

## CORPORATE GOVERNANCE

With increasing demands in the market for transparency and accountability, corporate governance has become an important part of management. Good corporate governance not only establishes good corporate image and strengthens the confidence in the Company of shareholders, investors and regulatory authorities, but also enhances internal management and monitoring, upgrades corporate management standards, increases corporate competitiveness and offers the greatest protection to shareholders through fulfilment.

The code of corporate governance adopted by the Group comprises:

- an established, sophisticated, internal management and process control system covering financial information management and investment decision-making processes, etc.
- two audit committee meetings held during the year. All members of this Committee are independent non-executive directors who strictly review annual and interim results reports, internal control and audit, financial reporting, and statutory and regulatory compliance and risk evaluation mechanisms, etc., and report directly to the Board.
- meetings of the Executive Committee of the Board held from time to time in addition to regular formal board meetings, to resolve issues relating to major business activities, project investment and coordination of the overall business of the Group. The responsibility of the Group's day-to-day management is delegated to senior management, which reports directly to the executive directors and the Executive Committee.
- the establishment of a management company in Shanghai, which further enhances mutual communication and disseminates corporate policies and operational strategies throughout the Group and its PRC member companies.
- occasional press conferences, during which the Group discloses its business development directions. In early November, 2001, we also proactively strengthened our communication with investors and the press by organising two visits for fund managers/analysts and members of the Hong Kong media to the Group's seven key member enterprises in Shanghai in order to enhance their understanding of the Group's business.
- overseas roadshows to introduce the Group's latest developments to local fund management companies in order to strengthen liaison with international investors and demonstrate transparent management. A number of these roadshows were organised during the year in Singapore and Japan.

## CORPORATE CULTURE

The Group believes that the nurture of a quality team of employees who are proactive, have initiative, and possess an innovative ability and a practical spirit effectively enhances the overall quality of the Group's enterprises and provide a solid foundation for business development. The Group therefore vigorously promotes cohesiveness among employees through continuing education, performance appraisals and training courses, and group recreational activities designed to sustain team spirit and create a quality corporate culture.

During the year, the Group organised a number of activities for employees of its member companies, including professional training courses, seminars, sports events and the selection of best employees. These events not only galvanised mutual communication among employees from different divisions and companies, but also enhanced cohesiveness and working morale with noticeable effects.