



公司管治報告 Corporate Governance Report

2004年11月，香港聯交所頒佈了《企業管治常規手冊及企業管治報告》(有寬限期)，於2005年1月1日或之後的會計期開始生效。《香港聯合交易所有限公司證券上市規則》《上市規則》附錄14所載的企業管治常規守則(「常規守則」)訂明良好企業管治的原則及分兩層次的有關建議，包括(i)守則條文(預期本公司需遵守或就任何偏離的情況提供合理原因)及(ii)建議最佳常規(僅提供指導)。報告期內除本公司管治報告所披露者外，本公司已採納並遵守常規守則的所有規則。

本企業管治報告內，本公司披露了其企業管治原則和常規，公司股東得以就有關原則和常規是否符合其期望作出判斷和評估。

In November 2004, the Hong Kong Stock Exchange issued its “Code on Corporate Governance Practices and Corporate Governance Report”, which subject to a grace period, has taken effect for accounting periods commencing on or after 1 January 2005. The Stock Exchange’s Code on Corporate Governance Practices (“CGP Code”) as listed out in appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (“Listing Rules”) sets out principles of good corporate governance and two levels of recommendation, namely, (i) code provisions which the Company is expected to comply or to give considered reasons for any deviation; and (ii) recommended best practices which are for guidance only. During the Reporting Period, the Company has adopted and tried to abide by all the code provisions of the CPG Code save and except the deviations as disclosed in this Corporate Governance Report.

In this Corporate Governance Report, the Company discloses its corporate governance principles and practices so that its shareholders can form their own judgment and evaluation on whether these meet their expectation.



(一) 公司管治情況

由於本公司重視公司管治，不時檢討公司管治措施，所以公司按照《公司法》、《證券法》、《公司條例》等有關法律、法規和中國證監會有關公司管治、規範運作的文件精神，以及香港交易所、上海證券交易所上市規則的要求，不斷完善公司法人治理結構，建立現代企業制度，規範公司運作。公司亦制定了一系列規範性規則、制度致力形成較完善的公司管治和管理體系這些規則符合《上市公司管治準則》等規範性文件的要求。

於報告期內，公司在公司管治方面主要做了以下工作：

1. 根據中國證監會《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》(證監發[2003]56號)的有關規定和江蘇證監局《關於集中解決上市公司資金被佔用和違規擔保問題的通知》(蘇證監公司字[2005]141號)文的有關規定，公司對關聯方資金往來及對外擔保情況進行了自查工作，並提交了自查報告，制定了清欠解保方案。

A. General Corporate Governance

Since the Company puts great emphasis on corporate governance and reviews corporate governance measures from time to time, the Company abided by the relevant laws and regulations including Companies Ordinance, the Company Law, the Securities Law, documents in respect of corporate governance and proper operation issued by China Securities Regulatory Commission and the requirements of the Listing Rules of the Stock Exchange of Hong Kong Limited (“SEHK”) and Shanghai Stock Exchange to continuously improve its corporate governance and set up a modern enterprise system and standardize the operation of the Company. Also, with a series of normative regulations and system, the Company used its best endeavours to form a more comprehensive governance and management mechanism which was in compliance with the requirements of the Corporate Governance Standards for Listed Companies, etc.

During the Reporting Period, the Company mainly carried out the following tasks in relation to Corporate Governance:

1. The Company carried out self-inspection on capital transaction among connected parties and external guarantees, submitted the relevant report and formulated plans for repayment of debts and discharge of guarantees in accordance with relevant requirements as stipulated in ‘Notice on certain issues of governing capital transactions between Listed Companies and connected parties and external guarantees of Listed Companies’ (Zheng Jian Fa [2003] No. 56) issued by China Securities Regulatory Commission (“CSRC”) and relevant requirements as stipulated in “Notice on issues in relation to centralized resolving of capital possession and illegal guarantees of Listed Companies’ (Zheng Jian Fa Gong Si Zi [2005] No. 141) issued by Jiangsu Regulatory Bureau.



