

The Board is committed to a high standard of corporate governance and throughout the year the Company has complied with the provisions of the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”). The following describes how the principles set out in the Code have been applied.

The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) has promulgated a new Code on Corporate Governance Practices (“the Code”), which came into effect in January 2005. While the Company will only be required to report on compliance with the Code in respect of the 2005 financial year onwards, it has put in place corporate governance practices to meet all the provisions and most of the recommended best practices in the Code.

The Board of Directors

The Board currently has twelve members, comprising seven Non-Executive Directors, three of whom are independent, and five Executive Directors, including the Chairman. Biographies of all the Directors are presented on pages 19 and 20.

The Board meets formally six times a year. Board papers dealing with important matters are circulated for approval at other times, and any such matters are discussed in subsequent Board meetings.

The Directors are responsible to the shareholders, employees and other stakeholders for the long-term development of the Group and for ensuring that the accounts show a true and fair view. To this end, certain matters are reserved for the decision of the Board including all major strategic and financial decisions. To enable the Board to perform its duties, all Directors have full and timely access to all relevant information. Non-Executive Directors are encouraged to visit the Group’s operations.

Each Director is required to retire at the third annual general meeting following his election, but will be eligible for re-election.

Directors’ Securities Transactions

The Company has laid down a code of conduct (“the Securities Code”) regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities

董事局致力達致高水平之企業管治，本公司全年均遵守香港聯合交易所有限公司(「聯合交易所」)證券上市規則(「上市規則」)內之最佳應用守則所開列之規定。下文說明本公司如何應用最佳應用守則所開列之各項準則。

聯合交易所已頒佈一項新的《企業管治常規守則》(「該守則」)，於二零零五年一月生效。儘管本公司將只須自二零零五年財政年度起遵照該守則作出匯報，但本公司已制定企業管治常規，以符合該守則所有條文及大部分建議之最佳常規。

董事局

董事局現時共有十二位成員，包括七位非常務董事，其中三位為獨立非常務董事，以及包括主席在內共五位常務董事。各董事之簡歷於第十九及二十頁列述。

董事局每年召開六次正式會議。涉及重要事項之董事局文件於其他時間傳閱以供批核，而任何此等事項會於隨後舉行之董事局會議進行討論。

各董事就集團之長遠發展及確保賬目真實公平而對股東、僱員及其他利益相關者負責。為此，董事局保留權力對若干事宜作出決策，此等事宜包括所有主要之策略及財務決策。為使董事局能執行職責，各董事均可及時而全面地獲得提供所有有關資料。非常務董事均可參觀集團之業務運作。

各董事在獲選後，均須於第三屆股東週年大會上告退，但將合乎資格候選連任。

董事證券交易

本公司已就董事進行之證券交易，制定一套比上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》(「標準守則」)所訂標準更高之董事證券

Transactions by Directors of Listed Issuers (“the Model Code”) contained in Appendix 10 of the Listing Rules. A copy of the Securities Code is sent to each Director of the Company first on his appointment and thereafter twice annually, one month before the date of the Board meeting to approve the Company’s half-year result and annual result, with a reminder that the Director cannot deal in the securities and derivatives of the Company until after such results have been published and all his dealings must be conducted in accordance with the Securities Code.

Under the Securities Code, Directors of the Company are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company, and, in the case of the Chairman himself, he must notify the Chairman of the Audit Committee and receive a dated written acknowledgement before any dealing.

All the Directors of the Company have confirmed that they have complied with the required standard set out in the Securities Code.

Directors’ interests as at 31st December 2004 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) are set out on page 28. The Executive Officer of the Company holds no shares of the Company.

Executive Committee

The Executive Committee comprises the Executive Directors (excluding the Company Chairman), two Non-Executive Directors, one of whom chairs the monthly meetings, and three senior executives from the Company, its jointly controlled companies and customers. It is responsible to the Board for overseeing the day-to-day operation of the Company.

