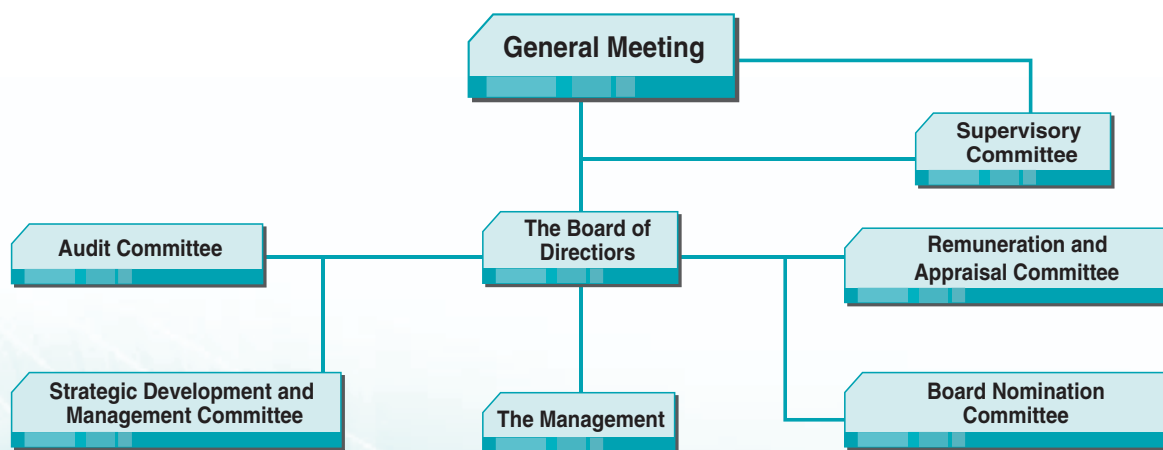


REPORT OF CORPORATE GOVERNANCE PRACTICE

REPORT OF CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance structure is set out as follows:



(A) GOVERNANCE PRACTICE

As a listed company, we always endeavour to achieve the best corporate governance practice. The Board and the management of the Company believe that the Company should improve accountability and transparency and strike a balance within the various interested groups (including but not limited to Shareholders, government, clients, creditors and staff). The Company must uphold a high standard of corporate governance. The Directors understand that they are responsible to ensure good corporate governance practice and procedure set by the Board, according to the Code of Corporate Governance Practice.

Therefore, our Board, Supervisory Committee and senior management always endeavour to keep improving and implementing effective corporate governance policy so as to ensure that all decisions comply with the principles of sincerity, consistency, openness, impartiality and fairness, thereby imposing a system of checks and balances. The Company will continue to improve its corporate governance structure, promote the quality of supervision and management and fulfill the Shareholders' and the public's expectations of the Company. The Company always governs its internal operations in accordance with the Articles of Association while providing all market participants and supervisory authorities with timely, accurate and complete information about the Company. The following is a general description of the measures adopted by the Company during the Year :

- While compiling the financial report for the Year ended 31 December 2005, the Company had adopted Hong Kong Financial Reporting Standard and Interpretations promulgated by Hong Kong Institute of Certified Public Accountants for compliance with International Financial Reporting Standard.
- While disclosing the substantial transaction of land disposal in the unaudited financial report, the Company had complied with Hong Kong Financial Reporting Standard promulgated by Hong Kong Institute of Certified Public Accountants as required by Rule 14.68(2)(b)(i) of the Listing Rules.
- The Company's appointment of ShineWing (HK) CPA Limited as its offshore auditors was approved by the EGM in 2006.
- The Company had set up Audit Committee, Strategic Development and Management Committee, Board Nomination Committee and Committee. Their terms of reference are formulated in writing in accordance with the Code of Corporate Governance Practice and are available on request.
- The Company had fully complied with the Code of Corporate Governance Practice as set out in Appendix 14 to the Listing Rules, without any deviation.

