

從北極到南極，沒有突破不了的禁區





Corporate Governance

The Company is deeply aware of the significance and purpose of corporate governance to our shareholders, and we are dedicated to pursuing sound corporate governance. The Company is convinced that every step to improve our corporate governance will help in enhancing our core competitiveness, our results and shareholders' value.

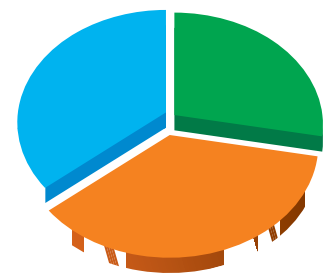
In order to achieve a world-class corporate governance structure and mechanism, in 2006, the Company continued with its efforts to push forward and improve the "Corporate Governance Consultancy Project" launched in 2005. While we continued to maintain our good board structure, called "hardware", such as the separation of the positions of Chairman and Chief Executive Officer, we further improved our "software", such as the establishment of a reasonable mechanism, a comprehensive system and a clear workflow. At present, the first stage and second stage of the project have been accomplished. On the basis of clarifying the key points of our corporate governance, the restructuring of the board of directors and committees of the board has been in effect with their responsibilities redefined. We have established the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee as required by "Code on Corporate Governance Practices". In addition, the Strategy Committee and the Supervision Committee were set up in order to effectively fulfill the responsibilities of the Board. Further, a host of regulatory documents including the guidelines of meeting for the board and its committees, guidelines for the directors and the code of ethics for directors have been elaborated for the purpose of clarifying the responsibilities of directors as required by the principles of the "Code on Corporate Governance Practices". Upon the implementation of the project, the responsibilities of both the Board and the management have been more clearly defined, with the rules for the procedures of meeting and decision-making more transparent. The assessment of performance of the Board, the directors and the management has now been standardized by procedures, thereby greatly enhancing the standards of corporate governance.

For the third stage of the project in 2007, the Company will continue to advance the governance reforms, make adjustments to the governance structure, consolidate and improve the high-quality personnel management, increase strategy formulation and implementation efforts, improve the assessment of the performance of the Board, the directors and the management, and strive to build up world-class corporate governance.

Throughout 2006, the Company has fully complied with the relevant provisions set out in "Code on Corporate Governance Practices", Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

The Board

The Company has been adhering to the principle that non-executive directors shall be the majority in the Board to ensure the independence of decision-making of the Board and alignment with best interests of shareholders. The Board comprises of fourteen Directors, including five independent non-executive Directors, four non-executive Directors and five executive Directors. Members of the Board are professionals from the telecommunications, finance, property development and consultancy industries and economists. By virtue of their wealth of experience in their own fields and thorough understanding of our technological operations, in 2006, directors contributed greatly to the formulation of our strategies and enhancement of corporate governance.



- Four non-executive Directors 28%
- Five executive Directors 36%
- Five independent non-executive Directors 36%

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The responsibility of the Board is to lead and supervise the Company in the conduct of its affairs and protect interests of shareholders and the Company as a whole. It exercises its powers pursuant to our articles of association, the relevant laws and regulations and regulatory requirements; it is responsible for supervising and controlling the governance structure and rules, defining our overall development strategies and approving our annual strategic development plans, budgets and targets, capital expenditure and investment plans, supervising the effectiveness of our internal control system and regulatory compliance of our operations, formulating a management succession system and managing the performance of the management of the Company. The Board delegated day-to-day management of the Company's business and administration to the management.

The Board routinely meets four times each year and on other occasions when a special Board decision is required on an interim basis. All members of the Board have full and timely access to relevant information for meetings in advance. Proposed Board and Board committee meeting schedules for a fiscal year are agreed and determined at the preceding fiscal year's Board meetings. During this reporting period, the Board held eleven meetings. The attendance record of each member of the Board is set out below:

Directors	Attendance
Executive Directors	
Zhang Chunjiang (<i>Chairman</i>)	9/11
Zuo Xunsheng* (<i>Chief Executive Officer</i>)	7/7
Zhang Xiaotie	8/11
Miao Jianhua [^]	10/11
Jiang Weiping [#]	3/4
Non-executive Directors	
Tian Suning (<i>Vice Chairman</i>)	10/11
Li Liming ^{##}	11/11
Yan Yixun	11/11
José María Álvarez-Pallete [^]	11/11
Mauricio Sartorius ^{**}	0/0
Independent non-executive Directors	
John Lawson Thornton	10/11
Victor Cha Mou Zing	9/11
Qian Yingyi	11/11
Hou Ziqiang	11/11
Timpson Chung Shui Ming	11/11

