

(一) 公司治理的情況

報告期內，本公司嚴格按照中華人民共和國《公司法》、《證券法》和中國證監會有關法律法規的要求，以及香港聯交所《證券上市規則》以及《企業管制常規守則》所載的條文，積極完善本公司法人治理結構、建立現代企業制度、規範本公司運作。

根據以上規則的變化內容，本公司及時完善和修改了《公司章程》，並經 2005 年年度股東大會審議通過。根據最新修訂的《公司章程》及其他相關規定，本公司修訂了《董事會議事規則》、《股東大會議事規則》、《監事會議事規則》，並分別經公司第三屆董事會第三十四次會議、第三屆監事會第九次會議審議通過。《公司章程》是本公司的行為準則，本公司還將根據實際情況和相關的法律、法規及規章制度的變動及時修訂。

1、關於股東與股東大會：本公司建立了與股東溝通的有效渠道，確保所有股東，特別是中小股東享有平等地位，充分行使自己的職權；本公司嚴格按照《股東大會議事規則》的要求召集、召開股東大會，使股東對本公司重大事項有知情權、參與權和表決權；

1. The conditions of corporate governance

During the reporting period, the Company strictly complied with the requirements under the Company Law, Securities Law of the PRC and the relevant rules and regulations of the CSRC and the provisions under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") and "Code on Corporate Governance for Listed Companies". The Company devoted a lot of effort to improve its corporate governance structure and established a contemporary corporate system so as to standardize the operation of the Company.

Pursuant to the amendments to the above regulations, the Company had improved and amended the Articles of Association in a timely manner, which was passed at the 2005 annual general meeting. Pursuant to the latest amended Articles of Association and other related provisions, the Company made amendments to the "Rules of the Procedures of Board Meetings", "Rules of the Procedures of Shareholders' General Meetings", "Rules of the Procedures of Supervisory Committee Meetings", which were passed in the 34th Meeting of the Third Board, 9th Meeting of the Third Supervisory Committee respectively. The Articles of Association are the principles governing the behavior of the Company, and have been amended in a timely manner in accordance with the change in actual situation and the system of relevant laws, rules and regulations.

(1) As to the Shareholders and the Shareholders' general meetings: The Company has established effective channel of communication with shareholders, which ensured that all shareholders, in particular medium and minor shareholders, enjoyed equal positions and exercised their own rights. The Company convened and held general meetings in strict compliance with the Rules of the Procedures of Shareholders' General Meetings, enabling the shareholders to have their rights of information to the Company's material issues, participation rights and voting rights.

(一) 公司治理的情況 (續)

- 2、關於控股股東和上市公司：本公司控股股東行為規範，沒有超越股東大會直接幹預本公司的決策和經營活動，沒有佔用本公司資金或要求為其擔保或替他人擔保；本公司與控股股東在人員、資產、財務、機構和業務方面完全分開；本公司董事會、監事會和經營管理的職能部門能夠獨立運作。
- 3、關於董事與董事會：公司董事會人數和人員構成符合法律和法規的要求，本公司所有董事承諾遵守相關法律法規和《公司章程》及本公司相關議事規則的規定，本著穩健、發展的原則，從股東的利益出發，認真履行職責，並且按照《公司章程》和股東大會的授權和規定程序進行決策。
- 4、關於監事和監事會：本公司嚴格按照《公司章程》規定的監事任職資格和選聘程序選舉監事，監事會人數和人員構成符合法律和法規的要求；全體監事本著對股東負責的原則，對本公司的財務和經營活動進行嚴格監督和檢查，與外部審計和管理層進行充分溝通，並向董事會提出建議，很好地發揮了監事會的作用。

1. The conditions of corporate governance (Continued)

- (2) Regarding the controlling shareholder and listed companies: the actions of the controlling shareholders of the Company were regularized. It has not, overstepped the general meeting directly interfering the Company's decisions and operation activities nor appropriate the Company's funds or requested for provision of guarantee to it or to other persons. The Company was completely separated with the controlling shareholder in respect of staff, assets, finance, organization and business, and the Company's Board, Supervisory Committee and the functional departments of operation management were able to operate independently.
- (3) As to the Directors and the Board: The number and composition of the Board have complied with the requirements as provided in laws and regulations. The Directors undertook to comply with the relevant laws and regulations, the Articles of Association and the relevant rules of the procedures for operating meetings. The Board was able to seriously discharge its duties under the principles of steady developments and for the benefits of shareholders, and made decisions pursuant to the Articles of Association and the authorization and required procedures of general meetings.
- (4) As to the supervisors and the Supervisory Committee: Election of supervisors have been strictly in compliance with the qualification and election procedures of supervisors as required under the Articles of Association, and the number and composition of members of the Supervisory Committee were in compliance with the laws and regulations. All the Supervisors have performed strict supervision and inspection to the Company's financial and operation activities based on the principle of accountability to shareholders, made full communication with external auditors and management, made proposals to the Board, and exercised good effect of the Supervisory Committee.

