有關財政年度中任何偏離守則條文的詳情（包括就偏離守則條文的行為提供經過深思熟慮得出的理由）

報告期內，本公司所有經營、管理事項均未偏離《公司管治常規守則》所載的條文

2. Whether the Company has complied with the code provisions as set out in the Code of Corporate Governance Practices. In the event the Company has adopted its own code which is stricter than the Code of Corporate Governance Practices, the Company shall in its annual report procure others to pay attention to such facts

The Articles of Association, the Rules of the Procedures of Board Meetings, the Rules of the Procedures of General Meetings have complied with the requirements under the Codes of Corporate Governance Practices. The Company has complied with the Codes of Corporate Governance Practices both in present or during the reporting period.

3. In the event of deviations from the code provisions as set out in the Code of Corporate Governance Practices, explanation should be given on the details of any deviation from the code provisions in the relevant financial year (including reasons for such deviation action after deliberations)

There was no deviation from the “Codes of Corporate Governance Practices” in all the Company’s operations and management during the reporting period.

二、 董事的證券交易

- 1、 本公司是否有採納一套比《標準守則》所訂的標準更高的董事進行證券交易的行為準則

本公司已經採納一套管理董事進行證券交易的應用守則，其要求近似於上市規則附錄十《本公司進行證券交易的標準守則》。《公司章程》規定：董事、監事、經理以及其他高級管理人員應當在其任職期間內，定期向本公司申報其所持有的本公司股份；在其任職期間以及離職後六個月內不得轉讓其所持有的本公司的股份。

- 2、 在向所有董事作出特定查詢後，本公司的董事是否有遵守或不遵守《標準守則》所訂有關董事進行證券交易的標準及其本身所訂有關的行為守則

董事會經仔細查詢後認為，本公司只有一名董事和一名監事分別持有公司 A 股股票 5,000 股和 700 股（詳情見本年報第 106 頁），報告期內並無交易行為，其他董事、監事和高級管理人員報告期內並無購買本公司股票和債券行為。故此，於報告期內全體董事均遵守有關董事進行證券交易的《標準守則》

II. Securities transactions by Directors

1. Whether the Company has adopted a set of principles for securities transaction by directors of standards higher than the “Model Code for securities transaction by directors of listed issues” (the “Model Code”) as set out in Appendix to the Listing Rules

The Company has adopted a code of practice in respect of securities transactions by Directors, the standards of which are similar to the “Model Code for securities transaction by directors of the Company” as set out in Appendix 10 to the Listing Rules. The Articles of Association requires that the Directors, Supervisors, managers and other senior management shall during their terms of office make regular reports to the Company on the Company’s Shares they hold, and shall not transfer the Company’s Shares they hold during their terms of office and within six months after their resignation.

2. After making specific enquiries to all Directors, whether the Directors of the Company have or have not complied with Model Code for securities transactions by Directors or their own code of actions

After making specific enquiries to all Directors, there were only 1 Director and 1 Supervisor holding 5,000 and 700 A Shares of the Company respectively (Please see page 106 in this annual report for details), and there have been no transactions during the reporting period. No other Directors, Supervisors and senior management of the Company has purchased the Company’s shares and debentures during the reporting period. Accordingly, all the Directors and Supervisors and chief management of the Company have complied with the Model Code during the reporting period.

- 3、如有不遵守《標準守則》所訂標準的情況，則須說明有關不遵守的詳情以及闡釋本公司就此採取的任何補救步驟

報告期內，無不遵守《標準守則》所訂標準的情況

三、董事會

- 1、公司董事會的組成（按董事類別劃分），當中包括主席、執行董事、非執行董事及獨立非執行董事的姓名

董事會由9名成員組成，包括6名執行董事：馬白玉女士（主席）、顧啟峰先生、付亞娜女士、安品東先生、王佔英先生、譚兆甫先生和3名獨立非執行董事，分別為高宗澤先生、王翔飛先生、高寶明先生。所有董事會成員均擁有豐富的專業和管治經驗。董事會成員的詳細情況請見本年報第五部分董事、監事和高級管理人員近5年工作簡歷。

- 2、在財政年度內舉行董事會的次數及具名列載每名董事於董事會會議的出席率

報告期內本公司共舉行董事會11次，議案及董事出席情況詳細見董事長報告書中董事會日常工作情況。

3. In the event of non-compliance with the Model Code, explanation should be made for the non-compliance, elaborating any remedial steps to be taken by the Company in this respect

During the reporting period, there was no non-compliance with the Model Code.

