

## COMPANY GOVERNANCE

- (I) The Company executed the articles of association conscientiously and seriously in accordance with the Company Law of the PRC, the Securities Law of the PRC, relevant regulations issued by China Securities Regulatory Committee and the listing rules of Shanghai Securities Exchange and The Stock Exchange of Hong Kong Limited. During the operation, the Company continuously standardizes, improves its activities and the procedure of decision-making and business-discussing legal.

The Company has amended the articles of association according to the Rules on Corporate Governance for Listing Companies issued by the China Securities Regulatory Committee and China Economic and Trade Committee on 7th January 2002.

- (II) The system of independent non-executive directors has been executed since the issue of H share in August 1993. In all previous directorates there are 2 independent non-executive directors who performed the duty of the independent non-executive directors in accordance with relevant requirement and regulations. The Company has perfected itself in the system of independent non-executive directors in accordance with the Directory Opinion Referring to Establish the Independent non-executive System in Public Holding Company and increased two independent non-executive directors in the fourth directorates

In accordance with relevant laws, regulations and the Company Articles, the 4 present independent non-executive Directors of the Company performed their duties seriously, presented meetings of the Board of Directors and participated discussion and decision to the relevant significant events, put forward their proposal for the regularizing operation of the Company, audited the just and equity of connected transactions, expressed their independent opinion, protected the legal interests of all shareholders and contributed the Company's development.

- (III) The Company is independent from CSSC, the representative of holding state-owned shares of the Company in respect of the organization, personnel, business, assets and finance.
- (IV) The Board of Directors of the Company determined on 15th August 2003 to establish Strategy Committee and Audit Committee to strengthen supervisory management for significant investment and operation of the Company. The committees will run after considering and approving by the general meeting of shareholders.