

# Corporate Governance

## 企業管治

### CORPORATE GOVERNANCE PRACTICES

The Company has established a formal and appropriate corporate governance structure. The Company has also placed emphasis on the corporate governance principle of having transparency, accountability and safeguarding the interests of all shareholders.

The Directors believe that sound corporate governance is essential to the development of the Company's operations. The Board regularly reviews our corporate governance practices to ensure that the Company operates in accordance with the laws, regulations and requirements of the listing jurisdictions, and that the Company continuously implements corporate governance of a high quality.

The Company's corporate governance practices includes but are not limited to the following:

Articles of association and working rules of the Board (including rules of meeting of the Board, procedures of meetings of the Board, constitutional document of the audit committee, constitutional documents of the planning and development committee, constitutional documents of the remuneration and appraisal committee, working reporting rules of the senior management, notices regarding the purchasing of shares of the Company by Directors, Supervisors and senior management, information disclosure and management regulations, and the Code of Conduct for Securities Transactions by Employees of the Company).

As at 31 December 2006 (the "Reporting Period") and as at the date of the announcement of the Annual Report, the Board has reviewed the relevant provisions and corporate governance practices under the codes of corporate governance practices adopted by the Company, and took the view that the Company's corporate governance practices during the financial year ended 31 December 2006 met the requirements under the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules (the "Code"). In certain aspects, the code of corporate governance adopted by the Company is more stringent than the provisions set out in the Code. The following sets out aspects which are more stringent than the Code.

### 企業管治常規

本公司已經建立了比較規範、穩健的企業管治架構，並注重遵循透明、問責、維護全體股東權益的公司管治原則。

董事會相信，良好的企業管治對本公司運營發展十分重要。董事會定期檢討公司治理常規，以確保公司的運行符合法律、法規及上市地監管規定，不斷致力於實現高素質的公司管治。

本公司的企業管治常規守則包括但不限於以下文件：

公司章程、董事會工作規程(包括董事會議事規則、董事會議事程序、審核委員會章程、規劃發展委員會章程、薪酬與考核委員會章程、高級管理人員業績述職規則、關於董事、監事和高級管理人員購買公司股票的通知、信息披露管理制度、公司員工進行證券交易的行為守則等)。

截至二零零六年十二月三十一日(「本報告期」)及截至本年報公布之日，董事會已檢討過本公司採納的企業管制守則文件下的有關規定和公司實務情況認為：截至二零零六年十二月三十一日止，本公司的企業管制水平達到上市規則附錄十四《企業管制常規守則》(《守則》)所載的守則條文的要求。在某些方面，本公司採納的企業管治守則比《守則》列載的守則條文更為嚴格。下面就主要方面列出比《守則》所載的條文更為嚴格的地方。

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Major aspects which are more stringent than provisions set out in the Code:

- all members of the audit committee and the remuneration and appraisal committee are independent non-executive directors.
- 19 meetings of the Board were held during the financial year of 2006.
- other than the audit committee and the remuneration and appraisal committee, the Company has also established a governance committee, which is known as the planning and development committee.

In addition to the review performed according to the Code, the Group is finalizing an assessment of the effectiveness of its internal controls over financial reporting required under Section 404 of the Sarbanes-Oxley Act. Although the assessment is, at this stage, still in progress, the Group has discovered a number of deficiencies in the internal controls over financial reporting, some of which upon completion of management's assessment may be determined to be significant deficiencies or material weaknesses. Due to the existence of the deficiencies in the internal control over financial reporting, the Group does not rule out the possibility that the Group's internal control over financial reporting will be concluded as not fully effective for the purpose of Section 404 of the Sarbanes-Oxley Act. The Group is currently implementing procedures to correct the deficiencies in the internal control over financial reporting.

In light of the deficiencies identified to date, a number of which were not remediated before 31 December 2006, management has implemented certain additional procedures it deemed necessary under the circumstances to assure itself that the financial data contained in the financial statements, prepared in accordance with IFRS and PRC Accounting Regulations, are free of material misstatement.

### BOARD OF DIRECTORS

The Company is managed by the Board. The Board is responsible for the leadership and control of the Company. The Directors are jointly responsible for implementing businesses of the Company by directing and supervising the affairs of the Company.