(B) SECURITIES TRANSACTION OF SHAREHOLDERS

The Company had followed all stipulations of the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 of the Listing Rules. Special enquiries were made to all directors, and they all confirmed that they had fully complied with the Model Code during the Year.

GOVERNANCE STRUCTURE

(C) THE BOARD

Being the fourth since its establishment, the current Board comprises 9 Directors, three of whom are Independent Non-executive Directors. All members of the Board (including all Independent Non-executive Directors) have terms of office from 1 October 2003 to 30 September 2006 with exception of Mr Choy Sze Chung whose term of office is from 16 February 2006 to 30 September 2006. Members of the Board are from different industry backgrounds and have extensive experience in science and technology, securities and finance, wire and cable industry, corporate management, accounting, etc. The Independent Non-executive Directors appointed by the Company are in compliance with Rules 3.10 (1) and (2) of the Listing Rules. The biographies of Directors are set out in page 12 to page 13 of this annual report.

The main duties of the Board are to exercise management decisions with authority delegated by general meetings in respects of the Company's strategic development, governance structure, investment and financing, financial supervision and human resources. The Board is responsible for deciding overall strategies and approving annual business plans and budgets of the Company so as to ensure that production and operation are properly planned, authorized, implemented and supervised. All substantial transactions or transactions with conflicts of interests are to be decided by the Board.

Management staff of the Company are responsible for carrying out decisions made by the Board and to making decisions within their authority endowed by Directors in respect of the Company's operation.

Directors are elected or replaced by general meetings. Shareholders, the Board or the Supervisory Committee are entitled to nominate a candidate for directorship by written notice. Directors have a term of office of three years and are eligible to offer themselves for reappointment upon expiry of term.

The Company has 2 Directors responsible for concrete management duties, representing 22% of the directorship. This helps the Board closely review and monitor the Company's management procedure.

Each Director had fulfilled his duties in a conscientious, diligent and honest manner. During the Year, the Board had convened six meetings to discuss the Company's operating results, overall strategies, investment schemes as well as operating and financial performance. Directors could attend meetings in person or through other electronic communication devices.

Independent Non-executive Directors did not show any objection to decisions of the Company. The average attendance at the meetings was 93% (including attendance of alternate Directors), details of which are set out in the relevant form herein.

The Directors confirmed that they have responsibility to compile company accounts making it a true and fair reflection of the Group's business position, results and cash flow performance during the period. When compiling the accounts for the year ended 31 December 2005, the Directors had:

- chosen the appropriate accounting policy which was applied consistently;
- approved early adoption of all of the provisions of Hong Kong Financial Reporting Standard in compliance with the International Financing Reporting Standard;
- made cautious and reasonable judgment and estimation and compiled the accounts in accordance with the continual operational basis.

The Board convenes meetings on a regular basis. A minimum of two meetings with directors' personal attendance are held each year, and extraordinary meetings will be convened if needed. The Company Secretary is responsible for helping the Chairman of the Board compile agendas. Each Director can request to have discussion topics be included in the agenda.

Agendas containing documents of analysis and background data are usually dispatched to Directors or special committee members 10 days prior to regular Board meetings or special committee meetings.

Directors are free to express their views in the meetings. Important decisions will only be made after detailed discussion in the board meetings. Directors confirm that they have responsibility to act in the interests of the public and the Company particularly concerning interests of minority Shareholders. In the event of a conflict of interests, Shareholder's interests shall prevail.

The Company's General Manager and Deputy General Manager are invited to attend Board meetings. Senior management staff are also invited to attend Board meetings from time to time for explanation and response to enquiries from the Board.

Detailed minutes of meetings are compiled for Board meetings or special committee meetings. Draft minutes are tabled in the next meeting for circulation among Directors or special committee members for perusal and comments before being endorsed by the Board or special committee.

All Directors are free to communicate with the Company Secretary who is responsible for ensuring and advising on compliance with all procedures in connection with the Board and all applicable rules and regulations.

