

本公司致力達到最高的企業管治水平，重點為擁有一個有實力而盡職的董事會，並提高對股東的透明度。本公司已經採納優良的管治與披露常規，並不斷改良該等常規，建立高度操守的企業文化。

本公司於二零零六年度全年均遵守《香港聯合交易所有限公司證券上市規則》(以下簡稱「上市規則」)有關企業管治常規守則的規定。以下為本公司採納的企業管治常規。

董事會

董事會在主席領導下，負責批准及監察公司的整體策略和政策、批准年度預算和業務計劃、評估公司表現以及監督管理層的工作。

公司董事會由七位董事組成，包括主席、董事總經理、兩位執行董事、三位獨立非執行董事。按照上市規則的規定，董事須經董事會確定與公司並無任何直接或間接的重大關係，方會被視為具有獨立性。

董事會定期開會，並每年至少舉行兩次會議。董事會於二零零六年舉行了六次會議，並於二零零七年初舉行了三次會議，董事出席率為100%。

所有董事獲委任後須於股東週年大會上應選連任，並且每三年輪值告退一次。如有董事空缺，建議之董事人選會被提交予董事會審批，旨在委任具領導才能的人士為董事，以保留並提升本公司的競爭力。

We seek to achieve the highest standards in corporate governance, the cornerstone of which is to have an experienced and committed board, and to enhance transparency for shareholders. The Company has already adopted a well accepted disclosure system, and will keep improving such system, so as to nurture a corporate culture reaching high ethical standards.

Throughout the course of 2006, the Company complied with the requirements of the “Code on Corporate Governance Practices” of the Rules Governing the Listing of Securities on the SEHK (hereinafter called “Listing Rules”). The following is an outline of the corporate governance practices adopted by the Company.

Board of Directors

Under the stewardship of the chairman, the board of directors is charged with the responsibility of sanctioning and oversight of the overall Company strategic plans and policies, approving annual budget and business plans, evaluating Company performance, as well as supervising of the work of the Company’s management.

A total of seven directors serve on the board, including the chairman, managing director, two executive directors, and three non-executive directors. In accordance with the requirements contained in the Listing Rules, directors must be vetted by the board to have no direct or indirect relationships with the Company before deemed independent.

The board of directors shall meet in set intervals, and convene at least two annual meetings. Our board of directors had met six times in the course of 2006, and has already convened three meetings at the beginning of 2007, with 100% attendance.

Subsequent to the appointments, all directors must avail themselves for election in the general meeting of shareholders in order to be able to continue to serve their terms, and should stand down in rotation once every three years. In the event of vacancy in the board of directors, recommended candidate should be referred to the board of directors for approval, with a view to appointing the people possessing leadership abilities, in order to maintain and enhance the Company’s competitiveness.

於二零零五年一月，董事會採納《上市公司董事進行證券交易的標準守則》(以下簡稱「標準守則」)作為公司有關董事進行證券交易的紀律守則。二零零六年度內，公司董事均無證券交易行為。

主席與董事總經理

董事會主席與董事總經理分別由賀江川先生和趙惠芝女士擔任，為兩個明確劃分的不同職位。

主席負責領導與監管董事會的運作，有效地規劃董事會會議，確保董事會以符合公司最佳利益的方式行事。主席應積極鼓勵董事全面參與董事會的事務並對董事會的職能作出貢獻。為此，除定期之董事會會議外，主席與獨立非執行董事至少每年在沒有執行董事出席的情況下，舉行一次會議。在主席的領導下，公司董事會已採取良好的企業管治實務和程序，並採取適當步驟與股東保持有效溝通。

董事總經理負責管理公司的業務，以及制定與實施公司政策，並就公司整體營運向董事會負有責任。公司董事總經理跟其他執行董事與各核心業務部門的行政管理隊伍通力合作，確保董事會全面瞭解公司業務的資金需求，並提呈年度預算供董事會審批。公司董事總經理在公司財務負責人協助下，確保業務的資金需求得到充足供應，同時根據計劃與預算密切監察公司營運與財務業績，必要時採取補救措施，並

In January 2005, the board adopted the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter called “Model Code”) as the disciplinary rule governing securities dealings by company directors. During 2006, none of the directors of the Company had dealt in securities of the Company.

The Chairman and Managing Director

The positions of the chairman of the board and the managing director are held respectively by Mr. HE Jiang-Chuan and Ms. ZHAO Hui-Zhi. These positions have clearly defined separate responsibilities.

The chairman is responsible for leading and supervising the operations of the board of directors, effective planning of board meetings, ensuring the board of directors is acting in the best interests of the Company. The chairman shall proactively encourage directors to fully participate in business of the board of directors and to make contributions to the functioning of the board. To this end, the board of directors meets at set intervals while the chairman must meet at least once annually with the independent non-executive directors without the presence of the executive directors. Under the stewardship of the chairman, our board of directors has adopted well accepted practices and procedures in corporate governance, and has undertaken appropriate measures to maintain effective channels of communication with the shareholders.

