

Directors, Supervisors and Senior Management

(1) PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Basic information of directors, supervisors and senior management

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Unit: share

Name	Position	Sex	Age	Start date of directors and supervisors' term	Expiry date of directors and supervisors' term	Number of shares held at the start of the period	Number of shares held at the end of the period	Increase/decrease	Reasons for the change
Zhu Yuanhao	Chairman	Male	48	2002-12-28	2005-12-27	1,000	1,000	0	
Han Zhiqiao	Vice chairman and General Manager	Male	46	2002-12-28	2005-12-27	1,000	1,000	0	
Zhang Tiande	Director, the Deputy General Manager of General Affairs	Male	51	2002-12-28	2005-12-27	1,000	1,000	0	
Gong Dan	Director and Deputy General Manager and the Secretary to the Board of Directors	Male	42	2002-12-28	2005-12-27	1,000	1,000	0	
He Jianhua	Director and Deputy General Manager	Male	42	2002-12-28	2005-12-27	1,000	1,000	0	
Gao Feng	Director and Deputy General Manager	Male	41	2002-12-28	2005-12-27				
Liu Hui	Director and Deputy General Manager	Male	39	2002-12-28	2005-12-27				
Jing Jiachuan	Non-Executive Director	Male	46	2002-12-28	2005-12-27	1,000	1,000	0	
Chen Zhangwu	Independent Non-executive Director	Male	58	2002-12-28	2005-12-27				
Xie Songlin	Independent Non-executive Director	Male	63	2003-05-19	2005-12-27				
Zheng Peimin	Independent Non-executive Director	Male	32	2003-05-19	2005-12-27				
Li Hongdong	The Chairman of the Supervisory Committee	Male	55	2002-12-28	2005-12-27	1,000	1,000	0	
Xiao Shuiquan	Supervisor	Male	54	2002-12-28	2005-12-27				
Zhou Xiaomin	Supervisor	Female	43	2002-12-28	2005-12-27				

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 31 December 2004, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associate corporations (within the meaning of the SFO), which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.
- (2) None of the directors, supervisors and senior management or their respective associates was granted by the Company or its subsidiaries any right to acquire or sell shares or debentures of the Company or had exercised any such right as at 31 December 2004.
- (3) Save for those set out in the register required to be maintained by directors and supervisors under Section 352 of the SFO, during the reporting period, the Company did not engage in any arrangement which would enable the directors or supervisors of the Company or their respective associates to acquire any interest in any shares or debentures of the Company, nor did the directors or supervisors had any interest which was required to be recorded in the register under Section 352 of the SFO.

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Major working experience of directors, supervisors and senior management:

- (1) Zhu Yuanchao was graduated from the faculty of Electrical Engineering of Hefei Industrial University where he specialized in electrical engineering. He joined DFEW in 1982 and has long been engaged in electrical machinery design and technology management. He holds the title of Senior Engineer. He had been the Deputy Section Head of Electrical Equipment Department, Deputy Officer of the Chief Engineer Office, Deputy Chief Engineer, Deputy General Manager and Chief Engineer, Vice Chairman and the General Manager of the Company, Vice Secretary to the Party Committee and Deputy Factory Head of DFEW.
- (2) Han Zhiqiao was graduated from the faculty of Hydroworks of Shaanxi Machinery College where he specialized in hydroelectric power-generating equipment. He joined DFEW in 1983 and has long been engaged in product sales and technological service. He holds the title of Senior Engineer. He had been the Deputy Section Head, Section Head, Deputy Department Head, Assistant to the General Manager, Deputy General Manager and Deputy General Manager (General Affairs) of the Sales Service Department.
- (3) Zhang Tiande was graduated from Huabei Hydro Power College where he specialized in hydropower generating equipment. He joined DFEW in 1971 and has long been engaged in product technological service and production management. He holds the title of Senior Engineer. He had been the Deputy Section Head, Section Head and Deputy Department Head of the Sales Service Department, Production Head of the Company, and the Chairman and the General Manager of Dongfang Electrical Machinery Large and Medium AC/DC Electrical Motors Company Limited.
- (4) Gong Dan was graduated from Anhui Industrial College where he specialized in casting. He attended the postgraduate program in the Faculty of Economic Management of Sichuan University where he specialized in modern economic management in 1994 and was graduated in 1997. He joined DFEW in 1983 and was mainly involved in workmanship, corporate management, management of young workers and the running of the Organisation Department. He holds the title of Senior Engineer. He had been the Vice Secretary and Secretary to the League Party Committee, Officer of the Young Worker's Office, Head of Organization Department.
- (5) He Jianhua was graduated from the Faculty of Electrical Engineering of Chongqing University where he specialized in electrical engineering. He attended the master postgraduate program in Huazhong Polytechnic University between September 1987 and July 1990 where he specialized in Electrical Engineering and obtained a master's degree. He joined DFEW in 1984 and has long been engaged in design of electrical machinery and technological development. He holds the title of Senior Engineer. He had been Deputy Section Head, Deputy Chief Designer and Section Head, Deputy Chief Engineer of the Company, and Chief Designer and Deputy Department Head of the Electrical Equipment Department.
- (6) Gao Feng was graduated from Chongqing University with a major in electric engineering and obtained a Master of Business Administration (MBA) in July 2002 from Xinan Jiaotong University. He joined DFEW in 1984 and has long been engaged in large-scale mechanical and electrical testing, quality assurance management and corporate management. He holds the title of Senior Engineer. He had been the Deputy Section Head, Section Head and Deputy Department Head and Deputy Chief Quality Controller and Deputy Department Head of the Quality Control Department, Deputy Chief Economist of DFEW and the General Manager of Electric Company and the assistant to the General Manager of the Company.
- (7) Liu Hui was graduated from Nanjing Mechanical College where he specialized in casting and obtained a Master of Business Administration (MBA) in April 2001 from Xinan Jiaotong University. He joined DFEW in 1985 and has long been engaged in production, personnel and resource management. He holds the title of Senior Engineer. He had been the Deputy Factory Manager of Casting Branch Factory and Officer of the molding assembly line and Secretary to the Party Branch Committee, Deputy Department Manager of Human Resources Department, Department Head of Resource Purchasing Department, the Deputy Chief Economist and Department Head of Resource Purchasing Department of the Company.
- (8) Jing Jiachuan was graduated from the Political Science Faculty of the Sichuan Teachers College, and he joined the Company in 1983. He has long been working on corporate management and engaged in corporate administration of the Company. He holds the title of Senior Engineer. He had been the Vice Secretary of the Factory Community Committee, Secretary and Deputy Factory Manager to the Party Branch Committee of Rinsing and Cutting Branch Factory, Factory Branch Manager and Secretary to the Party Branch Committee of Pressing Branch Factory, Secretary to the Party Branch Committee and Deputy Factory Manager of Welding Branch Factory and Head and Secretary to the Party Branch Committee of the Propaganda Department of the Company.

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- (9) Chen Zhangwu was graduated from the Engineering Physics Faculty of Tsinghua University where he specialized in engineering and obtained a master degree in accelerator physics from Engineering Physics Faculty of Tsinghua University. He had been a member to the Party Committee of Engineering Physics Faculty of Tsinghua University, Secretary to the Group Committee, Vice Secretary to the Party Committee of Modern Applied Physics Faculty of Tsinghua University, the Deputy Dean of the Economic Management Faculty and Deputy Secretary to the Party Committee of Tsinghua University. He is currently Secretary to the Party Committee of the Economic Management Faculty of Tsinghua University.
- (10) Xie Songlin was graduated from Electricity Generating major of Power Department in Shaanxi Industry University (now known as Xi'an Jiaotong University (西安交通大學)). He has been the Head of Electricity Bureau of Yiyang, Hunan Province (湖南益陽電業局), Deputy Head of Electricity Department of Hunan Province (湖南省電力局), Deputy Head of Power Administration Bureau of Central China, Deputy Head of Auditing Bureau of Energy Ministry, Chief Officer of Electricity Department and Administration Officer, Officer of Financial and Economic Department, General Economist, Chief Accountant, a member of Party Branch, and Deputy General Manager of State Power Corporation. He is currently a member of the 10th National Committee of Chinese People's Political Consultative Conference, a consultant of State Power Grid Corporation, and also a senior consultant of the Association of Chief Accountants in China (中國總會計師協會).
- (11) Zheng Peimin was graduated from the School of Economics Management School of Tsinghua University, where he majored in Management Information System and obtained a MBA. He has been a project manager in 中國人保信託投資公司. He is the Chairman of 上海榮正投資諮詢有限公司, and also an independent non-executive director of 遼寧時代服裝進出口股份有限公司.
- (12) Li Hongdong was graduated from Xian Jiaotong University where he specialized in welding. Between 1985 and 1988, he was enrolled in the Central Party College where he obtained a distance learning degree in Political Party Management. Between September 1992 and December 1994, he was enrolled in the Sichuan Party College where he obtained a distance learning undergraduate degree in Economics and Management. He joined DFEW in 1969 and was mainly engaged in welding workmanship and corporate management. He holds the title of Senior Engineer. He had been the Deputy Head and Head of the Organization Department of DFEW and Deputy Chairman of Labour Union. He is currently the Deputy Secretary to the Party Committee and Secretary to Discipline Committee and Chairman of Labour Union of DFEW.
- (13) Xiao Shuiquan joined DFEW in 1969 and had been the Deputy Officer, Officer and Head of the Propaganda Department, and Officer of the Inspection Office of the Office of the Communist Party. Mr. Xiao obtained a certificate of electronic automation from Sichuan Television Broadcast University and a distance learning certificate of Party Management from Central Communist Party College. He holds the title of Senior Political Administrator. He is currently the Deputy Secretary to the Disciplinary Committee, the Officer of the Disciplinary Office of DFEW as well as the Officer of the Disciplinary and Inspection Department of the Company.
- (14) Zhou Xiaomin joined DFEW in 1981. She was graduated from Shenyang Industrial University and obtained a distance learning degree in accounting in 1987. She also obtained a distance learning degree in Economic and Management from Sichuan Party College in 1995. She has long been engaged in financial controlling. She holds the title of Senior Accountant. She had been Deputy Officer of the Auditing Committee, the Deputy Head of the Finance Department and Secretary to the Party Committee of DFEW. She is currently the Financial Controller and Secretary to the Party Committee of DFEW.