比《守則》所載的條文更為嚴格的主要方面：

- 審核委員會及薪酬與考核委員會的成員全是獨立非執行董事。
- 在二零零六年財政年度內舉行董事會的次數為19次。
- 除審核委員會和薪酬與考核委員會之外，公司還成立了1個管治委員會，即規劃發展委員會。

本公司管理層除已完成上述內部控制制度的審閱之外，目前也正按照《薩奧法案》第404條的要求進行財務報告內部控制評估，並預計於本年度的美國上市公司年度報告中對評估結果作出披露。雖然目前管理層的評估工作尚在進行之中，本公司已發現部分缺失在完成評估後可能歸類為嚴重缺陷或實質性漏洞，從而不排除依據《薩奧法案》第404條做出本公司財務報告內部控制不全部有效的結論。本公司目前正採取措施積極改善以上財務報告內部控制上的缺失。

另外，本公司管理層已經針對所發現尚未於二零零六年十二月三十一日整改的缺陷採取必需的步驟，以確保本年度按國際財務報告準則及中國會計準則編制的財務報告沒有重大錯誤。

### 董事會

本公司由董事會管理，董事會負責公司的領導及監控工作。各董事透過指揮及監督公司事務，集體負責對推動本公司的事務。

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### DIRECTORS

At present, the Board consists of 11 Directors, including a Chairman (also an executive Director) and four other executive Directors, one non-executive Directors and five independent non-executive Directors. Other than Mr Luo Chaogeng, who joined the Board as an executive Director in June 2005, all other Directors have been in office throughout the whole year of the Reporting Period.

All Directors shall retire in the third annual general meeting following their appointment, but are eligible for reelection.

Newly appointed Directors shall be re-elected in the first general meeting following their appointment to the Board.

Names, personal particulars and effective date of appointment are set out in page 45 to page 48 of this report.

Independent non-executive Directors of the Company shall possess extensive skills and experience. They shall be able to play their roles of supervising the checks and balances to the fullest extent to protect the interests of shareholders and the Company as a whole. Five out of six non-executive Directors (over one third) are independent non-executive Directors. The Board considers that they shall be able to exercise independent judgment effectively, which complies with guidelines on their independence pursuant to Rule 3.13 of the Listing Rules.

Pursuant to 3.13 of the Listing Rules, the Company has received the annual confirmation letters from each of the independent non-executive Directors on their independence.

All the non-executive Directors (including independent non-executive Directors) are appointed for a term of 3 years. The formal appointment letters and the articles of association of the Company have set out the terms and conditions of their appointment.

The Company is making an active effort to study insurance arrangements for directors and senior management in relation to their potential legal liabilities.

Other than working relationships, Directors, Supervisors and senior management of the Company do not have any financial, business or family connection with one another.

### 董事

目前董事會由11名董事組成，其中包括1名主席(亦為執行董事)、另外4名執行董事、1名非執行董事及5名獨立非執行董事。除羅朝庚先生於二零零五年六月加入董事會擔任執行董事外，其他所有董事均於本報告期內全年任職。

所有董事必須在委任後第三個年度股東大會上退任，但是應有資格再度參選。

新被委任的董事應在接受委任後的首次股東大會上接受股東選舉。

各董事的姓名、個人資料及任職情況載於本報告書第45至48頁。

本公司的獨立非執行董事具備廣泛的技巧和經驗。他們能充分發揮監察和平衡的重要作用，保障股東和整體公司的利益。在6名非執行董事中，5名(超過三分之一)為獨立非執行董事。董事會認為他們能有效地作出獨立判斷，符合上市規則第3.13條列載的評估獨立性的指引。

根據《上市規則》第3.13條，公司已經收到每名獨立非執行董事就其獨立性而作出的年度確認函。

所有非執行董事(包括獨立非執行董事)的任期為3年，正式委任書及公司章程對他們的任命列明有關期限和條件。

本公司就董事和高級行政人員可能會面對的法律行動正在積極研究有關保險安排。

本公司董事、監事、高級管理人員之間，除工作關係之外，在財務、業務、家屬等方面概無任何關係。

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### POWERS OF THE BOARD

On a periodic basis, the Board reviews the relevant performance against proposed budgets and business objectives of each operating unit. It also exercises a number of powers retained by the Board, including but not limited to the following:

- responsibility for convening general meetings and reporting to shareholders on its work;
- implementing resolutions passed in general meetings;
- deciding on the operating plan and investment proposals of the Company;
- formulating the annual preliminary and final budget proposals;
- formulating the Company's profit distribution proposal and the proposal to offset losses;
- formulating the Company's proposals to increase or reduce the registered capital and proposals to issue debt securities;
- drawing up proposals for the Company's merger, demerger and dissolution;
- deciding on the Company's internal management structure;
- employing or dismissing the Company's President and secretary to the Board; appointment or dismissal of the Vice President and chief financial officer of the Company on the nomination of the President, and the determination of their remuneration;
- formulating the management systems of the Company;
- formulating proposals to amend the articles of association of the Company;
- discharging any other powers and functions granted in general meetings.

