

企業管治報告 Corporate Governance Report



本公司的一貫目標是秉承誠信勤勉的企業理念，推進公司的持續健康發展及努力增加股東價值。於報告期內，本公司一直認真遵守中國證券監督管理委員會、上海證券交易所、香港聯合交易所有限公司（「香港聯交所」）的監管規定，包括遵守並應用香港聯交所《企業管治常規守則》的規定，致力於公司治理結構的不斷完善。今後公司將繼續加強企業管治措施，不斷取得新進展。

本公司所採納的企業管治措施如下：

一. 董事會

1. 職責與分工

董事會監督本公司的業務和營運管理，以提高股東價值為宗旨。

在董事長的領導下，董事會在公司的發展戰略、管理架構、投資及融資、財務監控、人力資源等方面行使管理決策權。在本公司的章程及其附件-董事會議事規則中，已詳細列明了董事會在公司發展戰略和管理方面的職權以及董事會對公司發展和經營的監督與檢查職權。

本公司管理層以總裁為核心，負責本公司的日常營運管理。

The Company has been always taking the corporate idea of integrity and diligence, promoting the Company's sustainable and healthy development, and striving to improve shareholders' value as its long-term target. And the Company has been always seriously abiding by the regulations and rules by China Securities Regulatory Commission, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited ("Hong Kong Exchange"), including committing to the continuous improvements of corporate governance through abiding by and applying the stipulations in *Code on Corporate Governance Practice* of The Stock Exchange of Hong Kong Limited. It will go on to strengthen its measures on corporate governance for further improvements.

The measures taken by the Company for corporate governance are as follows:

I. Board of Directors

1. Duties and Assignments

The target of the Board of Directors is to supervise the Company's business and operational management, hence to increase its shareholders' value.

Under the leadership of its Chairman, the Board of Directors assumes rights on management and decision-making concerning the Company's development strategies, management structure, investment and financing, financial control and human resource. It has been stated in details in the *Articles of Association* of the Company and its appendix *Discussing Rules of Board of Directors* its authorities in the Company's development strategies and management, and that on supervision and inspection over the Company's development and operation.

The management team, headed by the President, is responsible for the daily operational management of the Company.

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本公司董事長和總裁實行分設，並未兼任。

董事長與總裁各有不同職責，透過職責分工達致本公司董事會與管理層的權力平衡，以確保其獨立性和問責性。

董事長領導董事會，確保其以本公司的最大利益為依歸。董事長負責決定每次董事會會議的議程，其中每次會議前徵詢其他董事有無提案，並按情況考慮將其他董事的提議加入會議議程。此外，董事長亦負責引領和制定本公司的總體發展戰略，並檢查董事會決議的實施情況。

總裁則在副總裁的協助下負責本公司的日常業務營運、業務發展規劃與實施，並就本公司一切業務對董事會負責。總裁與各副總裁和各業務部門的管理層緊密合作，確保本公司的順利營運和發展。總裁向董事會定期報告所有重大業務發展。

2. 組成

本屆董事會是本公司成立以來的第五屆董事會，由11名董事組成，董事會成員具有不同的行業背景，其中有一名獨立董事具備交易所要求的會計專業資格或具備適當的會計或相關的財務管理專長。董事的個人簡介載列於本年度報告「董事、監事、高級管理人員情況」。

董事由公司股東或董事會提名，在2005年6月23日召開的股東年會上獲股東選舉產生，董事之任期自2005年6月23日起至2008年6月22日止。

The positions of Chairman and President of the Company are taken by two persons instead of by one person only.

The Company realizes its balance in authorities between the Board of Directors and the management team through assigning different duties and responsibilities to the Chairman and the President respectively, to ensure their independence and accountability.

The Board of Directors is under leadership of its Chairman to ensure the best interest of the Company. The Chairman is responsible for deciding the agenda of each board meeting, contacting other Directors before the meeting for any proposals to be discussed in the meeting, and considers include their proposals into the agenda according to the situation. Besides, the Chairman should also be responsible for leading and determining the overall development strategies of the Company, and supervising the implementation of resolutions passed by the Board of Directors.

