

(一) 根據中國證監會要求披露資料

規範性自查

對照中國有關上市公司治理的規範性文件，本公司基本符合有關要求。

五分開情況

本公司在業務、資產、人員、機構、財務等方面與控股股東分開，本公司具有獨立完整的生產經營能力。

- (1) 在業務方面，本公司主要從事開發、製造及銷售化學原料藥、製劑以及化工產品，新華醫藥集團公司已向本公司承諾，在新華醫藥集團公司對本公司有指定程度控制權的期間，將不會從事任何與本公司有直接或間接競爭的業務。
- (2) 在資產方面，本公司擁有獨立的生產系統、輔助生產系統和配套設施；除「新華牌」商標由控股股東擁有，本公司獨佔使用外，其他工業產權、非專利技術等無形資產由本公司擁有；本公司獨立擁有採購和銷售系統。
- (3) 在人員方面，本公司在勞動、人事及工資管理等方面獨立；總經理、副總經理等高級管理人員均在上市公司領取薪酬，總經理、副總經理均不在股東單位擔任職務。

1. Information disclosed under the requirement of CSRC

Self-examination for Standardization

The corporate governance practice implemented by the Company has complied with the rules and requirements of corporate governance required to be observed by listed companies in the PRC.

Status of Independence

The Company is independent of its controlling shareholder in respect of its business, assets, management, institutions and finance. The Company's production and operation are also independent.

- (i) The Company is mainly engaged in the business of development, manufacture and sale of bulk pharmaceuticals, preparations and chemical products. SXP GC undertook that for so long as SXP GC is regarded as a controlling shareholder of the Company, it will not engage in any business directly or indirectly in competition with the business of the Company.
- (ii) The Company has its own independent production and supplementary production system and facilities. Apart from certain patent technologies and the trademark "Xinhua", which are owned by the controlling shareholder, the Company owns all of the other intangible assets such as industrial property rights and know-how technologies used by the Company. The Company also has an independent procurement and sales network.
- (iii) The Company is independent of its controlling shareholder in respect of the management of its workforce and their salaries. The Senior Officers of the Company including the general manager and the deputy general managers are paid by the Company. general manager and deputy general managers do not hold any position in the controlling shareholder of the Company.

**(一) 根據中國證監會要求披露
資料 (續)**

五分開情況 (續)

- (4) 在機構方面，本公司設有股東大會、董事會、監事會、董事會秘書和經營管理層，各機構有明確的職責分工，辦公機構和生產經營場所與控股股東分開。
- (5) 在財務方面，本公司設立獨立的財會部門，並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。

**報告期內對高級管理人員
的考評及激勵機製、相關
獎勵機制的建立、實施情
況**

對於高級管理人員的選擇，本公司按照唯才是舉、德才兼備的原則，一般從公司內部進行選拔，通過考察被選擇人員的思想道德品質、組織協調能力、工作能力和責任心等方面的素質，並經過嚴格的篩選程序，最終由董事會進行聘用。在聘用期間，董事會定期對高級管理人員進行多方面的考核，主要是考核工作績效和貫徹執行董事會決議等方面的情況。

通過對每位高級管理人員的職務分析，明確規定他們的工作性質，職責範圍以及相應的獎懲制度，建立了激勵和約束機制。

**1. Information disclosed under the
requirement of CSRC (continued)**

Status of Independence (continued)

- (iv) The Company holds its own shareholders' general meetings, and has its own board of directors, supervisory committee, company secretaries and management, which are responsible for the different areas and functions of the Company. The office and the production area of the Company are separate from that of its controlling shareholder.
- (v) The Company has an independent finance department with an independent accounting and financial management system. The Company also maintains its own independent accounts with banks.

**The establishment and implementation of
assessment and appraisal mechanisms
as well as the incentive mechanisms for
senior officers**

The Company selects its senior officers from its staff on the basis of talent and ability. Prior to selecting and appointing the senior officers, the Board of Directors follows a strict set of selection criteria, which include the assessment of each of the candidates' individual character, moral standard, coordination ability, working ability and sense of responsibility. Once appointed, the Board of Directors would evaluate the senior officers periodically, particularly in respect of achievements and their execution of resolutions passed by the Board of Directors.

