

## **Management**

### ***Board of Directors***

According to the Articles of Association, the Board of Directors consists of 13 Directors, three of whom are independent non-executive Directors. The Directors are elected at the shareholders' meeting of the Company for a term of three years, renewable upon re-election and re-appointment. The duties and responsibilities conferred on the Board of Directors include: convening shareholders' meeting and reporting its work to the shareholders' meetings, implementing the resolutions of the shareholders' meetings, determining the Company's business and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions and for the increase or reduction of registered capital as well as exercising other powers, duties and responsibilities as conferred by the Articles of Association. Service contracts between the Company and its executive Directors and non-executive Directors and letters of appointment between the Company and its independent non-executive Directors were entered into in October 2005.

### ***Supervisory Committee***

The Company Law requires a joint stock limited company to establish a supervisory committee and this requirement is also contained in the Articles of Association. The supervisory committee is responsible for monitoring the Company's financial matters and overseeing the actions of the Board of Directors and the management personnel of the Company. The supervisory committee consists of eight Supervisors, five of whom are elected as shareholders' representative, one of whom is elected by the employees of the Company and the other two of whom are independent Supervisors. The term of office of the Supervisors is three years. An elected Supervisor cannot concurrently hold the position of a Director, senior management or financial controller.

The duties and responsibilities conferred on the supervisory committee include: attending board meetings, examining financial affairs, examining balance sheets, profit and loss accounts, business reports, dividend distribution proposals and other financial information proposed at shareholders' general meetings by the Directors from time to time and overseeing the actions of the Board of Directors and other senior management personnel of the Company when carrying out their duties. In the case of any conflict of interest between the Company and any of its Directors, the Supervisors shall negotiate or initiate legal proceedings against such Directors on behalf of the Company. A resolution proposed at any meeting of the supervisory committee shall be adopted only if it is approved by two-thirds or more of the Supervisors.

## **Directors and Senior Management**

### ***Executive Directors***

**Xu Ping** (徐平), aged 48, is the Chairman of the Board of Directors of the Company. Mr. Xu is a senior post-graduate engineer, graduated in 1982 from Hefei Industrial University with a Bachelor's degree in Engineering, specializing in power plant and power systems. Mr. Xu joined Dongfeng Motor Corporation in 1982 and was the president of Dongfeng Motor Corporation's thermo-electricity factory. Mr. Xu has served as the Secretary of the Communist Party and Deputy General Manager of Dongfeng Motor Corporation since 2001. Now he is the General Manager of Dongfeng Motor Corporation and will remain as its General Manager after the listing of the Company. Starting from 2003 Mr. Xu is also a director and a Vice President of Dongfeng Motor Co., Ltd. Starting from June

2005, Mr. Xu has been the General Manager and the Secretary of the Communist Party of Dongfeng Motor Corporation, the Chairman of the Board of Directors of Dongfeng Motor Co., Ltd, Dongfeng Peugeot Citroën Automobiles Company Ltd and Dongfeng Automobile Co., Ltd. Mr. Xu has more than 20 years of business and management experience in the automotive industry in the PRC.

**Liu Zhangmin** (劉章民), aged 56, is a Director and President of the Company. Mr Liu is a senior accountant and senior auditor, graduated with major in industrial corporate finance from the Beijing Mechanical Industry Management College in 1986. Mr. Liu joined Dongfeng Motor Corporation in 1970 and was the Head of Finance Department of Dongfeng Motor Corporation. Mr. Liu has also served as a Deputy General Manager of Dongfeng Motor Corporation since 1995 and the Chief Accountant of Dongfeng Motor Corporation since April 2005. He will remain as its Deputy General Manager after the listing of the Company. Mr. Liu is a director of Dongfeng Motor Co., Ltd and the Chairman of Dongfeng Motor Finance Co., Ltd. Mr. Liu has more than 30 years of business and management experience in the automotive industry in the PRC.