(一) 公司治理的情況 (續)

- 5、關於審核委員會：本公司董事會下轄審核委員會。本公司依據《審核委員會工作細則》規定的職責權限、決策程序及議事規則，規範與加強審核委員會的日常工作。報告期內本公司共召開兩次審核委員會會議，分別審議了本公司2005年年度報告及2006年半年度報告，並出具了工作報告。
- 6、關於績效評價與激勵約束機制：本公司已成立董事會薪酬與考核委員會，並依據《薪酬與考核委員會工作細則》規定的職責權限、決策程序及議事規則，規範與加強薪酬與考核委員會的日常工作。報告期內本公司共召開了一次薪酬與考核委員會，審議了本公司第四屆董事會董事薪酬議案，並提交本公司董事會和股東大會審議通過。
- 7、關於利益相關者：本公司充分尊重和維護銀行及其他債權人、職工、客戶、供應商等利益相關者的合法權益，共同推進公司持續、健康地發展。

1. The conditions of corporate governance (Continued)

- (5) As to the Audit Committee of the Company: The Board has established an Audit Committee. To regulate and strengthen the daily routine of the Audit Committee, the Company has been in strict compliance with the terms of reference, the procedure for decision making and the rules of considering matters as provided under the "Articles of the Audit Committee". During this reporting period, the Company convened two meetings of the Audit Committee to consider the 2005 annual report and the 2006 interim report and issued the working report.
- (6) As to the mechanisms governing the assessment and motivation: The Company has established a Remuneration and Assessment Committee. The Company has regulated and strengthened the daily routine of the Remuneration and Assessment Committee basing on the terms of reference, the procedure for decision making and the rules of considering matters as provided in the "Articles of the Remuneration Committee". During the reporting period, the Company convened one meeting of the Remuneration and Assessment Committee to consider the Directors' remuneration plan of the Fourth Board, which were submitted for approval by the Board and the general meeting of the Company.
- (7) As to the related interested parties: The Company fully respected and safeguarded the legal interests of the related interested parties such as the banks, other creditors, staff, customers and suppliers for the sustainable and healthy development of the Company.

(一) 公司治理的情況 (續)

8、關於信息披露：本公司指定董事會秘書、證券事務代表負責信息披露工作，接待股東、投資者的來訪和諮詢，及時準確地向中國及香港證監會派出機構、交易所報告有關情況；本年度本公司已披露的定期報告和臨時報告，真實、準確、及時、完整地披露了本公司有關信息。

1. The conditions of corporate governance (Continued)

(8) Information disclosure: The Company has designated the secretary of the Board, the securities affairs representative to be responsible for information disclosure to deal with visits and enquiries of shareholders and investors, and to report the relevant situations to the agencies of the CSRC and the HK Stock Exchange in a timely and accurate manner. The regular reports and provisional reports disclosed by the Company during the year have disclosed the relevant information of the Company in a true, accurate, timely and complete manner.

(二) 獨立非執行董事履行職責情況

1、獨立非執行董事參加董事會的出席情況

2. Performance of duties by independent non-executive Directors

(1) Attendance of independent non-executive Directors at the Board meetings

獨立非執行董事姓名	Independent non-executive Directors	本年應參加董事會次數 Number of attendance to be made in the year	親自出席 (次) Attendance in person (times)	委託出席 (次) Attendance by proxies (times)	缺席 (次) Absence (times)	備註 Remarks
高寶明	Ko Poming	17	17	0	0	
高宗澤	Gao Zongze	17	16	1	0	三屆三十三次董事會，因出差在外無法按時參加，授權獨立非執行董事王翔飛對該次董事會各項議案代為表決。 Absence due to business trip, but have authorized Wang Xiangfei, an independent non-executive Director to vote in the various resolutions
王翔飛	Wang Xiangfei	17	17	0	0	

(二) 獨立非執行董事履行職責情況
(續)**1、獨立非執行董事參加董事會的出席情況** (續)

根據中國證監會《關於在上市公司建立獨立董事制度的指導意見》和香港聯交所《證券上市規則》，本公司董事會成員包括三名獨立非執行董事，佔董事會成員總數的三分之一。各位獨立非執行董事熟悉本公司的業務及經營情況，能夠以認真負責的態度出席董事會和股東大會，發表獨立性專業意見，能夠積極參加有關培訓，瞭解作為獨立非執行董事的權利、業務和責任。

此外，本公司第四屆董事會第一次會議2006年12月19日審議通過，由本公司獨立非執行董事高寶明先生、高宗澤先生、王翔飛先生組成本公司第四屆董事會審核委員會以及薪酬與考核委員會，並同意高寶明先生為本公司第四屆董事會審核委員會主席、同意高宗澤先生為本公司第四屆董事會薪酬與考核委員會主席，分別主持相應委員會工作。上述審核委員會、薪酬與考核委員會委員的任期，與其作為第四屆董事會獨立非執行董事的任期一致。

本公司已接獲獨立非執行董事遵照上市規則第3.13條規定發出有關他們的獨立身份的年度確認信。本公司認為所有獨立非執行董事均為獨立。

2. Performance of duties by independent non-executive Directors
(Continued)**(1) Attendance of independent non-executive Directors at the Board meetings**
(Continued)

In accordance with “Guideline Opinions regarding the establishment of an Independent Director system for listed companies” issued by the CSRC and the Listing Rules of HK Stock Exchange, members of the Board comprised three independent non-executive Directors, representing one-third of all the members of the Board. Each of the independent non-executive Directors was familiar with the conditions of the business and operations of the Company. They have attended meetings of the Board and the Shareholders’ general meetings in a serious and responsible manner, and have given independent and professional opinions. They have participated in the relevant training proactively so as to understand the rights, duties and responsibilities of an independent non-executive Director.