By analysing the duties of each of the Senior Officers, the Company clearly sets out their job nature, scope of responsibilities and has established a corresponding incentive and penalty scheme to reward and sanction the Senior Officers.



(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露

企業管治常規守則

本公司董事(包括獨立非執行董事)確認本公司於截至二零零六年十二月三十一日止年度內已遵守企業管治常規守則條文(「該守則」)。企業管治常規守則條文包括香港聯交所有限公司(「聯交所」)公佈的證券上市規則(「上市規則」)附錄十四所載的條款。

獨立非執行董事

本集團已遵守上市規則第3.10(1)和3.10(2)條有關委任足夠數量的獨立非執行董事且至少一名獨立非執行董事必須具備適當的專業資格，或具備適當的會計或相關財務管理專長的規定。本公司聘任了四名獨立非執行董事，其中一名獨立非執行董事具有財務管理專長。

本公司四名獨立非執行董事分別向本公司提交獨立性確認書，確認其在報告期內嚴格遵守聯交所公佈的《上市規則》第3.13條所載有關其獨立性的條款。本公司認為有關獨立非執行董事為本公司獨立人士。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors (including the Independent Non-Executive Directors), the Company has complied with all requirements as required under the Code on Corporate Governance Practices set out in Appendix 14 to Listing Rules for the year ended 31 December 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Group has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to appointment of a sufficient number of independent non-executive directors and at least an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four independent non-executive directors including one with financial management expertise.

The 4 independent non-executive directors of the Company have submitted the confirmation of independence to confirm that he / she has strictly complied with the independence guidelines set out in Rule 3.13 of the Listing Rules to the Stock Exchange during the reporting period. The Company considers each independent non-executive director to be independent from the Company.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

上市公司董事及監事進行證券交易的標準守則(《標準守則》)

董事會

(1) 董事會組成

董事

郭琴(董事長)
劉振文(非執行董事、
於2006年6月9日獲委任)
任福龍(執行董事、
於2006年6月9日獲委任)
趙松國(執行董事)
馬永(非執行董事)
戴慶駿(獨立非執行董事)
莫仲堃(獨立非執行董事)

徐國君(獨立非執行董事)
孫明高(獨立非執行董事)
賀端湜(原董事、
於2006年6月9日辭任)
劉從德(原董事、
於2006年6月9日辭任)

董事會成員簡介載於本報告第四節「董事、監事、高級管理人員和員工情況」。

本報告期內，本公司已採納一套不低於上市規則附錄十所載《標準守則》所訂標準的行為守則。經向董事查詢後，本公司確認每名董事及監事均已遵守有關董事進行證券交易的標準守則內所載準則規定。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”)

The Board of Directors

(1) The Board consists of

Directors

Ms. Guo Qin (Chairman)
Mr. Liu Zhenwen
(Non-executive director, appointed on 9 June 2006)
Mr. Ren Fulong
(Executive director, appointed on 9 June 2006)
Mr. Zhao Songguo (Executive director)
Mr. Ma Yong (Non-executive director)
Mr. Dai Qingjun (Independent non-executive director)
Mr. Mok Chung Kwan, Stephen
(Independent non-executive director)
Mr. Xu Guojun (Independent non-executive director)
Mr. Sun Minggao (Independent non-executive director)
Mr. He Duanshi
(Predecessor director, retired on 9 June 2006)
Mr. Liu Congde
(Predecessor director, retired on 9 June 2006)

Brief Introduction of the Board members are set out in the “DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF”.