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(一) 公司管治情況 (續)

2. 為進一步完善公司管治結構，保護社會公眾股東權益，公司根據中國證監會《關於加強社會公眾股東權益保護的若干規定》(證監發[2004]118號)和《上海證券交易所股票上市規則(2004年修訂)》的有關規定，對《公司章程》、《股東大會議事規則》、《董事會議事規則》和《監事會議事規則》進行了相應修改，並經2005年6月29日召開的股東周年大會審議通過。
3. 有鑒於本公司日期為2005年9月9日刊發公告所述的司法強制執行、向公司墊款等事項，為了加強公司內部監控制度，於報告期內，本公司修訂完善並實行「制度管理辦法」、「合同管理辦法」、「投資管理辦法」等29個規章制度。

董事會已檢討本公司及其附屬公司的內部監控制度的有效性。2006年3月2日，本公司已正式聘任浩華風險諮詢服務有限公司就內部監控進行全面審查。(詳見本公司於2006年3月22日刊載於《中國證券報》、《上海證券報》、香港《大公報》和《The Standard》日期為2006年3月21日的公告)

A. General Corporate Governance (Continued)

2. To further improve corporate governance and protect the interests of holders of social public shares, the Company has made amendments to the Articles of Association, Rules of General Meeting, Rules of Board of Directors and Rules of Supervisory Committee in accordance with relevant requirements as stipulated in "Certain rules on enhancing the interests protection of social public shares shareholders" (Zheng Jian Fa [2004] No. 118) issued by CSRC and "The Rules Governing the Listing for Shareholders on the Shanghai Stock Exchange (2004 revision)" and they were considered and passed at the Annual General Meeting held on 29 June 2005.
3. Taking into account of the events such as Judicial forceful events, advances to entity, etc. as announced in the announcement of the Company dated 9 September 2005, the Company amended, improved and implemented 29 internal rules including "Rules of Management of System", "Rules of Management of Contract" and "Rules of Management of Investment" during the Reporting Period to improve the Company's internal control system.

The Board has conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries. On 2 March 2006, the Company has formally retained Horwath Risk Advisory Services Limited to conduct an overall examination of internal controls. (Please refer to the announcement of the Company dated 21 March 2006 which were published on Shanghai Securities News, China Securities Journal, Hong Kong Ta Kung Pao and The Standard on 22 March 2006 for details.)



(一) 公司治理情況 (續)

4. 根據香港聯交所《上市規則》第3.24條的要求，董事會決定聘任總會計師吳六林先生為合資格會計師，同時亦聘任擁有香港會計公會的資深會員資格的黃雲龍女士協助吳六林先生。以符合香港聯交所《上市規則》第3.24條的規定。此舉令報告期內偏離上市規則第3.24條守規規定糾正。

請參閱本公司日期為二零零六年二月二十三日刊載於《上海證券報》、《中國證券報》、以及二零零六年二月二十四日刊載於香港《大公報》及《The Standad》的公告。

A. General Corporate Governance (*Continued*)

4. On 12 January, 2006, the Company has obtained a three-year conditional waiver from the Stock Exchange from strict compliance with Rule 3.24 of the Listing Rules in relation to the requirement for the appointment of a qualified accountant that the Company could appoint Mr. Wu Liu Lin, the chief accountant and a member of senior management of the Company, as its qualified accountant under Rule 3.24 of the Listing Rules and Ms. Wong Wan Lung, being a fellow member of HKICPA, to assist Mr. Wu for fulfillment of his duties as the qualified accountant during the relevant waiver period. Reference is made to the announcement of the Company dated 23 February 2006. This rectifies the deviation from the compliance with Rule 3.24 of the Listing Rules during the Reporting Period.

Please refer to announcement of the Company dated 23 February 2006 which were published on Shanghai Securities News, China Securities Journal, Hong Kong Ta Kung Pao and the Standard on 24 February 2006.



