

董事會報告

本公司董事會(「董事會」)欣然提呈本公司及其附屬公司(「本集團」)截至二零零六年十二月三十一日止年度之週年報告及經審核綜合財務報表。

主要業務

本集團從事生產及銷售五十鈴輕型商用車、多功能汽車、皮卡車、重型車、其他汽車和汽車零件及部件。有關本公司於二零零六年十二月三十一日附屬公司之詳情載於財務報表附註30。

分析資料

有關本集團業務及地區分析資料之詳情載於財務報表附註6。

業績及分配

有關本集團本年度內業績載於年報第39頁之綜合損益表。董事建議派發末期股息每股人民幣0.02元予於二零零七年五月二十二名列本公司股東名冊之股東。建議末期股息總額為人民幣49,645,000元。

公司可分配溢利

根據本公司組織章程規定，可分配之溢利金額應視為按適用於在中國成立公司的相關會計政策及財務規則(「中國公認會計原則」)計算之溢利與按香港財務報告準則計算之溢利兩者中之較低值。於二零零六年十二月三十一日，本公司可供分配溢利為根據中國會計準則及規例計算之保留溢利約人民幣1,102,019,000元(二零零五年：人民幣1,097,112,000元)。

DIRECTORS' REPORT

The board of directors of the Company (the "Board") have pleasure in presenting the annual report and audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2006.

PRINCIPAL ACTIVITIES

The Group is engaged in the production and sale of Isuzu light-duty trucks, multi-purposes vehicles, pick-up trucks, heavy-duty trucks, other vehicles and automobile parts and accessories. Details of the Company's subsidiaries as at 31st December, 2006 are set out in note 30 to the financial statements.

SEGMENTAL INFORMATION

Details of segmental information of the Group are set out in note 6 to the financial statements.

RESULTS AND APPROPRIATIONS

Details of the results of the Group during the year are set out in the consolidated income statement on page 39 of the annual report. The directors recommend the payment of a final dividend of RMB0.02 per share to the shareholders whose names appear on the register of shareholders on 22nd May, 2007. The proposed final dividends amount to a total of RMB49,645,000.

DISTRIBUTABLE RESERVES OF THE COMPANY

According to the Company's Articles of Association, for the purpose of determining the amount of profit available for distribution, the amount shall be deemed to be the lesser of the amount of profit determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in PRC ("PRC GAAP") and the amount of profit determined in accordance with Hong Kong Financial Reporting Standards. The Company's profit available for distribution as at 31st December, 2006 was the retained profit determined in accordance with PRC accounting standards and regulations of approximately RMB1,102,019,000 (2005: RMB1,097,112,000).

董事會報告

DIRECTORS' REPORT

公司可分配溢利(續)

於財政年度之本公司溢利須按下列順序分配：

- (i) 彌補虧損；
- (ii) 提取法定公積金；
- (iii) 如有優先股，支付優先股股息；
- (iv) 提取任意公積金；及
- (v) 支付普通股股息。

以上(ii)至(v)項在任何財政年度的具體分配比例由董事會根據公司經營狀況及發展需要而擬定，並呈報股東大會審定。

物業、機器及設備

本集團於本年度內添置物業、機器及設備約人民幣23,861,000元，以用作擴充生產設施。有關本集團物業、機器與設備之變動詳情載於綜合財務報表附註15。

股本

本公司股本之詳情載於財務報表附註22。

DISTRIBUTABLE RESERVES OF THE COMPANY (Cont'd)

The profit of the Company for a financial year shall be applied in accordance with the following order:

- (i) making up losses;
- (ii) allocation to statutory reserve fund;
- (iii) if there are preference shares, payment of dividends in respect of preference shares;
- (iv) allocation to discretionary reserve fund; and
- (v) payment of dividends in respect of ordinary shares.

The detailed proportion of distribution in respect of items (ii) to (v) above for any financial year shall be formulated by the Board of Directors in accordance with the operational conditions of the Company and its development requirements and shall be submitted to shareholders' general meeting for approval.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred approximately RMB23,861,000 on acquisition of property, plant and equipment for expansion of its production facilities. Details of movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 22 to the financial statements.