During the year, the Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 to the Listing Rules. Following specific enquiry made with the Directors, the Company has confirmed that each Director and Supervisor has complied with the required standard set out in the Model Code regarding securities transactions by directors.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

董事會 (續)

The Board of Directors (continued)

(2) 在本年度內，本公司董事會共召開六次董事會會議，各董事出席上述董事會情況如下：

(2) During the year, the Board convened nine Board meetings. The details of Directors' attendance at the six Board meetings are set out below:

董事姓名 Name	應參加次數 The number of participants	親自出席 Personally	委託出席 Commissioned to attend	缺席 Abesnt	備註 Remarks
郭 琴 Ms. Guo Qin	6	6	0	0	
劉振文 Mr. Liu Zhenwen	4	4	0	0	
任福龍 Mr. Ren Fulong	4	4	0	0	
趙松國 Mr. Zhao Songguo	6	6	0	0	
馬永 Mr. Ma Yong	6	6	0	0	
戴慶駿 Mr. Dai Qingjun	6	5	1	0	
莫仲堃 Mr. Mok Chung Kwan, Stephen	6	5	1	0	
徐國君 Mr. Xu Guojun	6	5	0	1	因出國缺席 Absent because of abroad
孫明高 Mr. Sun Minggao	6	5	1	0	
賀端湜 Mr. He Duanshi	2	2	0	0	
劉從德 Mr. Liu Congde	2	1	1	0	

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

董事會 (續)

(3) 董事會運作

董事會的職責是為本公司股東創造價值，確定本公司策略、目標及計劃、領導員工確保達成預定目標。董事會成員本著誠實勤勉原則，遵守法律、法規、本公司《公司章程》及有關規定，為本公司及股東利益最大化努力工作。在各項內部控制及制衡機制下，董事會與公司經理層的職責均有明確規定。

董事會的角色已經清楚界定，負責指導和領導公司事務，制定策略方向及訂立目標和業務發展計劃。本公司管理層負責執行董事會決定的策略、目標和計劃。董事會已經根據中國有關法律法規及境內外上市地《上市規則》，分別制訂了《董事會工作條例》、《總經理工作條例》，進一步明確董事會職責許可權，規範董事會內部工作程序，充份發揮董事會經營決策中心作用；進一步細化了總經理產生及職權、總經理工作機構及工作程序以及總經理職責等。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (continued)

The Board of Directors (continued)

(3) Operation of Board

The duties of the Board are to create values for shareholders of the Company, to confirm the strategies, targets and planning of the Company, and to supervise staff to ensure that the planned targets can be met. The members of the Board work in accordance with principles of honesty and diligence and comply with all relevant laws, regulations, the Articles of Association of the Company and relevant requirements to maximize the shareholders' interests. With various measures of internal controls and mechanism for checks and balance, the duties of the Board and the management of the Company are clearly prescribed.

The Board's role is clearly defined as directing and supervising the affairs of the Company, establishing its strategic direction and setting objectives and business development plans. The management of the Company is responsible for the implementation of the strategies, and achieving the objectives and carrying out the plans determined by the Board. The Board had formulated the Rules for the Operation of the Board and the Rules for the General Manager according to the relevant PRC laws and regulations and the listing rules of stock exchanges both in the PRC and overseas, in which the duties and powers of the Board were further defined and the internal operation procedures of the Board were standardized. Therefore, the Board can fully perform its function as the decision-maker of the Company. Further, the procedures for the appointment of the General Manger were laid down. The power, the scope of work, the working procedures and the responsibilities of the General Manager were specifically defined.



(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

董事長及總經理

董事長負責領導董事會，確保董事會的行為符合本公司最大的利益，並確保董事會有效運作，履行其職責，同時負責考慮其他董事提呈的任何事項，以載入董事會會議議程。

總經理負責公司的日常業務管理及業務表現。

獨立非執行董事任期

第五屆董事會獨立非執行董事任期由二零零五年十二月二十二日起，為期三年。

薪酬與考核委員會

本公司設立了薪酬與考核委員會（「薪酬委員會」），為董事會設立的專門工作機構，對董事會負責。其目前成員包括戴慶駿、郭琴、劉振文、徐國君及孫明高，其中戴慶駿為薪酬與考核委員會主席。

本公司已經制定《董事會薪酬與考核委員會工作細則》。薪酬委員會負責制定公司董事及高級管理人員的薪酬，釐定董事及高級管理人員的考核標準，就彼等年內的表現進行考核，以及批准彼等的服務合約、薪酬方案，並提交董事會批准。薪酬委員會的職權範圍可按要求提供查閱。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Chairman and General Manager

The Chairman is responsible for providing leadership to the Board and to ensure that the Board acts in the best interests of the Company. The Chairman ensures that the Board effectively functions and discharges its responsibilities. The Chairman is also responsible for approving the agenda for each Board meeting taking into account any matters proposed by other Directors for the inclusion in the agenda.