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(一) 公司治理情況 (續)

5. 誠如聯交所於二零零一年八月二日就二零零四年十二月三十一日期滿的持續關連交易授予的前豁免所載，本公司應遵守上市規則，由二零零五年一月一日起所有持續關連交易必須作出匯報、公告及獲得獨立股東批准的規定，惟本公司未有遵守有關規定。因此，本公司自二零零五年一月一日進行持續關連交易，惟本公司未有匯報及公告持續關連交易詳情，以及未有獲得獨立股東批准，均已違反上市規則第14A.35條的規定。本公司將儘快刊發一份關於持續關連交易的公告。此外，本公司稍後會成立獨立董事委員會，就持續關連交易向獨立股東提出建議。本公司稍後亦會委任一名獨立財務顧問作為獨立財務顧問，就持續關連交易向獨立董事委員會及獨立股東作出建議。

本公司於二零零六年三月二日正式聘定浩華風險顧問服務有限公司（「浩華風險顧問」），為受上市規則第14A章監管的關連交易進行全面的內部監控。

委任浩華風險顧問服務有限公司的詳情，請參閱本公司2006年3月22日刊載於《上海證券報》、《中國證券報》，以及2006年3月22日刊載於香港《大公報》及《The Standard》的公告。

A. General Corporate Governance (*Continued*)

5. As the previous waiver granted by the Stock Exchange on 2 August 2001 in respect of the continuing connected transactions has already expired on 31 December 2004, the Company should have complied with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules for all continuing connected transactions starting from 1 January 2005 but failed to do so. Therefore, the conduct of the continuing connected transactions by the Company since 1 January 2005 and the failure by the Company to report and announce the details of the continuing connected transactions and to seek independent shareholders' approval have constituted a breach of Rules 14A.35 of the Listing Rules. The Company would publish an announcement in respect of the continuing connected transactions very soon. Also, the Company would soon establish an independent board committee to advise its independent shareholders in relation to the continuing connected transactions. An independent financial adviser will soon be appointed as the independent financial adviser to advise the independent board committee and the independent shareholders in relation to the continuing connected transactions.

On 2 March 2006, the Company has formally retained Horwath Risk Advisory Services Limited ("Horwath RA") to conduct an overall examination of internal controls over connected transactions as governed by Chapter 14A of the Listing Rules, etc.

Please refer to the announcement of the Company dated 21 March 2006 and published on the Shanghai Securities News, China Securities Journal on 22 March 2006 and on Hong Kong Ta Kung Pao and The Standard on 22 March 2006 for details of appointment of Horwath RA.



(二) 董事進行的證券交易

報告期內，本公司採納應用了香港聯交所證券上市規則附錄十有關董事進行證券交易手則的《上市發行人董事進行證券交易的標準守則》（「標準守則」）。

經向本公司全體董事進行個別諮詢後，所有董事均表示已遵守標準守則所規定的準則。

(三) 董事會

1. 董事會的組成

董事會有9名董事，其中3名為獨立非執行董事，最少1名具備所需專業資格，或會計或相關財務管理專業。

截至2005年12月31日止年度的董事會成員及各董事的簡歷載於「董事的第一部份、監事、高級管理人員和員工情況」的第一部份。

執行董事： 李安建先生(董事長)
張祖忠先生

非執行董事： 徐國飛先生(自2005年6月29日)
劉愛蓮女士
朱立鋒先生
施秋生先生(自2005年6月29日)
唐洪清先生(自2005年
6月29日起辭任)
周振宇先生(自2005年
6月29日起辭任)

獨立非執行
董事： 萬 輝女士
蔡良林先生
馬忠禮先生

B. Directors' Securities Transaction

During the Reporting Period, the Company adopted and applied Model Code for Security Transactions by Directors of Listed Issuers ("Model Code") as set out in the Appendix 10 of the Listing Rules of Securities of the Stock Exchange of Hong Kong for the code of securities transactions by the directors.

Having made specific enquiry to all Directors of the Company, all Directors have expressed that they have complied with the required standard set out in the Model Code.

C. Board of Directors

(1) Board composition

The Board comprises nine Directors and three of them are independent non-executive Directors and at least one of them have appropriate professional qualifications, or accounting or related financial management expertise.

The Board members of the year ended 31 December 2005 were as follows and the brief biographies of each Director are set out Section 1 of "Profiles of Directors, Supervisors, Senior Management and Staff".