* Appointed as a director with effect from May 17, 2006

** Appointed as a director with effect from December 19, 2006

[#] Resigned as a director on May 17, 2006

^{##} Resigned as a director on January 15, 2007; Mr. Li Fushen was appointed as an executive director with effect from January 15, 2007

[^] Mr. Zuo Xunsheng and Mr. Miao Jianhua attended one of the board meetings by their alternates and Mr. José María Álvarez-Pallete attended five of the board meetings by his alternate.



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During this reporting period, the Board at all time complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, and complied with the requirements that at least one of the independent non-executive Directors must have appropriate accounting or related financial management professional qualifications.

Details of the Chairman, Vice Chairman, Executive Directors, Non-executive Directors and Independent Non-executive Directors are set out on pages 16 to 20 of this annual report.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Zhang Chunjiang and Mr. Zuo Xunsheng* respectively. The separation of functions ensures greater independence between the Board and the management. The Chairman is mainly responsible for chairing and managing the Board, as well as focusing on major strategic issues and corporate governance. The Chief Executive Officer is responsible for the operations of the Company and accountable to the Board. Our Chairman and Chief Executive

Officer have extensive and long standing experience in the telecommunications industry. The Company is confident that their expertise and experience will be beneficial for the enhancement of the Company's business performance.

* Mr. Zuo Xunsheng has been appointed as the Chief Executive Officer with effect from May 17, 2006 and Dr. Tian Suning resigned from the position on the same date.

Independent Non-executive Directors

In 2006, the Independent Non-executive Directors had gained a better understanding of the technology and operations of the Company through their participation in training, seminars and studies. They played active roles in the affairs of the Company through Board meetings, committee meetings and meetings of the independent board committee, and provided a lot of constructive comments and suggestions to the Company on corporate governance practice, strategic planning and internal control system optimization. In 2006, our management proposed the disposal of the Company's major telecommunications assets, liabilities and operations in Guangdong Province and Shanghai Municipality. Pursuant to the requirements of the Listing Rules, the Board of the Company established an independent board committee which comprised all independent non-executive Directors and chaired by Mr. Timpson Chung Shui Ming to provide independent advice on the fairness and reasonableness of the disposal transaction. The Independent Board Committee acted in the interests of minority shareholders, reviewed the qualifications and capability of the independent financial advisor and discussed in detail the fairness and reasonableness of the terms of disposal, in order to protect the legitimate rights and interests of minority shareholders. The Independent Board Committee held three meetings in total in 2006.

The attendance record of each Independent Board Committee member in 2006 is set out below:

Directors	Attendance
Timpson Chung Shui Ming	3/3
John Lawson Thornton	2/3
Victor Cha Mou Zing	3/3
Qian Yingyi	3/3
Hou Ziqiang	3/3



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To fully demonstrate the function of Independent Non-executive Directors and protect the interests of minority shareholders, the Board, in accordance with legal requirements and international best practices, arranges for the Independent Non-executive Directors to play a key role in reviewing all the connected transactions.

The Company has obtained the confirmation from all the Independent Non-executive Directors relating to their independence under the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent. There are no relations among the directors (including the Chairman and the Chief Executive Officer).

Non-executive directors

All Non-executive Directors are appointed for a term of not more than three years, and are subject to retirement by rotation and re-election by shareholders. Pursuant to the Articles of Association of the Company, one-third of the Directors, including both Executive and Non-executive Directors, are required to retire from office by rotation at the annual general meeting each year. A retiring Director is eligible for re-election. Any Director who is appointed by the Board will hold office until the next following annual general meeting and will be eligible for re-election.