Minutes of Board meetings or special committee meetings must record in detail issues considered by the Directors during the meeting as well as the resolutions made including any worries or objections put forward by the Directors.

Minutes of Board meetings or special committee meetings are to be kept by the Company Secretary to which the Directors have free access.

The management shall on their own accord or upon enquiries provide appropriate and sufficient information to the Directors and special committee members and/or respond as soon as possible so as to keep them informed of the Company's latest development to facilitate their performance of duties.

Each Director is provided with a Director's Handbook containing guidance on practice. Provision of legislations or Listing Rules are quoted in the Director's Handbook to remind Directors of the need to discharge their responsibilities including disclosure to the supervisory bodies of their interest, potential conflict of interests and details about changes of personal data.

The Board and special committees are provided with sufficient resources for performance of duties including but not limited to hiring consultants as and when necessary with fees borne by the Company. Individual Directors can also hire consultants for advice on any specific issues with fees borne by the Company.

All Directors can obtain from the Company Secretary timely information and latest development about rules and regulations and other continual responsibilities which directors of listed companies must observe so as to ensure that each Director is informed of his own duties and that the Company implements Board procedures consistently and complies with the legislations properly.

(D) CHAIRMAN OF THE BOARD AND GENERAL MANAGER

The Company's Chairman of the Board and General Manager are appointed by the Board. The post are respectively taken up by Mr. Xu Mingwen and Mr. Kuo Aiching with clearly defined duties.

The Chairman of the Board is responsible for leading the Board in such a way that it operates efficiently, ensuring that the Board studies all major and relevant issues in a timely and constructive manner and examining implementation of Board resolutions. The General Manager is responsible for managing the Group's operation and for co-ordinating the Group's business, implementing strategies formulated by the board of directors and rendering decisions on production and operation.

Clearly defined duties of the Company's Chairman of Board and General Manager are stated in writing.

(E) INDEPENDENT NON-EXECUTIVE DIRECTOR

The Company has three Independent Non-executive Directors, representing one-third of the directorship. They are assumed by persons totally independent of Directors, Supervisors, major administrative personnel and major shareholders (as defined in the Listing Rules) or any person or Company without any relationship with Directors, Supervisors, major administrative personnel and major shareholders (independent third persons). Ms Chen Po Sum, Mr. Sun Jiayuan and Mr. Wu Zhengde, our Independent Non-executive Directors, strictly comply with the independence requirement of the Listing Rules. Ms. Chen Po Sum resigned due to her age. Mr. Choy Sze Chung was elected as an independent Non-executive Director at the EGM to fill the vacancy of Independent Non-executive Director. According to the Listing Rules, each Independent Non-executive Director shall confirm his independence to the SEHK. On 16 February 2006, each Independent Non-executive Director had reconfirmed his/her independent status. The three Independent Non-executive Directors assumed duties in the Audit Committee, Board Nomination Committee, Committee and Strategic Development and Management Committee under the Board.

(F) REMUNERATION AND APPRAISAL COMMITTEE

During the Year, the board of directors set up the Remuneration and Appraisal Committee with a membership of five assumed by three Independent Non-executive Directors Ms. Chen Po Sum, Mr. Sun Jiayuan and Mr. Wu Zhengde, and two Executive Directors, Mr. Bao Yuhong and Mr. Zhang Zhongqi. The Committee is chaired by Ms. Chan Po Sum.