董事會報告

DIRECTORS' REPORT

董事及監事

於本年度內及本報告截至日之本公司董事及監事之名單如下：

執行董事：

吳雲 (董事長)
高建民
宮武良行
細井行
劉光明
潘勇
樂華強

獨立非執行董事：

龍濤
宋小江
徐秉金

監事：

閔慶 (於二零零六年六月十五日獲委任)
鄭崗 (於二零零六年六月十五日獲委任)
周紅
劉琦 (於二零零六年六月十五日退休)
馮嘉陵 (於二零零六年六月十五日退休)

所有董事均與本公司於二零零六年六月十七日更新為期三年的服務合約。

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year and up to the date of this report were:

Executive directors:

Wu Yun (Chairman)
Gao Jianmin
Miyatake Yoshiyuki
Hosoi Susumu
Liu Guangming
Pan Yong
Yue Huaqiang

Independent non-executive directors:

Long Tao
Song Xiaojiang
Xu Bingjin

Supervisors:

Min Qing (appointed on 15th June, 2006)
Zheng Gang (appointed on 15th June, 2006)
Zhou Hong
Liu Qi (retired on 15th June, 2006)
Feng Jialing (retired on 15th June, 2006)

All directors had renewed their service contracts with the Company for a term of three years commencing on 17th June, 2006.

董事會報告

董事及監事(續)

本公司已取得各獨立非執行董事每年確認其獨立地位的確證函。本公司亦認為每位獨立非執行董事就本公司而言，其地位是獨立的。但本公司仍未按香港聯合交易所有限公司(「聯交所」)證券上市規則第19A.18(1)條(以下統稱「上市規則」)聘用一名香港居民為獨立非執行董事。本公司現正尋找適當人選以盡快出任該職位。

根據本公司的公司章程，董事長和其他董事任期為三年，自授任或連選之日起計，可連選連任。各董事的上屆任期已屆滿，其他董事於二零零六年股東周年大會(於二零零六年六月十五日舉行)全部連任。

一名現任執行董事細井行先生已通知本公司，由於其工作上的調整之故而辭任董事職務，彼の辭任董事職務將由股東於本公司股東周年大會上批准起生效。本公司謹此確認，細井行先生與本公司董事會並無意見分歧，亦無其他關於彼辭任的事宜須敦請本公司股東垂注。

本公司一名主要股東五十鈴自動車株式會社已提名堤直敏先生選舉為董事候選人以替代細井行先生，而該候選人亦已給本公司書面通知，表明願意接受提名。

本公司董事會已建議在即將召開之股東周年大會上提呈決議案建議接納細井行先生辭任為執行董事，及選舉堤直敏先生為執行董事，任期由即將召開的股東周年大會之日起至二零零九年股東周年大會之日止。

DIRECTORS' REPORT

DIRECTORS AND SUPERVISORS (Cont'd)

The Company has received annual confirmation from each of the independent non-executive Directors as regards to their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company. However, the Company has not yet employed an ordinary Hong Kong resident as an independent non-executive Director pursuant to Rule 19A.18(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (collectively referred to as "Listing Rules"). The Company is in the process of locating a suitable candidate to assume such position as soon as possible.

According to the Company's Articles of Association, the term of office of the Chairman and other directors shall be three years renewable upon re-appointment or re-election. The prior term of office of each of the directors expired and the Chairman and other directors were all re-elected at the annual general meeting of 2006, which was held on 15th June, 2006.

Mr. Hosoi Susumu who is an existing executive director of the Company has notified the Company that due to reallocation to other job duties, he will resign as executive director of the Company with effect from the approval of the shareholders at the annual general meeting of the Company and confirmed that he has no disagreement with the board of directors of the Company and there is no other matter in relation to his resignation that need to be brought to the attention of the shareholders of the Company.

A substantial shareholder of the Company, Isuzu Motors Limited, has nominated Mr. Naotoshi Tsutsumi as candidate for election as an executive director in place of Mr. Hosoi Susumu and such candidate has given written notice to the Company of his willingness to accept the nomination.

The board of directors of the Company has proposed that resolutions will be proposed to the annual general meeting to accept the resignation of Mr. Hosoi Susumu as an executive director of the Company and to elect Mr. Naotoshi Tsutsumi as an executive director of the Company to hold office from the date of the annual general meeting to the date of the annual general meeting for the year of 2009.