Board Committees

In 2006, according to the corporate improvement reform plan, the Board optimized the structure of the board committees. Prior to June 28, 2006, the Board established four committees, namely, the Audit Committee, Compensation and Nomination Committee, Corporate Governance Committee and the Strategic Planning Committee. On June 28, 2006, the Board approved for the establishment of the Supervision Committee and re-named the original committees with the re-assignment of duties. At present, there are five committees, namely the Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee, Strategy Committee and Supervision Committee. Among the adjustments, in May 2006, the Audit Committee amended the "Terms of Reference of the Audit Committee", but there has not been any significant change in the composition and duties of the Audit Committee; duties of the original Compensation and Nomination Committee in respect of nomination was merged with those of the Corporate Governance Committee, and the Compensation and Nomination Committee was re-named Compensation Committee, whereas the Corporate Governance Committee was re-named Nominating and Corporate Governance Committee and its composition was adjusted in line with the adjustment of its duties; the original Strategic Planning Committee was renamed the Strategy Committee, but there has not been any significant change in its duties, while members of the committee were suitably adjusted. Adjustments to the duties and

composition of these committees were merely the natural course to rationalize the duties of these committees for their members to make full use of their knowledge and experience, hence enhancing the standard of corporate governance.

Audit Committee

To guarantee the objectiveness, fairness and independence of the Audit Committee, the Audit Committee comprises four Independent Non-executive Directors, chaired by Mr. Timpson Chung Shui Ming. Other members of the committee include Mr. Victor Cha Mou Zing, Dr. Qian Yingyi and Mr. Hou Ziqiang. The primary responsibilities of the Audit Committee include supervising and managing our financial reporting system, reviewing the auditors' appointment, and supervising the work of the internal audit department as well as guiding and supervising our internal control system.

As an experienced member of the HKICPA and of the ACCA, Mr. Chung has extensive professional experience. His active participation has helped to improve the internal control system and the financial reporting system of the Company. Led by Mr. Chung, not only has the Audit Committee performed its responsibilities for supervising corporate auditing, but also played an important role in optimizing the internal control system. The Audit Committee leads the implementation of the Company's internal control projects, reviews regular phasal result reports submitted by the internal control project team, and supervises solutions to internal control problems identified and has established an effective channel of complaints and reports.

In 2006, the Audit Committee held seven meetings and discharged its responsibilities set out in the related regulations, including reviewing the financial statements, annual results and accounts, half-yearly reports as well as major comments concerning financial reporting in the financial statements and reports; reviewing the appointment and reappointment of external auditor and making suggestions to the board; reviewing and pre-approving the annual engagement letter for the external auditor covering the defined service fees, all audit services and non-audit services permitted under the Sarbanes-Oxley Act and under rules and regulations published by U.S. Securities and Exchange Commission as well as relations between the Company and such external auditor. Besides, the Committee also reviewed and discussed with the external auditor on the annual audit plan (including the timeline and scope of audit activities), supervised the annual progress and results of the plan, reviewed the progress of internal control project undertaken by the management in response to the requirements under the Sarbanes-Oxley Act 404, gave guidance to the internal audit department in its revision of "Internal Audit Rules of China Netcom", heard reports from the internal audit department on a regular basis and reviewed major connected transactions which do not require to be reviewed by the Independent Board Committee as prescribed by the Listing Rules.



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The attendance record of each member of the Audit Committee in 2006 is set out below:

Directors	Attendance
Timpson Chung Shui Ming	7/7
Victor Cha Mou Zing	7/7
Qian Yingyi	7/7
Hou Ziqiang	7/7

The Board acknowledges the responsibilities for preparing the accounts. A statement of the auditors about their reporting responsibilities is set out in the auditors' report on the financial statements on page 75 of this annual report.

During the reporting period for the year ended December 31, 2006, the fees paid/payable to the external auditors in respect of audit and non-audit services provided by such auditors to the Company are set out as follows:

Nature of services	Amount (RMB)
Audit services	61,000,000
Audit related services	30,960,202
Non-audit services	
(i) Taxation services & Transfer pricing reports	1,181,947
(ii) Other services	556,150

Compensation Committee

On June 28, 2006, the Compensation and Nomination Committee was re-structured and re-named as the Compensation Committee. The powers and functions of the original committee to nominate directors and senior management were merged with those of the Corporate Governance Committee, and the Corporate Governance Committee was re-named as the Nominating and Corporate Governance Committee.

The primary duties of the Committee include making recommendations to the Board in respect of the overall compensation policies and structure of the directors and senior management of the Company and the establishment of formal and transparent procedures for the formulation of these policies; determining the specific compensation package of the senior management on behalf of the Board and making recommendations to the Board in respect of the compensation of the non-executive directors; reviewing and supervising the share option scheme and option allocation plan of the Company; and assessing the performance of the directors as well as the senior management.

