

## CORPORATE GOVERNANCE

PEOPLES is passionate about adhering to the high standards of corporate governance which it believes is crucial to the evolvement of the Company and to preserve the interests of our shareholders. The management takes great care to identify practices designed to achieve effective oversight, transparency and the highest ethical behaviour. To ensure such objectivity and impartiality in managing the Company, the majority of the Board is comprised of Independent Non-executive and Non-executive Directors.

The Board held regular meetings during the past year to determine the overall strategic direction and objectives, and to approve the interim and annual results, budgets and other significant matters.

The Company has adopted the terms of the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Rules (the “Listing Rules”) Governing of the Listing of Securities on the Stock Exchange and the Code of Best Practice as set out in Appendix 14 of the Listing Rules. The Model Code set out a code of conduct regarding securities transactions in the Company’s shares. It applies to all Directors and employees to whom the code is given and who are informed that they are subject to its provisions. In the opinion of the Board, the Company has complied with the Code and upon specific enquiry of all Directors, is not aware of any non-compliance with the Model Code throughout the fiscal year ended 31 December 2004.

### Corporate Governance Structure



## CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

#### Responsibilities

The Board of Directors comprises of four Executive Directors, six Non-executive Directors and four Independent Non-executive Directors. The Directors are subject to retirement by rotation and re-election at each annual general meeting of the Company, in accordance with the provisions of the Company's Articles of Association. All Directors are encouraged to take independent professional advice at the Company's expense in performance of their duties, if necessary. The role of the Chairman and the Chief Executive Officer are distinct and segregated with a clear division of responsibility. The role of the Non-executive Directors is to enhance independence and objectivity of the Board's deliberations and decisions.

Each Independent Non-executive Director has provided a confirmation of his independence to the Company. The Company considers each of its Independent Non-executive Director to be independent with reference to the latest independence guidelines as set out in the Rules Governing the Listing of Securities on the Stock Exchange.

#### Composition

| Name of Director            | Board Role                   | Committee Membership |              |           |
|-----------------------------|------------------------------|----------------------|--------------|-----------|
|                             |                              | Audit                | Remuneration | Executive |
| JIANG Wei                   | Chairman & Non-ED            |                      |              |           |
| LEUNG Kai Hung, Michael     | Executive Vice Chairman & ED |                      |              | ✓         |
| HENSHAW Charles Guy         | CEO & ED                     |                      | ✓            | ✓         |
| WONG Man Kwan, Willie       | ED                           |                      | ✓            | ✓         |
| WONG LEUNG Ka On, Charlotte | ED                           |                      |              | ✓         |
| HUANG Zhi Jian              | Non-ED                       |                      |              |           |
| LI Fu Zuo                   | Non-ED                       |                      |              |           |
| SINN Chung Ming, Anthony    | Non-ED                       |                      |              |           |
| WU Jun                      | Non-ED                       |                      |              |           |
| YAN Biao                    | Non-ED                       |                      |              |           |
| CHEN Kwan Yiu, Edward       | IND                          | ✓                    | ✓            |           |
| LAM Kwong Yu                | IND                          | ✓                    | ✓            |           |
| MA Chiu Cheung, Andrew      | IND                          | ✓                    | ✓            |           |
| TAN Henry                   | IND                          | ✓                    | ✓            |           |

Note:

|        |                                    |
|--------|------------------------------------|
| ED     | Executive Director                 |
| Non-ED | Non-executive Director             |
| IND    | Independent Non-executive Director |

## **CORPORATE GOVERNANCE**

### **BOARD COMMITTEES**

The Company has set up an Audit Committee, a Remuneration Committee and an Executive Committee under the Board with a variety of functions to assist in the management and oversight of the Company.

#### **Audit Committee**

The Company established an Audit Committee on 4 March 2004 with specific terms of reference in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company and provide advice and comments to the Board. The Committee is comprised of Prof. Chen Kwan Yiu, Edward, Mr. Ma Chiu Cheung, Andrew, Mr. Tan Henry and Mr. Lam Kwong Yu, who was appointed to the Board on 24 August 2004. Mr. Ma Chiu Cheung, Andrew is the Chairman of this Committee.

The Committee has reviewed the interim and annual results during the year and was content that the accounting policies of the Company are in compliance with the Hong Kong Generally Accepted Accounting Practice.

#### **Remuneration Committee**

The Remuneration Committee was established on 4 March 2004 with specific terms of reference in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules. The Committee is responsible for making recommendations to the Board on our framework of executive remuneration and determine on behalf of the Board of Directors specific remuneration packages and conditions of employment for the Directors. Members of the Committee include: Prof. Chen Kwan Yiu, Edward, Mr. Ma Chiu Cheung, Andrew, Mr. Tan Henry, Mr. Lam Kwong Yu, Mr. Wong Man Kwan, Willie and Mr. Henshaw Charles Guy. Prof. Chen Kwan Yiu, Edward is the Chairman of the Remuneration Committee.

#### **Executive Committee**

The Company established an Executive Committee on 4 March 2004. The Executive Committee reports directly to the Board and is responsible for the strategic direction and financial control of the Company. The Executive Committee is comprised of four Executive Directors: Mr. Leung Kai Hung, Michael, Mr. Henshaw Charles Guy, Mr. Wong Man Kwan, Willie and Ms. Wong Leung Ka On, Charlotte. Mr. Leung Kai Hung, Michael is the Chairman of the Executive Committee.

### **EXTERNAL AUDITORS**

The appointment of the external auditors for the Company shall be approved by the Shareholders in the annual general meeting.

## **CORPORATE GOVERNANCE**

### **COMMUNICATIONS WITH SHAREHOLDERS**

The Company believes that all shareholders should be treated equitably and fairly.

The Company aims to engage in regular, effective and fair communication with shareholders. The Company's policy is to communicate pertinent information to shareholders on a timely basis.