



## Internal Management Policy

### 1. Investment Appraisal

The Group's policy is to enhance the overall quality of its management as well as its corporate governance. In the course of assessing investment possibilities, the Group carries out internal reviews and risk control procedures. Tightly scrutinized inter-departmental appraisal systems and assessment procedures enable the Group to keep track on areas of investment and financial risks, so as to establish the most favourable investment portfolio for the Group.

### 2. Management By Objectives

In its day-to-day management, the Group uses a "management by objectives" plan emanating down from the top management to every unit within the Group. This approach enhances the commitment of each business to operational and administrative policies. By means of periodic review and refining of each unit's objectives, the Group carries out its corporate objectives by consolidating all subsidiary objectives in a way to pursue the ultimate corporate goal.

### 3. Economic Value-added Concept

During the year, the Group adopted international corporate management standards, and implemented the "Economic Value-added" (EVA) concept as an operating performance appraisal indicator as well as a way to assess investment projects and corporate financing. It emphasized the importance of returns on equity and opportunity costs.



#### 4. Corporate Culture

The management believes that building an excellent corporate culture is the best way to promote staff cohesiveness as well as to motivate and to encourage their working initiatives. Corporate culture is not only built on strict rules and systems, but also induced to develop gradually. Using an approach described as “Progressiveness, Devotedness, Harmony, Fidelity”, the Group has built a vigorous image. As people are the ultimate foundation of a corporation, the Group organises staff training sessions and continuing education programmes. It employs performance appraisal and incentive schemes so as to foster a team spirit of excellence that encourages innovation and commitment to work.

The management believes that through well-organized internal management policies, the Group will enhance the overall quality and image of its corporate management.