III. Board

1. Composition (by category of Directors) of the Board of the Company, including the names of the chairman, executive Directors, non-executive Directors and independent non-executive Directors

The Board comprises nine members, including 6 executive Directors: Ms. Ma Baiyu (Chairman), Mr. Gu Qifeng, Ms. Fu Yana, Mr. An Pindong, Mr. Wang Zhanying, Mr. Tan Zhaofu; 3 independent non-executive Directors, Mr. Gao Zongze, Mr. Wang Xiangfei, Mr. Ko Poming. All members of the Board have professional and governance experience. For details of the Board members, please see section V headed "The biography of Directors, Supervisors and senior management in the latest five years" in this annual report.

2. Number of Board meetings held during the financial year and details of attendance in Board Meetings of each of the Directors

The Company held 11 Board meetings during the reporting period. Details of the resolutions and attendance of Directors are set out in the "Review of Board Activities" under the "Chairman's Statement".

- 3、 陳述董事如何運作，包括涉及高層次的聲明書陳述哪類決定會由董事會作出，哪類決定會交由管理層作出

《公司章程》中對董事會和管理層的職責有清晰的界定描述；《董事會議事規則》、《總經理議事規則》分別對董事會和管理層的決策程序和決策依據作出明確的規定，以保證董事和董事會、高級管理人員和管理層的決策科學、合法。

- 4、 是否遵守《上市規則》第3.10(1)及(2)

三名獨立非執行董事的資格和專業經驗完全符合《上市規則》的要求，三名獨立非執行董事的詳細情況請見本年報第五部分董事、監事及高級管理人員簡介。

3. How the Board operate, including a statement of which type of decisions are to be taken by the Board, and which are to be delegated to the management

There are clear demarcation on the duties of the Board and the management in the Articles of Association. The Rules for the Procedures of Board Meetings and the Rules for the Procedures of the General Manager have made specific requirements on the decision procedure and basis of decisions for the Board and the management, so as to ensure the decisions of the Directors and the Board, the senior management and the management to be scientific and legal.

4. Compliance with Rules 3.10(1) and (2) of the Listing Rules

The qualifications and professional experiences of the three independent non-executive Directors have fully complied with the requirements under the Listing Rules. For details of the three independent non-executive Directors, please see section V headed “The biography of Directors, Supervisors and senior management” in this annual report.

- 5、當獨立非執行董事未能符合《上市規則》第3.13條列載的其中一項或多項評估獨立性的指引，須解釋為何本公司仍認同獨立非執行董事的獨立性

本公司董事會已經接受各位獨立非執行董事二零零五年度的獨立聲明書，確認他們符合香港交易所上市規則3.13條所列載有關獨立性的規定。董事會認為全體獨立非執行董事均為獨立人士。

- 6、若董事會成員之間（特別是主席與行政總裁之間）存有任何關係，包括財務、業務、家屬或其他重大／相關的關係，則須披露有關關係。

本公司董事會各成員之間無任何包括財務、業務、家屬或其他重大／相關的關係。

5. Where the independent non-executive Directors fail to comply with any or more of the guidelines for assessment of independence under Rule 3.13 of the Listing Rules, explanation should be made how the Company still recognize the independence of the independent non-executive Directors

The Board has received annual confirmation of independence in 2005 from each of the independent non-executive Directors, and confirmed that they complied with the relevant independence requirements as set out under Rule 3.13 of the Listing Rules of the Hong Kong Stock Exchange. The Board considers that all the independent non-executive Directors are independent parties.

6. Relationship, including financial, business, family or other material/relevant relationship between the members of the Board (in particular between the chairman and the chief executive)

There was no relationship including financial, business, family or other material/relevant relationship between the members of the Board.

四、 主席及行政總裁

1、 主席及行政總裁（總經理）的身份

馬白玉女士任本公司董事會主席；顧啟峰先生任總經理。本公司董事長由全體董事過半數選舉產生；本公司總經理由董事長提名，董事會聘任。

2、 主席及行政總裁（總經理）的角色是否分開以及並非由同一人士出任

董事會主席和總經理的主要職責區分明確，董事會主席負責召集、主持董事會會議，董事會的高效運作，而本公司總經理負責公司的各項經營活動、發展戰略、目標和計劃，並向本公司董事會負責。

IV. The Chairman and the Chief Executive

1. Chairman and the chief executive officer (General Manger)

Ms. Ma Baiyu is the Chairman of the Board, Mr. Gu Qifeng is the general manager of the Company. The chairman is to be elected by over half of all the Directors, while the general manager is to be nominated by the chairman, and appointed by the Board.