The President is required to supervise the Company's daily operation, planning and implementation of business development with the assistance of the Vice Presidents, as well as be responsible for the Board of Directors on all business of the Company. The President should have close cooperation with all Vice Presidents and management teams from all business departments to ensure the Company's smooth operation and development. The President should make regular reports to the Board of Directors on the development of all key business.

2. Composition

The current Board of Directors is the 5th Board of Directors since the establishment of the Company which is comprised of 11 Directors who have various professional backgrounds, including 1 Independent Director has the professional qualification on accounting or have appropriate strength in accounting or related financial management required by the stock exchanges. The profile of the Directors is stated in the section of "Profile of Directors, Supervisors and Senior Management" in the 2006 Annual Report.

The Directors were elected by the shareholders in the AGM held on 23 June 2005 under the nomination by shareholders or the Board of Directors of the Company, and their service term is from 23 June 2005 to 22 June 2008.

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目前，本公司共有4名獨立董事，佔董事會總人數的1/3以上。本公司現任獨立董事具有不同的專業背景，並具有豐富的法律、財務會計及金融投資等方面的專業經驗，一貫以十分認真負責的態度出席董事會及相關專業委員會的會議，對所討論的事項提供獨立的判斷、知識和經驗，以確保董事會切實履行財務匯報及其他應盡的職責，為保障本公司及其股東整體利益提供了良好的監察和平衡作用。自2005年起，獨立董事每年均向股東年會提交年度述職報告。

At present, there are 4 Independent Directors in the Company, which is accounted for over 1/3 of the total number of the Directors in the Board of Directors. These Independent Directors have various professional backgrounds with rich experience in laws, accounting and financial investment. They attend the board meetings and relative committee meetings with serious attitude, and make out their independent judgment, knowledge and experience for the issues discussed, to ensure the Board of Directors to practically undertake its duty of financial reporting and other duties it should take, which play a good role in supervision and balance to ensure the interests of the Company and its shareholders. The Independent Directors has been submitting their annual performance review to the AGM for review and discussion by shareholders since 2005.

3. 董事會會議

2006年度，本公司共舉行了5次董事會會議，以審閱書面議案簽署決議方式召開會議9次，以討論本公司的營運及財務表現、管理架構、投資及融資方案等，主要事項包括：

- 審議年度之財務預算、董事會工作報告；
- 審議年度、半年度及季度業績報告；
- 修訂公司章程；
- 審議啤酒目標企業的收購方案及所屬子公司搬遷擴建的資本支出項目；
- 批准核銷財產損失。

3. Board Meeting

By the end of 2006, the Company had totally held 5 board meetings and 9 meetings in the form of reviewing written cases and signing resolutions, to discuss the Company's operational and financial performance, management structure, investment and financing scheme, etc., including:

- Discuss annual financial budget, work report of the Board of Directors;
- Discuss reports of annual, interim and quarterly results;
- Revise the Company's *Articles of Association*;
- Discuss the acquisition scheme for the target breweries and capital investment programs for the relocation and expansion of the Company's subsidiaries;
- Approve to write-off the property losses.

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會議通知和議案資料在合理的時間內送達各董事，董事會會議能進行富有成效的討論及做出迅速而審慎的決策。在本年度內，各位董事出席董事會和專門委員會會議的詳情載列如下：

The meeting notices and materials on resolutions to be discussed are sent to all Directors in the reasonable time, so as to ensure they can have fruitful discussion and make quick and prudential decisions in the meetings. The details of attending the board meetings and specialised committee meetings are as follows:

董事姓名 Name of Director	董事會 Board of Directors	親自出席次數／會議次數 Attend in Person/Total Number of Meetings			
		戰略與投資 委員會 Strategy and Investment Committee	審計與財務 委員會 Audit and Finance Committee	公司治理與 薪酬委員會 Corporate Governance and Remuneration Committee	
李桂榮	LI Gui Rong	5/5	不適用N/A	不適用N/A	不適用N/A
金志國	JIN Zhi Guo	4/5 [#]	3/3	不適用N/A	不適用N/A
Stephen J. BURROWS		2/5 [*]	1/3 [#]	不適用N/A	不適用N/A
孫明波	SUN Ming Bo	5/5	3/3	不適用N/A	不適用N/A
劉英弟	LIU Ying Di	5/5	不適用N/A	不適用N/A	不適用N/A
孫玉國	SUN Yu Guo	4/5 [*]	2/3 [#]	不適用N/A	1/2 [#]
Mark F. SCHUMM		5/5	3/3	6/6	1/2 [#]
楚振剛	CHU Zhen Gang	5/5	3/3	5/6 [#]	2/2
付洋	FU Yang	5/5	不適用N/A	5/6 [#]	2/2
李燕	LI Yan	5/5	3/3	6/6	不適用N/A
潘昭國	POON Chiu Kwok	5/5	不適用N/A	5/6 [#]	2/2

#：因公未能親自出席，未委託其他董事出席及表決

#: Not attend for business reason, nor entrust other Director to attend and vote on his/her behalf

*：因公未能親自出席，委託其他董事出席及表決

*: Not attend for business reason, but entrust other Director to attend and vote on his/her behalf

公司管理層負責向董事會提供審議各項議案所需的相關資料和信息，並在董事會會議召開時滙報相關工作。本公司獨立董事根據《公司章程》的規定行使職權、履行職責或業務的需要時，可聘請獨立專業機構為其服務，由此發生的合理費用由本公司承擔。

The management team of the Company is responsible for providing the Board of Directors with all related materials and information needed for reviewing the cases, and reporting their related work in the board meeting. The Independent Directors undertake their duties pursuant to the stipulations in the *Articles of Association*. They may appoint the independent professional organizations to serve them if required in undertaking their duties or business, and the reasonable expenses occurred will be burdened by the Company.

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二. 董事

1. 信息支持與專業發展

新董事獲委任後，公司已向其提供一套全面的介紹材料 — 《董事手冊》，包括集團業務簡介、管理架構、董事責任及其他法定要求，並會安排其參加監管機構或內部舉辦的專門培訓。2006年，公司共編制了40餘期的《證券市場一周》資訊簡報提供給各位董事，為其提供最新的法規政策文件以及證券市場的相關資訊。本年內共有2位執行董事和1位獨立董事參加了監管機構組織的董事培訓課程。通過資料提供、工作匯報以及專業培訓等多種形式，使所有董事，特別是非執行董事，能夠及時瞭解公司的業務發展、競爭和監管環境以及其他可能影響公司和所屬行業的資料，以確保董事能瞭解其應盡的職責，有利於董事作出正確的決策和有效的監督，以及保證董事會的程序得以貫徹執行和適用的法律法規得以恰當遵守。

2. 董事的獨立性

本公司已委任足夠數目的獨立董事。根據《香港聯合交易所有限公司證券上市規則》（《上市規則》）第3.13條的規定，董事會已收到所有獨立董事就其獨立性提交的書面確認函。

II. Directors

1. Information Support and Professional Development

The Company has delivered a set of overall materials *Director's Manual* in which includes business summary, management structure, responsibilities and other legal requirements to the Director after he/she is appointed, and will arrange him/her to attend the internal professional trainings or those held by the supervisory authorities. In 2006, it totally edited over 40 issues of newsletter *Securities Market Weekly* and distributed to all Directors, to provide them with the latest laws and polices and relative information from the securities market. Within the year, 2 Executive Directors and 1 Independent Director attended the training programs for Directors which were organized by the supervisory authorities. All Directors, especially those Non-executive Directors, can be aware of the Company's business development, competition and supervisory environment, and obtain other materials that may affect the Company and the sector it belongs to through providing them with the relative materials, work reports and professional trainings, so as to ensure the Directors can understand their duties and responsibilities to help them make correct decisions and provide efficient supervision, and to ensure them to implement the procedures of the Board of Directors and appropriately abide by the proper laws and regulation.