In addition, in the First Meeting of the Fourth Board held on 19 December 2006, it was considered and passed that an Audit Committee and a Remuneration and Assessment Committee of the Fourth Board shall be formed, which comprised three independent non-executive Directors, namely Mr. Ko Poming, Mr. Gao Zongze, Mr. Wang Xiangfei, and agreed to elect Mr. Ko Poming as the chairman of the Audit Committee of the Fourth Board, and Mr. Gao Zongze as the chairman of the Remuneration Committee and Assessment Committee of the Fourth Board to preside over the works of the corresponding committees. The terms of office of members of the above Audit Committee, Remuneration and Assessment Committee shall be the same as their terms of office being the independent non-executive Directors of the Fourth Board.

The Company has received the annual confirmation letter issued by each of the independent non-executive Directors in respect of their independence in accordance with Rule 3.13 of the Listing Rules. The Company considered that all of the independent non-executive Directors were independent.

(二) 獨立非執行董事履行職責情況
(續)

2、獨立非執行董事對本公司有關事項提出異議的情況

於報告期內，本公司獨立非執行董事未對本公司本年度的董事會議案及其他非董事會議案事項提出異議。

(三) 本公司相對於控股股東在業務、人員、資產、機構、財務等方面的獨立情況

- 1、業務方面：本公司在業務方面獨立於控股股東，具有獨立完整的業務及自主經營能力。
- 2、人員方面：本公司控股股東在業務、人事及工資管理等方面是獨立的，並設立了獨立的勞動人事部門。除本公司董事長兼任控股股東市政投資董事外，本公司總經理、副總經理、財務總監、董事會秘書等高級管理人員均在本公司領取薪酬，且均未在控股股東單位擔任除董事以外的重要職務。
- 3、資產方面：所有與本公司生產經營有關的資產均歸本公司所有，完全獨立於控股股東，本公司除為控股子公司提供擔保外，沒有為控股股東及其他公司提供過擔保。本公司對其資產有完全的控制和支配權，不存在其資產、資金被控股股東佔用而損害本公司利益的情況。

2. Performance of duties by independent non-executive Directors
(Continued)

(2) Issues on disagreement by the independent non-executive Directors with the Company

During the reporting period, the Company's independent non-executive Directors did not disagree with the resolutions proposed in the meeting of the Board and other meetings apart from those of the meeting of the Board held in the year.

3. Independence between the Company and the controlling Shareholder with respect to the matters including business, staff, assets, organisation and finance

1. Scope of business: The Company was independent from the controlling Shareholder in conducting of its business, with independent capability on business and self-operation.
2. Staff: The Company was independent from the controlling shareholder on aspects such as labour, personnel and salaries management, and has set up an independent human resource department. Save as except for the chairman of the Company who was also a director of TMICL, the controlling Shareholder, all senior management officers such as the general manager, deputy general manager, financial controller, secretary to the Board received their salaries from the Company and they have not taken up any important positions other than directors in the entities of the controlling shareholder.
3. Assets: All assets relating to the production and operation of the Company were owned by the Company and completely independent from the controlling Shareholder. The Company did not provide any guarantee to its controlling Shareholder and other companies except to its controlling subsidiaries. The Company has complete control and right of its assets. There were no circumstances of its assets and capital being occupied by the controlling Shareholder which would adversely affect the interest of the Company.

(三) 本公司相對於控股股東在業務、人員、資產、機構、財務等方面的獨立情況 (續)

- 4、機構方面：本公司設立了完全獨立於控股股東的組織機構，設有股東大會、董事會、監事會、總經理等機構，本公司的經營管理實行董事會授權下的總經理負責制，有獨立的辦公經營場所。
- 5、財務方面：本公司設立了獨立的財務及會計部門，在銀行開設獨立的帳戶，並建立了獨立的會計審核體系和財務管理制度。

(四) 高級管理人員的考評及激勵情況

本公司每年初根據本公司目標和高管人員簽訂目標責任書，年末由本公司績效考核委員會對其年度目標完成情況進行考核，視目標完成情況決定獎懲及額度。

(五) 企業管治報告**1、香港聯交所《企業管治常規守則》遵循情況**

上市以來，本公司按照境內外監管的要求，逐步建立起規範的法人治理結構並不斷完善。根據《企業管治常規守則》及其他法規的要求，本公司不斷修改和完善《公司章程》、《股東大會議事規則》、《董事會議事規則》等相關制度，同時不斷健全內部控制制度，嚴格遵守《企業管治常規守則》的規定，積極做好各項工作，使本公司治理水平不斷提高。

3. Independence between the Company and the controlling Shareholder with respect to the matters including business, staff, assets, organisation and finance (Continued)

4. Organisation: The Company established an organizational structure which was absolutely independent from the controlling Shareholder, and has set up organizations such as Shareholders' general meetings, the Board, the Supervisory Committee and the general manager of the Company. The operation and management of the Company were subject to an accountability system of the general manager under the authorization of the Board. The Company has a separate place of business.
5. Finance: The Company has set up an independent financial and accounting department, and established a separate bank account and an independent accounting and audit system and financial management system.

