

Corporate Governance & Other Information

公司管治及其他資料

CORPORATE GOVERNANCE

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

The Board acknowledges their responsibilities for preparing the consolidated financial statements, which give a true and fair view of the state of affairs of the Company and of the Group on a going concern basis. In preparing the consolidated financial statements for the six months ended 30 June 2006, the Board has selected suitable accounting policies and applied them consistently and made judgments and estimates that are prudent and reasonable.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (“the CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (“the Listing Rules”) on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) throughout the accounting period covered by the interim financial report except for CG Code provision E.1.2. CG Code provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Due to the fact that the Chairman of the Board was out of town, he did not attend the annual general meeting of the Company held on 25 May 2006. The Chairman of the Board will endeavor to attend all future annual general meetings of the Company unless unexpected or special circumstances preventing him from doing so.

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“the Model Code”) contained in Appendix 10 of the Listing Rules.

公司管治

為符合股東利益，本公司致力實行高水平的企業管治。

董事會確認按持續經營標準編制能真實及公平地反映本公司及本集團財務狀況的綜合財務報表乃屬其責任。在編制截至二零零六年六月三十日止六個月的綜合財務報表時，董事會採用了合適的會計政策並持續應用該等會計政策，同時亦以保守及合理的態度作出判斷及估計。

在本中期財務報告所涵蓋的會計期間內，本公司有遵守香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載《企業管治常規守則》（「管治常規守則」）內的所有守則條文，管治常規守則條文E.1.2除外。管治常規守則條文第E.1.2條要求董事會主席應出席股東週年大會。由於董事會主席身處海外緣故，他並無出席本公司於二零零六年五月二十五日召開的股東週年大會。董事會主席將竭力出席本公司於未來召開的所有股東週年大會，除非出現不可預見或特殊情況導致其未克出席。

公司就董事及有關僱員（定義見管治常規守則）進行的證券交易，已採納不遜於上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》（「標準守則」）所訂標準的行為守則。

CORPORATE GOVERNANCE (Continued)

On specific enquiries made, all directors have confirmed that, in respect of the accounting period covered by the interim financial report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

The consolidated financial statements for the six months ended 30 June 2006 were unaudited. The Audit Committee has reviewed the consolidated financial statements for the six months ended 30 June 2006.

During the current period, on 13 February 2006, Mr. Zhu Dengshan resigned as executive director and chairman of the Board due to his retirement. On 13 February 2006, Mr. Chen Xiaozhou was appointed as executive director and was elected chairman of the Board.

After the balance sheet date, Mr. Cheung Chung Kiu resigned as executive director of the Company due to personal reason on 17 July 2006. Messrs. Chen Xiaozhou, Hui Xiao Bing and Yuen Wing Shing, the executive directors of the Company were re-designated as non-executive directors of the Company with effect from 1 September 2006.

公司管治 (續)

在回覆特定查詢時，所有董事均確認就本中期財務報告所涵蓋的會計期間內有遵守標準守則及公司有關董事證券交易行為守則所訂的標準。

截至二零零六年六月三十日止六個月的綜合財務報表並未經審核。審核委員會經已審閱截至二零零六年六月三十日止六個月的綜合財務報表。

於本期間內，朱登山先生因為退休緣故，已於二零零六年二月十三日辭任本公司執行董事以及董事會主席職務。於二零零六年二月十三日，陳孝周先生獲委任為本公司執行董事並獲推選為董事會主席。

於資產負債表日期後，張松橋先生因私人理由於二零零六年七月十七日辭任本公司執行董事。本公司執行董事陳孝周先生、惠小兵先生及袁永誠先生從二零零六年九月一日起調任為本公司非執行董事。

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES 董事購買股份或債權證的權利

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

根據本公司於一九九五年六月二十六日採納之購股權計劃(「舊計劃」)及本公司於二零零二年五月二十七日採納之購股權計劃(「新計劃」)項下授予本公司董事的尚未行使購股權詳情及該等購股權於本期間內的變動載列如下：

Directors 董事	Exercisable period 可予行使期間	Subscription price per share 每股認購價 HK\$ 港元	Number of share options 購股權數目		
			Outstanding as at 1 January 2006 於二零零六年一月一日 未予行使	Exercised during the period 期內行使	Outstanding as at 30 June 2006 於二零零六年六月三十日 未予行使
CHEN Yongcun 陳永存	25/07/2001 — 24/07/2011 07/06/2002 — 06/06/2012	0.535 0.700	2,000,000 5,000,000	— —	2,000,000 5,000,000
GAO Jian Min 高建民	09/01/1997 — 08/01/2007 07/06/2002 — 06/06/2012	0.967 0.700	15,000,000 5,000,000	(15,000,000) —	— 5,000,000
GU Jianguo 顧建國	27/07/1999 — 26/07/2009	0.900	2,000,000	—	2,000,000
			29,000,000	(15,000,000)	14,000,000
Other employees 其他僱員	25/07/2001 — 24/07/2011	0.535	3,000,000	(3,000,000)	—
Total 合計			32,000,000	(18,000,000)	14,000,000