Main duties of the Remuneration and Appraisal Committee :

- To advise the Board on remuneration policies and framework of the Directors and senior management of the Company and to formulate such remuneration policies in accordance with formal and transparent procedure;
- To discharge the following duties as transferred by the board of directors : to determine specific remuneration of all Executive Directors and senior management including non-monetary profits, rights to pension and quantum (including compensation for loss or termination of employment or appointment) as well as to advise the board of directors on remuneration of Independent Non-executive Directors.
- Factors the Remuneration and Appraisal Committee should take into consideration including salaries paid by similar companies, time contributed by Directors and Directors' duties, terms of employment of other positions within the Group and whether to adjust salaries according to performance;
- To review and approve performance-based salary in accordance with corporate targets and approach endorsed by the Board from time to time;
- To review and approve payment of compensation in relation to loss or termination of employment or appointment of Executive Directors and senior management so as to ensure that such compensation are determined according to contract terms;
- To review and approve compensation arrangements in relation to dismissal or removal of Directors due to their misconducts so as to ensure that such compensation are determined according to contract terms. Its primary targets are to formulate remuneration policy and determine remuneration based on formal and transparent procedure, to ensure that the Company absorbs, retains and motivates competent staff which are very important to the Company's continual development.
- To ensure that no Director or any of his / her associates is involved in deciding his / her own remuneration.

Operation procedure of the Remuneration and Appraisal Committee includes :

- Chairperson of the Remuneration and Appraisal Committee shall report the conclusion of discussion to the board after each meeting and give advice.
- The Remuneration and Appraisal Committee can seek professional views as and when necessary.
- Details about remuneration of Directors and Supervisors as at the year ended 31 December 2005 are provided on page 56.
- Work of the Remuneration and Appraisal Committee during the Year including implementations of Directors' remuneration policy, performance assessment of Executive Directors and approval of contract terms of Executive Directors.

In evaluating the performance of the Directors and Senior management, the Company used budget targets and audited financial reports as benchmarks. At the same time, sales revenue, net profits, and key performances were used as business indices. The Company's remuneration policy is that remuneration is linked with Company's performance. Directors' remuneration is determined upon appraisal by the Remuneration and Appraisal Committee. Total income of senior management during the Year comprises of a basic annual salary and a performance-based annual bonus. Remuneration of Directors and Supervisors are determined in general meetings according to related policies or stipulations of PRC and the actual position of the Company. Directors and Supervisors working for the Company are paid management remuneration according to the concrete management duties they undertake in the Company.

The Remuneration and Appraisal Committee was established in April 2005. As there had been no adjustment to the remuneration of the Directors and the senior management during the Year, the Remuneration and Appraisal Committee did not convene any meeting during the Year.

During the Year, our three Independent Non-executive Directors are paid director fee while the remaining Directors and supervisors (including Directors and Supervisors working for the Company) are not paid any director or supervisor fee by the Company.

(G) BOARD NOMINATION COMMITTEE

During the Year, the board of directors set up a Board Nomination Committee composed of three Independent Non-executive Directors, Ms. Chen Po Sum, Mr. Sun Jiayuan and Mr. Wu Zhengde, and two Executive Directors Mr. Xu Mingwen and Mr. Kuo Aiching. The committee is chaired by Mr. Xu Mingwen and holds at least one meeting each year.

The role and main duties of the Board Nomination Committee include :

1. To advise the Board on framework, membership and composition of the Board in light of the company's business activities, asset scale and equity structure;
2. To study criteria and procedure for selection of Directors and General Manager and advise the Board on the same;
3. To extensively hunt for suitable candidates for Director and General Manager, to examine candidates for Director and General Managers and give advice on the same;
4. To examine other senior management staff pending referral to the Board for decision on their employment and to give advice on the same;
5. To assess independency of Independent Non-executive Directors; and
6. To advise the Board on issues regarding appointment or re-appointment of Directors and succession of Directors (in particular the Chairman and Chief Executive Officer).

The committee chairman shall report the conclusion of discussion and recommendations of the committee to the board of directors after each meeting.

During the Year, the Board Nomination Committee had :

1. recommended to the Board to have Mr. Choy Sze Chung appointed as the Independent Non-executive Director, and he was so appointed during the EGM in 2006;
2. formulated Directors' nomination policy; and
3. held one meeting which was attended by all members of the Board Nomination Committee.