4. Appraisal and motivation mechanism for senior management

The Company has entered into a Target Responsibility Manual with the senior management based on the Company objectives, and an assessment shall be made by the Performance Assessment Committee of the Company every year end on the completion of their annual targets to decide the award and punishment and the amounts based on the completion of the target.

5. Corporate governance report**1. Compliance with the "Code of Corporate Governance Practices"**

Since the listing of the Company, the Company has complied with domestic and overseas regulatory requirements, and gradually set up and upgraded a regularized corporate governance structure. Pursuant to the "Code of Corporate Governance Practices" and other legal requirements, the Company has continuously amended and upgraded the related systems under the Articles of Association, Rules of the Procedures of Shareholders' General Meetings, Rules of the Procedures of the Board Meetings, and at the same time continued to upgrade its internal control system, and strictly complied with the "Code of Corporate Governance Practices". The Company proactively carried out various assignment to continuously enhance the Company's governance level.

(五) 企業管治報告 (續)

2、企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

一、企業管治常規

I. Corporate Governance Practices

1、陳述說明上市發行人如何應用《守則》列載的原則，並須加以闡釋，讓其股東可衡量有關原則是如何應用的

Stating how the listed issuer applied the principles as set out in the “Code of Corporate Governance Practice”, with further explanations on how the shareholders’ deliberation of the relevant principals is applied

2、說明上市發行人是否遵守《守則》載列的守則條文。若上市發行人自行採納本身比《守則》列載的守則條文更為嚴格的守則，則該上市發行人須在年報中促使他人注意該等事實

Whether the listed issuer has complied with the code provisions as set out in the Code of Corporate Governance Practices. In the event the listed issuer has adopted its own code which is stricter than the Code of Corporate Governance Practices, the listed issues shall in its annual report procure others to pay attention to such facts

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company’s Corporate Governance

Report during the reporting period

新修訂的《公司章程》、《董事會議事規則》、《股東大會議事規則》等公司治理相關制度嚴格執行《企業管治常規守則》的規定，本公司董事、監事和高級管理人員認真學習了《企業管治常規守則》，董事會（及其下轄審核委員會、薪酬與考核委員會）、監事會、股東大會的決策程序和依據完全遵守公司治理的相關制度。

The newly amended Articles of Association, the Rules of the Procedures of Board Meetings, the Rules of the Procedures of General Meetings have strictly implemented the requirements under the Codes of Corporate Governance Practices. The Directors, Supervisors and senior management have seriously studied the “Codes of Corporate Governance Practices”, and the decision procedures of the Board (and its Audit Committee, Remuneration and Assessment Committees), Supervisory Committee and the general meeting, and have fully complied with the related system of Corporate Governance.

《公司章程》、《董事會議事規則》、《股東大會議事規則》等公司治理相關制度嚴格遵守《企業管治常規守則》。於現實或在本期間內，本公司遵守《企業管治常規守則》。

The Articles of Association, the Rules of the Procedures of Board Meetings, the Rules of the Procedures of General Meetings have complied with the requirements under the “Codes of Corporate Governance Practices”. The Company has complied with the “Codes of Corporate Governance Practices” both at the present or during the reporting period.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

- 3、 如偏離《守則》所載的守則條文，須說明在有關財政年度中任何偏離守則條文的詳情（包括就偏離守則條文的行為提供經過深思熟慮得出的理由）
- In the event of deviations from the code provisions as set out in the “Code of Corporate Governance Practices”, explanation should be given on the details of any deviation from the code provisions in the relevant financial year (including reasons for such deviation action after deliberations)

二、 董事的證券交易（有關香港聯交所《證券上市規則》附錄十所列載的《上市公司董事進行證券交易的標準守則》（「標準守則」））

II. Securities transactions by Directors (Relating to the Model Code for Securities Transactions by Directors of Listed Issues (“Model Code”) as set out in Appendix 10 of the Listing Rules)

- 1、 上市發行人是否有採納一套比《標準守則》所訂的標準更高的董事進行證券交易的行為準則
- Whether the Listed issuer has adopted a set of principles for securities transaction by directors with standards higher than the “Model Code”

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company’s Corporate Governance

Report during the reporting period

報告期內，本公司所有經營、管理事項均未偏離《公司管治常規守則》所載的條文

There was no deviation from the “Codes of Corporate Governance Practices” in all the Company’s operations and management during the reporting period.

本公司已經採納一套管理董事進行證券交易的應用守則，其要求近似於上市規則附錄十《上市公司董事進行證券交易的標準守則》。《公司章程》規定：董事、監事、經理以及其他高級管理人員應當在其任職期間內，定期向本公司申報其所持有的本公司股份；在其任職期間以及離職後六個月內不得轉讓其所持有的本公司的股份。

The Company has adopted a code of practice in respect of securities transactions by Directors, the standards of which are similar to the Model Code as set out in Appendix 10 to the Listing Rules. The Articles of Association requires that the Directors, Supervisors, managers and other senior management shall during their terms of office make regular reports to the Company on the Company’s Shares they hold, and shall not transfer the Company’s Shares they hold during their terms of office and within six months after their resignation.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