The Compensation Committee of the Board is chaired by Dr. Qian Yingyi; other members include Mr. Zhang Xiaotie, Mr. Li Fushen, Mr. John Lawson Thornton and Mr. Timpson Chung Shui Ming. Ms Li Liming resigned as a director and member of the Compensation Committee on January 15, 2007.

In 2006, the Compensation Committee (including the Compensation and Nomination Committee) held seven meetings, of which four meetings were to discuss remuneration related matters. Its work includes the consideration and approval of the proposal on the revision of director's fees and the compensations for various committee members, the compensation proposal for executive directors and the senior management and supplemental agreements to their service agreements, the revision proposal for the share option scheme for the middle-to-senior management, and other documents relating to the Company's systems such as the "Measures Governing Directors' Performance Evaluation", "Interim Measures for the Performance Evaluation of Senior Management Personnel", which were submitted to the Board for consideration and approval. The Committee also organizes and implements performance evaluation of directors.



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The attendance record of each member of the Compensation Committee (including the Compensation and Nomination Committee) in 2006 is set out below:

Directors	Attendance
Zhang Chunjiang [^] (<i>Chairman</i>)	4/5
Qian Yingyi [*]	3/3
Zuo Xunsheng ^{**}	1/1
Zhang Xiaotie ^{***}	2/2
Jiang Weiping [#]	4/4
Li Liming ^{##}	2/2
John Lawson Thornton ^{****}	4/7
Victor Cha Mou Zing ^{###}	3/5
Hou Ziqiang ^{###}	5/5
Timpson Chung Shui Ming ^{***}	2/2

[^] Resigned as the chairman of the committee with effect from May 16, 2006 and continued to act as a member; ceased to be a member of the committee with effect from June 28, 2006

^{*} Joined the committee with effect from May 16, 2006 and acted as the chairman

^{**} Appointed as a member from May 17, 2006 to June 28, 2006

^{***} Joined the committee with effect from June 28, 2006

[#] Resigned as a director with effect from May 17, 2006 and ceased to be a member of the committee

^{##} Joined the committee with effect from June 28, 2006, resigned as a director on January 15, 2007 and ceased to be a member of the committee

^{###} Ceased to be a member of the committee with effect from June 28, 2006

^{****} Due to telephone network problems, Mr. John Lawson Thornton was unable to participate in one of the committee meetings

for new appointments of directors, the committee primarily considers whether the candidates have the necessary professional expertise and experience to help the Board to perform its duties in a better way and to promote the development of the Company. The independence of independent non-executive directors is examined by the committee.

The committee is chaired by Mr. John Lawson Thornton, an independent non-executive Director. Other members include: Mr. Zhang Chunjiang, Mr. Zuo Xunsheng, Dr. Qian Yingyi and Mr. Victor Cha Mou Zing.

Nominating and Corporate Governance Committee

On June 28, 2006, the relevant powers and functions of the Corporate Governance Committee merged with those of the original Compensation and Nomination Committee with regard to the nomination of directors and senior management, and the committee was re-named as the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee is dedicated to the realization of a sound composition with industry experience and professional capability within the Board. The primary duties of the committee include the nomination of directors and senior management, supervising the implementation of corporate governance system and the operation efficiency of the Board and making recommendations to the Board with regard to the optimization of the corporate governance structure. In accordance with the Guidelines for Directors of the Company, the Nominating and Corporate Governance Committee is responsible for formulating the criteria for selecting directors, working out Directors' succession plan, suggesting candidates of Directors, and submitting the related proposals to the Board and/or shareholders' meeting for review and approval. For the nomination of candidates

The Nominating and Corporate Governance Committee is committed to the continued optimization of the composition of the Board and the management and the continuous improvement of the corporate governance system of the Company. Its role is significant to the enhancement and improvement of the structure of corporate governance. In 2006, the Nominating and Corporate Governance Committee (including the Corporate Governance Committee) held five meetings. Its work included the consideration of the proposal on the improvement of the corporate governance project and documents relating to the systems of the Company such as "Terms of Reference of the Nominating and Corporate Governance Committee", "Procedural Rules for the Board of Directors and Board Committees", "Guidelines for Directors", "Guidelines for the Board of Directors", "Implementation Rules for Succession Planning of Senior Management" and its revised version, "Job Description of the Senior Management", "Interim Measures on the Joint Meeting between the Board of Directors and Chairmen of Staff Unions", "Interim Measures Governing the Attendance of Staff Representatives at Meetings of the Board of Directors and Board Committees" and "Evaluation Criteria for the Board and Board Committees for 2006", as well as the nominations of the vice presidents, chief technical officer, directors and alternate director(s) and changes of joint company secretaries, which were submitted to the Board for consideration and approval.