The managing director is responsible for the administration of the company business, as well as to formulate and implement company policies, and answerable to the board of directors in relation to the Company’s overall operation. The managing director works in close association with the other executive directors and the administrative and managerial team of each core business department of the Company, ensuring the board of directors is made fully aware of the funding needs of the business operation of the Company and to submit an annual budget to the board of directors for approval. Assisted by the head of finance, the Company’s managing director ensures the funding needs of the business operation the Company are sufficiently met and at the same time, closely monitors the operation and financial standing of the Company according to the business plans and budget of the Company, and to take remedial measures as the circumstance requires, and

就重大發展與事情向董事會提供意見。公司董事總經理應與主席和所有董事保持溝通，確保他們充分瞭解公司所有重大的業務發展與事情，並負責建立與維持高效率的行政隊伍以支援其履行職責。

董事就財務報表所承擔的責任

董事有責任在會計部門的支援下，為公司每個財政年度編製財務報表，並確保在編製財務報表時貫徹應用適當的會計政策及遵守由香港會計師公會頒佈的會計準則，以真實及公平的報告本公司狀況。

審核委員會

審核委員會由三位獨立非執行董事組成，他們均具備瞭解財務報表所需的商業與財務技巧及經驗。委員會由孟焰先生擔任主席，其他成員為余勁松先生與符耀文先生。

審核委員會的職責範圍包括提議聘請或更換外部審計機構、監督公司內部審計制度及實施、審核公司的財務資訊及其披露、審查公司內控制度、負責內部審計與外部審計之間的溝通。(審核委員會的職權範圍登載於本公司網站)

審核委員會於二零零六年舉行了兩次會議，審閱公司二零零六年度中期業績報告及年度審計溝通。

to offer opinions to the board of directors on substantive matters relating to company development and business operations. The managing director is required to keep in close liaison with the chairman and other members of the board, ensuring that the latter are well briefed on all substantive matters relating to Company's development and business operations, and taking a leading role in building and maintaining a highly efficient administrative support team to help him or her to discharge the assigned duties in this position.

Accountability of Directors on Company Financial Statements

Company directors are charged with the responsibility to compile company financial statements in each financial year with supports from the accounting departments, and to ensure that the relevant accounting practices are observed and policies implemented and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants are complied with in the compilation of such financial statements and to report the financial standing of the Company in a factual and unbiased manner.

Audit Committee

The audit committee is made up of three independent non-executive directors with the necessary accounting skills and experience to understand and interpret financial statements. This committee is chaired by Mr. MENG Yan, the other members are Mr. YU Jing-Song and Mr. FU Yiu-Man, Peter.

The functions of the audit committee is to recommend appointment or replacement of independent external auditors, oversee and implement internal company auditing systems, verify company financial information disclosure, examine internal control systems of the Company, and to take charge and act as a conduit between internal and external auditing functions. (Please refer to details published in the Company's website for the functions of the audit committee)

The Company's audit committee held two meetings in 2006 to examine the interim report of 2006 and to coordinate the annual audit.

監事會

本公司監事會成員由三名監事組成，其中有股東代表出任的監事兩名及公司職工代表出任的監事一名。

於二零零六年，本公司監事會依法行使了監督權，保障了股東、公司和員工的合法權益，有關監事會的工作詳情刊載於年度報告之《監事會報告》。

薪酬委員會

薪酬委員會由三位獨立非執行董事組成。委員會由孟焰先生擔任主席，另兩位成員為余勁松先生與符耀文先生。

薪酬委員會的職責範圍包括研究董事與經理人員考核的標準，進行考核並提出建議，以及研究和審查董事、高級管理人員的薪酬政策與方案。（薪酬委員會的職權範圍登載於本公司網站）

戰略委員會

戰略委員會的主要職責是對公司長期發展戰略和重大投資決策進行研究並提出建議。公司戰略委員會由五名成員組成。

外聘核數師

公司的外聘核數師為羅兵咸永道會計師事務所及普華永道中天會計師事務所有限公司。該會計師事務所不會受聘從事非審計工作，以保持其獨立性。外聘核數師受聘從事的工作必須為本公司帶來明確的效益和增值作用，而且不會對其審計工作的獨立性或獨立形象構成負面影響。二零零六年度核數師酬金（包括A股發行上市審計服務）約為人民幣6,950,000元。

Supervisory Committee

The Supervisory Committee comprises three supervisors, with two supervisors representing the shareholders and one supervisor representing labour union representative.

During 2006, the Supervisory Committee of the Company exercised its monitoring authority according to the law, protecting the legal interests of the shareholders, the Company and the staff. For details of the Supervisory Committee's works, please refer to Report of the Supervisory Committee in this annual report.

Remuneration Committee

The remuneration committee comprises three independent non-executive directors, and is chaired by Mr. MENG Yan, with the other two members being Mr. YU Jing-Song and Mr. FU Yiu-Man, Peter.

The functions of the remuneration committee is to study the assessment standards for directors and managerial staff, and to carry out the assessment and to make recommendations, as well as studying and examining the remuneration schemes for directors and senior management personnel. (Please refer to the Company's website for details of the functions of the Remuneration Committee).