董事會報告

董事及監事(續)

按中華人民共和國(「中國」)公司法，監事任期亦為三年，自授任或連選之日起計，可連選連任。各監事的上屆任期於二零零六年股東周年大會(於二零零六年六月十五日舉行)屆滿。於二零零六年股東周年大會，劉琦先生及馮嘉陵先生退休；周紅女士連任為本公司股東代表監事；閔慶女士獲委任為本公司股東代表監事；而鄭崗先生則獲委任為本公司職工代表監事。

無任何董事或監事與本公司或其附屬公司訂有若於一年內本集團如終止即須作出賠償(法定賠償除外)之服務合約。

董事酬金及最高薪酬人士

董事酬金及最高酬金人士之詳情載於財務報表附註9。

合資格會計師

本公司仍未按上市規則第3.24條聘用一名合資格會計師。本公司現正尋找適當人選以儘快出任該職位。

董事、監事及最高行政人員之股份權益

於二零零六年十二月三十一日，本公司董事，監事及高級行政人員概無於本公司或其相聯法團(定義見香港證券及期貨條例(「證券及期貨條例」))之股份，相關股份及債權證中擁有根據證券及期貨條例第352條規定須予備存之名冊所記錄或依據上市規則附錄10上市發行人董事進行證券交易的標準守則(「標準守則」)通知本公司及聯交所的權益或淡倉。

DIRECTORS' REPORT

DIRECTORS AND SUPERVISORS (Cont'd)

In accordance with the provisions of the Companies Law in the People's Republic of China (the "PRC"), the term of office of supervisors shall also be three years and renewable upon re-appointment or re-election. The prior term of office of each of the supervisors expired at the annual general meeting of 2006, which was held on 15th June, 2006. Mr. Liu Qi and Mr. Feng Jialing retired, Ms. Zhou Hong was re-elected as Supervisor representing the shareholders of the Company, Ms. Min Qing was appointed as Supervisor representing the shareholders of the Company, and Mr. Zheng Gang was appointed as Supervisor representing the staff and workers of the Company at 2006 annual general meeting.

None of the directors or supervisors has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION AND HIGHEST PAID INDIVIDUALS

The details of directors' remuneration and highest paid individuals are set out in note 9 to the financial statements.

QUALIFIED ACCOUNTANT

The Company has not yet employed a Qualified Accountant pursuant to Rule 3.24 of the Listing Rules. The Company is in the process of locating a suitable candidate to assume such position as soon as possible.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31st December, 2006, none of the directors, supervisors and chief executive of the Company has any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as defined under the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

董事會報告

DIRECTORS' REPORT

股東人數及主要股東

於二零零六年十二月三十一日，本公司股東名冊上的股東人數為161名及根據證券及期貨條例第336條規定須由本公司備存的股份權益及淡倉登記冊所記錄，本公司董事、監事或最高行政人員以外之股東擁有佔本公司有關類別已發行股本5%或以上的權益及淡倉如下：

本公司股份的好倉情況：

NUMBER OF SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2006, there were 161 shareholders recorded in the register of shareholders of the Company and the shareholders other than a director, supervisor or chief executive of the Company, having an interest and short positions in 5% or more of the issued share capital of the relevant classes as recorded in the register of interests in the shares and short positions required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in the shares of the Company:

股東名稱 Name of shareholders	股份類別 Class of shares	股份數目 Number of shares	身份 Capacity	佔有關類別的 股本比率 Percentage of the relevant class of share capital	佔總股本比率 Percentage of entire share capital
慶鈴汽車(集團)有限公司 (「慶鈴集團」) Qingling Motors (Group) Company Limited ("Qingling Group")	內資股 Domestic shares	1,243,616,403股 1,243,616,403 shares	實益擁有人 Beneficial owner	100%	50.10%
五十鈴汽車有限公司 Isuzu Motors Limited	外資股(H股) Foreign shares (H shares)	496,453,654股 496,453,654 shares	實益擁有人 Beneficial owner	40.08%	20.00%

董事會報告

股東人數及主要股東(續)

除上文所披露者外，根據證券及期貨條例第336條規定須予備存的登記冊所示，本公司截至二零零六年十二月三十一日並無接獲任何有關本公司股份及相關股份的權益或淡倉的通知。

購入股份或債券之權利

本公司、其附屬公司、其最終控股公司或同系附屬公司概無於本年度內任何時間訂立任何安排，使本公司之董事、監事及最高行政人員可藉此購入本公司或任何其他法人團體之股份或債券而得益。

董事及監事之合約權益

本公司、其附屬公司、其最終控股公司或同系附屬公司於結算日或本年度內任何時間概無簽訂任何董事及監事於其中擁有直接或間接重大利益關係之重要合約。

董事及監事於競爭性業務之利益

於年內，本公司之董事及監事並無與本公司業務有所競爭或可能競爭之業務中持有權益。

DIRECTORS' REPORT

NUMBER OF SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

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 interests or short positions in the shares and underlying shares of the Company as at 31st December, 2006.

RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its subsidiaries, its ultimate holding company or fellow subsidiaries, a party to any arrangements to enable the directors, supervisors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, its subsidiaries, its ultimate holding company or fellow subsidiaries, was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year, none of the Directors or Supervisors had any interest in any business which compete or may compete with the business of the Company.

董事會報告

關連交易

於本年度內，本集團與慶鈴集團及其附屬公司，及五十鈴汽車有限公司（「五十鈴」）及其全資附屬公司，五十鈴（中國）投資有限公司（以下統稱「五十鈴集團」）均有關連交易。慶鈴集團及五十鈴分別於二零零六年十二月三十一日持有本公司發行股本約50.10%及約20.00%。此等交易之詳情如下：

- (a) 與慶鈴集團及其附屬公司等之重要關連交易：

在本公司載入綜合財務報表附註1所述之重組時，本集團與慶鈴集團已簽訂一份有關慶鈴集團提供服務之服務協議書。除此以外，本集團與慶鈴集團也簽訂一份有關慶鈴集團同意向本集團提供為本集團生產所需之若干零部件與配件之零部件供應協議書。本集團已於二零零五年七月六日與慶鈴集團及其附屬公司分別簽訂了新的零部件供應協議書。該等協議書已於二零零五年九月二十日獲本集團股東大會批准。

於二零零零年八月二十一日，本公司亦簽訂一份關於本公司出租若干模具及機器予慶鈴集團之租約。該租約為期一年，而每月之租金等於本公司所產生之折舊額。於二零零六年內，本公司更新了此租約一年，所有細則維持不變。

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

During the year, the Group had connected transactions with Qingling Group and its subsidiaries, and Isuzu Motors Limited ("Isuzu") and its wholly-owned subsidiary, Isuzu (China) Holding Co., Ltd. (collectively referred to as "Isuzu Group"). Qingling Group and Isuzu held approximately 50.10% and approximately 20.00% of the issued share capital of the Company respectively as at 31st December, 2006. Details of these transactions are as follows:

- (a) Significant connected transactions with Qingling Group and its subsidiaries:

At the time of reorganisation of the Company as described in note 1 to the consolidated financial statements, the Group entered into a service agreement in relation to the provision of services by Qingling Group. In addition, the Group had also entered into a parts supply agreement with Qingling Group whereby Qingling Group agreed to provide the Group with certain parts and components produced by Qingling Group which are required in the production processes of the Group. On 6th July, 2005, the Group entered into new parts supply agreements with Qingling Group and its subsidiaries respectively, which were approved by the Group's general meeting held on 20th September, 2005.

On 21st August, 2000, the Company also entered into a rental agreement with Qingling Group whereby the Company agreed to rent certain moulds and machinery to Qingling Group for a period of one year. The monthly rental was calculated based on the actual depreciation cost incurred by the Company. The Company has renewed the rental agreement in 2006 for another year upon the expiration of the relevant agreement with the terms of the agreement remained unchanged.

董事會報告

DIRECTORS' REPORT

關連交易(續)

於二零零六年一月二十五日，本公司亦簽訂一份為期兩年的關於本公司向慶鈴集團租用倉庫之租約。

於本年度內與慶鈴集團之關連交易詳情載於綜合財務報表附註26(i)(a)。

本年度內，本公司與數間慶鈴集團之中外合資子公司進行若干關連交易。這些公司包括重慶慶鈴鑄造有限公司、重慶慶鈴鍛造有限公司、重慶慶鈴車橋有限公司、重慶慶鈴日發座椅有限公司、重慶慶鈴塑料有限公司及重慶慶鈴鑄鋁有限公司。有關此等交易詳情載於財務報表附註26(i)(b)至26(i)(g)。

- (b) 與五十鈴集團之重要關連交易：

於二零零六年三月二十八日，本公司與五十鈴簽訂一份有關五十鈴向本公司提供為本公司生產所需之若干配件組合及其他汽車零部件之汽車零部件及配件供應協議書。該協議書已於二零零六年六月十五日獲獨立股東表決批准。

CONNECTED TRANSACTIONS (Cont'd)

On 25th January 2006, the Company also entered into a warehouse leasing agreement with Qingling Group whereby the Company agreed to lease warehouses from Qingling Group for a period of two years.

Details of connected transactions with Qingling Group during the year are set out in note 26(i)(a) to the consolidated financial statements.

