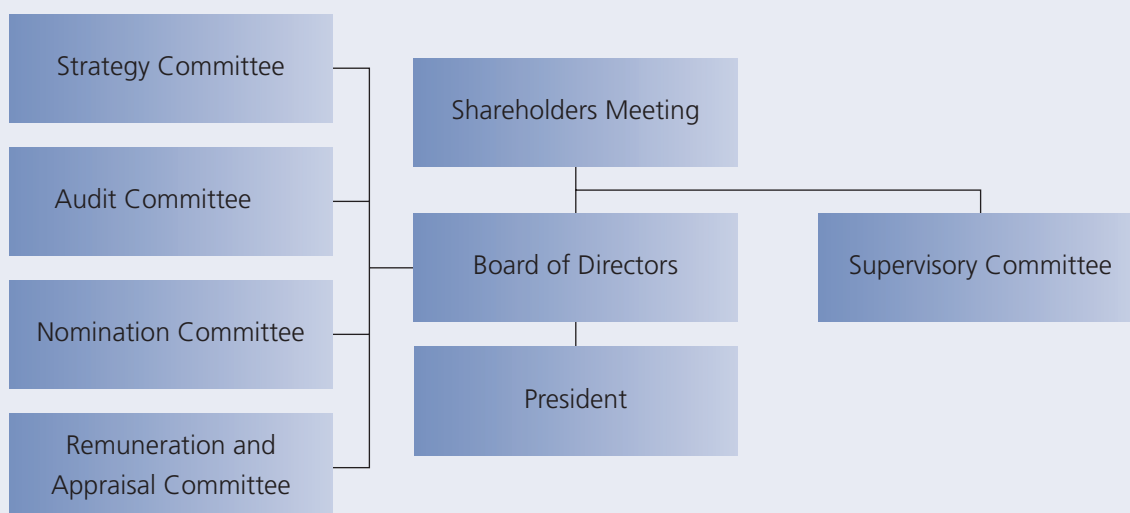


# Corporate Governance

In 2002, the Company continues to make efforts to perfect its corporate governance. The Company made structural modification of its Board of Directors and Supervisory Committee by reducing internal directors and increasing independent directors, thus resulting in one third of the members of the Board of Directors being independent directors.



At the end of 2002, the Company, in accordance with the resolutions passed at a shareholders' general meeting, set up four special committees, namely, the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, and formulated the working regulations for such committees in accordance with the relevant rules and regulations. All committees will operate in accordance with the working rules and utilise their members' specific background, experience and industry expertise to provide advice to the Company, so as to enhance the operation efficiency of the Company and to make the decision-making process more rationalised.

The main duties of the Strategy Committee are to advise the Company on, and conduct research in relation to, its long term development strategies and decisions regarding significant investments.

The main duties of the Audit Committee are to provide proposal in relation to the appointment or change of external auditors, to oversee the Company's internal audit system and its implementation, to co-ordinate the communication between the internal audit department and external auditors, to examine the Company's financial information and its disclosure; and to oversee the Company's internal control system.

The main duties of the Nomination Committee are to conduct study and provide advice in relation to the requirements for selection of directors and managers and the relevant procedures; to search for the qualified candidates of directors and managers, and to examine the candidates of directors and managers and advise matters in relation thereto.

The main duties of the Remuneration and Appraisal Committee are to conduct research on the appraisal guidelines for directors and managers, to carry out performance appraisals and provide advice accordingly, and to conduct research on the remuneration policy and proposal regarding the directors and senior management.

The members of the special committees are as follows:

Strategy Committee:

Chairman: Mr Li Xiaopeng

Vice-chairman: Mr Zheng Jianchao

Members: Mr Wang Xiaosong, Mr Ye Daji, Mr Huang Jinkai, Mr Liu Jinlong, Mr Qian Zhongwei

Audit Committee:

Chairman: Mr Xia Donglin

Members: Mr Wang Xiaosong, Mr Shan Qunying, Mr Zheng Jianchao, Mr Qian Zhongwei

Nomination Committee:

Chairman: Mr Qian Zhongwei

Members: Mr Huang Jinkai, Mr Yang Shengming, Mr Gao Zongze and Mr Zheng Jianchao

Remuneration and Appraisal Committee:

Chairman: Mr Gao Zongze

Members: Mr. Liu Jinlong, Mr Xu Zujian, Mr Zheng Jianchao and Mr Xia Donglin