2. Whether the roles of the chairman and the chief executive officer (General Manager) are segregated and are not exercised by the same individual

The main duties of the Chairman of the Board and the general manager of the Company is clearly separated. The chairman of the Board is responsible for holding and presiding the Board meetings, and the effective operation of the Board, while the general manager of the Company is responsible for the various operation activities, development strategies, objectives and planning of the Company, and is accountable to the Board.

五、非執行董事的任期

《公司章程》規定：非執行董事任期三年，可以連選連任，但連任時間不得超過6年。報告期內，經股東大會批准兩名獨立非執行董事被續聘連任。本公司將遵守《企業管治常規守則》要求，每名董事將輪流退任。

六、董事薪酬

1、薪酬委員會（如有）的角色及職能，或沒有設立薪酬委員會的原因

本公司成立了薪酬與考核委員會，其主要職責是向董事會建議董事及高級管理人員的薪酬方案。其書面職權範圍可參見《薪酬與考核委員會工作細則》，該《工作細則》已經董事會第二十五次會議討論通過。

2、薪酬委員會（如有）的組成（包括各委員的姓名，尤其要識別薪酬委員會主席姓名）

薪酬委員會由三名獨立非執行董事組成，分別是高寶明先生、王翔飛先生、高宗澤先生，其中高宗澤先生任薪酬委員會主席。

V. Terms of non-executive Directors

The Articles of Association requires that the terms of non-executive Directors are for three years, and can be available for re-election for a period of not exceeding six years. During the reporting period, under the approval at the general meeting, two independent non-executive directors have been re-elected. The Company will comply with the requirements under the “Codes of Corporate Governance Practices”, and each Director will retire by rotation.

VI. Remuneration of Directors

1. The role and function of the Remuneration Committee, or reasons for not setting up a Remuneration Committee

The Company has established a Remuneration and Assessment Committee, its primary duties is to propose remuneration plan of Directors and senior management of the Company to the Board. Please refer to the “Details for the works of the Remuneration and Assessment Committee” for their written terms of reference and the details of such work has been disclosed and passed in the 25th Meeting of the Board.

2. Composition of the Remuneration Committee (if any), including the names of the members, in particular, the Chairman of the Remuneration Committee

The Remuneration and Assessment Committee comprises three independent non-executive Directors, being Mr. Ko Poming, Mr. Wang Xiangfei, Mr. Gao Zongze, and Mr. Gao Zongze is the chairman of the Remuneration and Assessment Committee.

- 3、薪酬委員會或董事會（如沒有設立薪酬委員會）年內舉行會議以討論薪酬相關事宜的次數，以及具名列載個別委員會（或董事）出席該等會議的記錄
3. The number of meetings held by the Remuneration Committee or the Board (if the Remuneration Committee has not been set up) during the year to discuss the remuneration and related matters, and the record of individual attendance of members)

報告期內舉行一次薪酬委員會會議，審議了《薪酬分配與績效考核方案（試行）》，三名委員會成員全部出席。該方案經本公司第三屆董事會第十三次審議通過。

The Remuneration and Assessment Committee held one meeting during the reporting period to consider the “remuneration distribution and performance appraisal plan (trial)”. Such meeting was attended by all the three members. The plan was considered and passed by the 13th Meeting of the Third Board.

- 4、薪酬委員會或董事會（如沒有設立薪酬委員會）年內的工作摘要，工作包括制定執行董事薪酬政策、評估執行董事的表現及批准執行董事服務和約的條款
4. A summary of the work of the Remuneration Committee or the Board (if the Remuneration Committee has not been set up) during the year, including determining the policy for the remuneration of executive Directors, assessing performance of executive Directors and approving the terms of executive Directors' service contracts

報告期內，本公司召開了一次薪酬委員會，審議並通過了本公司「薪酬分配與績效考核方案（試行）」，並經本公司第三屆董事會第十三次審議通過。《公司章程》規定：公司應當就報酬事項與公司董事、監事訂立書面合同，並經股東大會事先批准。

During the reporting period, the Company held one Remuneration Committee meeting to consider and pass the “remuneration distribution and performance appraisal plan (trial)”, and which was considered and passed by the 13th Meeting of the Third Board. The Articles of Association requires that the Company should enter into written contracts with the Directors and Supervisors in respect of the remuneration issues, subject to approval by the general meeting in advance.