(H) AUDITORS REMUNERATION

The offshore auditor hired by the Company is nominated by the board of directors and endorsed in the general meeting, its remuneration was determined by board of directors as authorized by the general meeting. During the Year, the remuneration respectively paid to domestic and offshore auditors in return for their auditing services to us were RMB150,000 and HK\$750,000. Fees paid to offshore auditors for non-auditing services (disclosure of the Company's financial information in connection with the substantial transaction of land sale and interim review) was HK\$305,000.

(I) AUDIT COMMITTEE

To materialize the best management practice, the Company set up an Audit Committee in August 1999. Jurisdiction of the committee is formulated in accordance with recommendations of A guide for Effective Audit Committee promulgated by Hong Kong Institute of Certified Public Accountants. Its major duties include : to report to the Board, examine quality and procedure of the Group's annual and interim reports, study connected transactions, supervise the financial reporting procedure, revise soundness and effectiveness of internal supervisory system of the Company, endorse appointment of independent auditors, co-ordinate and review its efficiency and work quality, study written reports of in-house auditing staff and revise feedback from the management level to such reports.

Apart from that, the Audit Committee shall also undertake the following duties :

1. To advise the board of directors on appointment, re-appointment and removal of hired external auditors, approve remuneration and terms of employment of external auditors and to handle any problems in relation to the auditors' resignation or dismissal of auditors;
2. To revise and supervise the work of the external auditors;

3. To formulate and implement policies on non-auditing services provided by auditors and to advise the Board on related issues;
4. To examine the Company's financial information and other related information;
5. To monitor the Company's financial reporting system and internal supervisory procedures as well as related issues;
6. To advise on the Board as to whether the internal supervisory system is effective ; and
7. In case of unclear incidents or circumstances which may seriously affect the Group's sustainable operation, such unclear factors should be reported.

The incumbent members of the Audit Committee are our three Independent Non-executive Directors: Ms Chen Po Sum (committee chairperson), Mr. Sun Jiayuan and Mr. Wu Zhengde. All of these Independent Non-executive Directors comply with the requirements of the related Listing Rules. Members of the Audit Committee and have a term of three years.

During the Year, the Audit Committee had convened two meetings all of which were chaired by Ms. Chen Po Sum, the committee chairperson. For details about the attendance, please refer to the related form in this section. Both meetings had 100% attendance rate. All matters passed during the meetings were duly recorded in accordance with related rules, and the records were filed upon perusal by all members of the Audit Committee with amendments. After each meeting, the chairperson submitted reports on the significant matters discussed to the Board.

Major work finished by the Audit Committee during the Year included :

1. To examine the Group's annual and interim reports as well as financial reports, recommendations on management put forward by auditors and responses from the Company's management;
2. To revise matters related to accounting policies and accounting practices adopted by the Group;
3. To ensure that the Company's connected transactions comply with the principle of impartiality, fairness and openness and fully protect interests of minority shareholders;
4. To assist the board of directors in making independent assessment of effectiveness of the Group's financial reporting procedures and internal supervisory system;
5. To supervise internal auditing of the Company; and
6. To advise on significant events of the Company and remind the management to pay attention to related risks.

Attendance at board meetings and Audit Committee meetings

	Number of meetings during the Year	Board meetings			Attendance during the Year	Audit Committee meetings			
		Attendance in person	Attendance by way of electronic communication			Number of meetings during the Year	Attendance in person	Attendance by proxies	Absence
Executive Director									
Xu Mingwen	6	2	4	100%	–				
Kuo Aiching	6	2	4	100%	–				
Wang Zhongfu	6	2	4	100%	–				
Bao Yuhong	6	2	4	100%	–				
Zhang Zhongqi	6	2	4	100%	–				
Fan Xianda	6	2	4	100%	–				
Independent Non-Executive Director									
Chen Po Sum	6	2	3	83%	2	2	100%		
Sun Jiayuan	6	2	2	67%	2	2	100%		
Wu Zhengde	6	2	4	100%	2	2	100%		