During the year, the Company had certain connected transactions with some of the sino-foreign joint venture companies which are the subsidiaries of Qingling Group. These companies include 重慶慶鈴鑄造有限公司, 重慶慶鈴鍛造有限公司, 重慶慶鈴車橋有限公司, 重慶慶鈴日發座椅有限公司, 重慶慶鈴塑料有限公司 and 重慶慶鈴鑄鋁有限公司. Details of these transactions are set out in note 26(i)(b) to 26(i)(g) to the financial statements respectively.

- (b) Significant connected transactions with Isuzu Group:

On 28th March, 2006, the Company has entered into an automobile parts and components supply agreement with Isuzu whereby Isuzu agreed to provide the Company with certain automobile parts and components produced by Isuzu and which are required in the production processes of the Company. This agreement was approved by the independent shareholders by poll on 15th June, 2006.

董事會報告

DIRECTORS' REPORT

關連交易(續)

於二零零六年三月二十八日，本公司亦與五十鈴簽訂一份有關本公司向五十鈴提供為五十鈴集團生產所需之若干汽車零部件與配件供應協議書。該協議書已於二零零六年六月十五日獲獨立股東表決批准。

於本年度內，本公司亦就五十鈴向本公司轉移技術而向五十鈴支付技術使用費之若干關聯交易。

於本年度內與五十鈴集團之關連交易詳情載於綜合財務報表附註26(ii)。

獨立非執行董事已確認，有關交易乃本公司於日常業務過程中，按不遜於提供予或自獨立第三方之條款，並根據監管該等交易之協議條款訂立，屬公平合理，且符合本公司股東整體利益。

本公司已收到核數師函件，內容關於核數師所進行的程序及關於上述交易的事實發現，該等交易：

1. 已獲董事會批准；
2. 乃按本公司之定價政策而進行；
3. 乃根據有關交易的協議條款進行；及
4. 並無超逾有關交易的年度上限。

CONNECTED TRANSACTIONS (Cont'd)

On 28th March, 2006, the Company has also entered into an accessory sets and other automobile parts and components supply agreement with Isuzu whereby the Company agreed to provide Isuzu with certain accessory sets and other automobile parts and components produced by the Company and which are required in the production processes of Isuzu Group. This agreement was approved by the independent shareholders by poll on 15th June, 2006.

During the year, the Company had certain connected transactions with Isuzu of royalty fee for the transfer of technology by Isuzu to the Company.

Details of connected transactions with Isuzu Group during the year are set out in note 26(ii) to the consolidated financial statements.

The independent non-executive directors confirm that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms or on terms no less favourable than terms available to or from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has received from the auditors a letter which regarding the procedure they performed and the factual findings about the above transactions are that:

1. have received the approval of the Board;
2. have been entered into in accordance with the pricing policies of the Company;
3. have been entered into in accordance with the relevant agreements governing the transactions; and
4. have not exceeded the relevant annual caps.

董事會報告

五大供應商及經銷商

截至二零零六年十二月三十一日止年度內，本集團的五大供應商佔總採購額39%，最大的供應商是本集團的其中一家子公司，佔總採購額15%。另一間慶鈴集團之子公司及五十鈴透過其供應零件及部件予本集團的某日本貿易公司均屬本集團之五大供應商，佔總採購額16%。與慶鈴集團及其附屬公司，及五十鈴集團交易詳情載於上文「關連交易」一節內披露。除上述披露外，於二零零六年十二月三十一日止年度內，本公司董事及監事、其聯繫人或任何股東（據董事會所知擁有5%以上本公司之股本者），並沒有擁有本集團五大供應商任何權益。

截至二零零六年十二月三十一日止年度內，本集團五大經銷商應佔總銷售額低於本集團總銷售額之30%。

可換股證券、購股權、認股權證或類似權利

本公司及其附屬公司於本年度內並無發行任何可換股證券、購股權、認股權證或類似權利。

本年度內並無由本公司或其附屬公司發行或授出而尚未行使或尚未轉換之換股權證券、購股權、認股權證或類似權利。

DIRECTORS' REPORT

FIVE LARGEST SUPPLIERS AND CUSTOMERS

For the year ended 31st December, 2006, the five largest suppliers accounted for 39% of the total purchases of the Group. One subsidiary of Qingling Group is the largest supplier who accounted for 15% of the total purchases. Another one subsidiary of Qingling Group and the Japanese trading Company, through which Isuzu channels its supply of parts and components to the Group are included in the five largest suppliers of the Group and accounted for 16% of the total purchases. Details of transactions with Qingling Group and its subsidiaries and with Isuzu Group are set out in the section "Connected Transactions" above. Other than disclosed above, the Company's directors and supervisors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital), did not have any interests in the Group's five largest suppliers for the year ended 31st December, 2006.