- 2、 在向所有董事作出特定查詢後，上市發行人的董事是否有遵守或不遵守《標準守則》所訂有關董事進行證券交易的標準及其本身所訂有關的行為守則

After making specific enquiries to all directors, whether the directors of the listed issuer have or have not complied with the Model Code for securities transactions by the relevant directors or their own code of actions

- 3、 如有不遵守《標準守則》所訂標準的情況，則須說明有關不遵守的詳情以及闡釋上市發行人就此採取的任何補救步驟

In the event of non-compliance with the Model Code, explanation should be made for the non-compliance, elaborating any remedial steps to be taken by the listed issuer in this respect

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

董事會經仔細查詢後認為，本公司只有一名董事和一名監事分別持有本公司A股股票6,850股和959股（詳情見本年報第五部分），報告期內並無交易行為，其他董事、監事和高級管理人員於報告期內並無購買本公司股票和債券行為。故此，於報告期內全體董事均遵守有關董事進行證券交易的《標準守則》

After making specific enquiries to all Directors, there were only 1 Director and 1 Supervisor holding 6,850 and 959 A Shares of the Company respectively (Please see section V in this annual report for details), and there have been no transactions during the reporting period. No other Directors, Supervisors and senior management of the Company has purchased the Company's shares and debentures during the reporting period. Accordingly, all the Directors have complied with the Model Code during the reporting period.

報告期內，無不遵守《標準守則》所訂標準的情況

During the reporting period, there was no non-compliance with the Model Code.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the
Corporate Governance Report

三、 董事會

III. Board

- 1、 上市發行人董事會的組成 (按董事類別劃分)，當中包括主席、執行董事、非執行董事及獨立非執行董事的姓名

Composition (by category of Directors) of the board of directors of listed issuer, including the names of the chairman, executive Directors, non-executive Directors and independent non-executive Directors

- 2、 在財政年度內舉行董事會的次數
- Number of board meetings held during the financial year

- 3、 具名列載每名董事於董事會會議的出席率

List of directors with their attendance rates of the board meetings

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance
Report during the reporting period

董事會由9名成員組成，包括主席馬白玉女士，5名執行董事，分別為顧啟峰先生、付亞娜女士、安品東先生、王占英先生、譚兆甫先生和3名獨立非執行董事分別為高宗澤先生、王翔飛先生、高寶明先生。所有董事會成員均擁有豐富的專業和管治經驗。董事會成員的詳細情況請見本年報的董事、監事和高級管理人員最近5年的主要工作經歷。

The Board comprises nine members, including Ms. Ma Baiyu (Chairman) and 5 executive Directors, namely Mr. Gu Qifeng, Ms. Fu Yana, Mr. An Pindong, Mr. Wang Zhanying, Mr. Tan Zhaofu and 3 independent non-executive Directors, Mr. Gao Zongze, Mr. Wang Xiangfei, Mr. Ko Poming. All members of the Board have professional and governance experience. For details of the Board members, please see "Major working experience of Directors, Supervisors and senior management in the recent five years" in this annual report.

報告期內本公司共舉行董事會17次，議案及董事出席情況詳細見董事會報告中董事會日常工作情況。

The Company held 17 Board meetings during the reporting period. Details of the resolutions and attendance of Directors are set out in the "Review of Board Activities" under the "Directors' Report".

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

- 4、 陳述董事會如何運作，包括涉及高層次的聲明書陳述哪類決定會由董事會作出，哪類決定會交由管理層作出
- How the board of directors operate, including a statement of which type of decisions are to be taken by the board of directors, and which type of decisions are to be delegated to the management

- 5、 是否遵守《上市規則》第3.10(1)及(2)條
- Compliance with Rules 3.10(1) and (2) of the Listing Rules

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

《公司章程》中對董事會和管理層的職責有清晰的界定描述；《董事會議事規則》、《總經理議事規則》分別對董事會和管理層的決策程序和決策依據作出明確的規定，以保證董事和董事會、高級管理人員和管理層的決策科學、合法。

There are clear demarcation on the duties of the Board and the management in the Articles of Association. The Rules of the Procedures of Board Meetings and the Rules of the Procedures of the General Manager have made specific requirements on the decision making procedure and basis of decisions for the Board, the management, so as to ensure the decisions of the Directors, the Board, the senior management and the management to be scientific and legal.

三名獨立非執行董事的資格和專業經驗完全符合《上市規則》的要求，三名獨立非執行董事的詳細情況請見本年報董事、監事、高級管理人員最近5年的主要工作經歷

The qualifications and professional experiences of the three independent non-executive Directors have fully complied with the requirements under the Listing Rules. For details of the three independent non-executive Directors, please see "Major working experience of Directors, Supervisors and senior management in the recent five years" in this annual report.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

- 6、 當獨立非執行董事未能符合《上市規則》第3.13條列載的其中一項或多項評估獨立性的指引，須解釋為何上市發行人仍認同獨立非執行董事的獨立性

Where the independent non-executive directors fail to comply with any or more of the guidelines for assessment of independence under Rule 3.13 of the Listing Rules, explanation should be made on how the listed issuers still recognize the independence of the independent non-executive directors

- 7、 若董事會成員之間（特別是主席與行政總裁之間）存有任何關係，包括財務、業務、家屬或其他重大／相關的關係，則須披露有關關係。

Relationship, including financial, business, family or other material/relevant relationship between the members of the board of directors (in particular between the chairman and the chief executive officer)

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

本公司董事會已經接受各位獨立非執行董事二零零六年度的獨立聲明書，確認他們符合香港聯交所上市規則第3.13條所列載有關獨立性的規定。董事會認為全體獨立非執行董事均為獨立人士。The Board has received annual confirmation of independence in 2006 from each of the independent non-executive Directors, and confirmed that they complied with the relevant independence requirements as set out under Rule 3.13 of the Listing Rules of the HK Stock Exchange. The Board considers that all the independent non-executive Directors are independent parties.

