

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code Provision") contained in Appendix 14 of the Listing Rules throughout six months ended 30 September 2005, except for the following deviations:

- Code Provision A.4.2 stipulates that all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company states that the Chairman of the Board and/or the Managing Director of the Company shall not be subject to retirement by rotation and any director appointed to fill a casual vacancy on the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In accordance with the Bye-laws of the Company, Dr. Lam Man Chan, the chairman of the Company did not retire by rotation at the 2005 Annual General Meeting. To ensure consistency with the Code Provision A.4.2, the Board plans to amend the Bye-laws of the Company to effect that all directors will be subject to retirement by rotation and that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment. Such amendment will be proposed at the Annual General Meeting in 2006 for approval by the shareholders.
- Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Company does not at present have any officer holding the position of CEO. Dr. Lam Man Chan is the founder and chairman of the Company and has also carried out the responsibilities of CEO. Dr. Lam possesses the

企業管治

本公司於截至二零零五年九月三十日止六個月期間遵守上市規則附錄14所載之企業管治常規守則內之守則條文(「守則條文」)，惟下列各項有所偏離者除外：

- 守則條文第A.4.2條規定，所有獲委任以填補空缺之董事須於獲委任後首次股東大會上接受股東選舉，另每名董事(包括有指定任期之董事)應輪流退任，至少每三年一次。本公司之公司細則訂明，本公司之董事會主席及／或董事總經理均毋須輪流退任，而任何獲委任以填補董事會空缺之董事，其任期均至本公司來屆股東週年大會為止，屆時需於大會上膺選連任。根據本公司之公司細則，本公司主席林文燦博士並無於二零零五年股東週年大會上輪流退任。為確保與守則條文第A.4.2條一致，董事會計劃修訂本公司之公司細則，以使全體董事均需輪流退任，而所有獲委任以填補空缺之董事，均須於彼等獲委任後首個股東大會上接受股東選舉。上述修訂將提呈二零零六年股東週年大會，以供股東批准。
- 守則條文第A.2.1條規定，主席及行政總裁(「行政總裁」)之角色須予區分，且不應由同一人擔任。本公司現時並無任何管理人員擔任行政總裁一職。林文燦博士乃本公司創辦人兼主席，同時亦肩負行政總裁之職務。林博士擁有管理董事會之重要領導才能，對

essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure to be more suitable to the Company because it can promote the efficient formulation and implementation of the Company's strategies. However, the Board may consider separating the roles of the chairman and the CEO if the Board considers appropriate.

3. As set out in 2005 Annual Report, the non-executive directors of the Company were previously not appointed for a specific term but were subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company. On 6 September 2005, the term of appointment of each of the non-executive directors was changed to a specific term of three years to comply with the Code Provision A.4.1.
4. Code Provision B.1.1 states that a remuneration committee should be established with specific written terms of reference which deal clearly with its authority and duties. On 6 September 2005, a remuneration committee was established by the Company. The committee comprises three independent non-executive directors and one executive director. The committee has adopted the terms of the reference in line with those set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

In compliance with the requirements of the Stock Exchange, an Audit Committee comprising one non-executive director and three independent non-executive directors was formed. Reporting to the Board of the Company, the Audit Committee is dedicated to the review and supervision of the Group's financial reporting process and internal controls. The interim results for the six months ended 30 September 2005 have been reviewed by the Audit Committee.

本集團業務亦有深厚認識。董事會認為現時之架構最適合本公司，蓋因此架構可促進本公司策略之有效製訂及落實。惟董事會將於其認為合適時考慮區分主席及行政總裁之角色。

3. 誠如二零零五年年報所載，本公司之非執行董事以往並無固定任期，惟須根據本公司之公司細則輪流退任，並須於本公司股東週年大會上膺選連任。於二零零五年九月六日，各非執行董事之任期更改為指定任期三年，以遵守守則條文第A.4.1條。
4. 守則條文第B.1.1條表明，具有特定成文權責範圍之薪酬委員會須予設立，有關權責範圍須清楚說明其權限及職責。本公司已於二零零五年九月六日成立薪酬委員會。該委員會由三位獨立非執行董事及一位執行董事組成，並已採納與上市規則附錄14所載之規定相符之條款。

審核委員會

本公司已遵照聯交所之規定成立一個審核委員會，成員包括一名非執行董事及三名獨立非執行董事。審核委員會向本公司董事會匯報，其責任為審閱及監管本集團之財務申報程序及內部控制。截至二零零五年九月三十日止六個月之中期業績已由審核委員會審閱。