**Zhou Wenjie** (周文杰), aged 53, is a Director and an Executive Vice President of the Company. Mr. Zhou is also a senior economist. Mr. Zhou joined Dongfeng Motor Corporation in 1972. From 1995 to 1999 Mr. Zhou was the Assistant General Manager of Dongfeng Motor Corporation. Since 2001, he has served as the Deputy General Manager of Dongfeng Motor Corporation. He will remain as the Deputy General Manager of Dongfeng Motor Corporation after the listing of the Company. In addition, Mr. Zhou is also the Chairman of Dongfeng Honda Automobile Co., Ltd, Dongfeng Honda Engine Co., Ltd and Dongfeng Honda Auto Parts Co., Ltd, the Deputy Chairman of Dongfeng Peugeot Citroën Automobiles Company Ltd, and a director of Dongfeng Motor Co., Ltd and Honda Automobile (China) Co., Ltd. Mr. Zhou has over 30 years of business and management experience in the automotive industry.

**Li Shaozhu** (李紹燭), aged 44, is a Director of the Company. Mr. Li is a senior post-graduate engineer, graduated from Qinghua University in 1983 with a Bachelor's degree in Science of Engineering, specializing in Casting Engineering and Equipment and received a Master's degree in Business Administration from Zhongnan Finance University in 1996. Mr. Li was appointed as a member of the Education Committee for National Master in Engineering by the Second Academic Degrees Committee of the State Council. Mr. Li joined Dongfeng Motor Corporation in 1983 and was the General Manager of Dongfeng Automobile Co., Ltd. Mr. Li has served as Deputy General Manager of Dongfeng Motor Corporation since 1997. He will remain as its Deputy General Manager after the listing of the Company. From July 2003 to September 2005, Mr. Li was the Vice President of Dongfeng Motor Co., Ltd. Mr. Li has more than 20 years of business and management experience in the automotive industry.

**Fan Zhong** (范仲), aged 52, is a Director of the Company. Mr. Fan is a senior post-graduate engineer. He graduated in 1982 from the Department of Machinery Engineering and Equipment of Shenyang Electrical and Mechanical College with a Bachelor's degree in Science of Engineering. Prior to joining Dongfeng Motor Corporation, he was the Deputy Mayor of Beipiao City of Liaoning Province. He joined Dongfeng Motor Corporation in 1993 as Deputy General Manager of Chaoyang Diesel. From 1999 to 2001 and since 2001, Mr. Fan was the General Manager and has been the Chairman of the Board of Directors of Chaoyang Diesel respectively. Mr. Fan does not have any executive function in Dongfeng Chaoyang Diesel Company. Since 2001, Mr. Fan has served as the Deputy Secretary of the Communist Party of Dongfeng Motor Corporation and will remain in this

position after the listing of the Company. Mr. Fan has more than 20 years of business and management experience in the automotive industry in the PRC.

Mr. Miao Wei, the former Chairman of the Board of Directors of the Company, was promoted to become the Secretary of the Communist Party of Wuhan Municipality in 2005. He resigned from his position in the Company in May 2005 and was replaced by Mr. Xu Ping, the former Vice Chairman of the Board of Directors of the Company.

### *Non-executive Directors*

**Tong Dongcheng** (童東城), aged 49, is a Director of the Company. Mr. Tong is a senior economist and graduated from the Central Party School in 1996, majoring in Economics and Management. He joined Dongfeng Motor Corporation in 1971, and has been the Deputy General Manager of Dongfeng Motor Corporation since 1997 and will remain in this position after the listing of the Company. In 2003, Mr. Tong became a Vice President of Dongfeng Motor Co., Ltd and has become a director of Dongfeng Motor Co., Ltd since September 2005. Mr. Tong has more than 30 years of business and management experience in the automotive industry in the PRC.

**Ouyang Jie** (歐陽潔), aged 48, is a Director of the Company. Mr. Ouyang is a senior post-graduate engineer, graduated in 1982 from the Department of Casting of Hunan University and received a Bachelor's degree in Science of Engineering and also obtained a Bachelor's degree in Economics from the PRC National University in 1988. Mr. Ouyang joined Dongfeng Motor Corporation in 1982 and served as the Deputy General Manager of Dongfeng Motor Corporation since 1997. He will remain in this position after the listing of the Company. In 2003, Mr. Ouyang became a Vice President of Dongfeng Motor Co., Ltd. Mr. Ouyang has more than 20 years of experience in the automotive industry in the PRC.