2. Independence of Director

The Company has appointed sufficient Independent Directors, and the Board of Directors has received from all Independent Directors their confirmation letter on their independence in written form pursuant to rule 3.13 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("Listing Rules").

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3. 董事的證券交易

本公司採納香港聯交所《上市規則》附錄十所載的《上市發行人董事進行證券交易的標準守則》。在向所有董事作出特定查詢後，本公司董事會確認，除執行董事孫明波、劉英弟先生因實施股改方案獲新增A股對價股份外，其他董事於報告期內概無持有或買賣本公司的任何證券。截至2006年12月31日止年度，本公司所有董事一直遵守《上市規則》附錄十所載的標準守則。

三. 董事會專門委員會

董事會已成立3個專門委員會，各委員會均制訂了工作細則，明確其監察公司個別範疇業務的職權範圍，並已獲得董事會的批准。

1. 審計與財務委員會（「審計委員會」）

本公司成立了審計委員會，由四名獨立董事與一名非執行董事組成，由李燕女士擔任主席，其他成員包括非執行董事馬爽先生及獨立董事楚振剛先生、付洋先生和潘昭國先生，均由董事會委任。其中李燕女士擁有中國註冊會計師專業資格，具備財務和會計業務的經驗和能力。

審計委員會的職權範圍依據《上市規則》附錄十四之《企業管治常規守則》及中國證監會頒布的《中國上市公司治理準則》而制訂，其主要職責包括：檢討公司內部監控體系及制度的健全性和有效性，審閱公司的年度、半年度及季度財務報表，負責公司外部審計師的聘任、工作協調及對其工作效率和工作質量進行檢討，檢討及監察公司財務匯報質量和程序。

3. Securities Transactions by Director

The Company applies the *Model Code for Securities Transactions by Directors of Listed Issuers* (“Model Code”) included in the Appendix 10 of the *Listing Rules* of The Stock Exchange of Hong Kong Limited. The Board of Directors confirms, after having made specific enquiries to all Directors, that no other Directors ever hold or purchase or sell any securities within the reporting period, except that Mr. SUN Ming Bo and Mr. LIU Ying Di, the Executive Directors of the Company, obtained shares from additional issuance of A-Share as consideration due to the Share Reform. As of the year ended on 31 December 2006, all Directors of the Company had been in compliance with the *Model Code* in the Appendix 10 of the *Listing Rules*.

III. Specialised Committees under Board of Directors

The Board of Directors has established 3 specific committees, and each of them has worked out detailed work guidelines and expressly stated their duty scope of supervising the specific business areas of the Company, and has obtained approval from the Board of Directors.

1. Audit and Finance Committee (“Audit Committee”)

The Audit and Finance Committee (“Audit Committee”) is comprised of 4 Independent Directors and 1 Non-executive Director including Ms. LI Yan, the Chairman, Non-executive Director Mr. Mark F. SCHUMM, and Independent Directors Mr. CHU Zhen Gang, Mr. FU Yang and Mr. POON Chiu Kwok. All members are appointed by the Board of Directors. Ms. LI Yan is of profession qualification as China Certified Public Accountant with experience and capability in financial and accounting business.

The duty scope of the Audit Committee is determined pursuant to the *Code on Corporate Governance Practice* included in the Appendix 14 of the *Listing Rules* of The Stock Exchange of Hong Kong Limited and *Guidelines for Corporate Governance of Listed Companies in China* published by China Securities Regulatory Commission. Its principal duties include: review the completeness and effectiveness of the Company’s internal supervisory system and regulations, review the Company’s annual, interim and quarterly financial statements, employ and coordinate the work for the Company’s external auditor and review the efficiency and quality of its work, review and supervise the quality and procedures of the Company’s financial reporting.