2. Particulars of tenure of office in shareholder entities

Name	Name of shareholder	Position	Beginning date of term	End date of term	As Whether to receive emoluments and allowances
Zhu Yuanchao	DFEW	Secretary to the Party Committee and Factory Head of DFEW	March 2003		No
Li Hongdong	DFEW	the Deputy Secretary to the Party Committee and Secretary to Discipline Committee and Chairman of Labour Union of DFEW	October 1996		No
Jing Jiachuan	DFEW	Vice Secretary to the Party Committee and Deputy Factory Head of DFEW	January 2001		Yes
Xiao Shuiquan	DFEW	the Deputy Secretary to the Discipline Committee and the Officer of the Disciplinary Office of DFEW	January 2002		No
Zhou Xiaomin	DFEW	the Financial Controller and Secretary to the Party Committee of DFEW	February 2001		Yes

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(2) TENURE OF OFFICE IN OTHER ENTITIES

As at the end of the reporting period, none of the directors, supervisors and senior management served in other entities.

(3) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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1. For the decision-making procedure concerning remuneration of directors, supervisors and senior management, the remuneration scheme proposed by the Company shall be subject to the approval of shareholders' general meeting, and the remuneration is assessed based on annual performance.

2. Remuneration of directors, supervisors and senior management is based on annual salary of the staff and operating results of the Company.

3. Remuneration

Unit: RMB

Total annual remuneration of directors, supervisors and senior management	709,000
Total annual remuneration of the top three directors	204,000
Total annual remuneration of the top three senior management members	192,000
Allowances of independent non-executive directors	RMB30,000 per capita per annum

4. Directors, Supervisors who did not receive remuneration and allowances in the Company

Names of Directors, Supervisors who did not receive remuneration or allowance in the Company	Whether he or she received remuneration or allowances in shareholder entities or other connected entities
Jing Jiachuan	Yes
Zhou Xiaomin	Yes

5. Scope of remuneration

Scope of remuneration	Headcount
0-50,000	3
50,000-100,000	11

(4) MOVEMENT OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Reasons for resignation
Ada Ying Kay Wong	Independent Non-Executive Director	In accordance with the Rules Governing Listing of Securities newly amended by the Stock Exchange, Ada Ying Kay Wong was not fit for assuming the position of independent non-executive director of the Company any longer, thus she resigned from the position as the director of the Company.
Zhou Hongxi	Deputy General Manager	Age reason

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(5) DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

At the end of the year or at any time during the year, none of the directors or supervisors was materially interested directly or indirectly in any contract of significance of the Company except the service contract mentioned below.

(6) DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN SUBSCRIPTION FOR SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the directors or supervisors of the Company to obtain benefits by means of the acquisition of shares in or debentures of the Company or any other legal body corporate.