### 董事會的權力

本公司董事會定期檢討各營業部門議定的預算及業務目標有關的業績表現，並行使多項保留權力，包括：

- 負責召集股東大會，並向股東大會報告工作；
- 執行股東大會的決議；
- 決定公司的經營計劃和投資方案；
- 制定公司的年度財務預算方案、決算方案；
- 制定公司的利潤分配方案和彌補虧損方案；
- 制定公司增加或減少註冊資本的方案以及發行公司債券的方案；
- 擬定公司合併、分立、解散的方案；
- 決定公司內部管理機構的設置；
- 聘任或者解聘公司總經理、董事會秘書；根據總經理的提名，聘任或者解聘公司副總經理和財務總監，決定其報酬事項；
- 制定公司的基本管理制度；
- 制定公司章程修改方案；
- 股東大會授予的其他職權。

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The Board is also responsible for the completeness of financial information of the Company and is responsible for maintaining an effective internal control system and for risk management, as well as preparing the financial statements. Setting the business objectives and overseeing the daily operations are the responsibilities of the chief executive officer. The Company's articles of association specify the duties and functions of the Board and management. The Board periodically reviews the duties and functions of the chief executive officer and the powers delegated to him to ensure that such arrangements are appropriate.

In order to ensure the balance of powers and authorization, the roles of the Chairman and the chief executive officer have been clearly defined. The Chairman of the Company is Mr Li Fenghua, and the chief executive officer is Mr Cao Jianxiong, an executive Director. There are also other senior officers who are responsible for the daily management within their scope of duties.

### MEETING OF THE BOARD

The Chairman leads the Board to ensure that the Board performs its various duties effectively and he is responsible for drawing up the agenda of the meeting of the Board and considering other matters other Directors propose to be included in the agenda. The agenda together with documents of the Board should be, as far as practicable, circulated at least 3 days prior to the meeting of the Board or its committees. The Chairman is also obliged to ensure that all the Directors are suitably briefed on matters to be raised in the meeting of the Board. The Chairman ensures that the Directors receive information that is accurate, timely and clear. Through on-the-job training of Directors and continued participation in meetings of the Board and of committees of the Board and interviews with key persons in headquarters and other departments, the Directors are encouraged to update their knowledge of technology and their understanding of the Group.

The Company has established a special unit to work for the Board. All the Directors can access the service of the secretary to the Board. The secretary to the Board shall periodically update the Directors of the latest information on governance and regulation. The Directors may seek independent professional advice through the Chairman for the purpose of performing their duties, with the cost to the Company. Both the audit committee and the remuneration and appraisal committee may also seek professional advice.

董事會亦須對財務資料的完整性以及集團內部監控制度及風險管理程序的效能負責。董事會亦負責編製本公司財務報表。達致本公司業務目標及日常業務運作的責任則交由行政總裁承擔。公司章程具體列載了董事會和經理層的職責權限。董事會定期檢討行政總裁的職能及賦予行政總裁的權力，以確保此安排仍然適當。

為確保權力和授權分布均衡，主席與行政總裁的角色已清楚區分。本公司現任主席是李豐華。行政總裁由1名執行董事(曹建雄)擔任，另有多名高級行政人員各自負責本公司個別業務的日常管理工作。

### 董事會會議

主席負責領導董事會，確保董事會有效履行其各方面的職責，並負責擬定董事會會議議程及考慮其他董事提議加入議程的事項。議程連同附隨的董事會文件盡可能在董事會會議或董事委員會會議進行前至少三天傳閱。主席亦有責任確保所有董事就董事會會議上的事項獲適當的簡介。主席確保各董事獲得準確、及時及清楚的資料。通過董事就職時的培訓、持續參與董事會及委員會會議以及透過與總部及各部門主要人員會面，鼓勵各董事不斷更新其技術、知識及對集團的認識。

公司設立了董事會專門辦事機構，所有董事均可享用公司秘書的服務，公司秘書須定期讓董事會知悉有關管治及監管事宜的最新資料。董事可為履行職責而通過主席尋求獨立專業意見，費用由本公司支付。審核委員會及薪酬及考核委員會亦可求尋求專業意見。

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The company secretary is responsible for the records of meetings of the Board. These minutes of meetings together with other documents for meetings of the Board shall be made available to all the Directors. Meetings of the Board are meant to enable the Directors to have open and frank discussions and to ensure that non-executive Directors are able to make effective enquiries of each of the executive Directors.

In order to ensure sound corporate governance, the Board has established 3 committees : an audit committee, remuneration and appraisal committee, and planning and development committee with their terms of reference drawn up in accordance with the principles set out in the Code. The company secretary drafts the minutes of meetings for these committees, and the committees report to the Directors.