本公司董事會各成員之間無任何包括財務、業務、家屬或其他重大／相關的關係。

There was no relationship including financial, business, family or other material/relevant relationship between the members of the Board.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

四、 主席及行政總裁

IV. The Chairman and the Chief Executive

1、 主席及行政總裁的身份

Identity of the chairman and the chief executive officer

2、 主席及行政總裁的角色是否分開以及並非由同一人士出任

Whether the roles of the chairman and the chief executive officer are segregated and are not exercised by the same individual

五、 非執行董事的任期

V. Terms of non-executive Directors

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

馬白玉女士任公司董事會主席；顧啟峰先生任總經理。本公司董事長由全體董事過半數選舉產生；本公司總經理由董事長提名，董事會聘任。

Ms. Ma Baiyu is the Chairman of the Board, Mr. Gu Qifeng is the general manager of the Company. The Chairman is elected by over half of all the Directors, while the general manager is nominated by the Chairman, and appointed by the Board.

董事會主席和總經理的主要職責區分明確，董事會主席負責召集、主持董事會會議，董事會的高效運作，而本公司行政主席負責本公司的各項經營活動、發展戰略、目標和計劃，並向本公司董事會負責。

The main duties of the Chairman of the Board and the general manager of the Company is clearly separated. The chairman of the Board is responsible for holding and presiding the Board meetings, and the effective operation of the Board, while the general manager of the Company is responsible for plan for various operation activities and development of strategies, objectives and plan for the Company, and is accountable to the Board.

《公司章程》規定：非執行董事任期三年，可以連選連任，但連任時間不得超過6年。報告期內，經股東大會批准三名獨立非執行董事被續聘連任。本公司將遵守《企業管治常規守則》要求，每名董事將輪流退任。

The Articles of Association requires that the terms of non-executive Directors shall be for three years, and can be available for re-election for a period of not exceeding six years. During the reporting period, under the approval at the general meeting, three independent non-executive Directors have been re-elected. The Company will comply with the requirements under the "Codes of Corporate Governance Practices", and each Director will retire by rotation.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the
Corporate Governance Report

六、 董事薪酬

VI. Remuneration of Directors

- 1、 薪酬委員會 (如有) 的角色及職能，
或沒有設立薪酬委員會的原因

The role and function of the
Remuneration Committee (if any), or
reasons for not setting up a Remuneration
Committee

- 2、 薪酬委員會 (如有) 的組成 (包括各
委員的姓名，尤其要識別薪酬委員會
主席姓名)

Composition of the Remuneration
Committee (if any), including the names
of the members, in particular, the Chairman
of the Remuneration Committee

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance
Report during the reporting period

本公司成立了薪酬與考核委員會，其主要職責是向董事會建議董事及高級管理人員的薪酬方案。其書面職權範圍可參見《薪酬與考核委員會工作細則》，該《工作細則》已經董事會第二十五次會議討論通過。

The Company has established a Remuneration and Assessment Committee, its primary duties is to propose remuneration plan of Directors and senior management of the Company to the Board. For its scope of rights in written form, please refer to the "Details for the works of the Remuneration and Assessment Committee" which was approved at the 25th Meeting of the Board.

薪酬委員會由三名獨立非執行董事組成，分別是高寶明先生、王翔飛先生、高宗澤先生，其中高寶明先生任薪酬委員會主席。

The Remuneration and Assessment Committee comprises three independent non-executive Directors, being Mr. Ko Poming, Mr. Wang Xiangfei, Mr. Gao Zongze, and Mr. Ko Poming is the chairman of the Remuneration and Assessment Committee.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

3、 薪酬委員會或董事會 (如沒有設立薪酬委員會) 年內舉行會議以討論薪酬相關事宜的次數, 以及具名列載個別委員會 (或董事) 出席該等會議的記錄
The number of meetings held by the Remuneration Committee or the board of directors (if the Remuneration Committee has not been set up) during the year to discuss the remuneration and related matters, and the record of individual attendance of members)

4、 薪酬委員會或董事會 (如沒有設立薪酬委員會) 年內的工作摘要, 工作包括制定執行董事薪酬政策、評估執行董事的表現及批准執行董事服務和約的條款
A summary of the work of the Remuneration Committee or the board of directors (if the Remuneration Committee has not been set up) during the year, including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive Directors' service contracts

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

報告期內舉行一次薪酬委員會會議, 審議通過了本公司第四屆董事會董事薪酬議案, 三名委員會成員全部出席。該方案經本公司三屆三十四次董事會及2006年第二次臨時股東大會審議通過。
The Remuneration and Assessment Committee held one meeting during the reporting period to consider and approve the Directors' Remuneration Plan of the Fourth Board. Such meeting was attended by all the three members. The plan was considered and passed by the 34th Meeting of the Third Board and the 2006 Second extraordinary general meeting.