MONITORING MECHANISM

Supervisory Committee

The Supervisory Committee was established in accordance with the PRC law. It independently performs its supervisory duty under the law to protect the infringement of lawful rights of Shareholders, the Company and its staff. Also, it reviews the financial position of the Company pursuant to the Articles of Association, monitors the decisions made by the Board and senior management for operation and management of the Company as to whether they are in accordance with relevant requirements of the laws and regulations. In September 2003, an EGM was held to elect the fourth Supervisory Committee, which comprised three members (including a Supervisor from the staff) with a term of office up to 30 September 2006. Mr. Zhang Xiaocheng is the Chairman of the Supervisory Committee. The number of members and composition of the Supervisory Committee are in accordance with the law and regulations. Biographies of Supervisors are set out in pages 12 of this annual report.

During the Year, the fourth Supervisory Committee held two meetings both with 100% attendance.

All Supervisors have attended all the Board meetings and performed their monitoring obligations on behalf of Shareholders as to whether the financial activities of the Company, the performance of duties of Directors and senior management and the decision-making procedures of the Board are in compliance with the laws and regulations, as well. The Supervisors had performed their statutory duties impartially.

Internal Control and Internal Review

The Board is responsible for the establishment and maintenance of the Company's internal control system for reviewing relevant financial, operating and supervisory control procedures to protect Shareholders' interests and the Group's assets. The management is authorized by the Board to promote such internal control system, effectiveness of which is reviewed by the Audit Committee.

The internal control system includes a management framework with clearly defined duties for the purposes of :

- assisting the Company in reaching various business targets and ensuring that corporate assets will not be defalcated or disposed of;
- ensuring that the Company's accounting record provides reliable financial data for internal use or public disclosure; and
- ensuring compliance with related legislations and requirements.

Aiming at more effective review on the effectiveness of the internal control system, the Company set up an internal audit department in October 2003 to inspect, monitor and assess the disclosure of financial information, operations and internal control activities of the Company and its associates on a regular basis and when necessary, based on different potential risks and the importance of internal control systems for different businesses and workflows, so as to ensure the transparency of information disclosure, operating efficiency and effectiveness of the corporate monitoring mechanism. The independent and objective evaluation and recommendation are provided in the form of an audit report. The external auditors are entitled to have access to all information of the Company and to make enquiries to relevant persons in performing their duties. The manager of the audit department directly reports the relevant outcomes and its opinions to the Audit Committee for consideration. Based on it, the Audit Committee puts forward its recommendation to the management of the Company and regularly reports to the Board.

Attaching much importance to internal control, the Company had set up relevant internal management systems and procedures for corporate governance, operation, construction, finance, administrative personnel. In December 2004, the Board approved the Internal Control System which summarizes and clarifies the objectives, content, methods and obligations of the internal control system. This will facilitate the Company's continuing inspection and assessment on implementation of the existing systems and the effectiveness of internal controls.

The Board conducted a review to examine whether the Company's internal supervisory system is effective. Subjects of review included the supervision of the Company's finance, operation, compliance and risk management. To implement internal supervision more efficiently, the Board had confirmed the following procedure :

The Company has a framework with well defined authority and duties with a hierarchical chain of supervision. The heads of all the departments participate in the formulation of strategic plans. Entrepreneurial strategies for the coming three years were formulated for achievement of annual operation plan and annual business and financial targets. Strategic plans and business plans for the year are the bases for annual budgets, and according to the budgets the Company had confirmed and allocated resources in view of the priorities of different business opportunities. The three year strategic plans are approved by the board (subject to yearly review), annual business plans and annual budgets are also to be approved by the board of directors each year.

The Company has a comprehensive account management system providing the management with an index for assessing financial and business performance as well as notifiable and discloseable financial information. In case discrepancy occurs in budgets, analysis and explanation will be made and appropriate action will be taken to rectify the problems as and when necessary.