**Liu Weidong** (劉衛東), aged 39, is a Director of the Company. Mr. Liu is a senior engineer. He graduated in 1988 from Wuhan Technical Institution with a Bachelor's degree in Engineering, specializing in the automotive industry and received a Master's degree in Management from Wuhan Polytechnic University in 2003. He is currently a representative of the 10<sup>th</sup> National People's Congress. Mr. Liu joined Dongfeng Motor Corporation in 1988 and has been the Deputy General Manager of Dongfeng Motor Corporation and the General Manager of Dongfeng Peugeot Citroën Automobiles Company Ltd since 2001. He will remain as the Deputy General Manager of Dongfeng Motor Corporation after the listing of the Company. Mr. Liu has more than 15 years of business and management experience in the automotive industry in the PRC.

**Zhu Fushou** (朱福壽), aged 43, is a Director of the Company. Mr. Zhu is a senior engineer. He graduated from Anhui Technical Institution with a Bachelor's degree in Engineering, majoring in Agricultural engineering in 1984 and received a Master's degree in Business Administration from Zhongnan Finance University in 2001. Mr. Zhu joined Dongfeng Motor Corporation in 1984 and served as a Standing Committee Member of the Communist Party of Dongfeng Motor Corporation since 2001. He will remain in this position after the listing of the Company. He is a director and the General Manager of Dongfeng Automobile Co., Ltd and has served as a Vice President of Dongfeng Motor Co., Ltd since September 2005. He has more than 20 years of business and management experience in the automotive industry in the PRC.

***Independent non-executive Directors***

**Sun Shuyi** (孫樹義), aged 65, is an independent Non-Executive Director of the Company. Mr. Sun graduated from the University of Science and Technology of China in 1963. He is currently a member of the National Committee of the 10<sup>th</sup> Chinese People's Political Consultative Conference; Vice President of the China Enterprise Confederation and the China Enterprise Directors Association; Vice Chairman of the China Federation of Industrial Economics and Vice Chairman of the China Institute for the Study of Multinational Companies. Mr. Sun was formerly Head of the Production System Department of the State Restructuring Commission, Deputy Director of the Office of the Central Financial and Economic Leading Group, Vice Minister of the Ministry of Personnel and Deputy Secretary of the Central Business Affairs Commission of the PRC. Mr. Sun is qualified in the PRC as a certified public accountant and a senior engineer. He has extensive experience in macro-economic management and an in-depth knowledge of finance.

**Ng Lin-fung** (吳連烽), aged 64, is an Independent Non-Executive Director of the Company. Mr. Ng was the former Deputy General Manager of Nanyang Commercial Bank and had served the bank for over 30 years who was head of the credit operations of the bank. He is the Chairman and Managing Director of International Po Fung Finance Holdings Ltd. He is also the founder of International Po Fung Finance Holdings Ltd. in 1999. Mr. Ng was the adviser to the Hong Kong and Macau Affairs Office of the State Council and Xin Hua News Agency on Hong Kong affairs. He is also a member of the Selection Committee for the First Government of the Hong Kong Special Administrative Region and a member of the Election Committee of the Hong Kong Special Administrative Region Delegate to the 9<sup>th</sup> and 10<sup>th</sup> National People's Congress.

**Yang Xianzu** (楊賢足), aged 66, is an Independent Non-Executive Director of the Company. He graduated from Wuhan College of Posts and Telecommunications in 1965. Mr. Yang is currently a member of the National Committee of the 10<sup>th</sup> Chinese People's Political Consultative Conference, the Chairman of the Presidium of the China Federation of Industrial Economics; and Vice President of the China Enterprise Directors Association and the China Enterprise Confederation. Mr. Yang was formerly Vice Minister of the Ministry of Posts and Telecommunications and Vice Minister of the Ministry of Information Industry, Chairman of the Board of Directors and General Manager of China United Telecommunications Corporation and Chairman of the Board of Directors and Chief Executive Officer of China Unicom (Hong Kong) Group Limited. Mr. Yang has over 40 years of experience in the telecommunication industry and is familiar with the management and operations of large enterprises as well as the corporate governance of listed companies.

