

Corporate Governance

Since its listing in 1997, the Company has been improving its management practices and corporate governance strictly in compliance with the laws and regulations and relevant rules of the domestic and overseas securities authorities.

1. At present, the Company has 14 Directors, two of whom are Independent Directors. Members of the Company's Board of Directors (the "Board") are well aware of their obligations and responsibilities to treat all shareholders equally and to ensure that the interests of all investors are protected. In 2002, the Board held 7 meetings, all of which were attended by Independent Directors. During the Year, the Independent Directors have performed their duties of protecting the rights of the shareholders and the Company as a whole in accordance with the applicable laws and regulations.
2. Currently, the Company has three Supervisors, one of whom is a professional in the finance field. Supervisors of the Company have performed their duties with due diligence in monitoring the financial matters of the Company and the performance of the Directors, managers and senior executives of the Company to ensure these were lawful and regulated.
3. The Board has established an audit committee to assist the Directors in matters involving internal control and finance and management. During the Year, the committee met twice to review the interim and annual results and related financial matters of the Company, and to evaluate the performance of the auditors.

The Board has resolved to establish special committees, such as the Investment Strategy Committee (temporary name), to offer advice and to conduct research and evaluation in respect of material investments and other matters, in order to improve the decision making of the Board.

4. The Company and its subsidiaries attaches a high value to its communication with shareholders and investors and improving the Company's transparency. A worldwide website has been set up by the Company to provide investors access to its basic information, statutory announcements, management background and operation updates. A special team has also been established to communicate with investors and analysts and to answer their enquiries. The team is also responsible for making conscientious, truthful, accurate, complete and timely disclosures in accordance with the relevant laws, regulations, the Articles of Association of the Company and the Listing Rules. The Company places importance on collecting opinions and suggestions from stock analysts and investors towards the Company's

operation, and indeed has adopted some of these opinions and suggestions for implementation in its operation. In 2002, in line with its usual practice, the Company took an active role in releasing its information, especially following announcements of the interim and annual results and major investment decisions, and arranged briefings with market research institutions, media conferences and one-on-one meetings with investment institutions.

5. In addition to observing its obligations in complying with the relevant domestic and international regulations and performing its duties, the Company also strengthened its internal management in the best interests of shareholders during the Year.

The Company focuses on maximising the functions of the internal audit system and special task forces. In recent years, the Company has implemented an internal audit system as a preventive measure to examine the internal procedures of the Company on a regular basis. Certain special-task steering groups, such as the fund management committee, the production safety committee, the project and facilities tendering steering group and the information technology steering group, have been set up to assist the General Manager in managing the implementation and regulation of various infrastructure projects and preparing proposals for major investments and funds appropriation. The purpose of the above arrangements is to improve the Company's investment decisions, cost control and operating efficiency.

With such sound and solid corporate governance, the Company received numerous awards from renowned international institutions in 2002:

- 2002 World's Top 250 Energy Companies Global Energy Business
- 2002 Best Corporate Governance in China Euromoney
- 2002 Best Managed Companies in China, Best Investor Relations in China, Best in Commitment to Shareholder's Value in China, Best in Corporate Governance in China, Best in Financial Management in China Finance Asia
- 2002 China's Top 50 Listed Companies Fortune
- 2002 Best Investor Relations in China Institutional Investors and Reuters
- 2002 Best Managed Companies in China, Best Investor Relations in China, Best Communications with Shareholders and Investors Asiamoney
- 2002 Best Corporate Governance in China The Asset





Strengthening

Our Management Effectiveness,

Building Our People Assets