報告期內, 本公司召開了一次薪酬委員會, 審議通過了本公司第四屆董事會董事薪酬議案, 並經本公司三屆三十四次董事會及2006年第二次臨時股東大會審議通過。《公司章程》規定: 本公司應當就報酬事項與本公司董事、監事訂立書面合同, 並經股東大會事先批准。

During the reporting period, the Company held one Remuneration Committee meeting to consider and pass the Directors' Remuneration Plan which was considered and passed by the 34th Meeting of the Third Board and the 2006 Second extraordinary general meeting. The Articles of Association requires that the Company should enter into written contracts with the Directors and Supervisors in respect of the remuneration issues, subject to approval by the general meeting in advance.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

七、 董事提名 (提名委員會)

VII. Nomination of Directors (Nomination Committee)

1、 董事會年內採用的提名程序及處理過程，以及挑選及推薦董事候選人的準則

The nomination procedure and the process and criteria adopted by the board of directors to select and recommend candidates for directorship during the year

2、 董事會年內的工作摘要，工作包括制定董事提名的政策

Summary of the works of the board of directors during the year, including determining of the policy for the nomination of directors

3、 董事會年內舉行會議的次數，以及具名列載個別董事出席該等會議的記錄

the number of board meetings held during the year, and the list of attendance record of individual directors in such meetings

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

《公司章程》規定：董事由股東大會選舉產生。董事候選人由上一屆董事會或由持有(或合併持有)公司股份總數的百分之十及以上的股東提名。報告期內，九名董事經三屆三十四次董事會提名並經2006年第二次臨時股東大會審議通過，報告期內無其他董事被聘任或解聘。報告期內董事會工作報告及舉行會議次數，詳細請見本報告中董事會工作報告部分。

The Articles of Association requires that the Directors shall be elected by the general meeting. Candidates shall be nominated by the previous Board or by Shareholders holding (or holding in aggregate) 10% or more in the total Shares of the Company. During the reporting period, nine Directors were nominated by the Board, which were considered and approved at the 2006 Second extraordinary general meeting. No other Directors were appointed or removed during the reporting period.

(五) 企業管治報告 (續)

2、企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the
Corporate Governance Report

八、核數師酬金。

VIII. Remuneration of Auditors

有關核數師向上市發行人提供核數及非核數服務所得酬金的分析。有關分析必須包括每項重大非核數服務的性質及所支付費用的詳情

Regarding analysis of the remuneration received by the auditors in respect of the provision of auditing and non-auditing services to the listing issuers, it shall include details of the nature of each material non-auditing service and the expenses paid

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance
Report during the reporting period

董事會下轄的審核委員會一項重要職責是就外聘核數師的委任、重新委任及罷免向董事會提供建議、批准核數師的薪酬及聘用條款。報告期內，審核委員會建議繼續聘請普華永道會計師事務所及羅兵咸永道會計師事務所為本公司外部審計機構並得到股東大會的批准，聘用協議詳細列明核數師的核數內容及所得報酬，並在報告期內嚴格按照該聘用協議執行。報告期內核數師並未向本公司提供非核數服務。

One of the important duties of the Audit Committee of the Board is to provide proposal in respect of the appointment, reappointment and removal of external auditors and to approve remuneration and employment terms of the auditor. During the reporting period, the Audit Committee proposed to re-elect PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers as the Company's auditors and was approved at the general meeting. Details of the terms of the audits and the remuneration obtained are set out in the appointment agreement. The appointment agreement was implemented strictly during the reporting period. During the reporting period, the Auditors have not provided non-audit services to the Company.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

九、 審核委員會

IX. Audit Committee

- 1、 審核委員會的角色、職能以及組成 (包括各成員的姓名，尤其要注明誰是委員會主席)

The role, functions and composition of the Audit Committee, including names of the members, in particular, the chairman of the committee

- 2、 年內審核委員會開會的次數，以及具名列載個別成員出席會議的記錄

Number of meetings held by the Audit Committee during the year, and the record of individual attendance of members

- 3、 審核委員會年內就履行其審議季度 (如有)、半年度及年度業績以及檢討內部監控系統的職責時和履行《守則》所列的其他責任時所做工作的報告

Report of the work performed by the Audit Committee during the year in discharging its responsibilities its review of quarterly (if relevant), half yearly and annual results and system of internal control, its other duties set out in Model Code

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

董事會審核委員會的主要職責包括作出外部審計師的任命建議、審閱年度、半年度財務報表，其書面職責範圍詳細請見《審核委員會工作細則》，該《細則》已經本公司三屆董事會二十五次會議審議通過。為完善本公司內部監控系統，本公司制定了《內部審計制度》，具體配合審核委員會的工作。審核委員會由本公司三名獨立非執行董事組成，高寶明先生、高宗澤先生、王翔飛先生，高寶明先生任審核委員會主席。報告期內本公司共召開兩次會議，分別審議了本公司2005年度報告及2006年半年度報告，並出具了工作報告。除獨立非執行董事高宗澤先生因出差在外未參加審議2006年半年度報告的審核委員會外，其他委員全部出席本公司會議。