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The attendance record of each member of the Nominating and Corporate Governance Committee (including the Corporate Governance Committee) in 2006 is set out below:

Directors	Attendance
John Lawson Thornton	5/5
Zhang Chunjiang*	1/3
Tian Suning [#]	0/2
Zuo Xunsheng*	3/3
Victor Cha Mou Zing*	3/3
Qian Yingyi	5/5
Miao Jianhua [#]	2/2
Timpson Chung Shui Ming [#]	2/2

* Joined the committee with effect from June 28, 2006

[#] Ceased to be a member with effect from June 28, 2006

The committee is chaired by Mr. Zhang Chunjiang. Other members include: Dr. Tian Suning, Mr. Zuo Xunsheng, Mr. Li Fushen, Mr. José María Álvarez-Pallete, Dr. Qian Yingyi and Mr. Hou Ziqiang. Ms Li Liming resigned as a director and member of the Strategy Committee on January 15, 2007.

Strategy Committee

On June 28, 2006, the original powers and functions of the Strategic Planning Committee were suitably adjusted and the committee was re-named as the Strategy Committee.

The Strategy Committee is primarily responsible for reviewing the medium to long-term strategies, annual operation plans and budgets and significant investment plans of the Company. It also reviews and monitors the procedures and system for the risk management of the Company and supervises the implementation of our development strategies.

In 2006, the Strategy Committee (including the Strategic Planning Committee) held four meetings to discuss and review the proposal to amend its terms of reference, the business plan and budget for 2007. It also discussed the implementation of the Company's strategies and risk management as well as the Company's medium to long-term strategies and adjustment to the strategy for the southern region, which were submitted to the Board for consideration and approval.

The attendance record of each member of the Strategy Committee (including the Strategic Planning Committee) in 2006 is set out below:

Directors	Attendance
Zhang Chunjiang (Chairman)	3/4
Tian Suning*	0/3
Zuo Xunsheng**	4/4
Li Liming	3/4
José María Álvarez-Pallete	3/4
Qian Yingyi	3/4
Hou Ziqiang	4/4
Zhang Xiaotie [#]	1/1
Jiang Weiping ^{##}	0/0

* Joined the committee with effect from June 28, 2006

** Joined the committee with effect from May 17, 2006

[#] Ceased to be member of the committee with effect from June 28, 2006

^{##} Resigned as a director with effect from May 17, 2006 and ceased to be a member of the committee



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Supervision Committee

The Supervision Committee is primarily responsible for identifying any disciplinary breach, violation of regulations and corrupt acts of the middle-to-senior management by establishing and improving the supervisory system and workflow and opening up channels for reporting such behaviors in accordance with the Listing Rules and regulatory requirements. It urges the directors and the middle-to-senior management as well as other staff to abide by the rules and be conscious of self-discipline and faithfully discharge their duties.

The committee is chaired by Mr. Miao Jianhua. Other members include Mr. Zhang Xiaotie, Mr. Timpson Chung Shui Ming, Mr. Victor Cha Mou Zing and Mr. Hou Ziqiang.

In 2006, the Supervision Committee held two meetings and considered “the Terms of Reference of the Supervision Committee”, “the Code of Ethics for Directors”, “the Code of Ethics for Middle-to-Senior Management” and “the Measures Governing the Receipt and Treatment of Allegations and Complaints of the Supervision Committee”, which were submitted to the Board for consideration and approval.

The attendance record of each member of the Supervision Committee in 2006 is set out below:

Directors	Attendance
Miao Jianhua	2/2
Zhang Xiaotie	2/2
Timpson Chung Shui Ming	2/2
Victor Cha Mou Zing	2/2
Hou Ziqiang	2/2

Share Transactions of Directors

In respect of the requirements for directors’ share transactions, the Board has adopted the provisions of the Model Code under Appendix 10 to the Listing Rules for the share transactions of Directors and has required directors to comply with these provisions. The Company has received the confirmation from the Directors that during the reporting period, all the Directors have complied with these requirements. Also, in 2006, the Board came up with the Code of Ethics for Directors and put forward compliance requirements for the directors’ share transactions.