Executive Directors: Mr. Li Anjian (Chairman)
Mr. Zhang Zuzhong

Non-executive Directors: Mr. Xu Guofe (since 2005.06.29)
Ms. Liu Ailian
Mr. Zhu Lifeng
Mr. Shi Qiusheng (since 2005.06.29)
Mr. Tang Hongqing
(resigned with effect from 2005.06.29)
Mr. Zhou Zhenyu
(resigned with effect from 2005.06.29)

Independent
Non-executive Directors: Ms. Wan Hui
Mr. Cai Lianglin
Mr. Ma Chung Lai, Lawrence



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(三) 董事會 (續)

1. 董事會的組成 (續)

本公司已收到各獨立非執行董事根據上市規則第3.13條對其獨立性的年度確認書。本公司仍認為全體獨立非執行董事均符合上市規則第3.13條的獨立性指引，因此根據指引的條款彼等具獨立性。

非執行董事的任期為3年，其受制於公司章程的規定退任及連任。

2. 董事的提名

董事會於2004年5月12日成立了由張祖忠先生、萬輝女士、蔡良林先生組成的第五屆董事會提名委員會。由獨立非執行董事蔡良林先生擔任主任。

提名委員會的主要角色功能包括對公司董事和高級管理人員的候選人人選、選擇標準和程序進行研究並提出建議。

本報告期內，提名委員會根據公司章程和提名委員會議事規則於2005年4月26日召開2005年第一次會議，提名委員會全體成員出席會議，會議作出決議同意提名徐國飛先生、施秋生先生為公司董事候選人，並提交董事會討論。

C. Board of Directors (Continued)

(1) Board composition (Continued)

The Company has received from each of the Independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company still considers all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The term of appointment of the non-executive Directors are 3 years. They are subject to the retirement and re-election requirements of the articles of association of the Company.

(2) Nomination of Directors

The Board has, on 12 May 2004, established the 5th session of nomination committee which comprised Mr. Zhang Zuzhong, Ms. Wang Hui, Mr. Cai Lianglin. Mr. Cai Lianglin, the independent non-executive director, was the Chairman.

The main roles and functions of nomination committee include studying and giving recommendation to the candidates of directors and senior management of the Company, and nomination criteria and procedure.

During the Reporting Period, the nomination committee convened one meeting on 26 April 2005 in accordance with the Articles of Association and rules of procedures of nomination committee. All members of the nomination committee attended this meeting. It was resolved to nominate Mr. Xu Guofei and Mr. Shi Qiusheng as the candidates of the directors of the Company and proposed to the Board for discussion.



(三) 董事會 (續)

3. 董事長及首席執行官

董事長主要職責為主持股東大會和召集董事會會議；檢查董事會決議的實施情況等。(詳見列載於《公司章程》第十章第111條)

總經理(首席執行官)對董事會負責，其主要職責為主持公司的生產經營管理工作，組織實施董事會決議，組織實施年度經營計劃和投資方案等。(詳見列載於《公司章程》第十二章第127條)

李安建先生兼任董事長和總經理(首席執行官)職位，偏離了企業管治常規守則規定(A.2.1)。

4. 董事會守則

董事會集體負責業務管理和集團事務，藉以提升股東價值。

董事會對股東大會負責，其主要職責為負責召集股東大會，並向股東大會報告工作；執行股東大會的決議；決定公司的經營計劃和投資方案；聘任和解聘公司總經理及高級管理人員等。(詳見列載於《公司章程》第十章第104條)

C. Board of Directors (*Continued*)

(3) Chairman and Chief Executive Officer

The main duties of Chairman of the Board are presiding the shareholder's meeting and convening Board meeting, and inspecting the actual implementation of the resolution of the board. (Details of which are set out in the Article 111 of Chapter 10 of the Articles of Association.)

General Manager (Chief Executive Officer) is responsible to the Board. His duties are presiding the production, operation and management meeting of the Company, organizing and implementing resolutions of the board, organizing and implementing annual operation plan and investment proposal. (Details of which are set out in the Article 127 of chapter 12 of the Articles of Association.)

The positions of the Chairman and General Manager (Chief Executive Officer) are held by Mr. Li Anjian and the two roles are not segregated. This is a deviation from the code provision (A.2.1) of CPG Code.

(4) Board Practices

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value.

The Board is responsible to shareholders. Its duties are convening shareholder's meeting and reporting the work to shareholders, implementing resolutions of the shareholder's meeting, deciding the operation plan and investment proposal of the Company, recruiting and removal of the General Manager and senior management of the Company. (Details of which are set out in the Article 104 of Chapter 10 of the Articles of Association of the Company.)



