

## Corporate Governance 企業管治

### CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2005, except for the following deviations:

#### Code Provision A.1.7

This code provision stipulates that there should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the issuer's expense.

To comply with this code provision, the Board of the Company has established in June 2005 a procedure to enable its Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

#### Code Provision A.2.1

This code provision stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The Chairman of the Company is Mr. Arthur George Dew who is primarily responsible for the leadership of the Board, while the functions of a CEO are performed by the Group Chief Operating Officer, Mr. Joseph Tong Tang, who is also an Executive Director of the Company. Their responsibilities are clearly segregated and have been set out in writing and approved by the Board in May 2005.

#### Code Provisions A.4.1 and A.4.2

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

### 企業管治常規守則

除以下偏離行為外，本公司於截至二零零五年六月三十日止六個月全期，已遵守上市規則附錄十四所載企業管治常規守則內之適用守則條文：

#### 守則條文A.1.7

此守則條文規定董事會應該商定程序，讓董事按合理要求，可在適當情況下尋求獨立專業意見，費用由發行人支付。

為遵守此守則條文，本公司之董事會已於二零零五年六月制定程序，讓其董事在履行職責時，可在適當情況下以合理費用尋求獨立專業意見，有關費用由本公司支付。

#### 守則條文A.2.1

此守則條文規定主席與行政總裁之角色應有區分，並不應由一人同時兼任兩職。主席與行政總裁之間職責的分工應清楚界定並以書面列載。

本公司之主席為狄亞法先生，彼主要負責領導董事會，而行政總裁之職務則由集團營運總監唐登先生履行，彼亦為本公司之執行董事。彼等之職責已清楚區分及以書面列載，並於二零零五年五月經董事會批准。

#### 守則條文A.4.1及A.4.2

守則條文A.4.1規定非執行董事之委任應有指定任期，並須接受重新選舉。守則條文A.4.2亦規定所有填補臨時空缺而獲委任之董事應在委任後之首次股東大會上接受股東選舉，而每名董事(包括有指定任期之董事)應至少每三年輪值退任一次。

The Non-Executive Directors of the Company had no fixed term of office prior to 27 May 2005, but retired from office on a rotational basis in accordance with the relevant provision of the Company's Articles of Association. According to the Articles of Association of the Company then in effect before 27 May 2005, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third) should retire from office by rotation. Further, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting of the Company and should then be eligible for re-election at the meeting.

To fully comply with the code provision A.4.1, immediately after the annual general meeting of the Company held on 27 May 2005 (the "2005 AGM"), all Non-Executive Directors of the Company were appointed for a specific term which shall continue until 31 December 2006, but subject to the relevant provisions of the Articles of Association of the Company or any other applicable laws whereby the Directors shall vacate or retire from their office. In addition, to ensure full compliance with the code provision A.4.2, relevant amendments to the Articles of Association of the Company were proposed and approved by the shareholders at the 2005 AGM.

### Code Provision A.5.4

This code provision stipulates that the board should establish written guidelines on no less exacting terms than the Model Code as set out in Appendix 10 of the Listing Rules for the relevant employees, who are likely to be in possession of unpublished price sensitive information in relation to the issuer or its securities, in respect of their dealings in the securities of the issuer.

To comply with this code provision, the Company has adopted in June 2005 the Model Code for securities transactions by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

於二零零五年五月二十七日前，本公司之非執行董事並無固定任期，惟須按照本公司組織章程細則之有關條文輪值退任。根據本公司於二零零五年五月二十七日前仍然有效之組織章程細則，在本公司每一屆股東週年大會上，三分之一當時在任之董事（或，倘其人數並非三或三之倍數，則最接近三分之一之數目）須輪值退任。此外，任何填補臨時空缺而獲委任之董事或新增之董事會成員僅可任職至下屆股東週年大會為止，屆時彼可膺選連任。