The Board has held 19 meetings during the Reporting Period which the chief financial officer, the financial manager and the manager of the planning and development department attended, and has given its views on matters such as corporate governance, risk management, compliance with laws and regulations, acquisitions and takeovers, accounting and finance. The following tables show the attendance rate of each Director at shareholders' general meetings, board meetings and meetings of these specialized committees:

董事會會議由公司秘書負責記錄，這些會議記錄連同任何有關的董事會會議文件，均向所有董事會成員提供。董事會會議的設立，旨在鼓勵董事作公開和坦誠的討論，確保非執行董事能向每位執行董事提出有效的查詢。

為確保良好的企業管治，董事會已成立3個小組委員會：審核委員會、薪酬與考核委員會及規劃發展委員會，並按照《守則》所訂的原則制定其職權範圍。公司秘書為這些委員會撰寫會議記錄，而委員會向董事會匯報工作。

董事會於本報告期內召開了19次會議。財務總監、財務部經理、規劃發展部經理出席了所有董事會會議，並對企業管治、風險管理、遵守法規、合併收購、會計和財務事宜提供意見。下表顯示各董事於本報告期內出席股東大會、董事會及董事會下屬各個專業委員會會議之詳情：

Directors 董事		Board Meetings Attendance/ No. of meetings 董事會 出席次數/ 會議次數	General Meetings Attendance/ No. of meetings 股東大會 出席次數/ 會議次數
Executive Director Li Fenghua	執行董事李豐華	19/19	3/3
Executive Director Cao Jianxiong	執行董事曹建雄	15/19	0/3
Executive Director Luo Zhuping	執行董事羅祝平	19/19	3/3
Executive Director Luo Chaogeng	執行董事羅朝庚	16/19	2/3
Executive Director Wan Mingwu	執行董事萬明武	18/19	1/3
Non-Executive Director Zhong Xiong	非執行董事鍾雄	10/19	0/3
Independent Non-Executive Director Hu Honggao	獨立非執行董事 胡鴻高	11/19	1/3
Independent Non-Executive Director Peter Lok	獨立非執行董事 樂鞏南	12/19	0/3
Independent Non-Executive Director Wu Baiwang	獨立非執行董事 吳百旺	17/19	1/3
Independent Non-Executive Director Zhou Ruijin	獨立非執行董事 周瑞金	12/19	0/3
Independent Non-Executive Director Xie Rong	獨立非執行董事 謝榮	18/19	1/3

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Audit Committee:

審核委員會：

Members 委員		Attendance/No. of meetings 出席次數／會議次數
Xie Rong	謝榮	5/5
Hu Honggao	胡鴻高	0/5
Wu Baiwang	吳百旺	0/5

Remuneration and Appraisal Committee:

薪酬與考核委員會：

Members 委員		Attendance/No. of meetings 出席次數／會議次數
Zhou Ruijin	周瑞金	1/1
Hu Honggao	胡鴻高	1/1
Peter Lok	樂鞏南	0/1

Planning and Development Committee:

規劃發展委員會：

Members 委員		Attendance/No. of meetings 出席次數／會議次數
Wu Baiwang	吳百旺	3/3
Zhong Xiong	鍾雄	0/3
Cao Jianxiong	曹建雄	0/3

### DIRECTORS' INTERESTS

All the Directors shall declare to the Board upon their first appointment their capacities as Directors and any other positions held in other institutions, the declaration of which shall be renewed once a year. When the Board discusses any motion or transaction and considers any Director has any conflict of interest, the Director shall declare his interest and abstain from voting, and will excuse himself as appropriate. The Company shall, pursuant to the guidelines, request from Directors their confirmation if they or their associates are connected with any transactions entered into by the Company or its subsidiaries during the Reporting Period. Material transactions which have been confirmed as having been entered into with any connected person have been disclosed in the notes to the financial statements prepared in accordance with IFRS of the Annual Report.

### 董事權益

所有董事須於首次獲委任時向董事會申報在其他公司或機構擔任董事或其他職務的身份，有關利益申報每年更新一次。倘董事會在討論任何動議或交易時認為董事在當中存在利益衝突，該董事須申報利益及放棄投票，並在適當情況下避席。本公司根據指引於每個財務報告期間要求董事確認他們或其聯繫人與公司或其附屬公司進行的任何有關連的交易。經確認的重大有關連人士交易，均已在年報按國際財務報告準則編製之財務報表附註內披露。

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### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code of Appendix 10 of the Listing Rules as the securities transactions code. Each of the Directors and Supervisors of the Company has been issued with a copy of the Model Code upon their appointment.

All the Directors and Supervisors of the Company have confirmed that they have complied with the Model Code in 2006.

The Company has also adopted the related provisions set out in Appendix 14 to the Listing Rules, and has established its Code of Conduct for Securities Transactions by Employees of the Company according to its own situation and with reference to the Model Code as set out in Appendix 10 to the Listing Rules. The aforesaid Code of Conduct shall apply to the conduct of dealings in the securities of the Company by the Supervisors and senior management of the Company.

In addition, pursuant to the requirements of the Listing Rules for Shares of the Shanghai Stock Exchange, the shares of the Company transferred by each of the Directors, Supervisors and senior management of the Company every year are not allowed to exceed 25% of the total number of shares held by each of them, and they are not allowed to purchase the shares of the Company within 6 months after they have sold their shares. They are also not allowed to sell the shares of the Company within 6 months after they have bought shares. Additionally, within 6 months after they have left their appointment, they are not allowed to transfer their shares of the Company held by them.