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(三) 董事會 (續)

4. 董事會守則 (續)

公司管理層主要職責為主持公司的生產經營管理工作，組織實施董事會決議案（詳見到載於《公司章程》第十二章第127條）

截至2005年12月31日市年度召開了四次會議，各董事（除本公司管治報告第5段所載的獨立非執行董事的情況）出席董事會的情況如下：

董事姓名 Name of directors	本年應參加 董事會次數 Required attendances at the Board meetings	親自出席(次) Attending in person (times)	委託出席(次) Attending by proxy (times)	缺席(次) Absent (times)
	李安建 Li Anjian	4	4	0
張祖忠 Zhang Zuzhong	4	4	0	0
徐國飛 Xu Guofei	3	1	2	0
劉愛蓮 Liu Ailian	4	4	0	0
朱立鋒 Zhu Lifeng	4	3	1	0
施秋生 Shi Qiusheng	3	1	0	2
周振宇 Zhou Zhenyu	1	0	1	0
唐洪清 Tang Hongqing	1	1	0	0

註：周振宇先生、唐洪清先生從2005年6月29日起離任。

董事會會議詳情參閱「董事會報告書」內「董事會日常工作情況」一節。

C. Board of Directors (Continued)

(4) Board Practices (Continued)

The major duties and responsibilities of the Company's management are overseeing the production, operation and management of the Company and organizing and performing resolutions of the Board. (Details of which are set out in the Article 127 of Chapter 12 of the Articles of Association of the Company.

The Board held 4 meetings during the year ended 31 December 2005 and attendance of each director (save and except that of Independent Non-executive Directors which is set out in paragraph 5 of this Corporate Governance Report) at Board meetings were as follows:

Note: Mr Zhou Zhenyu and Mr Tang Hongqing left the position of directors as from 29 June 2005.

Please refer to the section "Day to day operation of the Board of Directors" in the "Report of the Board of Directors" for further details of the Board Meeting.



5. 獨立董事履行職責情況

(1) 公司三名獨立董事按照有關法律、法規、《公司章程》的要求，認真履行職責。參與公司董事會討論決策有關重大事項；以其專業知識和經驗，就公司規範運作提出意見；對關聯交易是否符合交易所的豁免要求及公正、公平性進行審核，發表獨立意見；參與審核委員會工作，審核公司財務。獨立董事為維護公司整體利益，維護全體股東的合法權益，促進公司發展作出了積極貢獻。

(2) 截至2005年12月31日止年度間召開了四次會議及每位獨立非執行董事參加董事會的出席情況

獨立董事姓名	本年應參加	親自出席(次)	委託出席(次)	缺席(次)
	董事會次數			
Name of independent directors	Required attendances at the Board meetings	Attending in person (times)	Attending by proxy (times)	Absence (times)
萬輝 Wang Hui	4	1	3	0
蔡良林 Cai Liang Lin	4	4	0	0
馬忠禮 Ma Chung Lai, Lawrence	4	2	2	0

(3) 獨立非執行董事對公司有關事項提出異議的情況

報告期內，公司獨立董事未對公司本年度的董事會議案及其他非董事會議案事項提出異議。

5. Independent Non-executive Directors and their duties

(1) The Company diligently carried out their duties in accordance with the relevant laws, regulations and the Articles of Association of the Company. They participated in Board Meetings for the decision-making on material events. With their professional knowledge and experience, Independent Non-executive Directors advised the Company on its operation and management; provided independent opinion on the impartiality and fairness of connected transactions and on whether the Company has complied with the waiver conditions granted by SEHK in respect of its connected transactions; participated in the work of audit committee auditing the Company's financial statements. Independent directors have contributed to protect the overall interests of the Company and the legal rights of shareholders as a whole and promote the development of the Company.

(2) The Board held 4 meetings during the financial year ended 31 December 2005 and attendance of each Independent Non-executive Director at Board Meetings were:

(3) The descending opinions of Independent Non-executive Directors on the relevant matters of the Company

During the Reporting Period, the independent directors of the Company had not proposed any descending opinions to the resolutions of the Board of Directors and other meetings for the year.