Strategic Committee

The principal function of the strategic committee is to carry out research into and make recommendations on the Company's long-term development strategies and major investment decisions. This committee comprises five members.

Appointment of External Auditors

The independent external auditors currently appointed by the Company are PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. In order to maintain its independence, this firm does not take up assignments other than assurance type engagements. The work the independent external auditors are engaged to perform must produce measurable returns and values added to the Company and should not cause adverse effects on the independence and independent standing of its audit function. For the year ended 31st December 2006 the amount of the external auditors' remuneration (including audit fee for issue of A shares) was approximately RMB6,950,000.

內部監控

公司設有審計部，對公司董事會負責，經公司董事會批准，負責組織實施公司及轄屬企業的常規審計、專項審計和經濟責任審計等工作，履行審計職責。

董事會全權負責監察公司旗下業務單位的運作。董事會委派適當人員加入所有經營重點業務的附屬公司與聯營公司的董事會，以出席其董事會會議來監察該等公司的運作。每項業務的管理層須為其業務運作與表現承擔問責。

公司財務負責人要為開支的批准與控制訂立指引與程序。營業支出均須根據整體預算作出監管，並由各個業務按與各行政人員及主任的職責輕重相稱的開支批核水平進行內部監控。資本性支出須按照年度預算審訂與批核程序進行全面監控，在經批核預算之內的重資本性支出，以及未列入預算案的開支，則須於投入之前由公司財務負責人或其他執行董事作出更具體的監管與批核。

二零零六年度，公司審計師普華永道中天會計師事務所結合公司實際情況，對公司的內部控制環節進行了相關測試，向公司提出了一些內部控制管理意見，公司採納這些意見和建議，並採取了相應的完善措施，今後，公司還將繼續進一步加強內部控制相關工作。

Internal Monitoring Control

The Company has established the audit department. The department reports to the board of directors, and is responsible for performing auditing duties including organising and implementing regular audits, specific audits and economic liability audits for the Company and its subsidiaries, subject to the approval by the Company's board of directors.

The board of directors has the ultimate responsibility in overseeing the operation of all business units under the company's management. The board of directors shall appoint suitably qualified personnel to serve on the board of all subsidiary and joint-stock/co-managed firms operating in key business areas, attending board meetings to oversee the operation of such firms. The management in each business area is accountable for the operation and performance of the business under its area of responsibility.

The head of finance is required to prepare guidelines and procedures for the approval and control of expenditure. All business expenditure must be monitored and controlled according to overall corporate budget, and internally controlled by business centres against the approval level appropriate to the level of responsibilities of the various administrative personnel and departmental heads. Capital expenditure must be subject to comprehensive monitoring and control in accordance with the annual budget preparation and allocation procedures, major items of capital expenditure within allocation approval limits as well as un-committed items must be subject to further detailed monitoring and examination by the head of finance or other executive directors before the projects can be initiated.

In 2006, with reference to the Company's actual situation, the Company's auditors PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. conducted relevant examinations on the Company's internal control aspect and offered the Company certain opinions on internal control management. The Company accepted such opinions and suggestions and adopted relevant enhancement measures. In the future, the Company will further strengthen its efforts on internal control.

投資者關係及股東權益

公司於中期與年度財務業績公佈後，主動為投資界人士安排定期簡報會，藉此促進投資者關係與雙向溝通。公司並透過投資者關係經理回應索取資訊的要求與投資界人士的查詢。

公司鼓勵股東出席股東週年大會。主席與董事均出席大會，以解答股東對有關公司業務的提問。公司網站並登載定期更新的公司財務與其他資料，以隨時供股東查閱。

回顧二零零六年度，根據上市規則新企業管治常規守則的規定，本公司已對自身的企業管治實務及有關的匯報方式做出了重大的修訂，並且還將根據不斷更新的規管變化、公司的發展趨勢，以及股東反饋的意見，繼續致力於提高公司管治水平，以確保公司的穩健發展及增加股東價值。

承董事會命

By Order of the Board

郭川

GUO Chuan

公司秘書

Company Secretary

中國·北京 二零零七年四月十八日

Beijing, the PRC, 18th April 2007

Investor Relations and Shareholder's Interest

After publication of the Company's interim and annual financial results, the Company has proactively arranged briefing sessions for people from the investment industry at regular intervals, using the opportunity to promote investor relations and two-way communication. Through the investor relations manager, the Company responds to information requests and inquiries by people from the investment industry.

The Company encourages shareholders to participate in shareholders' annual general meeting, in which the chairman and directors will be on hand to answer questions by shareholders on the business operations of the Company. The Company website also carries periodically updated financial and other data of the Company, which the shareholders can browse and look through.

Looking in retrospect at 2006, the Company has implemented significant changes to the practices of its corporate governance as well as the content and format of the relevant reports in accordance with stipulations contained in the Listing Rules with respect to conventions of corporate governance for enterprises, and will also continue to dedicate efforts into improving the standard of our corporate governance according to ongoing regulatory changes, company development trend, and feedback opinions from shareholders, ensuring stable and healthy growth for the Company while adding value for shareholders.