七、 董事提名 (提名委員會)

- 1、 董事會年內採用的提名程序及處理過程，以及挑選及推薦董事候選人的準則、董事會年內的工作摘要、工作包括制定董事提名的政策、董事會年內舉行會議的次數，以及具名列載個別董事出席該等會議的記錄

《公司章程》規定：董事由股東大會選舉產生。董事候選人由上一屆董事會或由持有（或合併持有）本公司股份總數的百分之十及以上的股東提名。報告期內，兩名獨立非執行董事經2004年度董事會提名並於年度股東大會批准被續聘連任，報告期內無其他董事被聘任或解聘。

VII. Nomination of Directors (Nomination Committee)

1. The nomination procedure and the process and criteria adopted by the Board to select and recommend candidates for directorship during the year, summary of the works of the Board during the year, including determining of the policy for the nomination of Directors, the number of Board meetings held during the year, and the list of attendance record of individual Directors in such meetings

The Articles of Association requires that the Directors shall be elected by the general meeting. Candidates shall be nominated by the previous Board or by Shareholders holding (or holding in aggregate) 10% or more in the total Shares of the Company. During the reporting period, two independent non-exeutive Directors were nominated by the Board in 2004, and were approved for re-election at the annual general meeting. No other Directors were appointed or removed during the reporting period.

八、核數師酬金

董事會下轄的審核委員會一項重要職責是就外聘核數師的委任、重新委任及罷免向董事會提供建議。報告期內，審核委員會建議繼續聘請普華永道中天會計師事務所有限公司及香港羅兵咸永道會計師事務所為本公司外部審計機構並得到股東大會的批准，聘用協議詳細列明普華永道的核數內容及所得報酬，並在報告期內嚴格按照該聘用協議執行。詳細情況請參見本年度報告第267頁。報告期內核數師並未向本公司提供非核數服務。

VIII. Remuneration of Auditors

One of the important duties of the Audit Committee of the Board is to provide proposal in respect of the appointment, re-appointment and removal of external auditors. During the reporting period, the Audit Committee proposed to re-elect PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. and PricewaterhouseCoopers CPAs as the Company's auditors and was approved at the general meeting. Details of the terms of the audits and the remuneration obtained are set out in the appointment agreement. Please see page 267 of this Annual Report for details. During the reporting period, the Auditors have not provided non-audit services.

九、 審核委員會

- 1、 審核委員會的角色、職能以及組成(包括各成員的姓名,尤其要注明誰是委員會主席),年內審核委員會開會的次數,以及具名列載個別成員出席會議的記錄,審核委員會年內就履行其審議季度(如有)、半年度及年度業績以及檢討內部監控系統的職責時和履行上市規則附錄十四《企業管治常規守則》中所列的其他責任時所做工作的報告

董事會審核委員會的主要職責包括作出外部審計師的任命建議、審閱年度、半年度及季度財務報表,其書面職責範圍詳細請見《審核委員會工作細則》,該《細則》已經本公司第三屆董事會第二十五次會議審議通過。為完善公司內部監控系統,公司制定了《內部審計制度》,具體配合審核委員會的工作。審核委員會由本公司三名獨立非執行董事組成,高寶明先生、高宗澤先生、王翔飛先生,高寶明先生任審核委員會主席。報告期內本公司共召開兩次會議,分別審議了本公司2004年度報告及2005年半年度報告,並出具了工作報告。除獨立非執行董事高寶明先生因出差在外未參加審議2005年半年度報告的審核委員會外,其他委員全部出席會議。

IX. Audit Committee

1. The role, functions and composition of the Audit Committee, including names of the members, in particular, the chairman of the committee, number of meetings held by the Audit Committee during the year, and the record of individual attendance of members, report of the work performed by the Audit Committee in respect of the discharge of its duties in reviewing quarterly (if any), interim and annual results and review of internal control system and implementation of other obligations as set out in the Code on Corporate Governance Practice as set out in Appendix 14 to the Listing Rules.

