

Corporate Governance

While TCL Communication is moving into the world market at an unprecedented pace, the Group is also becoming increasingly responsible to shareholders worldwide. The Board is committed to enhancing the Group's corporate governance standards by improving corporate transparency through effective channels of information disclosure. The Board believes that good corporate governance is beneficial for maintaining close and trustful relationships with its employees, business partners, shareholders and investors.

INTERNAL MANAGEMENT

The overall internal operation of the Group is overseen by the managing director who also receives reports from various department heads on business strategies, operation plans, budget as well as general management issues on a regular basis or when necessary.

BOARD OF DIRECTORS

The Company's Board comprises ten directors, including seven executive directors (one of them is the chairman of the Board) and three independent non-executive directors.

The members of the Board, all being industrial veterans, are responsible to the shareholders for formulating the overall business development targets and long-term company strategies, assessing results of management policies and monitoring performance of the management.

The Company's independent non-executive directors are professionals in different fields including telecommunications industry. Mr. LAU Siu Ki, Kevin is a professional accountant with profound financial and accounting expertise. Mr. SHI Cuiming, an engineer, served in Ministry of Posts and Telecommunications for many years. He served as executive director or chairman in several Hong Kong and New York-listed telecommunications companies. Mr. WANG Chongju is an economist and president of Chongqing Technology and Business University, the PRC.

The insight and extensive experience of the members of the Board contribute greatly towards the Group's success.

AUDIT COMMITTEE

The audit committee of the Board consists of three independent non-executive directors. It meets at least 4 times a year to review the truthfulness, completeness, and accuracy of the Group's financial statements. The audit committee is accountable to the Board and assists the Board in meeting its responsibilities in ensuring an effective and adequate system of internal controls and for meeting its external financial reporting obligations and compliance with other legal and regulatory requirements. The committee also oversees the scope of work of external auditors.

INFORMATION DISCLOSURE

As a listed company on the Main Board of the HKSE, apart from interim and annual results announcements made in accordance with the listing rules, the Group has volunteered to issue additional quarterly results to enhance its transparency.

The Group has also set up a website at www.tclcom.com to facilitate interaction with the public. Investors and public can find useful information relating to the Group (including monthly sales figures and daily stock quote) on the website.



INVESTOR RELATIONS

The Group has an investor relations department, headed by an executive director, to facilitate communication with investors. Regular meetings with investors and the media are held to exchange views. Such interaction not only enables investors to better understand the Group's business development but also allows the management to gain feedback and better understanding of the expectations of its business development from the investment community.

In the event of significant transactions, the Group proactively releases the relevant information and its latest developments via analyst meetings, media conferences, investor teleconferences, etc. The Group also posts announcements, financial reports, press releases on its website in a timely manner, to keep shareholders and the public abreast of the Group's latest development.

Despite its short history as a listed company, TCL Communication, in 2004 alone, has arranged 215 one-on-one investor meetings, 8 international conferences and roadshows in Singapore, the US and Europe, 15 investor teleconferences, and 23 factory visits to Huizhou.

The Board is pleased to see that the Group's effort was well-received by the investment community.

HUMAN RESOURCES

Human resources are among the most valuable asset for the Group. Today, the Group employs approximately 8,072 employees, showing initiative, competence and talent in their respective fields.

The Group offers competitive remuneration and welfare system in order to recruit and retain world-class talent with expertise in management and technology. The Group is committed to offering personal career development opportunities to employees, cultivating a learning culture and promoting life-long learning throughout the organization. The Group often provides training courses and educational subsidies to employees for enhancing their professional skills. During the year under review, the Group has successfully organized about 100 training courses in different areas such as management, leadership, system development, administration, sales and language. Such courses were well received by employees and recorded high attendance rate.

TCL Corporation, TCL Communication's parent company, enjoys the reputation as an outstanding employer. It has recently been recognized as a "Corporation with Best Employee Growth Value" in the PRC. Sharing the 2 key management philosophies of the parent company of "Trust" and "Teamwork", the Group promotes teamwork across the entire organization, and encourages the establishment of trust and sense of belonging among its employees. The Group is committed to developing excellent relationships with all employees with strong emphasis on mutual communication. The management also encourages employees to express their views.

As the management are fully aware of the importance of human resources in the development of the Group, the Group puts the employees' health, safety, welfare, and career planning in priority in formulating staff-related policies.

SOCIAL RESPONSIBILITY

Along with business development is the Group's enthusiasm to reward the community. The Group adheres to the principle of "Contributing to Society with the Wealth Gained Therein".

The Group, at its listing, made a donation of HK\$1 million to the Community Chest. TCL Communication also joined hands with TCL Corporation, to actively participate in a range of social welfare activities. Immediately following the tsunami disaster in South Asia, TCL Corporation donated RMB3 million to the Guangzhou Branch Red Cross Society of China to help the tsunami victims.

In line with the corporate philosophy of "Creating Benefits for Society", the Group will continue to bear its social responsibilities. In addition to improving the quality of life for people, with the Group's premier consumer electronics products, the Group also pays attention to community development and participates actively in social and community services for achieving a harmonious society.