***Senior Management***

**Cai Wei** (蔡瑋), aged 46, is a Vice President and the Secretary of the Board of Directors of the Company. Mr. Cai is a senior post-graduate engineer, graduated from Hefei Industrial University in 1982 with a Bachelor's degree in Science of Engineering, specializing in internal combustion engines. Mr. Cai joined Dongfeng Motor Corporation in 1982 and was the Deputy General Manager of the autoparts division of the Dongfeng Motor Corporation between November 2001 and July 2003. He was the Head of Planning Department of Dongfeng Motor Corporation from July 2003 to September 2005 and has become a Vice President and the Secretary of the Board of Directors of the Company since October 2004. Mr. Cai is a director of Dongfeng Honda Automobile Co., Ltd and Dongfeng Peugeot Citroën Automobiles Company Ltd. Mr. Cai has more than 20 years of business and management experience in the automotive industry in the PRC.

**Supervisory Committee*****Independent Supervisors***

**Wen Shiyang** (溫世揚), aged 40, is an Independent Supervisor of the Company. Mr. Wen is the Deputy Dean of College of Law of Wuhan University and holds a Doctor's degree. He is a Professor of Civil and Commercial Law and a tutor to doctorate candidates. Mr. Wen specializes in civil law, company law and insurance law and has a number of published works. Mr. Wen is a General Affairs Officer of Civil Law Institute of China Law Association. He is also an independent non-executive director of Guodian Changyuan Electric Power Co., Ltd.

**Deng Mingran** (鄧明然), aged 52, is an Independent Supervisor of the Company. Mr. Deng is the Dean of Management College of Wuhan Polytechnic University and holds a Doctor's degree. He is a Professor of financial management and a tutor to doctorate candidates. Mr. Deng has committed to a number of national science research projects and has a number of published works. Mr. Deng is the Vice President of the Tertiary College Committee of Chinese Accounting Association. He is also an independent non-executive director of Hubei Chutian ExpressWay Co., Ltd.

There are no family relationships between any of the Directors or executive officers.

***Supervisors***

**Ye Huicheng** (葉惠成), aged 55, is the chairman of the supervisory committee of the Company. Mr. Ye is a senior economist, graduated from the Central Party School in 1988, majoring in Economics and Management. Mr. Ye joined Dongfeng Motor Corporation in 1968 and has served as the Secretary of the Disciplinary Committee of the Communist Party of Dongfeng Motor Corporation since 1997. He also served as the Standing Committee Member of the Communist Party and the Chairman of the Labour Union of Dongfeng Motor Corporation in 2001 and as the Deputy Secretary of the Communist Party, the Secretary of the Disciplinary Committee of the Communist Party and the Chairman of the Labour Union of Dongfeng Motor Co., Ltd in 2003.

**Zhou Qiang** (周強), aged 44, is a Supervisor of the Company. Mr. Zhou is a senior economist, graduated from the Central Party School in 1992, specializing in Economics and Management. In 2005, he graduated from Qinghua University with an EMBA degree. Mr. Zhou joined Dongfeng Motor Corporation in 1978. From July 2003 to September 2005, Mr. Zhou was a Standing Committee Member of Dongfeng Motor Co., Ltd as well as the Secretary of the Communist Party of the Commercial Vehicles Company of Dongfeng Motor Co., Ltd. He has been the Head of the Office Affairs of the Company since September 2005.

**Ren Yong** (任勇), aged 41, is a Supervisor of the Company. Mr. Ren is a senior accountant, graduated in 1986 from Central Broadcast and Telecommunication University, majoring in Industrial Corporate Management. Mr. Ren joined Dongfeng Motor Corporation in 1981. Mr. Ren was a Standing Committee Member of the Communist Party of Dongfeng Motor Co., Ltd and the Deputy General Manager of Passenger Vehicle Company of Dongfeng Motor Co., Ltd since July 2003 and has been a Vice President of Dongfeng Motor Co., Ltd since September 2005.