為全面遵守守則條文A.4.1，緊接於二零零五年五月二十七日舉行之本公司股東週年大會（「二零零五年股東週年大會」）後，本公司所有非執行董事之委任已設指定任期，直至二零零六年十二月三十一日止，惟董事之撤職或退任須受本公司組織章程細則之有關條文或任何其他適用法例所規限。此外，為確保能全面遵守守則條文A.4.2，本公司已於二零零五年股東週年大會上向股東建議修訂其相關之組織章程細則，而有關修訂亦已獲股東批准。

### 守則條文A.5.4

此守則條文規定董事會應就可能會擁有關於發行人或其證券之未公開股價敏感資料之有關僱員買賣發行人證券事宜設定書面指引，而有關之指引內容應不比於上市規則附錄十所載之標準守則寬鬆。

為遵守此守則條文，本公司已於二零零五年六月就若干被認為可能會擁有關於本公司或其證券之未公開股價敏感資料之本公司或其任何附屬公司之僱員進行證券交易而採納標準守則為其準則。

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### Code Provisions B.1.3 and B.1.4

Code provision B.1.3 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the provision, and code provision B.1.4 stipulates that the remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

The Compensation Committee of the Company was renamed as Remuneration Committee and its terms of reference have been revised in June 2005 to comply with the code provision B.1.3, but with a deviation from the code provision of the remuneration committee's responsibilities to determine the specific remuneration packages of all executive directors and senior management of an issuer. The Board considers that the Remuneration Committee of the Company should review (as opposed to determine) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management for the following reasons:

- (i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior executives and that this evaluation process is more effectively carried out by the Executive Directors;
- (ii) the Remuneration Committee members only consist of Independent Non-Executive Directors ("INEDs") who may not be industry skilled and come from differing professions and backgrounds and they are not involved in the daily operation of the Company. They may have little direct knowledge of industry practice and standard compensation packages. The Remuneration Committee is thus not in a position to properly determine the remuneration of the Executive Directors;
- (iii) the Executive Directors must be in a position to supervise and control senior management and thus must be able to control their compensation; and
- (iv) there is no reason for Executive Directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

### 守則條文B.1.3及B.1.4

守則條文B.1.3規定薪酬委員會之職權範圍須至少包括該條文所載之特定職責。守則條文B.1.4亦規定薪酬委員會應公開其職權範圍，解釋其角色及董事會轉授予其之權力。

為遵守守則條文B.1.3，本公司薪酬委員會（由Compensation Committee易名為Remuneration Committee）之職權範圍已於二零零五年六月作出修訂，惟就該守則條文在薪酬委員會須釐定發行人所有執行董事及高層管理人員之薪酬待遇之職責方面有所偏離。董事會認為，本公司之薪酬委員會僅會就執行董事（不包括高層管理人員）之薪酬待遇作出檢討（而非釐定），並僅向董事會提出建議，理由如下：

- (i) 董事會認為薪酬委員會並不適宜評估高級行政人員之表現，而有關評估程序由執行董事施行將更為有效；
- (ii) 薪酬委員會成員僅由獨立非執行董事組成，彼等來自不同行業，具有不同背景，或會對本公司經營之行業並不完全熟悉，且並無參與本公司之日常運作，彼等對有關業界慣例及薪酬待遇之標準亦可能無直接認識。因此，薪酬委員會並不適宜釐定執行董事之薪酬；
- (iii) 執行董事必須負責監管高層管理人員，因而須有權力操控彼等之薪酬；及
- (iv) 執行董事並無理由向高層管理人員支付高於業界標準之薪酬，而由彼等釐定其薪酬待遇可減省支出，將有利於股東。

The revised terms of reference of the Remuneration Committee of the Company have also been placed on the Company's website in June 2005 to ensure full compliance with the code provision B.1.4.

### Code Provisions C.3.3 and C.3.4

Code provision C.3.3 stipulates that the terms of reference of the audit committee should include at least those duties as set out in the provision, and code provision C.3.4 stipulates that the audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

The terms of reference of the Audit Committee of the Company have been revised in June 2005 (and were further reviewed by the Board in July 2005) to comply with the code provision C.3.3, but with the deviations from the code provision of the audit committee's responsibilities to:

- (i) implement policy on the engagement of the external auditors to supply non-audit services;
- (ii) ensure that management has discharged its duty to have an effective internal control system; and
- (iii) ensure coordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer.