Audit Committee

The Board has established an Audit Committee comprising three Non-Executive Directors, two of whom, including the Chairman, Dinty Dickson Leach, are Independent Non-Executive Directors. It reviews and reports to the Board on the published financial information and the internal controls and risk management procedures of the Company and its subsidiary

交易之守則(「證券守則」)。本公司每一位董事在受委任之初會獲發一份證券守則，之後每年兩次，分別於董事局召開會議通過本公司之半年及全年業績前一個月；當中亦會提醒董事不得買賣本公司之證券及衍生產品，直至此等業績公佈為止，而其一切交易必須按照證券守則進行。

根據證券守則，本公司之董事在買賣本公司之證券及衍生產品前，須先通知主席並接獲註明日期之確認書；若為主席本人，則必須通知審核委員會主席，並接獲註明日期之確認書後才可進行有關之買賣。

本公司所有董事已確認遵從證券守則所訂之標準。

二零零四年十二月三十一日結算，各董事於本公司及其聯屬公司(定義見《證券及期貨條例》第XV部)持有之股份權益於第二十八頁開列。本公司之行政人員並無持有本公司之股份。

執行委員會

執行委員會之成員包括常務董事(公司主席除外)、兩位非常務董事(其中一位主持每月之會議)，以及三位來自本公司、其共控公司及客戶之高級行政人員。執行委員會負責監察本公司之日常運作，並對董事局負責。

審核委員會

董事局成立了一個審核委員會，其成員包括三位非常務董事，當中包括主席李德信在內之兩位獨立非常務董事。審核委員會審閱本公司、其附屬公司及其管理之共控公司所公佈之財務資料，並檢討其內部監控及風險管理程序，並向董事局報告。外聘核數師出席此等會議，而此等會議部分環節在沒有本

and managed jointly controlled companies. The external auditors attend these meetings, parts of which are held without any management of the Company being present. At the invitation of the Committee, the Director Finance regularly attends these meetings, as do the Swire Group Internal Auditor and senior Company staff involved in risk management.

Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors, two of whom, Dinty Dickson Leach and Lincoln Leong Kwok Kuen, are Independent Non-Executive Directors. It is chaired by Peter Johansen.

Under the Services Agreement between the Company and John Swire & Sons (H.K.) Limited, which has been considered in detail and approved by the Independent Non-Executive Directors of the Company, staff at various levels, including Executive Directors, are seconded to the Company. Those staff report to and take instructions from the Board of the Company but remain employees of the John Swire & Sons Limited ("Swire") group.

In order to be able to attract and retain international staff of suitable calibre, the Swire group provides a competitive remuneration package. This comprises salary, housing, provident fund, leave passage and education allowances and, after three years' service, a bonus related to the profit of the overall Swire group. The provision of housing affords ease of relocation either within Hong Kong or elsewhere in accordance with the needs of the business and as part of the training process whereby managers gain practical experience in various businesses within the Swire group, and payment of bonuses on a group-wide basis enables postings to be made to group companies with very different profitability profiles.

Although the remuneration of these executives is not entirely linked to the profits of the Company, it is considered that, given the potential volatility of aviation related businesses, this has contributed considerably to the maintenance of a stable, motivated and high-calibre senior management team in the Company. Furthermore, as a substantial shareholder of the Company, it is in the best interest of Swire to see that executives of high quality are seconded to and retained within the Company.

公司管理層列席之情況下進行。財務董事應審核委員會之邀請，定期出席此等會議，而太古集團內部核數師及本公司涉及風險管理之高層人員亦會出席此等會議。

薪酬委員會

薪酬委員會之成員包括三位非常務董事，當中李德信及梁國權二人為獨立非常務董事。薪酬委員會由容漢新出任主席。

本公司與香港太古集團有限公司訂立之服務協議已由本公司之獨立非常務董事經慎重考慮後批核，根據該協議，包括常務董事在內之不同職級員工會被借調到本公司工作。此等員工向本公司之董事局匯報，並受其指派，但仍然是英國太古集團有限公司（「太古」）集團之僱員。

為了吸引及留住具有合適才幹之國際員工，太古集團提供具競爭力之薪酬福利。這包括薪金、房屋津貼、公積金、休假旅費及教育津貼，以及服務滿三年可獲按太古集團整體溢利發放之花紅。提供房屋津貼可方便將員工調遷至香港或其他地方，以配合業務需要及作為培訓過程之一個部分，使管理人員在太古集團不同業務範疇取得實際經驗，而按集團整體表現發放花紅，可將員工派駐到盈利能力相距較大之集團公司。

考慮到航空相關業務有可能表現反覆，此等行政人員之薪酬福利因而並未全然與本公司之溢利掛勾。雖然如此，但這措施已被認為在很大程度上有助本公司維持一支既穩定、且主動進取而具才幹之高層管理隊伍。此外，太古作為本公司之主要股東，能將高質素之行政人員借調到本公司留任，亦符合其最大之利益。

A number of Directors and senior staff with specialist skills are employed directly by the Company on similar terms with the principal exception that their bonuses are paid by reference to the results of the Company alone.