The Primary duties of the Audit Committee include making proposal for the appointment of external auditors, reviewing of annual, interim and quarterly financial statements. For details of its written terms of duties, please see the "Articles of the Works of the Audit Committee", which were reviewed and passed at the 25th Meeting of the Third Board. In order to upgrade the Company's internal control system, the Company has set up an "Internal Audit System", which is in line with the works of the Audit Committee. The Audit Committee comprises three independent non-executive Directors, Mr. Ko Poming, Mr. Gao Zongze, Mr. Wang Xiangfei, and Mr. Ko Poming is the chairman of the Audit Committee. During the reporting period, the Audit Committee has held two meetings to consider the Company's 2005 annual report and 2006 interim report, and has issued a working report. Save for Mr. Ko Poming, an independent non-executive Director who was on business trip and was unable to attend the meeting of the Audit Committee to consider the 2006 interim report, all other committee members were present in the meeting.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

- 4、 未能遵守(如有)《上市規則》第3.21條的詳情,以及解釋上市發行人因未能符合關於設立審核委員會的規定而採取的補救步驟。(上市發行人有責任遵守《上市規則》第3.21條,若上市發行人未能遵守有關規則,即構成違反《上市規則》)

Non-compliance (if any) with Rule 3.21 of the Listing Rules, and explain the remedial steps adopted by the listed issuer for not establishing an audit committee in compliance with the relevant requirements. (The listed issuer has the duty to comply with Rule 3.21 of the Listing Rules. If the listed issuer does not comply with the relevant rules, the Listing Rules were breached).

- 5、 董事須承認其有編製帳目的責任,以及核數師發表有關其申報責任的聲明
The directors shall confirm their responsibility to prepare the accounts, and the auditors shall issue a statement regarding its reporting responsibility

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

本公司無不遵守《上市規則》第3.21條的情況。
There was no non-compliance of Rule 3.21 of the Listing Rules by the Company.

董事負責監督編製每個財政期間的帳目,使該帳目能真實公平地反映本公司在該期間的業務狀況、業績等情況。在編製截至二零零六年十二月三十一日止年度帳目時,董事已選擇適合的會計政策並貫徹應用且已作出審慎合理判斷及估計,並按持續經營基準編製帳目。

The Directors shall be responsible to supervise the preparation of accounts for each financial period, so that the accounts can truly and fairly reflect the business situation and results of the Company during the period. When preparing the accounts for the year ended 31st December, 2006, the Directors have selected the suitable accounting policies, and have implemented and made prudent and reasonable judgments and estimations, and prepared the accounts on the basis of continuous operations.

(五) 企業管治報告 (續)

2、 企業管治報告詳細內容 (續)

企業管治報告要求

Requirements of the

Corporate Governance Report

- 6、 若有重大不明朗事件或情況可能會嚴重影響上市發行人持續經營的能力，須匯報此等不明朗因素

Report should be made in the event of material uncertainties or situations which may seriously affect the ability of the listed issuer as a going concern

- 7、 說明董事會已經檢討發行人及其附屬公司的內部監控系統是否有效

Whether the board of directors has reviewed the effectiveness of the internal control systems of the listed issuer and its subsidiaries

- 8、 審核委員會說明解釋其對挑選、委任、辭退或解僱外聘核數師事宜的意見，以及董事會持不同意見的原因。

The Audit Committee has explained its opinions on the selection, appointment, removal or termination of external auditors, and reasons for disagreement with the board of directors.

5. Corporate governance report (Continued)

2. Details of the Corporate Governance Report (Continued)

報告期內本公司的管治報告內容

Contents of the Company's Corporate Governance

Report during the reporting period

董事認為，本報告期內未發生可能會影響本公司持續經營能力的重大不明朗事件或情況。

The Directors consider that there was no occurrence of uncertainties or situations which may affect the ability of the Company as a going concern during the reporting period.

如前所述，為完善本公司內部監控系統，本公司制定了《內部審計制度》，報告期內，本公司內部審計部門依據《內部審計制度》對本公司及附屬本公司財務狀況進行了全面的審計，並在此基礎上進一步完善了《內部審計制度》。本公司已經聘請了專業的管理諮詢本公司，幫助本公司進一步完善內部監控系統。

As above mentioned, in order to upgrade the internal control system of the Company, the Company has set up an "Internal Audit System". During the reporting period, the Company's internal audit department has conducted overall audits to the financial situation of the Company and its subsidiaries, and has on this basis, further upgraded the "Internal Audit System". The Company has appointed a professional management consultancy firm to assist the Company to upgrade its internal control system.

普華永道中天會計師事務所有限公司和羅兵咸永道會計師事務所一直擔任本公司的境內外審計服務機構，鑒於其對本公司的持續瞭解以及其專業水平很高，審核委員會建議續聘以上審計機構於2007年繼續為本公司提供審計服務，並且該建議獲得了四屆董事會第二次會議審議通過。

PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers have been the Company's domestic and overseas auditors respectively. In view of their continued understanding to the Company and their high professional level, the Audit Committee has proposed to re-appoint the above audit firms to provide audit services to the Company in 2007, and such proposal has been considered and passed at the 2nd Meeting of the Fourth Board.