Comparison between corporate governance requirements of the New York Stock Exchange and the Hong Kong Listing Rules

According to the Corporate Governance Standards set out in Section 303A of New York Stock Exchange (NYSE) Listing Company Manual, foreign issuers listed in NYSE (including China Netcom Group Corporation (Hong Kong) Limited) are required to disclose major differences in requirements of corporate governance between its place of incorporation and that of NYSE applicable to local US issuers. A summary of such difference is available on the website of the Company at http://www.china-netcom.com/English/inv/Corporate_Governance_Differences.htm

Internal Controls

The Board is responsible for the internal control system of the Company and has the responsibility for reviewing its effectiveness. In 2006, the Board conducted a review of the effectiveness of the internal control system of the Company.

The Company began to improve its internal control system on a Company-wide basis in October 2004. The Company’s internal control system was established based on the current requirements of the Company after the Company had fully reformed and reviewed the effectiveness of its internal control system relating to financial reporting. The internal control system was established with reference to the “Internal Control – Integrated Framework” issued in 1992 by the Committee of Sponsoring Organization of the Treadway Commission (“COSO”) and was closely based on the actual situation of the Company.

As a result of the above, the Board found no significant issues in its internal control system in 2006.



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Shareholder Communications

In 2006, we continued to commit our efforts in improving both the scope and quality of our information disclosure in order to enhance our operation transparency. In 2006, the Company began to disclose key operating information on a quarterly basis. In order to allow investors to have a better understanding of our operation and to be able to forecast our development trend more reasonably, in 2007, the Company plans to disclose the subscriber number of our primary businesses on a monthly basis. This initiative will greatly increase the transparency of our operations, so that investors can timely grasp the operation situation and the result of the implementation Company's strategies, which will minimize investment risks caused by information opacity.

In 2006, we continued to improve our communications with shareholders. Efforts had been made to improve the quality of our response to the questions received via our investors hotline and investors mail box, to increase the frequency and quality of meeting between our management and investors, to improve the user-friendliness of our investor relations website, to ensure the timely disclosure of important information on the Company's website and to actively take part in investor conferences held by major investment banks. In 2006, we participated in over 200 investor

conferences, interviewed nearly 250 investors. Our Chairman, Chief Executive Officer and Chief Financial Officer had participated in nearly 120 investor conferences.

General Meetings

The most recent general meeting was the two extraordinary general meetings held on February 14, 2007 in the Ballroom, Island Shangri-la, Hong Kong. The major items discussed at the meetings and the voting results are set out below:

- Approval of the assets transfer agreement regarding the disposal of the Company's assets, liabilities and operations in Guangdong Province and Shanghai Municipality and the transactions contemplated thereunder (99.9989%);
- Approval of the revision of director's fees commencing from the financial year of 2007 (99.999999%).

The above resolutions put to the shareholders were passed at the extraordinary general meetings. The results of the voting by poll were published on the Company's website, the website of the Hong Kong Stock Exchange and also by way of announcement in Hong Kong newspapers.

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The next general meeting will be the annual general meeting to be held on May 22, 2007.

Information relating to the details of shareholders, their shareholdings and the Company's public float status are set out in the Report of the Directors in the annual report.

There has been no change in the articles of association of the Company during 2006.

Performance of share price

Our ordinary shares are listed on The Stock Exchange of Hong Kong Limited, and our shares are also listed and traded in the form of depositary shares on the New York Stock Exchange.

The closing price of our ordinary shares on The Stock Exchange of Hong Kong Limited on the last trading day in 2006 was HK\$20.85 with a market capitalization of HK\$138.666 billion, an increase of 68.8% over the end of 2005. In 2006, the average daily trading

volume of our ordinary shares amounted to 10,023,041.67 shares, an increase of 13.8% over 2005.

The closing price of our ADR on the last trading day in 2006 was US\$53.52, an increase of 65.0% over 2005, and the average daily trading volume amounted to 63,541.67, an increase of 31.9% over 2005.