For the year ended 31st December, 2006, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company and its subsidiaries did not issue or grant any convertible securities, options, warrants or similar rights during the year.

There were no outstanding or conversion of convertible securities, options, warrants or similar rights issued or granted by the Company or its subsidiaries during the year.

董事會報告

委託存款

於二零零六年十二月三十一日，本集團並無任何委託存款及到期未能取回之定期存款。

購買、出售或贖回本公司之上市證券

於本年度內，本公司並無贖回本公司的上市證券，本公司或其附屬公司於本年度內亦無購買、贖回或出售任何本公司之上市證券。

僱員

於二零零六年十二月三十一日，本集團僱員人數為3,020人。於該年度內，僱員人數及薪酬政策沒有發生顯著變化。本集團積極制訂並實施各類員工培訓計劃。

僱員退休福利計劃

本集團之僱員退休福利計劃載於綜合財務報表附註29。

薪酬政策

薪酬委員會根據僱員之貢獻、資格及能力制定本集團僱員之薪酬政策。

薪酬委員會根據本公司之營運業績、董事個別表現及可比較之市場數據決定本公司董事之薪酬。

職工宿舍出售情況

二零零六年內，本公司未曾出售任何職工宿舍予職工。

DIRECTORS' REPORT

DESIGNATED DEPOSITS

As at 31st December, 2006, the Group did not hold any designated deposits or any time deposits that were overdue but could not be collected upon maturity.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, there was no redemption of listed securities of the Company, and none of the Company or its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year.

EMPLOYEES

As at 31st December, 2006, the Group has 3,020 employees. During the year, no material change is noted for the number of employees nor their remuneration policy. The Group actively provides various training to its staff of all levels.

STAFF RETIREMENT SCHEME

Details of the Group's staff retirement scheme are set out in note 29 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

SALES OF STAFF QUARTERS

The Company did not sell any of its staff quarters to its employees during the year 2006.

董事會報告

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的標準守則。本公司向所有董事及監事作出特定查詢後，本公司確認其董事及監事於本年度內一直遵守標準守則所載規定的標準。

優先購股權

本公司之公司章程並無有關優先購股權之條款。

公司管治

除載於「企業管治報告」內所載的偏離行為外，本公司於本年度內已遵守上市規則附錄14企業管治常規守則的守則條文。

本公司企業管治常規之進一步資料載於第28至35頁「企業管治報告」內。

公眾持股量

在本年度報告刊發之日，根據本公司取得的公開資料及就董事所知悉，本公司的公眾持股量是足夠的，此乃因為公眾持股量並不少於本公司已發行的股本25%。

審閱賬目

審核委員會已與本公司管理層及核數師審閱了本集團所採納之會計原則及實務並討論審核、內部監控及財務彙報事宜，包括審閱截至二零零六年十二月三十一日止年度之經審核綜合財務報表。

DIRECTORS' REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Based on specific enquires to all Directors and Supervisors, the Company confirms that all Directors and Supervisors have complied with the required standard set out in the Model Code during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association.

CORPORATE GOVERNANCE

Except for the deviations set out in the "corporate governance report", the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the year.

Further information on the Company's corporate governance practices is set out in the "corporate governance report" from pages 28 to 35.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this annual report, there is sufficient public float, as not less than 25% of the Company's issued shares are held by the public.

REVIEW OF ACCOUNTS

The audit committee has reviewed with the management and auditors of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31st December, 2006.

董事會報告

核數師

在最近三個會計年度，德勤華永會計師事務所有限公司及德勤•關黃陳方會計師行分別為本公司之國內及香港核數師。

有關續聘德勤華永會計師事務所有限公司及德勤•關黃陳方會計師行為本公司之核數師之決議案將於本公司之股東周年大會上提呈。

承董事會命

吳雲
董事長

重慶，二零零七年四月十九日

DIRECTORS' REPORT

AUDITORS

Messrs. Deloitte Touche Tohmatsu CPA Ltd. and Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for PRC and Hong Kong reporting purposes respectively for the past three financial years.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu CPA Ltd. and Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

By order of the Board

WU YUN
Chairman

Chongqing, 19th April, 2007