



Corporate Governance

Pursuant to the “PRC Company Law” and other prevailing laws and regulations, the Company has adopted a dual system corporate governance structure. Under this structure, the Board of Directors is the decision making body of the Company, and with the assistance of management, manages the operations entrusted by the shareholders at the general meetings of the Company. The Supervisory Committee is the Company’s supervisory body, whose duty is to determine whether the conduct of the Directors and the General Manager as well as other senior management members of the Company is in compliance with the laws and regulations and in the interests of the Company.

Board of Directors

The Board of Directors is the decision making body of the Company, and is accountable to the shareholders at the Company’s general meetings. The Directors are elected by the shareholders, and their remuneration is also decided upon by the shareholders.

The Board of Directors of the Company comprise nine Directors, four of whom are Executive Directors, and five are Non-executive Directors. Among the five Non-executive Directors, three are Independent Non-executive Directors, representing one third of the Board of Directors. Independent Non-executive Directors do not take up any positions in the Company, and have no connections with shareholders. Accordingly, we believe that the existence of Independent Non-executive Directors is beneficial for maintaining the independence of the Board of Directors and shareholders vis-à-vis the management, and for ensuring that the Board of Directors can make prudent decisions.

There are also three specialized committees under the Board of Directors, namely, the Audit Committee, the Strategy Committee and the Nomination and Remuneration Committee which assist the Board of Directors in exercising its authorities and duties.

— **Audit Committee**

The Audit Committee comprises Non-executive Directors, the majority of whom are Independent Directors. The committee members hold meetings at least twice annually to review the completeness, accuracy and fairness of the Company's financial reports, and to discuss with the external auditors the nature and scope of the audit work before commencement of audit as well as to review the effectiveness of the internal control system of the Company.

— **Strategy Committee**

The Strategy Committee comprises Executive Directors. The principal duties of the Strategy Committee are to appraise the Company's medium to long-term development objectives, plans and strategies; to ensure that the plans and strategies are in compliance with the long-term interest of the shareholders, customers and staff of the Company and the community. For plans of significance and plans involving mergers and acquisitions, connected transactions or investments in new sectors, the committee will first review such plans before submission to the Board of Directors for decision making to ensure that the Board of Directors has sufficient information to make prudent decisions. The Strategy Committee is also responsible for the appraisal of the implementation of such plans and strategies.

— **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises three Independent Directors, whose principal duties are:

- (1) To study the criteria and procedures in the selection of directors, general manager and other senior management, and to make proposals;
- (2) To search for qualified candidates for the positions of directors, general manager and other senior management;
- (3) To assess the suitability of candidates for the positions of directors, general manager and other senior management, and to make proposals;

- (4) To review and supervise the salary and welfare schemes of the Company and the remuneration system for senior management members; to make recommendations to the Board of Directors on the principles of the Company's salary and welfare schemes, the service agreements and the remuneration system for the Company's executive Directors, General Manager and other senior management members; and to review and discuss the Share Option Plan, Retirement Plan and Long Service Bonus Plan of the Company.

Supervisory Committee

The Supervisory Committee is responsible to all shareholders for the supervision of the Company's finance, and the discharge of duties by the Company's Directors, General Manager and other senior management members to ensure compliance with the laws and regulations, and to safeguard the lawful interests of the Company and its shareholders. The Supervisory Committee comprises one shareholder representative, one staff representative and three independent supervisors, so as to ensure that the Supervisory Committee can exercise its duties independently and effectively.

The principal duties of the Supervisory Committee are to examine the Company's financial matters; to supervise the discharge of duties of the Company's Directors, General Manager and other senior management and to determine whether such discharge of duties is in violation of the laws and regulations or the Company's Articles of Association, and in the event that the actions of such personnel are harmful to the Company's interests, to request remedial actions; to audit financial information such as financial reports, operating reports and profit distribution which the Directors intend to submit to the shareholders at general meetings, and in the event of any reservations, to entrust a registered accountant or certified public auditor in the name of the Company to assist in re-auditing; to propose the convening of a shareholders' extraordinary general meeting, and to negotiate with the Directors or commence litigation against the Directors on behalf of the Company.

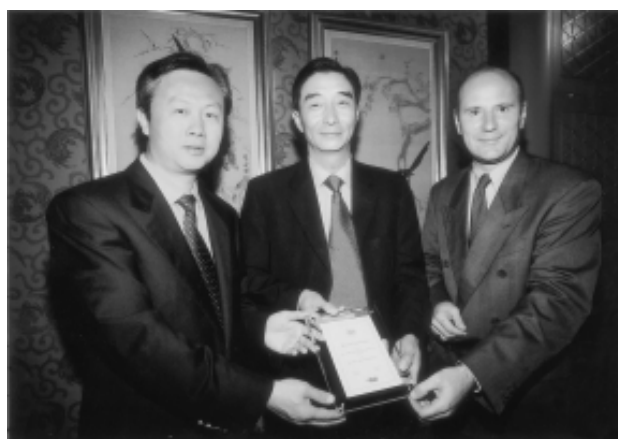
Shareholder

Being holders of shares in the Company, shareholders enjoy the rights conferred to them under relevant laws and regulations. The Company treats all shareholders equally, and encourages shareholders to participate in corporate governance. Shareholders have the right to access the relevant information and the right to participate in decision making on major issues of the Company.

Each shareholder has the right of speech and the right to vote at the shareholders' general meetings of the Company, except that on approving connected transactions, interested shareholders have to abstain from voting at the shareholders' general meetings.

The powers and duties of shareholders principally include :

- (1) To decide on the operating directions and investment plans of the Company;
- (2) To elect and remove Directors and Supervisors who are shareholders representatives, and to decide on remuneration in relation to Directors and Supervisors;
- (3) To consider and approve the Report of the Board of Directors and the Report of the Supervisory Committee;
- (4) To consider and approve the annual financial budget, the final accounts, the profit appropriation plans and the loss compensation plans;
- (5) To make resolutions on the increase or reduction of the registered capital, mergers, separation, dissolution and winding up of the Company;
- (6) To make resolutions on the Company's issue of bonds;
- (7) To amend the Articles of Association;
- (8) To consider resolutions proposed by shareholders representing shares with voting rights of 5% or over; and
- (9) To make resolutions on the retention or termination of the Company's auditors.



Over the years, the Company has received various international accolades for its achievements in corporate governance.