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

除上文所披露者外，本公司或其附屬公司概無於本期間任何時間內訂立任何安排，致使本公司的董事可藉以購入本公司或任何其他法人團體的股份或債權證而得益。

DIRECTORS' INTEREST IN SHARES

At 30 June 2006, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the underlying shares of the Company:

Name of directors 董事姓名	Capacity 身份	Number of underlying shares 相關股份數目	Percentage of total issued share capital 佔全部已發行 股本百分比
CHEN Yongcun 陳永存	Beneficial owner (Note) 實益擁有人(附註)	7,000,000	0.39%
GAO Jian Min 高建民	Beneficial owner (Note) 實益擁有人(附註)	5,000,000	0.28%
GU Jianguo 顧建國	Beneficial owner (Note) 實益擁有人(附註)	2,000,000	0.11%

Notes:

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

董事之股份權益

於二零零六年六月三十日，本公司的董事及最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例有關條文彼等已擁有或被視為已擁有的權益及淡倉)，或根據證券及期貨條例第352條須記入該條所指登記冊的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉如下：

本公司相關股份好倉的持倉情況：

附註：

此等為根據舊計劃及新計劃項下授予董事的購股權權益以認購本公司股份，其相關詳情載於「董事購買股份或債權證的權利」部份。

DIRECTORS' INTEREST IN SHARES (Continued)

Save as disclosed above and in the Section headed "Director's Right to Acquire Shares or Debentures" and in the Section headed "Substantial Shareholders", as at 30 June 2006, none of the directors or chief executive of the Company or any of their associates had any interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. None of the directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the period.

董事之股份權益 (續)

除上文及在「董事購買股份或債權證的權利」部份以及在「主要股東」部份所披露者外，於二零零六年六月三十日，本公司根據證券及期貨條例第352條置存的登記冊記錄顯示本公司的董事或最高行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）持有任何股份、相關股份或債權證的權益或短倉或根據標準守則須知會本公司及聯交所的權益及淡倉。於本期間內董事或彼等的配偶或十八歲以下的子女，概無獲授予任何權利可認購本公司或其任何相聯法團的股本或債權證或曾行使任何該等權利。

SUBSTANTIAL SHAREHOLDERS

At 30 June 2006, persons other than a director or chief executive of the Company, having interest in 5% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in shares and underlying shares of the Company as at 30 June 2006:

主要股東

於二零零六年六月三十日，於本公司根據證券及期貨條例第336條規定須予置存的登記冊的記錄所顯示，本公司董事或最高行政人員以外擁有佔本公司已發行股本5%或以上權益的人士如下：

本公司股份及相關股份好倉於二零零六年六月三十日的持倉情況：

Name of substantial shareholder 主要股東名稱	Capacity 身份	Number of ordinary shares 股份數目	Underlying shares 相關股份	Total interests 權益總額	Percentage of the issued share capital 佔全部已發行股本百分比
Silver Grant International Holdings Limited	Beneficial owner 實益擁有人	141,270,022	—	141,270,022 (Note 1) (附註一)	7.82%
China Cinda Asset Management Corporation 中國信達資產管理公司	Interest of controlled corporation 受控制法團的權益	420,700,000	100,000,000 (Note 2) (附註二)	520,700,000 (Note 3) (附註三)	28.82%
Citigroup Inc.	169,450,000 shares as beneficial owner, 3,959,000 shares as approved lending agent, 150,000 shares as person having a security interest in shares and 138,813,559 underlying shares as beneficial owner 169,450,000股屬實益擁有人， 3,959,000股屬核准借出代理人， 150,000股屬對股份持有保證權益的人及 138,813,559相關股份屬實益擁有人	173,559,000	138,813,559 (Note 4) (附註四)	312,372,559	17.29%

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

- Messrs. Gao Jian Min and Liu Tianni, both of whom are directors of the Company, each has a 30% interest in Silver Grant International Holdings Limited as at 30 June 2006.
- This represents the interest in convertible note in the principal amount of HK\$220.0 million pursuant to which a total number of 100,000,000 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK\$2.20 per share.
- The following is a breakdown of the interests in shares of the Company held by China Cinda Asset Management Corporation:

Name of controlled corporation 受控制法團名稱	Name of controlling shareholder 控權股東名稱	Percentage of control 控制百分率	Total interest in shares 股份權益總數	
			Direct interest 直接權益	Indirect interest 間接權益
Well Kent International Investment Company Limited 華建國際投資有限公司	China Cinda Asset Management Corporation 中國信達資產管理公司	100%	—	520,700,000
Catic Limited	Well Kent International Investment Company Limited 華建國際投資有限公司	100%	520,700,000	—

- This represents the interest in convertible note in the principal amount of USD52,500,000 pursuant to which a total number of 138,813,559 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK\$2.95 per share.

Save as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interest or short position in the shares and underlying shares of the Company as at 30 June 2006.

主要股東 (續)

附註：

- 高建民先生及劉天倪先生，彼等均為本公司董事，於二零零六年六月三十日各自擁有 Silver Grant International Holdings Limited 30% 權益。
- 此為本金總額220,000,000港元的可換股票據項下的權益，據此按每股2.20港元初步換股價全面行使可換股票據所附帶的換股權後，將會發行合共100,000,000股新股份。
- 以下為中國信達資產管理公司所持有本公司的股份權益細節：

	Percentage of control 控制百分率	Total interest in shares 股份權益總數	
		Direct interest 直接權益	Indirect interest 間接權益
Well Kent International Investment Company Limited 華建國際投資有限公司	100%	—	520,700,000
Catic Limited	100%	520,700,000	—

- 此為本金總額52,500,000美元的可換股票據項下的權益，據此按每股2.95港元初步換股價全面行使可換股票據所附帶的換股權後，將會發行合共138,813,559股新股份。

除上文所披露者外，根據證券及期貨條例第336條規定須予置存的登記冊所顯示，本公司並無接獲任何有關於二零零六年六月三十日在本公司股份及相關股份中擁有權益或短倉的申報。

SHARE OPTION SCHEMES

購股權計劃

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

根據舊計劃及新計劃項下授出的購股權於本期內的變動載列如下：

Subscription price per share 每股認購價 HK\$ 港元	Exercisable period 可予行使期間	Number of share options 購股權數目		
		Outstanding at 1 January 2006 於二零零六年 一月一日的 未予行使	Exercised during the period 期內已行使	Outstanding at 30 June 2006 於二零零六年 六月三十日的 未予行使
Old Scheme 舊計劃				
0.967	09/01/1997 — 08/01/2007	15,000,000	(15,000,000)	—
0.900	27/07/1999 — 26/07/2009	2,000,000	—	2,000,000
0.535	25/07/2001 — 24/07/2011	5,000,000	(3,000,000)	2,000,000
		22,000,000	(18,000,000)	4,000,000
New Scheme 新計劃				
0.700	07/06/2002 — 06/06/2012	10,000,000	—	10,000,000
		32,000,000	(18,000,000)	14,000,000

No share option was being granted or lapsed during the current period.

於本期間內並無購股權獲授出或失效。

The weighted average closing price of the Company's shares as at the date of exercise of share options was HK\$2.379.

本公司股份於購股權行使日期的加權平均收市價為2.379港元。

SHARE OPTION SCHEMES (Continued)

購股權計劃 (續)

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

包括在上表的董事所持有的購股權於本期間內的變動如下：

Subscription price per share 每股認購價 HK\$ 港元	Exercisable period 可予行使期間	Number of share options 購股權數目		
		Outstanding at 1 January 2006 於二零零六年 一月一日的 未予行使	Exercised during the period 期內已行使	Outstanding at 30 June 2006 於二零零六年 六月三十日的 未予行使
Old Scheme 舊計劃				
0.967	09/01/1997 — 08/01/2007	15,000,000	(15,000,000)	—
0.900	27/07/1999 — 26/07/2009	2,000,000	—	2,000,000
0.535	25/07/2001 — 24/07/2011	2,000,000	—	2,000,000
		19,000,000	(15,000,000)	4,000,000
New Scheme 新計劃				
0.700	07/06/2002 — 06/06/2012	10,000,000	—	10,000,000
		29,000,000	(15,000,000)	14,000,000

At 30 June 2006, the total numbers of shares available for issue under the New Scheme are 63,222,000 shares, representing approximately 3.5% of the total issued share capital of the Company.

於二零零六年六月三十日，根據新計劃項下尚餘可予發行的總股份數目為63,222,000股，約佔本公司全部已發行股本的3.5%。