The Board considers that the Audit Committee of the Company should recommend (as opposed to implement) the policy on the engagement of the external auditors to supply non-audit services for the following reasons:

- (i) it is proper, and appropriate for the Board and its Committees to develop policy and make appropriate recommendations;
- (ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and
- (iii) INEDs are not in an effective position to implement policy and follow up the same on a day-to-day basis.

為全面遵守守則條文B.1.4，薪酬委員會經修訂之職權範圍已於二零零五年六月在本公司網站內登載。

### 守則條文C.3.3及C.3.4

守則條文C.3.3規定審核委員會之職權範圍須至少包括該條文所載之職責。守則條文C.3.4亦規定審核委員會應公開其職權範圍，解釋其角色及董事會轉授予其之權力。

為遵守守則條文C.3.3，本公司審核委員會之職權範圍已於二零零五年六月作出修訂（並於二零零五年七月經董事會再度檢討），惟就該守則條文在下列審核委員會之職責方面有所偏離：

- (i) 執行委聘外聘核數師提供非核數服務之政策；
- (ii) 確保管理層已履行其建立有效的內部監控系統之職責；及
- (iii) 確保內部和外聘核數師之工作得到協調，也須確保內部核數功能在發行人內部獲得足夠資源運作，並且有適當之地位。

董事會認為本公司之審核委員會應就委聘外聘核數師提供非核數服務之政策作出建議（而非執行），理由如下：

- (i) 由董事會及其下設之委員會制定政策及作出合適之建議乃屬恰當及合適；
- (ii) 由執行董事及管理層執行該政策及建議乃屬恰當及合適之機制；及
- (iii) 獨立非執行董事並不適宜執行日常之政策及跟進工作。

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Further, the Board considers that the Audit Committee of the Company only possesses the effective ability to scrutinize (as opposed to ensure) whether management has discharged its duty to have an effective internal control system. The Committee is not equipped to ensure that the same is in place as this would involve day-to-day supervision and the employment of permanent experts. The Audit Committee is not in a position either to ensure coordination between the internal and external auditors but it can promote the same. Similarly, the Committee cannot ensure that the internal audit function is adequately resourced but it can check whether it is adequately resourced.

The revised terms of reference of the Audit Committee of the Company have been placed on the Company's website in June 2005 to ensure full compliance with the code provision C.3.4.

### Code Provision D.1.2

This code provision stipulates that an issuer should formalise the functions reserved to the board and those delegated to the management and should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in June 2005. The Board will review the same once a year.

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

此外，董事會認為本公司之審核委員會僅具備效能以監察（而非確保）管理層已履行其建立有效的內部監控系統之職責。由於上述事宜涉及日常監控及聘用全職之專業人員，因此審核委員會並無能力確保上述事宜得以執行。審核委員會亦不適宜確保內部和外聘核數師之工作得到協調，惟其可推動上述事宜。同樣，審核委員會不可確保內部核數功能獲得足夠資源運作，惟可檢閱其是否獲得足夠資源運作。

為全面遵守守則條文C.3.4，審核委員會經修訂之職權範圍已於二零零五年六月在本公司網站內登載。

### 守則條文D.1.2

此守則條文規定發行人應規範賦予董事會之職能及轉授予管理層之職能，並應定期作出檢討以確保有關安排符合發行人之需要。

本公司董事會及管理層之職能已分別確立並以書面列載，且已於二零零五年六月獲董事會批准。董事會將就兩者之職能每年作一次檢討。

### 董事進行證券交易之行為準則

本公司已採納上市規則附錄十所載之標準守則作為其董事進行證券交易之行為準則。經本公司明確查詢後，所有董事確認彼等於回顧期內已完全遵守標準守則內所訂之標準。