All the employees who may have unpublished price-sensitive information related to the Group are also required to comply with the Model Code. During the Reporting Period, the Directors are not aware of any breach of laws and regulations.

### DIRECTORS RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors confirm that they are responsible for the preparation of the financial statements of the Group.

The responsibility statement made by the Company's auditors in respect of the financial statements is set out on page 91 to page 92 of the Annual Report.

### 董事進行之證券交易

本公司已採納上市規則附錄十的《標準守則》為本公司的董事證券交易守則。公司各董事及監事於獲委任時均獲發一份《標準守則》。

本公司所有董事及監事於二零零六年確認已遵守《標準守則》。

公司亦採納上市規則附錄十四的有關規定，根據公司自身情況並結合上市規則附錄十：標準守則的規定制訂了《公司員工進行證券交易的行為守則》，該守則同樣適用於公司監事和高級管理人員買賣本公司股票的行為。

另外，根據上海證券交易所《股票上市規則》的規定，公司董事、監事和高級管理人員每年轉讓的本公司股份不得超過其持有的本公司股份總數的25%，並且在賣出之後六個月內不得再行買入公司股份，買入之後六個月內不得再行賣出本公司股份。另外在離任後六個月內，也不得轉讓所持有的本公司的股份。

所有特定僱員若可能擁有關於本集團的尚未公開股價敏感資料，亦須符合《標準守則》。本公司於本報告期內並未發現任何違規事件。

### 董事就財務報表所承擔的責任

董事確認須就編製本集團財務報表承擔有關責任。

本公司核數師就財務報表所作之申報責任聲明列載於本年報第91至92頁。



# Corporate Governance

## 企業管治

### INTERNAL CONTROL

#### Internal control system

The Board shall be responsible for the overall internal control system of the Company/Group and periodically reviews the effectiveness of the internal control system. The internal control system is essential to risk management which, in turn, is important in ensuring that operational objectives can be achieved. Internal control procedures are designed to prevent assets from unauthorized use or disposal, to ensure the maintenance of appropriate accounting records and to provide reliable financial information either for internal use or for dissemination externally. However, the control procedures aim at reasonably (but not absolutely) assuring that there will not be material misrepresentation, loss or unlawful conduct. The internal control system is designed to comply with the relevant laws, supplementary regulations and constitutional documents.

The Company reviews the effectiveness of its internal control annually, which includes control over finance, operations, compliance with laws and regulations as well as the monitoring of risk management. The results of the review have been reported to the audit committee and the Board.

The Board confirms that the Company has systems and procedures in place to identify, manage and report material risks in the course of achieving its strategic objectives. The Directors continue to monitor risks with the support of the committees and senior management. The Company has conducted a review to identify areas for improvement, and is taking measures to implement them. The effectiveness of the measures taken will be reported in the next meeting of the audit committee.

#### Internal audit

The Company's internal audit department is responsible for conducting an independent audit of whether or not the internal control system is sufficient and effective. The auditing plan is prepared using a risk based approach and is discussed and finalized by the audit committee. Other than the pre-determined scope of work, the department is also required to conduct other specific audits.

### 內部監控

#### 內部監控制度

董事會須對公司／集團的內部監控制度負整體責任，並通過審核委員會定期檢討該制度是否有效。本公司的內部監控制度對風險管理發揮關鍵的作用，而風險管理對於能否達到營運目標非常重要。訂立內部監控程序是為保障資產以防未經授權使用或處理資產；確保適當的會計記錄得以保存；並且可提供可靠的財務資料供內部使用或對外發放。但監控程序旨在合理（但非絕對）保證並無重大失實陳述、損失或舞弊。本公司內部監控程序是按相關法律條例、附屬法例和規章編寫。

本公司每年均對內部監控系統進行效益檢討，內容包括財務、營運、遵守法規及風險管理之監控。有關結果已向審核委員會及董事會報告。

董事會確認本公司已具有辨認、管理及報告對達致其策略性目標所面對的重大風險系統和程序。董事會持續監察風險，並獲得各董事委員會及高層管理人員的支持。本公司已查找出某些可改善的地方，並且現正採取措施管理。這些措施的成效將在下一次審核委員會會議內作出報告。

#### 內部審核

本公司的內部審核部負責對內部監控系統是否足夠及其成效進行獨立審核。審核計劃乃以風險評估方法編製並每年經由審核委員會商討及議定。除議定的年度工作外，該部門亦需要進行其他專項的審核工作。

# Corporate Governance

## 企業管治

The Group's internal audit department reports to the chief executive officer; it may also report directly to the chairman of the audit committee. All internal audit reports are delivered to the Chairman of the Board, chief executive officer, chief financial officer, the management of the audit department and related departments. The outcome of each audit, in summary, will also be discussed with the audit committee. The Board and audit committee actively monitor the number and seriousness of any weaknesses or issues identified, and the relevant corrective measures taken by the department.