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2006年度審計委員會共舉行了6次會議，其中審閱公司年度和半年度業績的2次會議邀請了外部審計師參加。為保證匯報的獨立性，會議主席已安排外部審計師與審計委員會成員進行單獨的會議。於每次會議後，委員會均會就討論的重要事項向董事會提交報告。

In 2006, the Audit Committee totally held 6 meetings, and invited external auditor to attend 2 meetings of which were held for reviewing the Company's annual and interim results. To ensure the independence of the reporting, the Chairperson of the meetings arranged sole meetings between the external auditor and members of the Audit Committee, and the Committee would submit reports to the Board of Directors for important issues discussed after each of such meetings.

2. 戰略與投資委員會（「戰略委員會」）

本公司成立了戰略委員會。該委員會的主要職責是審查和檢討公司的戰略發展方向，制訂公司戰略規劃，以及適時調整公司戰略和管治架構。戰略委員會的成員包括：副董事長金志國先生（委員會主席）、伯樂思先生、執行董事孫明波先生、孫玉國先生及非執行董事馬爽先生和獨立董事楚振剛先生、李燕女士組成。

2. Strategy and Investment Committee (“Strategy Committee”)

The Company sets up the Strategy Committee. Its main duties are: check and review the Company's orientation of strategic development, work out the Company's strategic plan, and make proper adjustment towards the Company's strategic and governance structure. The members of the Strategy Committee include: Vice Chairmen Mr. JIN Zhi Guo (Chairman of the Committee) and Mr. Stephen J. BURROWS, Executive Directors Mr. SUN Ming Bo and Mr. SUN Yu Guo, Non-executive Director Mr. Mark F. SCHUMM, and Independent Directors Mr. CHU Zhen Gang and Ms. LI Yan.

戰略委員會於2006年度舉行了3次會議，並邀請了公司部分董事、監事參加。年內該委員會已對收購寶雞啤酒股份有限公司部分資產、青島啤酒（徐州）彭城有限公司搬遷及濟南新建廠等項目進行審議並向董事會提供意見。

The Strategy Committee held 3 meetings in 2006 and invited part of other Directors and Supervisors of the Company to attend. The Committee reviewed and provided their comments to the Board of Directors within the year for the projects of acquisition of assets of Baoji Brewery Co., Ltd., relocation of Tsingtao Brewery (Xuzhou) Pengcheng Company Limited and the greenfield in Jinan.

3. 公司治理與薪酬委員會（「薪酬委員會」）

本公司成立了薪酬委員會，其主要職責包括：研究和審議公司董事與高管人員的薪酬政策和激勵機制，制訂考核標準；研究改善公司治理結構的方案。

3. Corporate and Remuneration Committee (“Remuneration Committee”)

The Company sets up the Remuneration Committee. Its main duties are: study and review the remuneration policies and motivation system of the Directors and senior management of the Company, work out appraisal standards, study the schemes to improve the corporate governance.

薪酬委員會成員包括：獨立董事楚振剛先生（委員會主席）、付洋先生及潘昭國先生和執行董事孫玉國先生、非執行董事馬爽先生。

Members of the Remuneration Committee include: Independent Directors Mr. CHU Zhen Gang (Chairman of the Committee), Mr. FU Yang and Mr. POON Chiu Kwok, Executive Director Mr. SUN Yu Guo, and Non-executive Director Mr. Mark F. SCHUMM.

薪酬委員會於2006年度舉行了2次會議，就公司執行董事及經理層薪酬執行情況、提高獨立董事年度津貼標準和修訂公司章程等相關事項進行了審議。

The Remuneration Committee held 2 meetings in 2006, in which it reviewed the implementation of the remuneration of the Executive Directors and management team of the Company, rise of annual allowance of Independent Directors, amendments to the *Articles of Association*, and etc.