(7) DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors (except independent non-executive directors) and supervisors has entered into a service agreement with the Company.

1. Major terms of the service contracts of directors include the followings:

- (i) Remuneration of directors include basic income and performance income. Basic income is determined and evaluated with reference to total asset, net asset and sales revenue of the Company. Performance income is calculated in accordance with annual year-end final accounting and assessment result.
- (ii) In exercising authorities and performing duties, directors shall comply with relevant laws, regulations and rules which come into effect from time to time.
- (iii) Directors are obliged to maintain the secrecy of information of the Company.
- (iv) Directors have the obligation of non-competition with the Group within their terms or twelve months after their resignation.
- (v) The term of directors are three years, from 28 December 2002 to 27 December 2005.
- (vi) In relation to the service contracts of directors, directors whose contracts are terminated, other than for reasons which may lead to immediate dismissal such as serious misconduct, breach of contract, loss or constraints in their capacity for civil conduct, shall enjoy no other rights apart from the remuneration and holidays which they should be entitled to up to the termination of their offices.

2. Major terms of the service contracts of supervisors include the followings:

- (i) Remuneration of supervisors include basic income and performance income. Basic income is determined and evaluated with reference to total asset, net asset and sales revenue of the Company. Performance income is calculated in accordance with annual year-end final accounting and assessment result.
- (ii) In exercising authorities and performing duties, supervisors shall comply with relevant laws, regulations and rules which come into effect from time to time.
- (iii) Supervisors are responsible for monitoring members of the Board of Directors and senior management; performing duties and exercising powers according to laws, Articles of Association; and fulfilling obligations required under the relevant listing rules of stock exchanges wherever the shares of the Company are listed.
- (iv) The supervisors are on a three-year term from 28 December 2002 to 27 December 2005.
- (v) In relation to the service contracts of the supervisors, supervisors whose contracts are terminated, other than for reasons which may lead to immediate dismissal such as serious misconduct, breach of contract, loss or constraints in their capacity for civil conduct, shall enjoy no other rights apart from the remuneration and holidays which they should be entitled to up to the termination of their offices.

Save as aforementioned, none of the directors or supervisors has a service contract with the Company which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation). Particulars of the directors' and supervisors' remuneration are set out in note 9 to the financial statements prepared under HK GAAP.

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(8) EMPLOYEES

1. Number of employees

As at 31 December 2004, the number of employees on register totalled 7,232. Employees at work totalled 6,315. The Company had 3,570 retired employees for whom the Company is required to shoulder for their retirement benefits.

2. Structure of employees

Professional structure

The category of professional structure	Headcount
Production employees	4,259
Sales employees	199
Technicians	1,079
Finance employees	123
Administrative and management employees	456

Education background

Category of education background	Headcount
Tertiary degree or above	2,102

3. Employees' remuneration and training

The Company adopted a remuneration system linked with performance. The system consists of 4 units including basic salary, seniority salary, position salary and performance salary, plus allowances. Basic salary and seniority salary are guaranteed income distributed by assessment according to attendance, whereas position salary and performance salary are incentive income which are payable according to employee's position and performances.

The Company implemented training courses for all staff, proactively established a "learning style" organization, and continuously enhanced the overall calibre of its establishment. In 2004, the focus of training is on the required skills for the posts and safety and quality consciousness. A comprehensive training has been started during the year for all staff members. A total of 1,027 courses of training were provided, including 400,191 learning hours and 44,432 participants. Also, it was the only company honored as a model corporate and was accredited "innovative and learning organization with knowledge based employees".

4. Retirement Benefits Plan

Particulars of the retirement plan of the Company are set out in Note (30) of the notes to the financial statements prepared under HK GAAP.

5. Health Care Assurance Scheme

On 26 June 2003, the Group has abolished the social health care scheme and carried out a defined contribution medical health care scheme. Under the scheme, the Company is required to make annual contributions amounting to 7% of its employees' salaries to the health care scheme. The maximum amount of reimbursable medical expenses for each staff is RMB34,000 per annum. In addition, the Company has offered supplementary health care scheme to its staff members. The supplementary scheme is an insurance scheme operated by China Life Insurance Company Limited. It offered the protection to all staff members for parts of the medical expenses which had exceeded the ceiling of claims under the medical health care scheme. As at the year ended 31 December 2004, the health care scheme contributions made by the Company amounted to RMB9,404,000 (2003: RMB6,213,000).