

## Corporate Governance

A good framework of corporate governance lies in the effective protection of shareholders' interest, and a solid corporate system is ensured by the development of a standardized control system within the corporate structure. The management shall be ultimately accountable to the shareholders in performing their duties with the highest devotion, integrity and credibility. The Group keeps improving its framework of corporate governance for the development of an effective and constructive management model.

Board of Directors	<ul style="list-style-type: none"> <li>- The Board has seventeen members, four of them are independent non-executive directors.</li> <li>- Members of the Board comprise experts from various fields, including corporate management, investment banking, operation management and high and new technology. Several directors from Shanghai had been high ranking officials in the PRC government departments for many years with extensive management experience in the economic sector. They are well informed and have wide knowledge for investing in the PRC, particularly in Shanghai, and possess very strong organisational, co-ordination and decision-making skills. (Please refer to page 3 to page 7 for directors' profile.)</li> <li>- Board meeting will be held at least twice a year.</li> </ul>
Executive Committee	<ul style="list-style-type: none"> <li>- Executive Committee is appointed by the Board with its members now comprising nine executive directors, including the Chairman, Vice Chairman, Chief Executive Officer, and other top management team members.</li> <li>- The committee is responsible for overall business planning, management and supervision. It is also responsible for implementing the policies approved by the Board and reviewing major business activities and project investment of the Group. The responsibility of the Group's day-to-day management is delegated to senior management, which reports directly to the Executive Committee and executive directors.</li> <li>- Committee meeting will be held from time to time and normally once a quarter.</li> </ul>

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Audit Committee	<ul style="list-style-type: none"> <li>- Audit Committee consists of three independent non-executive directors and meets at least three times a year.</li> <li>- The committee is responsible for previewing financial reports and reviewing the accounting policies and statements of standard accounting practice adopted by the Group. It also discusses matters related to financial reporting as well as internal control and audit.</li> <li>- The committee may directly consult our auditors in respect of the above matters and report to the Board with any recommendations.</li> </ul>
Management System and Internal Control	<p>Working subgroups are established within the Group, each operated by/consists of a group of professionals with different functions. They are accountable to the Executive Committee and top management team members as follows:-</p> <p>1. Investment Appraisal Committee</p> <ul style="list-style-type: none"> <li>- The committee comprises officers from three functional departments of the Group – Investment, Finance and Company Secretarial, with functions covering operational, financial and legal matters. Committee meeting will be held from time to time on a need basis.</li> <li>- The committee is responsible for reviewing all project investments as to their returns and inherent risks. Investment appraisal reports are submitted to the Executive Committee or the CEO meetings for review and approval.</li> </ul> <p>2. Independent Internal Audit Establishment</p> <ul style="list-style-type: none"> <li>- Internal Audit Department is responsible for reviewing all the major financial and business operating and control procedures of the Group (including all its major member companies) and regularly and directly submits reports to the Chief Executive Officer/the responsible Deputy CEO(s) and the Audit Committee.</li> <li>- Internal audit staff are independent of the Finance Department of the Group.</li> </ul>

	<p>3. Regional Head Office in Shanghai</p> <ul style="list-style-type: none"> <li>- In 1999, the Group established a management company in Shanghai, which is currently responsible for assisting in prior acquisition planning for local project investments and management of existing businesses. It is also responsible for the coordination, communication and control among local member companies.</li> </ul>
Investor Relations	<ul style="list-style-type: none"> <li>- The Group discloses from time to time its latest business development through press conferences.</li> <li>- Annual reports and interim reports containing detailed financial and business information are sent to our shareholders pursuant to the Listing Rules.</li> <li>- Shareholders may enquire on the Group's operational and financial information at our annual general meetings.</li> <li>- All financial and business information of the Group are available at the Group's website (<a href="http://www.sihl.com.hk">www.sihl.com.hk</a>). Its annual reports, interim reports, circulars and announcements can be found in the "Investor Relations" of the website.</li> </ul>