

## CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2006, the Company has applied the principles of, and complied with, the code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for certain deviations which are summarized below.

Code provisions B.1.3 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the Remuneration Committee adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors (as opposed to all executive directors and senior management under the code provision).

The terms of reference of the Audit Committee adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee should (i) recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) promote (as opposed to ensure under the code provision) the coordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

## 企業管治常規守則

除下列摘要之部份偏離行為外，本公司於截至2006年6月30日止六個月內，已應用及遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則（「企業管治守則」）之原則及守則條文。

企業管治守則之守則條文B.1.3及C.3.3規定薪酬委員會及審核委員會在權責範圍方面應最低限度包括相關守則條文所載之該等特定職責。

本公司已採納之薪酬委員會之權責範圍乃遵照守則條文B.1.3之規定，惟薪酬委員會僅會就執行董事（而非守則條文所述之所有執行董事及高級管理人員）之薪酬待遇作出檢討（而非守則條文所述之釐定），並僅向董事會提出建議。

本公司已採納之審核委員會之權責範圍乃遵照守則條文C.3.3之規定，惟審核委員會僅會(i)就委聘外聘核數師提供非核數服務之政策作出建議（而非守則條文所述之執行）；(ii)監察（而非守則條文所述之確保）管理層是否已履行其職責建立有效之內部監控系統；及(iii)推動（而非守則條文所述之確保）內部和外聘核數師之工作得到協調，及檢視（而非守則條文所述之確保）內部稽核功能是否獲得足夠資源運作。

The reasons for the above deviations are set out in the section “Corporate Governance Report” contained in the Company’s annual report for the financial year ended 31 December 2005. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

The Board’s annual review of the effectiveness of the system of internal control of the Group pursuant to the code provision C.2.1 of the CG Code will be reported upon in the forthcoming corporate governance report to be contained in the Company’s annual report for the financial year ending 31 December 2006.

### 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.

有關上述偏離行為之理由載於本公司截至2005年12月31日止財政年度之年報中「企業管治報告」一節內。董事會認為薪酬委員會及審核委員會應繼續根據本公司採納之權責範圍運作。董事會將最少每年檢討該等權責範圍一次，並在其認為需要時作出適當更改。

有關董事會就企業管治守則之守則條文C.2.1而對集團之內部監控系統所作之年度檢討，將於本公司截至2006年12月31日止財政年度之年報中所載之企業管治報告內匯報。

### 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10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。