**Liu Yuhe** (劉裕和), aged 56, is a Supervisor of the Company. Mr. Liu is a senior engineer, graduated from the Department of Metal Heat Treatment of Qinghua University in 1992 and obtained a Master's degree in Engineering. Mr. Liu joined Dongfeng Motor Corporation in 1971 and is now the

Executive Deputy Manager and a director of Dongfeng Honda Automobile Co., Ltd. Mr. Liu is also a Director of Dongfeng Honda Engine Co. Ltd and Dongfeng Honda Auto Parts Co., Ltd.

**Li Chunrong** (李春榮), aged 41, is a Supervisor of the Company. Mr. Li is a senior economist, graduated from Huazhong Technical Institute majoring in Vessel and Shipyard Electronic Automation in 1985 and obtained a Bachelor's degree. He graduated from Huazhong Technical Institute with a postgraduate degree in Management System in 1987. Mr. Li joined Dongfeng Motor Corporation in 1987 and is now the Standing Deputy General Manager of Dongfeng Yueda Kia Motor Co. Ltd.

**Kang Li** (康理), aged 42, is a Supervisor of the Company. Mr. Kang is a senior engineer, graduated from Luoyang Technical Institute in 1984 with a Bachelor's degree specializing in Casting Engineering and Equipment and received a Master's degree in Engineering from Huazhong Polytechnic University in 1996. Mr. Kang joined Dongfeng Motor Corporation in 1984 and is the Secretary of the Communist Party and Chairman of the Labour Union of Dongfeng Peugeot Citroën Automobiles Company Ltd.

### **Joint Company Secretaries**

**Hu Xindong** (胡信東), aged 38, is the Joint Company Secretary of the Company and the Head of Investors Relation Department. Mr. Hu is a senior engineer and graduated from the Department of Politics Education of Hubei University in 1990 with a Bachelor of Laws degree. He received a Master's degree in Business Administration from Maastricht School of Management, the Netherlands in 2000 and obtained a Master's degree in Economics from Zhongnan Institute of Economics and Politics in 2001. Mr. Hu joined Dongfeng Motor Corporation in 1990 and was the Head of the Office Affairs of Dongfeng Motor Corporation from July 2003 to September 2005.

**Lo, Yee Har, Susan** (盧綺霞), aged 47, is the Joint Company Secretary of the Company. Ms. Lo Yee Har, Susan is a director of Tricor Services Limited. Ms Lo is an associate member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. She has over 20 years of experience in the company secretarial area. She has provided services to many Hong Kong Stock Exchange listed companies over the years.

### **Qualified Accountant**

**Chan, Yuk Tong, Jimmy** (陳育棠), aged 43, is the qualified accountant of the Company pursuant to Rule 3.24 of the Listing Rules. Mr Chan is employed by the Company on a full time basis and is a member of the Company's senior management. Mr. Chan is a professional accountant. He is a FCPA of the Hong Kong Institute of Certified Public Accountants and a CPA Accountant of CPA Australia. Prior to joining the Company on 31<sup>st</sup> October, 2005, Mr Chan had worked as the Audit Principal at Ernst & Young and the executive director at Tak Sing Alliance Holdings Limited. Later he worked in G2000 (Apparel) Limited as the finance director and sales director. Mr. Chan graduated from the University of Newcastle in Australia with a Bachelor's degree in Commerce.

### **Heads of Departments**

As at the Listing, the head of the Audit Department of the Company is Mr. Wang Shuou; the head of the Personnel Department is Mr. Wang Xiangdong; the head of the Financial Accounting Department is Mr. Guo Miao; the head of the Technical Development Department is Mr. Huang Song;

the head of the Operation Management Department is Mr. Yang Shaojie; the head of the President's Office is Mr. Zhou Qiang; the head of the Planning and Investment Department is Mr. Liao Zhenbo; the head of the Corporate Culture Department is Mr. Chen Yun; the head of the Supervisory Department is Mr. Zhang Changdong; the head of the Staff Relation Department is Mr. Zhou Shirong; and the head of the Investors Relation Department is Mr. Hu Xindong.