### Risk management

Risk management involves identifying and managing business risk effectively, including safety and security, law, environment and reputational risk.

### Risk management committee

The Board has not established a risk management committee, but the internal audit department has undertaken related risk management duties and reports to the audit committee periodically. It is responsible for coordinating the implementation of appropriate measures to manage operational risks including:

- establishing risk trends and risk management strategy of the Group and reviewing the risk profile of the Group;
- identifying, assessing and managing material risks the various operations are exposed to;
- examining and assessing the suitability of the Group's risk management procedures, systems and internal controls;
- examining compliance with the Group's risk management procedures, systems and internal controls, including whether the Group meets legal and regulatory requirements.

本集團內部審核部的主要報告流程是向行政總裁報告，亦可直接向審核委員會主席報告。所有內部審核報告均送交董事會主席、行政總裁、財務總監、被審核部門及相關部門的管理層。每次審核主要結果亦與審核委員會討論。董事會及審核委員會積極監察內部審核部門提交的調查結果的數目和嚴重性，以及相關的部門採取的糾正行動。

### 風險管理

風險管理關乎識別及有效管理業務風險，包括安全及保安、法律、環境及商譽風險。

### 風險管理委員會

董事會並未專門設有一個風險管理委員會，但公司內部審計部門承擔了相關的風險管理職責，定期向審核委員會報告工作，負責協調在整個集團內適當地實施營運風險管理程序。

- 建立本集團的風險取向和風險管理戰略，確定本集團的風險組合狀況；
- 識別、評估、管理本集團不同業務單位面臨的重大風險；
- 審查和評估本集團風險管理程序、制度和內部控制的適當性；
- 審查及監控本集團對風險管理程序、制度及內部控制的遵守情況，包括本集團在開展業務時是否符合審慎、守法的要求。

# Corporate Governance

## 企業管治

### AUDIT COMMITTEE

The audit committee is responsible for reviewing audit reports, reviewing internal control and corporate governance, and is responsible for making recommendations to the Board. All members of the committee are independent non-executive Directors and Mr Xie Rong, one of its members, has been appointed as the chairman of the committee. The chairman of the committee possesses professional qualifications in accounting.

Constitutional documents of the audit committee are posted on the website of the Company.

The audit committee held 5 meetings in 2006. In each meeting, senior management and external as well as internal auditors were invited to attend. Based on the reports of the external and internal auditors, the audit committee conducted reviews of accounting policies and principles, and internal controls procedures adopted by the Group with a view to continuing compliance with the Listing Rules. The committee also conducted reviews of internal and external audits, internal control, risk management and financial statements. The audited results of the first half and the final results for 2006 had been discussed in meetings before they were submitted to the Board for approval.

Attendance of members of the audit committee is as follows:

Directors 董事		Attendance/ No. of meetings 出席次數／會議次數	Attendance 出席率
Xie Rong	謝榮	5/5	100%
Hu Honggao	胡鴻高	0/5	0%
Wu Baiwang	吳百旺	0/5	0%

### 審核委員會

審核委員會主要負責審核財務報告、檢討內部監控及企業管治的工作，並負責向董事會提出相關的建議。委員會成員均為獨立非執行董事，並由其中之一的謝榮先生擔任委員會主席。委員會主席擁有專業的會計資格。

審核委員會的章程載於本公司網址。

審核委員會在二零零五年間開會5次，每次會議均邀請高層管理人員及外聘審計師及內部審計師出席。審核委員會就外聘審計師和內部審計師的報告結果、本集團採納之會計原則與常規、內部監控、是否符合上市規則的規定進行審核，對審核、內部監控、風險管理及財務報告事宜進行檢討，本集團的二零零六年半年及全年業績經審核委員會開會討論後才建議交由董事會通過。

各審核委員會成員董事的出席率如下：

# Corporate Governance

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The audit committee has also conducted other compliance work to comply with US reporting requirements in 2006, including review of compliance with the Sarbanes-Oxley Act; and specifically to consider the work undertaken in connection with managements' assessment of the effectiveness of internal controls to ensure compliance with Section 404 of the Sarbanes-Oxley Act.

### EXTERNAL AUDITORS

In the Reporting Period, the remuneration of the external auditors is estimated to be approximately RMB20.12 million, of which approximately RMB20 million was for the regular annual fee for audit of the Group's 2006 financial statements prepared under IFRS and PRC Accounting Regulations and the other relevant documents applicable for the purpose of 20-F filing, the remaining RMB0.12 million was for approved services not directly connected with annual audit. Audit fees are determined by the audit committee and approved by the Board.

