

CORPORATE GOVERNANCE

The corporate governance practices of the PCPD Group meet the standards set out by The Stock Exchange of Hong Kong Limited. The Board of Directors and Committees overseeing and supervising the management of the business and affairs of the Group meet on a regular basis to ensure that the interests of the Group, as well as its stakeholders, are well protected.

BOARD OF DIRECTORS

The Board is responsible for the management of the Company. Key responsibilities include formulation of the PCPD Group's overall strategies, the setting of management targets and supervision of management performance. The Board confines itself to making broad policy decisions, delegating responsibility for more detailed considerations to the Executive Committee under the leadership of the Chairman.

All directors have full and timely access to all relevant information, including regular reports from each of the Board committees and briefings on significant legal, regulatory or accounting issues affecting the Group.

Biographies of all the directors are set out on pages 19 to 22 of this annual report.

EXECUTIVE COMMITTEE

The Executive Committee of the Board meets regularly and operates as a general management committee with overall delegated authority from the Board. The Executive Committee determines group strategy, reviews trading performance, ensures adequate funding, examines major investments and monitors management performance. The Executive Committee reports through the Chairman to the Board.

Members of the Executive Committee are:

- Li Tzar Kai, Richard
(Chairman)
- Yuen Tin Fan, Francis
(Deputy Chairman)
- Lee Chi Hong, Robert
(Chief Executive Officer)
- Alexander Anthony Arena
- Hubert Chak
- Wayne Michael Verge

AUDIT COMMITTEE

Subsequent to May 10, 2004, new terms of reference for the Audit Committee were adopted and new members of the Audit Committee appointed.

The Audit Committee of the Board is responsible for ensuring objectivity and credibility of financial reporting, and that the directors have exercised the care, diligence and skills prescribed by law when presenting results to the shareholders. The Audit Committee's authority and duties are set out in written terms of reference, consistent with those recommended by the Hong Kong Society of Accountants.

The Audit Committee meets regularly with management and external auditors, and reviews their reports.

Members of the Audit Committee are:

- Prof Wong Yue Chim, Richard
(Chairman)
- Ronald James Blake
- Tsang Link Carl, Brian

Each member of the Audit Committee is an independent non-executive director.

The Audit Committee reviews our financial statements and internal financial reporting, plus compliance processes and internal controls, as well as the work program and activities of our Group Internal Audit unit.

CORPORATE GOVERNANCE

INTERNAL CONTROLS

The directors are responsible for internal control in PCPD and for reviewing its effectiveness. Procedures have been designed to safeguard assets against unauthorised use or disposition, for maintaining proper accounting records and ensuring the reliability of financial information used within the business or for publication. Such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. These procedures can only provide reasonable, and not absolute, assurance against material errors, losses or fraud.

GROUP INTERNAL AUDIT

Group Internal Audit was established to provide independent assurance to the Board and executive management on the adequacy and effectiveness of internal controls for the PCPD Group. The Group Internal Audit reports directly to the Audit Committee, the Chief Executive Officer and the Chief Financial Officer.

Group Internal Audit adopts a risk and control-based audit approach. The annual work plan of Group Internal Audit covers major activities and processes of the Group's business and service units. All audit reports are communicated to the Audit Committee and key members of executive and senior management. Audit issues are tracked and followed up for proper implementation, with progress reported to the Audit Committee on a quarterly basis.

INVESTOR RELATIONS

The Company encourages two-way communication with both its institutional and private investors. Extensive information on the Group's activities is provided in the annual and interim reports, which are sent to shareholders. Regular dialogue takes place with institutional investors. Enquiries from individuals on matters relating to their shareholdings, and the business of the Group, are welcomed and dealt with in an informative and timely manner. Relevant contact information is provided on page 96 of this report.

In order to promote effective communication, financial and other information relating to the Group and its business activities is disclosed on the Company's website (www.pcpd.com).