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四. 監控機制

1. 監事會

本公司監事會是公司法人治理結構的重要組成部分，依法獨立行使公司監督權，保障股東、公司的合法權益不受侵犯。本公司監事會由8名監事組成，本屆監事會乃本公司成立以來第五屆監事會，監事之任期自2005年6月23日起至2008年6月22日止。

其中一名監事陳軍先生因個人工作繁忙，不便繼續擔任本公司監事，因此辭去監事一職，自2006年5月29日起生效。

2006年度，監事會共舉行5次定期會議，代表股東對公司財務以及董事和高管人員履行職責的合法合規性進行監督，出席股東大會並列席了所有的董事會定期會議。有關監事會的工作情況載列於本年度報告的「監事會工作報告」中。

2. 內部監控及風險管理

本公司董事會對公司內部監控系統負責，並通過審計委員會在年內檢討有關系統的效能。本公司董事會一貫重視內部監控系統的建立及完善，審計委員會、管理層和外部審計師致力於努力改善本公司內部監控系統。

2006年2月，本公司董事會批准對審計委員會的工作細則進行了修訂，明確由審計委員會作為負責公司內部監控的常規機構，對公司的財務申報制度及內部監控程序進行定期監管，進一步加強公司風險管理和內部控制工作。同時，公司也已確定負責內控和風險管理的工作機構。按照香港聯交所《上市規則》附錄14《企業管治常規守則》以及《上海證券交易所上市公司內部控制指引》所載要求，公司管理層從運作監控、財務監控、合規監控和風險管理等方面對內部監控體系的有效性

IV. Supervisory Mechanism

1. Board of Supervisors

The Board of Supervisors is an important part of corporate governance, which legally takes the responsibilities of supervision to prevent the legal rights and interests of the shareholders and the Company from being offended. The current Board of Supervisors, being the 5th Board of Supervisors since the establishment of the Company, has 8 members whose service term is from 23 June 2005 to 22 June 2008. In which, Mr. CHEN Jun resigned from the position of Supervisor of the Company as being too busy to take the position. His resignation was effective from 29 May 2006.

One of the supervisors, Mr. Chen Jun was not able to continue to hold office as supervisor of the Company due to a tight personal schedule and accordingly resigned from the office of supervisor, with effect from 29 May 2006.

The Board of Supervisors totally held 5 regular meetings in 2006 to supervise over the finance, the validity and compliance of the Directors and senior management in fulfilling their duties on behalf of shareholders, attended the general meetings and sat in all board meetings held regularly. The details of the work of the Board of Supervisors are stated in Report of the Supervisors in this Annual Report.

2. Internal Control and Risk Management

The Board of Directors is responsible for the internal control system of the Company, and review the effectiveness and efficiency of the related systems through its Audit Committee within the year. The Board of Directors has been always regarding the establishment and improvements of the internal control system seriously, and its Audit Committee, the management team and external auditor are committed to the continuous improvements of the internal control system together.

In February 2006, the Board approved to revise the work guidelines of its Audit Committee, and expressly stated that the Committee, as the conventional unit which is responsible for the internal control, should make regular supervision over the financial reporting system and procedures of internal control, further strengthen the risk management and internal control. Meanwhile, the Company also determined the working unit which is responsible for the internal control and risk management. Pursuant to the stipulations in the *Code on Corporate Governance Practice*

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進行評估。審計委員會認為，公司各項內部控制制度已經基本建立，並涵蓋了控制因素的關鍵環節，實施過程中有相應的檢查監督和改進措施。同時，公司對自身面臨的主要風險進行了識別，並制定了相應的風險管理措施。公司的內部控制系統基本完善，能夠為公司戰略目標的實現提供合理的保障。今後，公司將根據不斷積累的實踐經驗、國內國際的發展趨勢以及內外部風險的變化，本著持續改進的原則，不斷加強公司內控體系的建設與實施。

3. 外聘審計師

本公司2006年年度報告所收錄之財務報表分別根據中國會計準則和香港財務準則編制，並分別經普華永道中天會計師事務所有限公司（「普華永道中天」）和羅兵咸永道會計師事務所（「羅兵咸永道」）審計。