In 2006, the Company was required to pay approximately RMB0.12 million to external auditors for providing approved non-audit services. The audit committee obtained an overall understanding of the non-audit services and its scope and was satisfied that the non-audit services (in respect of the nature of service and the total cost) had not affected the independence of the accounting firm. The non-audit services primarily comprise tax compliance services.

The partner appointed by the external auditor to take responsibility for the annual audit has been responsible for the service since 2006. Pursuant to applicable U.S. securities laws, the partner responsible for the annual audit may not undertake the service for more than 5 consecutive years.

除此之外，審核委員會亦於二零零六年進行其他符合美國呈報規定的工作，其中包括檢討本公司就《薩班斯－奧克斯萊 (Sarbanes-Oxley) 法案》方面的遵規情況；及審議管理層為本公司遵守《薩班斯－奧克斯萊法案》的內部監控規定 (第 404 條) 而開展的包括管理層評估在內的各項工作。

### 外聘審計師

在本報告期內，外聘審計師酬勞預計為人民幣20.12百萬元，其中約人民幣20百萬元為負責審計有關本集團按照國際財務報告準則和中國會計準則編制之二零零六年度財務報表及美國20F表格存檔的當年費用，剩餘的人民幣0.12百萬元為許可的非審計服務方面徵收的費用。審計費用需經審核委員會及董事會批准。

於二零零六年，本公司須就外聘審計師向本公司提供的許可非審計服務支付約人民幣0.12百萬元，審核委員會已經簡要瞭解非審計服務範圍及有關費用，並滿意該非審計服務 (在服務性質和相對於常年審計費用的非經常審計服務的費用總額而言) 沒有影響到會計師事務所的獨立性。非審計服務主要包括稅務常規服務。

外聘審計師目前委派負責本公司審計的合夥人自二零零五年起擔任該職務。根據適用的美國證券法例，負責本公司審計的合夥人不能連續擔任此項工作逾5年。

# Corporate Governance

## 企業管治

### REMUNERATION AND APPRAISAL COMMITTEE

The remuneration and appraisal committee is chaired by Mr Zhou Ruijin. Its members include 2 independent non-executive directors, Hu Honggao and Peter Lok. After each internal meeting, the remuneration and appraisal committee reported to the Board. Constitutional documents of the remuneration and appraisal committee are posted on the Company's website.

The remuneration and appraisal committee held 1 meeting in 2006.

Members and attendance of the remuneration and appraisal committee are as follows:

Directors 董事		Attendance/ No. of meetings 出席次數／會議次數	Attendance 出席率
Zhou Ruijin	周瑞金	1/1	100%
Hu Honggao	胡鴻高	1/1	100%
Peter Lok	樂鞏南	0/1	0%

### REMUNERATION POLICY OF EXECUTIVE DIRECTORS

Remuneration packages of executive Directors are aimed primarily at linking the remuneration of executive Directors to their performance and providing appropriate incentives. Pursuant to the policy, Directors are not allowed to approve their own remuneration.

The remuneration of executive Directors mainly comprises basic salary and bonus.

#### BASIC SALARY

Executive Directors review and approve the basic salary of each executive Director every year pursuant to the remuneration policy of the Company. Pursuant to the service contracts entered into between the Company and each of the executive Director, executive Directors are entitled to receive a fixed annual salary.

#### BONUS

Bonuses are calculated based on the measurable performance of the operating units for which the executive Directors are responsible.

### 薪酬與考核委員會

薪酬與考核委員會由周瑞金先生出任主席，委員包括2位獨立非執行董事胡鴻高和樂鞏南。公司內部每次會議後，薪酬與考核委員會會向董事會報告。薪酬與考核委員會的章程載於本公司網址。

薪酬與考核委員會在二零零六年舉行1次會議。

薪酬與考核委員會成員董事的出席率如下：

### 執行董事之酬金政策

執行董事的酬金組合政策，主旨是使本公司執行董事之酬金及其表現與公司目標掛鉤，有助激勵執行董事的工作表現及留任。根據該政策，董事不可批准本身酬金。

本公司執行董事酬金之主要組成包括基本薪酬與獎金。

#### 基本薪酬

執行董事每年均會根據本公司之酬金政策檢討及批准各執行董事之基本薪酬。根據本公司與執行董事之間所訂立之服務合約，執行董事有權獲取固定基本薪酬。

#### 獎金

獎金乃根據由執行董事所主管之業務部門之可衡量表現和貢獻為基礎計算。

# Corporate Governance

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### REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

Non-executive Directors do not receive remuneration from the Group.

Allowances received by the 5 independent non-executive Directors in 2006 were as follows:

Hu Honggao	RMB50,000
Peter Lok	HK\$50,000
Wu Baiwang	RMB50,000
Zhou Ruijin	RMB50,000
Xie Rong	RMB50,000

### NOMINATION COMMITTEE

The Company has not established a nomination committee and the Board is directly responsible for nominating Directors. Pursuant to the articles of association, candidates for Director shall be nominated by the Board or shareholders, and nominations shall be submitted to the general meeting as motions for consideration.