#### **Rule 8.12 and Rule 19A.15 Requirements**

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong including that normally at least two of the issuer's executive directors must be ordinary residents in Hong Kong. Since the operations of the Company are in the PRC, the Company does not and, for the foreseeable future, will not have management presence in Hong Kong. Currently, substantially all of its Directors reside in the PRC. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has indicated that it will grant, a waiver under Rule 8.12 and Rule 19A.15 of the Listing Rules. The authorised representatives of the Company, Mr. Liu Zhangmin and Mr. Hu Xindong will be the principal channel of communication between the Stock Exchange and the Company. They are readily contactable by the Stock Exchange. They can easily make themselves available in person in Hong Kong or over the telephone whenever necessary to deal promptly with enquiries from the Stock Exchange. The Company has also appointed China International Capital Corporation (Hong Kong) Limited as its Compliance Adviser to further enhance the communication with the Stock Exchange.

#### **Rule 8.17 and Rule 19A.16 Requirements**

According to Rule 8.17 of the Listing Rules, the secretary of the Company must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of secretary of the listed company who (A) is a member of The Hong Kong Institute of Company Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant; or (B) is an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary of an issuer. Rule 19A.16 of the Listing Rules further provides that the secretary of a PRC issuer need not be an ordinarily resident in Hong Kong, provided such person can meet the other requirements of Rule 8.17.

Mr. Hu Xindong of the Company does not possess the formal qualifications required by Rules 8.17(2) and (3) of the Listing Rules, he however has the "relevant experience" under Rule 8.17(3) and is capable of discharging the functions of the secretary of the Company on the basis of his experience with the Group and his qualifications. The Company has further appointed Ms. Susan Lo (who possesses the qualification required by Rule 8.17) as a joint secretary of the Company to assist Mr. Hu. Upon the expiry of the initial three years period, the qualification of Mr. Hu will be evaluated to determine whether his appointment as the company secretary will satisfy the requirements under Rule 8.17. The Company has therefore applied for and the Stock Exchange has granted a waiver from strict compliance of Rule 8.17 as modified by Rule 19A.16 of the Listing Rules in respect of the appointment of Mr. Hu and Ms. Lo as the joint secretaries of the Company.

**Audit Committee**

The Company has established an Audit Committee in compliance with the Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the audit committee will be to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board of Directors. The Audit Committee consists of three members who are all non-executive Directors (including two independent non-executive directors) of the Company. The Chairman of the Audit Committee is Mr. Sun Shuyi, a qualified public accountant certified by the PRC Institute of Certified Public Accountants. The other current members of the Audit Committee are Mr. Ouyang Jie and Mr. Ng Lin-fung.

**Board Remuneration Committee**

The Company has also set up a board remuneration committee which consists of one executive Director and two independent non-executive Directors of the Company. The current Chairman of the board remuneration committee is Mr. Yang Xianzu and the other current members are Mr. Li Shaozhu and Mr. Ng Lin-fung. The board remuneration committee considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the board remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

**Compensation of Directors, Supervisors and Senior Management**

All Directors and Supervisors receive reimbursements from the Company for expenses which are necessarily and reasonably incurred for providing services to the Company or executing matters in relation to the operations of the Company. The executive Directors and Supervisors, who are also employees of the Company, receive, in their capacity as employees of the Company, in the form of salaries, housing allowances, other allowances and benefits in kind, including the Company's contribution to the pension scheme for its executive Directors and non-independent Supervisors in accordance with the relevant PRC law.

Details of remuneration of the Directors and Supervisors in office during the Relevant Periods are as follows:

	Directors					Supervisors				
	For the year ended 31 <sup>st</sup> December,			Six months ended 30 <sup>th</sup> June,		For the year ended 31 <sup>st</sup> December,			Six months ended 30 <sup>th</sup> June,	
	2002	2003	2004	2004	2005	2002	2003	2004	2004	2005
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Fee .....	—	—	—	—	—	—	—	—	—	—
Other emoluments:										
— Salaries, allowances and benefits in kind .....	563	542	689	209	1,059	267	255	457	98	593
— Bonuses .....	1,722	1,356	2,160	—	—	666	359	920	—	—
— Pension scheme costs .....	34	43	42	15	47	15	18	27	8	29
<b>Total .....</b>	<b>2,319</b>	<b>1,941</b>	<b>2,891</b>	<b>224</b>	<b>1,106</b>	<b>948</b>	<b>632</b>	<b>1,404</b>	<b>106</b>	<b>622</b>

No independent non-executive directors received any remuneration during the year ended 31<sup>st</sup> December 2002, 2003, 2004 and the six-month period ended 30<sup>th</sup> June, 2005.