普華永道中天及羅兵咸永道已為本公司連續提供審計服務5年。2006年度，本公司應向普華永道中天會計師事務所和羅兵咸永道會計師事務所支付其年度審計工作的酬金為人民幣六百三十萬元，本公司不承擔其差旅費及其它費用。

審計委員會已對普華永道中天及羅兵咸永道的專業素質、2006年度審計工作的執行情況進行了討論和評估，並提出了相應的意見和改進建議。審計委員會建議再次委任普華永道中天為公司國內審計師、委任羅兵咸永道為公司國際審計師，並將提交2006年度股東年會供股東最終批准。

included in the Appendix 14 of the *Listing Rules* of The Stock Exchange of Hong Kong Limited and *Guidelines on Internal Control for Companies Listed on the Shanghai Stock Exchange*, the management team makes appraisals to the effectiveness of internal control system from the aspects of operational control, financial control, compliance control and risk management. The Audit Committee thinks that, the internal control systems have been basically established in the Company, cover the key aspects of control factors, and take relative measures for inspection, supervision and improvements during the implementation. At the same time, the Company recognized the main risks it faces, and work out the corresponding measures of risk management. The internal control system is basically complete, which can provide reasonable guarantee for the realization of the Company's strategic targets. In future, the Company will further improve the construction and implementation of its internal control system depending on accumulated practical experience, the domestic and international developments trends and changes of internal and external risks, and based on the principle of continuous improvements.

3. External Auditor

The financial statements included in the 2006 Annual Report are prepared in accordance with PRC GAAP and HKFRS respectively, and have been audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company ("PwC Zhong Tian") and PricewaterhouseCoopers ("PwC") respectively.

PwC Zhong Tian and PwC have provided auditing services for 5 years in consecution. For the year of 2006, the Company should pay RMB6.3 million to PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company and PricewaterhouseCoopers for their full-year auditing work, and no expenses for business trip and other expenses would be burdened by the Company.

The Audit Committee has discussed and appraised the professional qualities and the implementation of 2006 auditing work of PwC Zhong Tian and PwC, and raised relative comments and suggestions for improvements. The Committee suggests re-appoint PwC Zhong Tian as the Company's domestic auditor, and PwC as its international auditor again, and will submit the proposal to the 2006 AGM for shareholders' final approval.

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五. 股東及其他利益相關者

1. 股東大會

股東大會是公司的最高權力機構，依法行使職權，決定公司重大事項。每年的股東年會為董事會與公司股東提供直接溝通的渠道。因此，本公司高度重視股東大會，於會議召開45日前發出會議通知，在股東年會上，公司董事長及其他與會執行董事就股東關注的事項進行了廣泛深入的溝通及說明。

按照上交所發出的「關於召開股東大會修改公司章程有關問題的通知」要求，根據中國證監會新頒布的《上市公司章程指引》，年內公司對《公司章程》及其三項附件《股東大會議事規則》、《董事會議事規則》及《監事會議事規則》的部分條款進行了修改，並於2006年6月召開的股東年會上獲股東批准通過。完善了公司內部治理制度的建設，保證了公司法人治理機構的規範運作。

2. 投資者關係與溝通

投資者關係工作的核心是有效的溝通，目標是實現公司與投資者的共贏。公司嚴格按照相關法律和上市規則的規定，及時、準確地履行法定信息披露的義務。2006年，公司按照有關規定及時公佈了年度和中期業績，發布了近30份的公告及1份股東通函，提供了法定及可能影響投資者利益的有關資訊信息，不斷提高信息披露的標準。此外，公司還通過定期發送有關公司經營發展的新聞稿和日常與投資者和分析員見面、及時回應投資者的查詢、參與投資者論壇、安排電話會議和網上路演等方式，向投資者闡述公司的最新動向與發展前景。年內，公司共接待投資者來訪及參觀50餘批近150人次，安排電話會議100餘次。通

V. Shareholders and Other Interest-related Parties

1. General Meeting

The General Meeting is the highest authority of the Company, which legally undertakes its duties and determines the significant issues for the Company. The annual general meeting held annually provides the channel of direct communication between the Board of Directors and the shareholders of the Company. Therefore, the Company pays high regards to the general meeting by distributing the meeting notice 45 days prior to the meeting date, and the Chairman and other attending Executive Directors makes extensive and intensive communications and interpretation over the issues concerned by the shareholders at the AGM.