### INVESTOR RELATIONSHIP

The Company undertakes that the disclosure it makes is fair, comprehensive and transparent. The ultimate priority is to ensure effective communication with investors and to ensure that the Board is aware of the views of major shareholders. The Chairman meets major shareholders on a regular basis and the Board's routine communication with the major shareholders is conducted through the company's secretary.

The Company has drawn up and implemented an Information Disclosure and Management System and has further improved the information disclosure system in order to ensure the accuracy, completeness and timeliness of information disclosure; the Company has also established an information disclosure office for which the company secretary is responsible. The information disclosure office is mainly responsible for the collection, collation and compilation of basic information for disclosure, and is also responsible for drawing up the internal control and procedural guidelines. It is responsible for monitoring the correct implementation of the various control measures.

### 非執行董事之酬金政策

非執行董事均不在本集團內領取薪酬與酬金。

其中五名獨立非執行董事之二零零六年度領取如下補貼：

胡鴻高	RMB50,000
樂鞏南	HK\$50,000
吳百旺	RMB50,000
周瑞金	RMB50,000
謝榮	RMB50,000

### 提名委員會

公司現在沒有成立提名委員會。董事會直接負責提名董事。根據公司章程規定，董事候選人由董事會或股東提名，並以提案方式提交股東大會審議。

### 與投資者關係

本公司承諾作公正的披露及提供全面而透徹的報告。董事會主席的最終責任，是確保與投資者有有效的溝通，並確保董事會明白主要股東的意見。因此，主席須為此與股東會面。董事會與主要股東的日常接觸，主要是透過公司秘書進行。

本公司制定並實施了《信息披露管理制度》，進一步完善本公司的信息披露制度，確保公司對外披露信息的準確性、完整性和及時性；同時建立了由公司秘書主持的信息披露辦公室。信息披露辦公室主要負責信息披露基礎資料的收集、匯總、整理工作，組織制定信息披露及相關的內部控制及程序等規章、制度，負責監督各項控制制度的正確執行等工作。

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## 企業管治

The Company has released information in relation to its quarterly results. In the latest shareholders' general meeting held on 28 June 2006 in Shanghai, the meeting was open to all the shareholders and the media. A total of 55 shareholders attended in person or by proxy.

In the Annual General Meeting, each matter was proposed as a resolution and voted by poll.

Investors and the public may access our website and download coverage on such briefings. The website also sets out details of each of the Group's operations. Announcements of the interim and final results may also be downloaded from the website.

The company secretary and principal officer of the capital investment market held 55 investors' meetings with Hong Kong investment analysts and investors, and also held 3 press conferences with media in the PRC.

Based on publicly available information and to the best of the knowledge of the Directors, at least 25% of the total issued share capital is held by the public. As at 31 December 2006, there were a total of 88,648 shareholders on the Company's register of members.

For any enquiries of the Board, shareholders may use the shareholders' hotline 8621-62686268, e-mail at [ir@ce-air.com](mailto:ir@ce-air.com) to contact the company secretary, or they may put forward their questions in the Annual General Meeting or extraordinary general meetings. In respect of the procedures for shareholders to convene the Annual General Meeting or extraordinary general meetings, they may make enquiries of the company secretary through the aforesaid channels.

On behalf of the Board

**Li Fenghua**  
*Chairman of the Board*

Shanghai, China  
19 April 2007

本公司亦就其季度業績表現發放訊息。最近期的股東周年大會於二零零六年六月二十八日，在上海舉行。該會議公開讓所有股東及傳媒參與，會上共有55位股東親身或委任代表出席。

於股東周年大會上，每項事宜均以決議案個別提出，以投票方式進行表決。

投資者及公眾登入公司網址，從網上數據庫下載簡報會文稿資料，網址內亦載有關於本集團各項業務的詳細資料。公布中期及末期業績的公告亦可在本公司網址下載。

本公司公司秘書及資本市場主管於二零零六年與香港的分析員及投資者進行了55次會議，並舉行3次國內媒體見面會。

據公司公開所得的資料及就公司董事所知，本公司至少25%已發行股本總額一直由公眾持有。於二零零六年十二月三十一日，本公司股東名義上共有88,648名股東。

如欲向董事會作出任何查詢，股東可透過股東熱線8621-62686268、電郵[ir@ce-air.com](mailto:ir@ce-air.com)聯絡公司秘書，或直接於年會或特別大會上直接提問。關於股東召開年會或特別大會及提呈決議案的程序，可透過上述途徑向公司秘書查詢。

董事會代表

**李豐華**  
董事長

中國上海  
二零零七年四月十九日