

CORPORATE GOVERNANCE

The corporate governance practices of the Group meet the standards set out by The Stock Exchange of Hong Kong Limited. The Board of Directors and Board 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 shareholders, are properly protected.

BOARD OF DIRECTORS

The Board is responsible for the management of the Company. Key responsibilities include the formulation of the Group's overall strategies, the setting of management targets and the supervision of management performance. The Board confines itself to making broad policy decisions and has delegated 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. Directors may take independent professional advice, which will be paid for by the Company.

Biographies of all the directors are set out on pages 24 to 29 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
- Alexander Anthony Arena
- Hubert Chak
- Wayne Michael Verge

AUDIT COMMITTEE

New terms of reference for the Audit Committee were adopted and new members of the Audit Committee were appointed on July 9, 2004.

The Audit Committee is responsible for ensuring the objectivity and credibility of the Group's financial reporting, and for ensuring that the directors have exercised the care, diligence and skills prescribed by law when presenting results to the shareholders. The committee's authority and duties are set out in written terms of reference.

The Audit Committee reviews the Group's financial statements and internal financial reports, as well as compliance processes and internal control systems, including the internal audit unit. 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
- Cheung Kin Piu, Valiant
- Tsang Link Carl, Brian

All members of the Audit Committee are independent non-executive directors. The committee members possess diversified professional experience including that of accounting and finance.

NOMINATION COMMITTEE

The Nomination Committee was established in October 2004 to ensure that there are fair and transparent procedures for the appointment of directors to the Board. The committee's authority and duties are set out in written terms of reference which specify, amongst other things, that it must comprise at least three members, the majority of whom are independent non-executive directors.

Members of the Nomination Committee are:

- Ronald James Blake (*Chairman*)
- Li Tzar Kai, Richard
- Cheung Kin Piu, Valiant
- Prof Wong Yue Chim, Richard

REMUNERATION COMMITTEE

The Remuneration Committee was established in October 2004 to ensure that there are formal and transparent procedures for developing and overseeing the Company's policies on the remuneration of its executive directors and senior management. In addition, the committee provides supervision over the administration of the Company's share option scheme. The committee's authority and duties

are set out in written terms of reference which specify, amongst other things, that it must comprise at least three members, the majority of whom are independent non-executive directors.

Members of the Remuneration Committee are:

- Cheung Kin Piu, Valiant (*Chairman*)
- Yuen Tin Fan, Francis
- Ronald James Blake
- Prof Wong Yue Chim, Richard

INTERNAL CONTROLS

The directors are responsible for the internal control policy and procedures of the Group and for reviewing their 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.

INTERNAL AUDIT

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

The Group's internal audit unit adopts a risk and control-based audit approach. An annual work plan is formulated in advance and covers major activities and processes of the Group's business and service units. All audit reports are communicated to the Audit Committee and audit issues are tracked and followed up for proper implementation, with progress reported to the Audit Committee.

INVESTOR RELATIONS

The Company encourages two-way communication with both its institutional and private investors. Extensive information on the Company'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

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shareholdings and the business of the Company are welcomed and will be dealt with in an informative and timely manner. Relevant contact information is provided on page 128 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).

STAFF TRAINING AND DEVELOPMENT

The Group has provided training courses to its employees or has sponsored its employees to attend courses organised by third parties. They aim to assist employees to better comply with the Group's policies and standards and to improve their career prospects within the Group. Such courses included customer services enhancement courses provided by external consultants, anti-corruption seminars jointly organised with the Independent Commission Against Corruption, language proficiency courses and technical refresher courses and training.

COMMUNITY

The Group participated in, or sponsored, various charitable or community service projects last year. These included the "Drive for Peace 2004" charity golf event organised by the United Nations High Commissioner for Refugees, the annual fund-raising event of the Hong Kong Society for the Protection of Children, and the "CyberRun for Rehab" which raised funds for The Hong Kong Society for Rehabilitation. The Group also organised staff fund-raising activities for relief work following the South Asian tsunami disaster.

ENVIRONMENT

The Group is committed to the protection of the environment and seeks to promote environmentally friendly measures in its operations. This includes the adoption of energy-efficient building designs, requirement for the Group's property development contractors to use environmentally friendly and reusable materials to reduce construction waste and to implement an environmental management plan during site operation.