公司管治報告

Corporate Governance Report

(三) 董事會 (續)

6. 財務報表的董事職責

各董事知悉其編製集團的財務報表。本公司核數師就其對本集團財務報表的匯報責任的說明載於本年報核數師報告及財務附註第4項。

7. 董事酬金

董事會於2004年5月12日成立了由劉愛蓮女士、馬忠禮先生和萬輝女士組成的第五屆董事會薪酬委員會。由馬忠禮先生擔任主任。

薪酬委員會主要角色功能包括制定、審查公司董事及高級管理人員的薪酬政策與方案及制定相關的考核標準並進行考核。本報告期內薪酬委員會舉行一次會議，馬忠禮先生、劉愛蓮女士、萬輝女士出席了會議，會議對公司董事、高級管理人員的本年度薪酬作出決議。本報告期內董事酬金列於本報告第33至35頁「董事、監事、高級管理人員情況」第(二)部份。

C. Board of Directors (Continued)

6. Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The statement of the auditors of the Company about their reporting responsibility on the financial statements of the Group is set out in the "Report of the Auditors" and Note 4 of the financial statements in this Annual Report..

7. Remuneration of Directors

The Board has, on 12 May 2004, established the 5th session of remuneration committee which comprised Ms. Liu Ailian, Mr. Ma Chung Lai, Lawrence and Ms. Wang Hui. Mr. Ma Chung Lai, Lawrence was the Chairman.

Role and function of remuneration committee include formulating and reviewing remuneration policies and proposal of directors and senior management and formulating relevant appraisal standards and conducting appraisals. The remuneration committee has convened 1 meeting during the Reporting Period. Mr. Ma Chung Lai, Lawrence, Ms. Liu Ailian and Ms. Wan Hui attended the meeting to review and make resolutions regarding the remuneration of Directors and Senior Management Staff of the Company of the year. The remuneration of directors is set out in Part (2) the "Profiles of Directors, Supervisors and Senior Management Staff" on page 33 to 35 in this Annual Report.



(四) 公司與控股股東在人員、資產、財務、機構、業務等方面的分開情況

1. 在人員方面：公司人員獨立於控股股東，公司擁有獨立的勞動、人事及工資管理，並制定了相應的管理制度。總經理、副總經理等高級管理人員在本公司領取薪酬，也未在控股股東單位擔任除董事以外的其他職務。
 2. 在資產方面：公司擁有獨立的供、產、銷系統、輔助生產系統和配套設施，商標、工業產權、非專利技術等無形資產由公司擁有。
 3. 在財務方面：公司設立獨立的財會部門，建立了獨立的會計核算體系和財務管理制度，獨立在銀行開戶。
 4. 在機構方面：公司設立了健全的組織機構體系，董事會、監事會及其它內部機構獨立運作，不存在與控股股東職能部門之間的從屬關係。
 5. 在業務方面：公司具有獨立完整的業務及自主經營能力。公司與控股股東簽定了「非競爭及首先放棄收購權協議」，避免了同業競爭。
- D. Separation of the Company's staff, asset, finance, organization and business from its controlling shareholder
- (1) Staff: The staff of the Company is independent from the controlling shareholder. The Company has independent management in labour, personnel and wages, and established the relevant management systems. Senior management members such as general manager and deputy general manager receive salaries from the Company. Save for the position of director, they do not hold any other positions in the controlling shareholder.
 - (2) Asset: The Company has its own supply, production and sale systems, ancillary production system and facilities. The Company holds intangible assets such as trademark ownership, industrial property right, and non-patent technology.
 - (3) Finance: The Company has set up its own finance department, accounting system, financial management system and its own bank accounts.
 - (4) Organization structure: The Board of Directors, Supervisory Committee and other internal departments operate and function independently of each other. No duplication of duties and departmental functions exists between the Company and the controlling shareholder.
 - (5) Business scope: The Company has a highly independent and complete business and operation ability. The Company has signed a "Non-competition and First Right of Refusal Agreement" with its controlling shareholder in order to avoid competition within the same industry.



