

## CORPORATE GOVERNANCE

### 1. Re-election of the Board

The Board of the Company of the first term was established on 15 October 1999, and its term expired on 12 June 2002, the date of the annual general meeting of the Company. On the same day, the Board of the second term was elected by the shareholders of the Company. Except that Mr. Fang Youxin and Mr. Alain Falque did not continue to act as director by reason of position transfer and old age respectively, all the remaining eight directors were re-elected as the new directors. At the same time, Mr. Dominique Pannier was elected as a director of the Company as well. At present, the Board of the Company is composed of nine directors, including five executive directors, a non-executive director and three independent non-executive directors.

### 2. Code of Best Practice

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June, 2002 in compliance with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### 3. Audit Committee

In accordance with the resolution of the Board of the Company of the first term on 10 January 2000, an Audit Committee has been established in compliance with the requirements of Paragraph 14 of the Code of Best Practice. On 12 June 2002, the Board of the Company of the second term made a resolution to keep the Audit Committee, and once again confirmed the authorities and the working procedures of the Committee. At present, the Audit Committee of the Company is composed of all the three independent non-executive directors of the Company.

The Audit Committee of the Company has reviewed with the management the accounting principles, the accounting standards and the methods as adopted by the Group, and discussed matters relating to the internal control and the financial reporting, including review of the unaudited interim financial statements for the six months ended 30 June 2002 and the interim report.

### 4. Strategy Committee

On 12 June 2002, the Board of the Company of the second term passed a resolution to establish a Strategy Committee. At present, the Strategy Committee of the Company is composed of all the five executive directors of the Company and a non-executive director.