This policy and the levels of remuneration paid to Executive Directors of the Company have been reviewed by the Remuneration Committee. At its meeting in December, the Remuneration Committee considered a report prepared for it by independent consultants, Mercer Human Resource Consulting Limited, which confirmed that the remuneration of the Company's Executive Directors was in line with comparators in peer group companies. The Committee approved individual Directors' remuneration packages to be paid in respect of 2005.

No Director takes part in any discussion about his own remuneration.

The number of meetings held by the Board and committees during the year and the attendance of individual Directors are set out in the following table:

多位具有專業才幹之董事及高層職員乃由本公司以相若之條件直接聘用，惟主要分別是彼等之花紅只參照本公司之業績而發放。

薪酬委員會已就此政策及本公司常務董事之薪酬水平進行檢討。在十二月召開之會議上，薪酬委員會研究一份由獨立顧問美世人力資源顧問有限公司編製之報告，該報告確認本公司常務董事之薪酬與同類公司相若。該委員會已通過批准二零零五年度發放予各董事之薪酬福利。

各董事並無參與有關其本身薪酬之任何討論。

董事局及各委員會於本年度間召開之會議次數及個別董事之出席次數於下表開列：

Directors 董事	The Board 董事局	Executive Committee 執行委員會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會
Non-Executive Directors 非常務董事				
Derek Cridland 梁德基	6/6			
Davy Ho Cho Ying 何祖英	6/6	7/10		
Peter Johansen 容漢新	5/6		1/1	3/3
Tony Tyler 湯彥麟	6/6	9/10		
Independent Non-Executive Directors 獨立非常務董事				
Bob Adams 羅安達	1/1			
Dinty Dickson Leach 李德信	6/6		1/1	3/3
Lincoln Leong Kwok Kuen 梁國權	5/6		1/1	1/1
Dr. Alex Wu Shu Chih 吳樹熾博士	5/6			0/2
Executive Directors 常務董事				
David Turnbull 唐寶麟	6/6			
Chan Ping Kit 陳炳傑	6/6	7/10		
Charles Bremridge 彭勵志	2/2	2/2		
Marven Bowles 馬文博	6/6	9/10		
Mark Hayman 馬海文	6/6	8/10		

Internal Audit

In order to review the system of internal control and to assess the effectiveness of risk management procedures, the Company contracts with the Swire Group Internal Audit Department for the provision of internal audit services. It also has a small team of its own auditors who undertake compliance audits. The Swire Group Internal Auditor reports to the Company's Chairman and the Audit Committee, while the Company's internal auditors report to the Audit Committee through the Director Finance.

External Auditors

The external auditors are primarily responsible for auditing and reporting on the annual financial statements. In 2004 the total remuneration paid to the external auditors was HK\$1 million.

Investor Relations

The Company continues to enhance relationship and communication with its investors. Extensive information about the Company's performance and activities is provided in the Annual Report and the Interim Report which are sent to shareholders. Regular dialogue with institutional investors and analysts is in place to keep them abreast of the Company's development. Inquiries from investors are dealt with in an informative and timely manner. All shareholders are encouraged to attend the Annual General Meeting to discuss matters relating to the Company. Any inquiries from shareholders can be addressed to the Group Public Affairs Department whose contact details are given on page 22.

In order to promote effective communication, the Company maintains its website at <http://www.haeco.com> on which financial and other information relating to the Company and its business are disclosed.

內部審核

為檢討內部監控制度及評估風險管理程序之成效，本公司與太古集團內部審核部訂定合約，由該部門提供內部審核服務。本公司亦設立一核數師小組負責符合性審核之工作。太古集團內部核數師向本公司主席及審核委員會報告，而本公司之核數師則透過財務董事向審核委員會報告。

外聘核數師

外聘核數師主要負責審核年度財務報表並提交報告。二零零四年支付予外聘核數師之報酬總額為港幣一百萬元。

投資者關係

本公司不斷增進與投資者之關係和溝通。有關本公司業績表現與業務狀況之全面資料，載於送交各股東之年度報告書及中期報告書內。本公司定期與機構投資者及分析員進行對話，讓其了解本公司之最新發展。對於投資者之諮詢，本公司以詳盡而適時之方式予以處理。本公司鼓勵所有股東出席股東週年大會，以商討有關本公司之事宜。股東如有任何查詢，可聯絡集團公共事務部，有關之聯絡詳情載於第二十二頁。

為促進有效之溝通，本公司於其網址<http://www.haeco.com>披露有關本公司及其業務之財務及其他資料。