



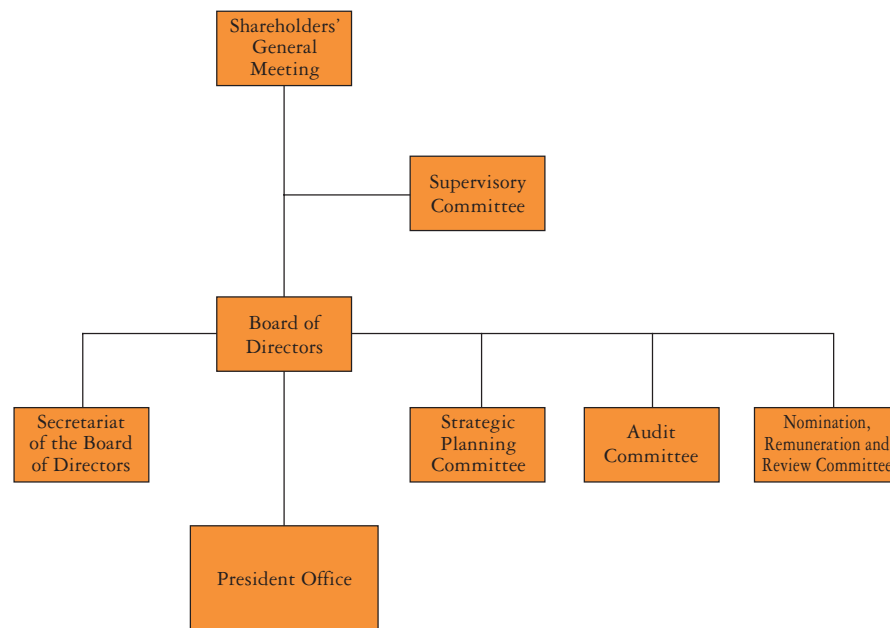
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DEVOTION



# Corporate Governance

The Company has implemented a formal corporate governance structure including the formation of a Board of Directors and Supervisory Committee, the members of which are elected at a shareholders' general meeting. In accordance with a resolution passed at the third meeting of the first Board of Directors, the Company established three special committees under the Board of Directors, namely the Strategic Planning Committee, the Audit Committee and the Nomination, Remuneration and Review Committee.



The Company has formulated its Articles of Association, Rules of Conduct for Shareholders' General Meetings, Rules of Conduct for Board of Directors, Charter of the Supervisory Committee and work manuals for the special committees of the Board of Directors in strict compliance with the Company Law of the People's Republic of China (the "Company Law"), the Insurance Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, other laws, administrative regulations and relevant provisions of the State and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

## Corporate Governance *(Continued)*

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### POWERS AND DUTIES OF THE SHAREHOLDERS' GENERAL MEETING, BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE

**Powers and duties of the Shareholders' General Meeting:** deciding on the Company's operational policies and long-term and medium-term investment plans; electing or removing Directors and deciding matters relating to the remuneration of Directors; electing or removing those Supervisors who are representatives of the shareholders and deciding matters relating to the remuneration of Supervisors; examining and approving reports of the Board of Directors; examining and approving reports of the Supervisory Committee; examining and approving the Company's proposed annual budget and final accounts; examining and approving the Company's plans for the distribution of profits and recovery of losses; deciding on any increase or reduction in the Company's registered capital; deciding on merger, division, dissolution and liquidation of the Company and other similar matters; deciding on the issue of bonds by the Company; deciding on the appointment, dismissal or discontinuation of appointment of the Company's auditors; amending the Articles of Association; examining proposals from shareholders representing 5% or more of voting rights in the Company; and attending to any other matters required to be resolved at the shareholders' general meeting by laws, administrative regulations or the Articles of Association.

**Powers and duties of the Board of Directors:** convening shareholders' general meetings, reporting on its work to the shareholders' general meetings; implementing resolutions of the shareholders' general meetings; deciding on the Company's annual business plans and investment plans; formulating the Company's annual budget and final accounts; formulating the Company's plan for distribution of profits and recovery of losses; formulating proposals for increase or reduction in the Company's registered capital and the issue of corporate bonds; drawing up plans for the merger, division or dissolution of the Company; determining how to set up the Company's internal management structure; appointing or removing the Company's President and the Secretary of the Board of Directors and, based on the nominations of the President, appointing or removing the Vice President(s), Chief Financial Officer and President's Assistants, and determining their remuneration, rewards and punishments; approving the Company's basic management system; formulating proposals for any amendment to the Articles of Association; electing members to the special committees; and exercising any other powers and duties conferred by the shareholders' general meetings and the Articles of Association.

## Corporate Governance *(Continued)*

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**Powers and duties of the Supervisory Committee:** examining the Company's financial affairs; monitoring compliance of Directors, the President and other members of senior management of the Company with laws, administrative regulations and the Articles of Association, while performing their duties; requesting the Directors, the President or other member of senior management to change their behavior when the acts of such persons are harmful to the interests of the Company; verifying financial information, such as financial reports, business reports and profit distribution plans, to be submitted by the Board of Directors at shareholders' general meetings and, should any queries arise, appointing registered accountants or practicing auditors to re-examine such information; proposing to convene extraordinary general meetings of shareholders; negotiating with or initiating proceedings against a Director on behalf of the Company; and exercising other powers and duties conferred by the Articles of Association.

### **DUTIES OF THE SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS**

**Primary duties of the Strategic Planning Committee:** formulating strategic development plans for the Company, setting out strategic objectives and formulating strategic measures and actions; formulating material investment and financing plans for the Company; and monitoring the implementation of the Company's strategic development plans and material investment and financing plans.

**Primary duties of the Audit Committee:** proposing the appointment, removal or discontinuation of appointment of the Company's auditors; monitoring the implementation of the Company's internal audit system; examining the Company's internal control system and monitoring the implementation thereof; examining the Company's financial information and monitoring the disclosure thereof; and examining material connected transactions and investment projects of the Company.

**Primary duties of the Nomination, Remuneration and Review Committee:** making recommendations on the size and composition of the Board of Directors; proposing to the Board of Directors possible candidates for appointment to the Board of Directors; formulating plans for the remuneration of Directors, the President and other senior management personnel, evaluating the results of implementing such plans and making recommendations on amendments thereof; formulating appraisal standards for Directors, the President and other senior management, conducting annual appraisals and making recommendations thereof; and coordinating the annual cross-appraisal among Independent Directors and evaluating the results thereof.

# Corporate Governance *(Continued)*

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## COMPOSITION OF THE SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

### Strategic Planning Committee

Chairman: Tang Yunxiang

Members: Wang Yi, Qiao Lin, Fu Zhu and Wong Tung Shun, Peter

### Audit Committee

Chairman: Yan Dawu (deceased), Lu Zhengfei (serving after the death of Yan Dawu)

Members: Cheng Wai Chee, Christopher and Ding Yunzhou

### Nomination, Remuneration and Review Committee

Chairman: Cheng Wai-Chee, Christopher

Members: Wang Yincheng, Liu Zhenghuan and Zhou Shurui