The General Manager is responsible for the day-to-day management and the business performance of the Company.

Term of independent non-executive directors

The independent non-executive directors of the fifth Board were appointed for a term of 3 years commencing from 22 December 2005.

Remuneration and Examination Committee

The Company has established a Remuneration and Examination Committee (the “Remuneration Committee”), which is a special committee responsible to the Board. The Remuneration Committee comprises of Mr. Dai Qingjun, Ms. Guo Qin, Mr. Liu Zhenwen, Mr. Xu Guojun and Mr. Sun Minggao. The Remuneration Committee is chaired by Mr. Dai Qingjun.

The Company has formulated the “Rules for Operation of the Remuneration and Examination Committee”. The Remuneration Committee is responsible for formulating the remuneration policy of Directors and Senior Officers of the Company, determining the standard of examination of Directors and Senior Officers, assessing the performance of Directors and Senior Officers during the year and approving the terms of their service contracts and remuneration packages and submitting the same to the Board for approval. The terms of reference of the Remuneration Committee are available upon request.

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

薪酬與考核委員會 (續)

截至二零零六年度內薪酬委員會召開一次會議。審議通過了《關於二零零六年度董事、監事酬金的議案》及《關於二零零六年度高級管理人員酬金的議案》，並建議提交董事會審議。

本公司董事、監事及高級管理人員的薪酬根據國家政策，本公司經濟效益情況和個人工作業績，並參考社會報酬水平釐定。

提名委員會

本公司設立了提名委員會，為董事會設立的專門工作機構，對董事會負責，其目前成員包括戴慶駿、郭琴、任福龍、徐國君及孫明高，其中戴慶駿為提名委員會主席。

提名委員會職責如下：

- (a) 制定提名董事或高級管理人員的政策及選擇標準；
- (b) 對出任董事和高級管理人員的人選進行初步選擇，並向董事會作出建議；
- (c) 定期檢查董事會結構、規模和成員（包括技能、知識和經驗），並就任何建議作出的變動向董事會作出建議；

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (continued)

Remuneration and Examination Committee (continued)

During the year ended 31 December 2006, the Remuneration Committee convened one meeting for the purpose of passing the "Proposal of 2006 Annual Remuneration of Directors and Supervisors" and the "Proposal of 2006 Annual Remuneration of Senior Officers", which were submitted to the Board for approval.

The remuneration of Directors, Supervisors and Senior Officers of the Company is determined with reference to State policies, the Company's profit realized in the corresponding period, individual achievement and the average income of local residents.

Nomination Committee

The Company has established a Nomination Committee, which is a special committee responsible to the Board. The Nomination Committee comprises of Mr. Dai Qingjun, Ms. Guo Qin, Mr. Ren Fulong, Mr. Xu Guojun and Mr. Sun Minggao. The Nomination Committee is chaired by Mr. Dai Qingjun.

The Nomination Committee is responsible for the following:

- (a) formulating the policy for the nomination of Directors or Senior Officers and the standard for selection of such individuals;
- (b) preliminary selection of Director and Senior Officer and submission of nomination proposals to the Board;
- (c) reviewing the structure, size and composition (including the skills, knowledge and experience of the members) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;



(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

提名委員會 (續)

- (d) 評核獨立非執行董事的獨立性；
- (e) 就有關委任或重選董事或高級管理人員事宜向董事會作出建議。

提名委員會的職責範圍可以按照要求提供查閱。

截至二零零六年十二月三十一日止年度內提名委員會召開一次會議。提名劉振文先生、任福龍先生分別為本公司非獨立董事候選人，提名任福龍先生為本公司總經理，提名傅恒謙先生為本公司副總經理，並建議提交董事會審議。

核數師酬金

二零零六年六月九日召開的二零零五年度周年股東大會上，信永中和(香港)會計師事務所有限公司被聘任為本公司境外審計師，續聘信永中和會計師事務所為中國審計師。

二零零六年度報告審計支付會計師事務所的報酬為：

	2006年度	2005年度
信永中和(香港)會計師事務所有限公司 SHINEWING (HK) CPA Limited	USD75,000	USD75,000
信永中和會計師事務所 ShineWing	USD45,000	USD45,000

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Nomination Committee (continued)

- (d) assessing the independence of independent non-executive directors; and
- (e) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors or Senior Officers.

