

OVERVIEW

The Company puts great emphasis on corporate governance. We believe that the upgrading of the level of corporate governance not only assists the Company in effective supervision and control on its business operation but also attracts investment from international institutional investors into the Company.

BOARD OF DIRECTORS

The board of directors of the Company (the “Board”) is the highest decision-making and managing body of the Company. The Board reviews and approves major matters such as business strategies and budgets, major investments as well as mergers and acquisitions having regard to the best interests of the Company and its Shareholders. Principal responsibilities of the Board also include approving results and business operation conditions of the Company regularly published to the public.

The Board has set up an Audit Committee, a Compensation and Nomination Committee as well as an Investment and Risk Control Committee to implement internal control and supervision on each relevant aspect of the Company.

AUDIT COMMITTEE

The Company established the Audit Committee on 24 August, 2004 with written terms of reference in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Code of Best Practice set out in Appendix 14 to the Listing Rules being effective as at 31 December, 2004. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Company.

The Audit Committee comprises three members, namely, Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. This Committee is chaired by Kwong Che Keung, Gordon.

COMPENSATION AND NOMINATION COMMITTEE

The Company established the Compensation and Nomination Committee on 24 August, 2004. The primary duties of the Compensation and Nomination Committee are to evaluate the performance and make recommendations on the remuneration of our senior management, evaluate and make recommendations in relation to our Performance Unit Plan and recommend Board candidates to the Board.

The Compensation and Nomination Committee comprises three members, namely Li Fang, Kwong Che Keung, Gordon and Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. This Committee is chaired by Li Fang.

INVESTMENT AND RISK CONTROL COMMITTEE

The Company established the Investment and Risk Control Committee on 24 August, 2004. The primary duties of the Investment and Risk Control Committee are to formulate our overall development plans and investment decision-making procedures, monitor the implementation of our strategic plans, provide training to the Board with regard to the strategies of the Company and assist the management in managing our internal and external risks.

The Investment and Risk Control Committee comprises 4 members, namely Wang Binghua, Li Xiaolin, Hu Jiandong and Gao Guangfu. Wang Binghua is the chairman of this Committee. We are of the view that the two non-executive Directors, namely Wang Binghua and Gao Guangfu, will be able to discharge their duties in the Committee effectively as:

- they possess extensive experience and knowledge in the power industry in the PRC, particularly in power business and management areas. They are able to provide market expertise and advice to the Board;
- the Committee will arrange for regular Committee meetings and the management of the Company will provide periodic reports to the Committee members to keep them informed of the Company's business operations in a timely manner. In addition, we shall inform each Committee member individually of any contingent matters; and
- the two executive Directors, namely Li Xiaolin and Hu Jiandong, will bring any relevant matters of the Company's business to the attention of all the Committee members to ensure that the duties of the Committee will be properly discharged.

IMPROVING CORPORATE TRANSPARENCY

Apart from reporting to the shareholders and the investors on its operation and financial conditions semi-annually and annually, the Company also discloses unaudited key operating data regularly on quarterly basis so that the investors will have a better understanding about the operation of the Company.

The Company also holds regular press conferences and meetings with financial analysts and investors, at which the Company's management will directly provide relevant information and data to the media, reporters, financial analysts, fund managers and investors, as well as answer their enquiries. The Company's management also arranges road shows to meet and communicate with fund managers and institutional investors around the world to enable them to have a better understanding about the achievements of the Company in its business and management.

In addition, the Company regularly publishes public announcements and press releases in order to update the public with the latest business development of the Company. The Company's management has been able to respond promptly to various questions raised by the media in an adequate and accurate manner. The Company's website is continuously updated in order to provide the investors and the public with timely updates about every aspect of the Company.

The Company has set up an investor relations department, responsible for providing necessary information and services to the investors, timely responding to various enquiries and maintaining proactive and timely communication with the investors.