The Primary duties of the Audit Committee include making proposal for the appointment of external auditors, review of annual, interim and quarterly financial statements. For details of its terms of reference, please see the “Articles of the Works of the Audit Committee”, which were reviewed and passed at the 25th Meeting of the Third Board. In order to upgrade the Company’s internal control system, the Company has set up an “Internal Audit System”, which is in line with the works of the Audit Committee. The Audit Committee comprises three independent non-executive Directors, Mr. Ko Poming, Mr. Gao Zhongze, Mr. Wang Xiangfei, and Mr. Ko Poming is the chairman of the Audit Committee. During the reporting period, the Audit Committee has held two meetings to consider the Company’s 2004 annual report and 2005 interim report, and has issued a working report. Save for Mr. Ko Poming, an independent non-executive Director who was on business trip and was unable to attend the meeting of the Audit Committee to consider the 2005 interim report, all other committee members were present in the meeting.

4、未能遵守（如有）《上市規則》第 3.21 條的詳情，以及解釋本公司因未能符合關於設立審核委員會的規定而採取的補救步驟。

4. Non-compliance (if any) with Rule 3.21 of the Listing Rules, and explain the remedial steps adopted by the Company for not establishing an audit committee in compliance with the relevant requirements.

無不遵守《上市規則》第 3.21 條的情況。

There was no non-compliance of Rule 3.21 of the Listing Rules.

5、董事須承認其有編製帳目的責任，以及核數師發表有關其申報責任的聲明

5. The Directors shall confirm their responsibility to prepare the accounts, and the auditors shall issue a statement regarding its reporting responsibility

董事負責監督編製每個財政期間的帳目，使該帳目能真實公平地反映公司在該期間的業務狀況、業績等情況。在編製截至二零零五年十二月三十一日止年度帳目時，董事已選擇適合的會計政策並貫徹應用且已作出審慎合理判斷及估計，並按持續經營基準編製帳目。董事知悉其有編製賬目的責任。

The Directors shall be responsible to supervise the preparation of accounts for each financial period, so as the accounts can truly and fairly reflect the business situation and results of the Company during the period. When preparing the accounts for the year ended 31st December, 2005, the Directors have selected the suitable accounting policies, and have implemented and made prudent and reasonable judgments and estimations, and prepared the accounts on the basis of continuous operations. The Directors acknowledge their responsibility for preparing the financial statements of the Group.

6、若有重大不明朗事件或情況可能會嚴重影響本公司持續經營的能力，須匯報此等不明朗因素

6. Report should be made in the event of material uncertainties or situations which may seriously affect the Company's going concern abitily

董事認為，報告期內未發生可能會影響公司持續經營能力的重大不明朗事件或情況。

The Directors consider that there was no occurrence of uncertainties or situations which may affect the Company's going concern abitily during the reporting period.

- 7、說明董事會經已檢討發行人及其附屬公司的內部監控系統是否有效

如前所述，為完善本公司內部監控系統，本公司制定了《內部審計制度》，報告期內，本公司內部審計部門依據《內部審計制度》對本公司及附屬公司財務狀況進行了全面的審計，並在此基礎上進一步完善了《內部審計制度》。

- 8、審核委員會說明解釋其對挑選、委任、辭退或解僱外聘核數師事宜的意見，以及董事會持不同意見的原因。

普華永道中天會計師事務所有限公司和香港羅兵咸永道會計師事務所一直擔任本公司的境內外審計服務機構，鑒於其對本公司的持續瞭解以及其專業水平很高，審核委員會建議續聘以上審計機構於2005年繼續為公司提供審計服務，並且該建議獲得了第三屆董事會第十八次會議審議通過。董事會與審核委員會並無對挑選及委任審計服務機構存有不同意見。

7. Whether the Board has reviewed the internal control systems of the Company and its subsidiaries

As above mentioned, in order to upgrade the internal control system of the Company, the Company has set up an "Internal Audit System". During the reporting period, the Company's internal audit department has conducted overall audits to the financial situation of the Company and its subsidiaries, and has on this basis, further upgraded the "Internal Audit System".

8. The Audit Committee has explained its opinions on the selection, appointment, removal or termination of external auditors, and reasons for disagreement with the Board.

PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. and PricewaterhouseCoopers CPAs have been the Company's domestic and overseas auditors. In view of their continued understanding to the Company and their high professional level, the Audit Committee has proposed to re-appoint the above audit firms to provide audit services to the Company in 2005, and such proposal has been considered and passed at the 18th Meeting of the Third Board. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the auditors.