The terms of reference of the Nomination Committee are made available upon request.

During the year ended 31 December 2006, the Nomination Committee convened one meeting for the purpose of nominate Mr. Liu Zhenwen and Mr. Ren Fulong as non-independent director candidates, nominate Mr. Ren Fulong as the general manager of the Company, nominate Mr. Fu Hengqian as deputy general manager of the Company, which were submitted to the Board for approval.

Auditors' remuneration

SHINEWING (HK) CPA Limited was appointed as the International Auditor and ShineWing was re-appointed as the Domestic Auditor in the 2005 annual general meeting was held on 9 June 2006.

In 2006, the auditors' remuneration was as follows:

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

審核委員會

本公司已經根據上市規則3.21條設立了審核委員會(「審核委員會」)，其目前成員包括四名獨立非執行董事(即戴慶駿、徐國君、莫仲堃及孫明高)。審核委員會主席為徐國君。

本公司董事會參照香港會計師公會印製的《成立審核委員會指引》，制定了《審核委員會職責範圍》，其中包括審核委員會的職權和責任。

審核委員會則負責監管本公司財務報告的公正性。除審閱本公司的財務資料和報表外，還負責與外部核數師聯繫、管理本公司的財務匯報制度、內部監控和風險管理程序等。審核委員會的職權範圍可按要求提供查閱。

審核委員會已經與管理層審閱本集團所採納的會計原則、會計準則及方法，並探討審計、內部監控及財務匯報事宜，本年度審核委員會召開四次會議，包括審閱二零零五年度經審計帳目、二零零六年度未經審計帳目、半年度未經審計帳目。二零零七年三月二十二日召開會議，審閱二零零六年度經審計帳目及業績公告。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (continued)

Audit Committee

Pursuant to Rule 3.21 of the Listing Rules, the Company has set up an Audit Committee (the "Audit Committee") comprising of four independent non-executive directors, namely Mr. Dai Qingjun, Mr. Xu Guojun, Mr. Mok Chung Kwan, Stephen and Mr. Sun Minggao. The chairman of the Audit Committee is Mr. Xu Guojun.

By reference to "A Guide for the Formation of An Audit Committee" published by the Hong Kong Society of Accountants, the Board has set out terms of reference of the Audit committee, which define the authority and duties of the Audit Committee.

The Audit Committee has to make sure that financial report of the Company reflects a fair view of the Company. In addition to reviewing the financial information and statements of the Company, the Audit Committee is also responsible for liaising with the Company's external auditor and overseeing the Company's financial reporting system, internal control system and risk management procedures. A copy of the terms of reference of the Audit Committee is available upon request.

The Audit Committee has together with the management reviewed the accounting principles, practices and methods adopted by the Group and discussed the auditing, internal controls and financing reporting of the Company. The Audit Committee has convened 4 meetings to review the audited financial statements for 2005, the audited quarterly financial statements for 2006 and the unaudited interim statements. On 22 March 2007, a meeting was convened to review the audited financial statements and results announcement for 2006.



(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

投資者關係

本公司積極認真做好信息披露和投資者關係工作，並專門委任一名人士為投資者關係管理代表，本公司堅守真實、準確、完整、及時信息披露原則，通過編制業績報告、公佈公告、公司網頁、接待投資者分析員、回答問詢等方式和途徑，加強與投資者溝通聯繫，提高公司透明度。

董事、監事及高級管理人員在股份中的權益

就公司之董事、高級管理人員及監事所知悉，本公司董事、監事及其他高級管理人員持有根據《證券及期貨條例》第352條規定而記錄於本公司保存的登記冊的股份權益或淡倉，或根據上市規則附錄十中的「上市公司董事進行證券交易的標準規則」須知會本公司及香港聯交所的權益或淡倉見「董事、監事、高級管理人員和員工情況」之董事、監事及高級管理人員持有本公司股份情況。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Investors Relation

The Company actively and earnestly carried out the work in respect of the disclosure of information and investors relations and nominated an individual to deal with investors relations of the Company. Meanwhile, the Company strictly complied with the principles of truthfulness, accuracy, completeness and timeliness in the disclosure of information. The Company also enhanced the communication with investors and made efforts in the improvement of the transparency of the Company by way of performance reporting, publishing announcements, launching company's website, meeting investors and analysts and answering to inquiries of investors, etc..