The Company has set up systems and procedures for confirmation, assessment, handling and controlling of risks including risks in respect of law, credit, market, centralization, operation, environment, acts and risks which may affect the Company's development.

The internal audit department will carry out independent revision of confirmed risks and supervision so as to reasonably guarantee the management and Audit Committee that the risks are satisfactorily handled and control is fully effected;

Chief Accountant

The Chief Accountant is in charge of the Company's financial operation and reports to the General Manager.

The Chief Accountant is responsible for preparing financial statements in accordance with GAAP of the PRC and Hong Kong and to ensure compliance with disclosure requirements as stipulated by the China Securities Regulatory Commission and SEHK.

The Chief Accountant is also responsible for arranging and preparing the Company's annual budget scheme and the budget implementation proposal, as well as monitoring the implementation of the Company's annual financial and operating plans. In addition, the Chief Accountant shall work with and give recommendation to the Board in establishing relevant internal control systems.

RELATIONS WITH SHAREHOLDERS, INVESTORS AND OTHER CONCERNED PARTIES

The Company is committed to ensuring that all Shareholders, especially the minority Shareholders, can enjoy equal status and fully exercise their rights.

General Meeting

As the highest authority of the Company, the general meeting exercises its rights under the law to make decisions on significant events of the Company. The Company establishes and maintains various communication channels by way of publication of annual reports, interim reports and press announcements. To promote effective communication, Shareholders can choose to receive messages to Shareholders from the Company in electronic format. The messages are also published in the Company's website. The AGM or EGM (if applicable) serves as a direct communication channel between the Board and the Shareholders. All Directors understand that general meetings provide a major venue for direct communication between Directors, Supervisors and other senior management and Shareholders, where they shall report to Shareholders with regard to the Group's operations to secure effective communications with Shareholders. Accordingly, the Company had attached much importance to general meetings. In addition to a 45-day notice before the holding of a general meeting, the Company requires that all Directors and senior management shall employ their best endeavors to attend the general meetings. Also, all Shareholders are encouraged to attend general meetings, at which they can make enquiries about the Company's operation status or financial data, Shareholders are welcome to express their views therein.

Details about the polling process and Shareholders' rights to request for decisions by way of a poll are included in notices or circulars to Shareholders sent together with annual reports. Results of polls are published in newspapers and the Company's website.

In 2005, the Company had convened an AGM. The shareholding held by Shareholders who attended the AGM represented 99.37% (397,462,998 shares) of all issued shares of the Company.

Controlling Shareholder

During the Year, CPCL is the controlling shareholder of the Company (shareholding: 60%).

As the controlling shareholder of the Company, CPCL has never overridden the general meeting to directly or indirectly intervene the Company's decision-making and operation. The Company has always kept independent from its controlling shareholder in terms of staff, assets, finance, organisation and business.

Information Disclosure and Investor Relation Management

The Company strictly complies with the requirements on information disclosure under the Listing Rules and discloses to the Shareholders and related parties all discloseable information to the best knowledge of the Company on a timely and fair basis.

The Company Secretary is responsible for information disclosure of the Company and reception of visits of its Shareholders and investors. In 2003, for further enhancement in investor relations management, the Company had formulated Information Disclosure Management System and Information Management System to ensure information disclosure on an open, fair and impartial basis and to improve the Company's transparency.

In 2005, the Company's management maintained close contact and good communication with visiting investors by meeting them. The Company provides its announcements, interim and annual reports with detailed financial information and results to Shareholders through the Investor Relations section on its website (www.cdc.com.cn).

Other Concerned Parties

Also, the Company is committed to providing satisfactory services to customers and room for development to employees. The Company takes efforts to improve its profitability under the principle of honesty and faithfulness with a high sense of responsibility toward its Shareholders, investors, employees, customers, suppliers and the society. At the same time, the Company oversees and develops its businesses in compliance with local rules and environmental protection regulations to improve its corporate governance, and actively participates in social services and environmental protection.