Save as disclosed above, no other payments have been paid or are payable, in respect of the three years ended 31<sup>st</sup> December, 2004 and six months ended 30<sup>th</sup> June, 2005, by the Company or any of its subsidiaries to the Directors and Supervisors.

The aggregate remuneration for the Directors and Supervisors (including proposed Directors and Supervisors) as at the Prospectus Date under the arrangements currently in force at the Prospectus Date payable for the year ending 31<sup>st</sup> December, 2005 is estimated to be approximately RMB4,888,000 and RMB2,041,853 respectively, both amounts exclude discretionary bonus).

### **Stock Appreciation Rights**

In order to provide further incentive for the senior management of the Company, the shareholders of the Company adopted a plan of stock appreciation rights, or SARs, for the senior management of the Company on 29<sup>th</sup> October, 2005. The plan is designed to link the financial interests of the Company's senior management with the Company's future results of operations and the performance of the H Shares. No Shares will be issued under the SAR plan. Consequently, the shareholdings of the Company's shareholders will not be diluted as a result of the issuance of SARs.

Under the SARs plan, the SARs are granted to members of the Board and the Supervisory Committee (excluding Independent Non-executive Directors and Independent Supervisors), senior management, heads of business departments of the Company, directors and senior management of the JCEs who are appointed by the Company, as well as other key employees. The Board or its remuneration committee is authorized to determine which other key employees are eligible for the SARs.

SARs will be granted in units with each unit representing one H Share. The number of SARs initially available for grant is approximately 55,672,000 units, representing approximately 0.65% of the total number of Shares issued (and paid up) after the Global Offering and approximately 1.95% of the H Shares issued (and paid up) after the Global Offering, in each case assuming with exercise of the Over-allotment Option. The number of SAR units granted to a person may also be adjusted in accordance with the result of his or her performance evaluation.

Under the SAR plan, all SARs will have an exercise period of six years. A person may not exercise his or her SARs in the first 24 months after the date of grant. As of each of the second, third and fourth anniversary of the date of grant, the total number of SARs exercised may not in aggregate exceed 50%, 75% and 100%, respectively, of the total SARs granted to such person.

The exercise price of the SARs initially granted will be equal to the average of the 30-day trading price of the H shares. Upon exercise of the SARs, the participant will receive cash payment, subject to any applicable withholding tax, equal to the product of the number of SARs exercised and the difference between the exercise price and market price of H Shares at the time of exercise.

**Employees**

As at 30<sup>th</sup> June, 2005, the Group had a total of 76,304 full-time employees. An analysis by division as at 30<sup>th</sup> June, 2005 is as follows:

<u>Division</u>	<u>Employee</u>	<u>Percentage of Total %</u>
Manufacturing .....	49,113	64%
Engineering and technology .....	8,215	11%
Management .....	13,490	18%
Services .....	5,486	7%
Total .....	<u>76,304</u>	<u>100</u>

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has joined the social insurance payment programme organised by the Dongfeng Automobile Social Insurance Association, which is authorised by Hubei Province. In accordance with the relevant national and local labour and social welfare laws and regulations, each member of the Group is required to pay in respect of each of its relevant employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance and insurance for maternity leave. In Hubei Province, according to the currently applicable local regulations, the percentages of the pension insurance, medical insurance, unemployment insurance, occupational injury insurance and insurance for maternity leave to be contributed by the relevant members of the Group are 30%, 13%, 2%, 0.5-1.4% and 0.7% of their respective employees' average monthly salary of the earlier year respectively.

The Group endeavors to provide training facilities for the employees. The scope of the induction and on-going training programs includes management skill and technology training, overseas exchange programs and other courses. The Group also encourages the employees to engage in self-learning program by awarding scholarships.