Directors', Supervisors' and Senior Officers' Interests in Shares

So far as the Directors, the Senior Officers and the Supervisors of the Company are aware, the interests or short position in shares of the Directors, the Supervisors and the Senior Officers according to the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules are stated in the above subsection headed "Directors' and Supervisors' and Senior Officers' Interests in Shares of the Company" under the section "DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF".

(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

內部監控

董事會負責本公司內部監控體系，檢查其效果，並促使經理層建立、完善穩健有效的內部監控。公司的內部監控由監事會定期進行評估。

董事會確認已檢查本公司及其附屬公司內部監控體系，認為有關制度較為合理、充分及有效。檢查範圍包括財務、運作及程序、風險管理等重大監控工作。

主要股東在股份中的權益

除根據上文「股本變動及股東情況」所披露外，就公司董事、高級管理人員及監事所知悉，於二零零六年十二月三十一日，沒有其他董事、高級管理人員及監事以外的任何人士於本公司股份或相關股份(視情況而定)中擁有根據《證券及期貨條例》第XV部第2和第3分部之規定須向本公司及香港聯交所披露的權益或淡倉，或根據《證券及期貨條例》第336條規定記錄於本公司保存的登記冊的權益或淡倉。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (continued)

Internal Controls

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board requires management to establish and maintain sound and effective internal controls. Evaluation of the Company's internal controls is independently conducted by the Supervisory Committee on an on-going basis.

The Board confirms that it has reviewed the effectiveness of the internal control system of the Company and its subsidiaries and that they consider such system to be reasonably effective and adequate. The review covered all material controls, including financial, operational and compliance controls and risk management functions.

Substantial Shareholders' Interests in Shares

Substantial Shareholders' Interests in Shares Save as disclosed above in "Changes in Share Capital and Shareholder" and so far as the Directors, the Senior Officers and the Supervisors of the Company are aware, as at 31 December 2006, no other person (other than a Director, Senior Officer or Supervisor of the Company) had an interest or short position in the Company's shares or underlying shares (as the case may be) which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



(二) 根據香港聯合交易所有限公司公佈的證券上市規則披露 (續)

董事、監事及高級管理人員的股份及淡倉權益

除「董事、監事、高級管理人員和員工情況」一節項下之董事、監事及高級管理人員持有本公司股份情況所披露外，就公司董事、高級管理人員及監事所知悉，於二零零六年十二月三十一日，沒有本公司董事、高級管理人員及監事在本公司及其 / 或任何相聯法團(定義見《證券及期貨條例》第XV部)的股份、相關股份及/或債券(視情況而定)中擁有任何需根據《證券及期貨條例》第XV部第7和第8部份需知會本公司及香港聯交所披露的權益或淡倉(包括根據《證券及期貨條例》該些章節的規定或當作這些董事、高級管理人員及監事擁有的權益或淡倉)，或根據《證券及期貨條例》第352條規定而記錄於本公司保存的登記冊的權益或淡倉，或根據上市規則附錄十中的「上市公司董事進行證券交易的標準規則」須知會本公司及香港聯交所的權益或淡倉。

2. Information disclosed under the requirement of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.(continued)

Directors', Supervisors' and Senior Officers' Interest and Short Positions

Save as disclosed in "Directors' and Supervisors' and Senior Officers' Interests in Shares of the Company" under the section headed "DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND STAFF", so far as the Directors, the Senior Officers and the Supervisors of the Company are aware, as at 31 December 2006, none of the Directors, the Senior Officers or the Supervisors of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")) which was required to be notified to the Company and The SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, Senior Officer or Supervisor is taken or deemed to have under such provisions of the SFO) of which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.