Within the year, the Company revised part of terms in the *Articles of Association* and its 3 appendices *Discussing Rules of General Meeting*, *Discussing Rules of Board of Directors* and *Discussing Rules of Board of Supervisors*, under the requirements in the *Notice of Matters on Holding General Meeting for Revision Articles of Association* published by Shanghai Stock Exchange and against the *Guidelines for the Articles of Association of Listed Companies* by China Securities Regulatory Commission, and has obtained approval from the shareholders at the AGM held in June 2006, which improved the constructions of the Company's internal governance system and ensured the compliant operations of the corporate governance.

2. Investor Relations and Communications

The focus of IR work is effective communications to realize the win-win between the Company and the investors. The Company strictly abides by the stipulations in relative laws and listing rules by implementing its obligation of statutory information disclosure timely and properly. In 2006, pursuant to the relative regulations, the Company published its annual and interim results in time, made nearly 30 announcements and 1 circular to shareholders, provided statutory materials and information, and those may affect investors' interests, and further improved its standard on information disclosure. In addition to that, the Company expatiated the latest momentum and development outlook through regularly distributing press release on the operations and developments of the Company, meetings with investors and analysts, timely responding enquiries from the investors, participating in investors forums, arranging conference calls and on-line road-shows. Within the year, the Company totally arranged visits and show-offs for nearly 150 persons

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過開展投資者關係工作，一方面將信息有效地從公司傳遞到投資者，同時也向投資者收集信息，聆聽他們的反饋意見，在投資者與公司之間形成良性互動。

另外，年內公司順利完成A股市場股權分置改革工作，通過公司非流通股股東與境內投資者的反復溝通和交流，投資者對公司的發展前景更有信心，股改方案獲順利通過，使得非流通股股東與流通股股東的利益趨於一致，並將不斷推動公司治理水平的完善和提升。

3. 其他利益相關者

本公司在為股東提供良好回報的同時，也致力於為消費者提供滿意的產品和為員工提供發展的空間。本着對股東和投資者、員工、客戶、供貨商和社會的高度責任感，奉行誠實守信的原則，本公司在提高盈利能力的同時，積極參與社會公益和環境保護活動，回饋社會。

六. 總結

良好的企業管治有助於公司的健康發展及提高投資者的信心，而董事會的有效性是良好企業管治的核心。因此，本屆董事會在未來任期內，將繼續致力於提升決策的效率和水平，促進公司的穩健發展及增加股東價值。

of over 50 groups of investors, and over 100 conference calls. The Company, through its IR work, effectively transmits the information from the Company to its investors, and on the other hand, collects information from those investors and listens to their feedbacks, so as to form an effective inter-action between it and the investors.

Besides, the Company smoothly completed the share reform in the A-share market within the year. Through the communications between the Company's non-listing shareholders and the domestic investors, the investors were more confident to the outlook of the Company, which was helpful to the approval of the share reform proposal, and as a result, the not-listing shareholders shared the common interests with the listing shareholders, which would further drive the improvement and promotion of corporate governance.

3. Other Interest-related Parties

While providing the investors with fine returns, the Company also commits to provide its consumers with satisfactory goods and its employees with room for personal development. In addition to improve its profitability, the Company actively takes part in the social welfare and environment protection activities to reward the society with strong sense of responsibility to the shareholders, investors, employees, customers, suppliers and the society, and based on the principle of honesty and integrity.

VI. Conclusion

A good corporate governance is helpful in the healthy development of the Company and increasing investors' confidence, while the effectiveness of the Board of Directors is the center of the good corporate governance. Therefore, the current Board of Directors, in its remaining service term, will further commit to improving efficiency and level of decision-making, and promote the Company's steady development and increase shareholders' value.