公司管治報告 Corporate Governance Report

(五) 對高管人員的考評及激勵機制

報告期內，公司按高級管理人員的崗位責任、工作實績等進行綜合考評，並根據考評結果，實施相關獎勵。

(六) 審計師薪酬

香港浩華會計師事務所，岳華會計師事務所分別為公司2005年度國際、國內核數師。本年度公司支付給兩會計師事務所核數服務的報酬為人民幣173.44萬元，(2004年度為人民幣161.82萬元)，公司不承擔差旅費等其他費用。

本年度公司支付香港浩華會計師事務所非核數服務酬金為人民幣18.7萬元。

(七) 審核委員會

本公司董事會已根據香港聯合交易所有限公司證券上市規則第3.21條的規定成立審核委員會。

本公司於2004年5月12日成立了召開第五屆第一次會議。劉愛蓮女士(非執行董事)、萬輝女士及蔡良林(獨立非執行董事)獲選為第五屆董事會審核委員會主任。

審核委員會的主要角色功能包括審議批准經國內及國際核數師審核的本公司財務報表。

E. Review on the performance of the senior management and incentive systems

During the Reporting Period, the Company conducted a comprehensive review on basis of duties of respective positions and performance of senior management. Such review was examined by employees' representatives. Incentive rewards are made according to the results of the review.

F. Auditors' remuneration

The Horwath Hong Kong CPA Limited and Yue Hua Certified Public Accountants Co. Ltd. were appointed as the Company's international and PRC auditors respectively. Remuneration payable by the Company to the two Certified Public Accountants for the audit services was RMB1,734,400 (2004 was RMB1,618,200). Travelling expenses will not be borne by the Company.

The non-audit service remuneration paid by the Company to Horwath Hong Kong CPA during the year amounted to RMB187,000.

G. Audit Committee

The Board of the Company has set up an Audit Committee in accordance with the requirements of Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

On 12 May 2004, the Company set up the 5th term Audit Committee of the Board, comprising Ms. Liu Ailian, being the non-executive directors, Ms. Wan Hui and Mr. Cai Lianglin, being the independent non-executive director. Ms. Wan Hui was the president of the Committee.

Major role and functions of the Audit Committee include review and approval of the financial statements of the Company audited by PRC and international auditors.



(七) 審核委員會 (續)

本報告期內，審核委員會根據公司章程及審核委員會議事規則有關規定召開了二次會議：

1. 於2005年4月27日召開2005年第一次會議，審核委員會全體成員出席了會議。會議審核了公司2004年度財務報告，2005年第一季度財務報告，並同意提交董事會討論。
2. 於2005年7月27日召開2005年第二次會議，委員會委員劉愛蓮女士、蔡良林先生出席了會議，萬輝女士委託蔡良林先生出席會議。會議審核了公司2005年半年度財務報告，並同意提交董事會討論。

審核委員會已審核了2005年度財務報告。

(八) 與股東溝通及投資者關係

董事會確認其須就本集團的表現及業務向股東負責。本公司設有多個與股東和投資者溝通的渠道：(i) 在報告期內舉行週年及臨時股東大會，讓股東於會上向董事會發表及交流意見；(ii) 向股東及有興趣投資者派發載有完整財務及營運回顧的年報及中期報告；(iii) 透過多份季報、公告及通函(如適用)披露財務業績及多項交易。

G. Audit Committee (*Continued*)

During the Reporting Period, the Audit Committee convened the second meeting in accordance with the provisions of Articles of Association of the Company and Rules of Procedure of the Audit Committee:

1. The first meeting of 2005 was convened on 27 April 2005. All of the member of the Audit Committee attended the meeting to review the financial report 2004, the first quarterly financial report of the Company and agreed to submit to the Board for discussion.
2. The second meeting of 2005 was convened on 27 July 2005. The Committee members Ms. Liu Ailian and Mr. Cai Lianglin attended the meeting and Ms. Wan Hui appointed Mr. Cai Lianglin as her proxy to attend the meeting to review the interim financial report, and agreed to submit to the Board for discussion.

The Audit Committee has reviewed the financial report 2005.

H. Communication with Shareholders and Investor Relations

The Board recognizes its accountability to shareholders for the performance and activities of the Group. The Company has established different communication channels with its Shareholders and investors: (i) the annual and extraordinary general meetings held during the Reporting Period provide a forum for shareholders to raise comments and exchange views with the Board; (ii) the annual and interim reports which are sent to its Shareholders and interested investors contain a full financial review and an operational review; (iii) Financial results and various transactions are also disclosed in various quarterly and annual reports, various announcements and circulars (if applicable).