

# CORPORATE GOVERNANCE REPORT

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company had applied the principles and complied with all code provisions (except as stated below) and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the year ended 31st December, 2018. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company did not have a nomination committee during the year 2018. During the year, the full Board was responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it had a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole was also responsible for reviewing the succession plan for the Directors, in particular the positions of Chairman of the Board (the “Chairman”) and Group Managing Director.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

## I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply (“C”)/ Explain (“E”)	Corporate Governance Practices																																										
<b>A.</b>	<b>DIRECTORS</b>																																												
<b>A.1</b>	<b>THE BOARD</b> <i>Corporate Governance Principle</i> <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company’s affairs.</i>  <i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i>																																												
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	<ul style="list-style-type: none"> <li>The Board meets regularly and held meetings in March, May, July and October of 2018.</li> <li>Directors’ attendance records in 2018 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></td> </tr> <tr> <td>Victor T K Li (<i>Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam (<i>Group Managing Director</i>)</td> <td>3/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>FOK Kin Ning, Canning (<i>Deputy Chairman</i>)</td> <td>3/4</td> </tr> <tr> <td>Andrew John HUNTER (<i>Deputy Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>CHAN Loi Shun (<i>Chief Financial Officer</i>)</td> <td>4/4</td> </tr> <tr> <td>CHEN Tsien Hua</td> <td>4/4</td> </tr> <tr> <td>Frank John SIXT</td> <td>4/4</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> <tr> <td>KWOK Eva Lee</td> <td>4/4</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td>4/4</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td>4/4</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td>4/4</td> </tr> <tr> <td>Barrie COOK</td> <td>4/4</td> </tr> <tr> <td>Paul Joseph TIGHE</td> <td>4/4</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEE Pui Ling, Angelina</td> <td>4/4</td> </tr> <tr> <td>George Colin MAGNUS</td> <td>4/4</td> </tr> </tbody> </table> </li> <li>The Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors (if applicable) in accordance with the Company’s Bye-laws. An updated and consolidated version of the Company’s Memorandum of Association and Bye-laws (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited (“HKEx”). There were no significant changes in the Company’s constitutional documents during the year 2018.</li> </ul>	Members of the Board	Attendance	<b>Executive Directors</b>		Victor T K Li ( <i>Chairman</i> )	4/4	KAM Hing Lam ( <i>Group Managing Director</i> )	3/4	IP Tak Chuen, Edmond ( <i>Deputy Chairman</i> )	4/4	FOK Kin Ning, Canning ( <i>Deputy Chairman</i> )	3/4	Andrew John HUNTER ( <i>Deputy Managing Director</i> )	4/4	CHAN Loi Shun ( <i>Chief Financial Officer</i> )	4/4	CHEN Tsien Hua	4/4	Frank John SIXT	4/4	<b>Independent Non-executive Directors</b>		CHEONG Ying Chew, Henry	4/4	KWOK Eva Lee	4/4	SNG Sow-mei alias POON Sow Mei	4/4	Colin Stevens RUSSEL	4/4	LAN Hong Tsung, David	4/4	Barrie COOK	4/4	Paul Joseph TIGHE	4/4	<b>Non-executive Directors</b>		LEE Pui Ling, Angelina	4/4	George Colin MAGNUS	4/4
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A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	<ul style="list-style-type: none"> <li>All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.</li> </ul>																																										

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A.1.3	<ul style="list-style-type: none"> <li>– At least 14 days notice for regular board meetings</li> <li>– Reasonable notice for other board meetings</li> </ul>	C  C	<ul style="list-style-type: none"> <li>• Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings.</li> <li>• At least 14 days formal notice would be given before each regular meeting.</li> <li>• According to the Company's Bye-laws, any Director may waive notice of any meeting.</li> </ul>
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	<ul style="list-style-type: none"> <li>• The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings.</li> <li>• Board and Board Committee minutes are sent to all Directors/Board Committee members within a reasonable time after each Board and Board Committee meeting.</li> <li>• Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.</li> </ul>
A.1.5	<ul style="list-style-type: none"> <li>– Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached.</li> <li>– Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting</li> </ul>	C  C	<ul style="list-style-type: none"> <li>• Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached.</li> <li>• Directors are given an opportunity to comment on draft Board minutes.</li> <li>• Final version of Board minutes is placed on record within a reasonable time after the Board meeting.</li> </ul>
A.1.6	<ul style="list-style-type: none"> <li>– A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense</li> <li>– The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>• Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.</li> </ul>
A.1.7	<ul style="list-style-type: none"> <li>– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution.</li> <li>– Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>• Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted.</li> <li>• Director must declare his/her interest in the matters to be passed in the resolution, if applicable.</li> <li>• If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.</li> </ul>
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors	C	<ul style="list-style-type: none"> <li>• The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1996 including the year 2018/2019.</li> </ul>
<b>A.2</b>	<p><b>CHAIRMAN AND CHIEF EXECUTIVE</b></p> <p><i>Corporate Governance Principle</i> There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.</p>		

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A.2.1	<ul style="list-style-type: none"> <li>– Separate roles of chairman and chief executive not to be performed by the same individual</li> <li>– Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>• The positions of Chairman and Group Managing Director are currently held by separate individuals.</li> <li>• The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.</li> <li>• The Group Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.</li> </ul>																												
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	C	<ul style="list-style-type: none"> <li>• With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.</li> <li>• In addition to regular Board meetings, the Chairman met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and October of 2018. Attendance records of the meetings are as follows: <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Chairman</b></td> </tr> <tr> <td>Victor T K Li</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td>KWOK Eva Lee</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td>Barrie COOK</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td>Paul Joseph TIGHE</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEE Pui Ling, Angelina</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right; border-bottom: 1px solid black;">2/2</td> </tr> </tbody> </table> </li> </ul>		Attendance	<b>Chairman</b>		Victor T K Li	2/2	<b>Independent Non-executive Directors</b>		CHEONG Ying Chew, Henry	2/2	KWOK Eva Lee	2/2	SNG Sow-mei alias POON Sow Mei	2/2	Colin Stevens RUSSEL	2/2	LAN Hong Tsung, David	2/2	Barrie COOK	2/2	Paul Joseph TIGHE	2/2	<b>Non-executive Directors</b>		LEE Pui Ling, Angelina	2/2	George Colin MAGNUS	2/2
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A.2.3	The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.	C	<ul style="list-style-type: none"> <li>• The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.</li> <li>• Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate.</li> </ul>																												
A.2.4	<ul style="list-style-type: none"> <li>– The chairman to provide leadership for the board</li> <li>– The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.</li> <li>– The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.</li> </ul>	C  C  C	<ul style="list-style-type: none"> <li>• The Chairman is an Executive Director who is responsible for the leadership and effective running of the Board.</li> <li>• The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.</li> <li>• The Board meets regularly and held meetings in March, May, July and October of 2018.</li> <li>• With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner.</li> <li>• The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.</li> </ul>																												
A.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	<ul style="list-style-type: none"> <li>• The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.</li> </ul>																												

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A.2.6	<ul style="list-style-type: none"> <li>– The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company.</li> <li>– The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.</li> </ul>	C	<ul style="list-style-type: none"> <li>• Please refer to A.2.3 and A.2.4 above for the details.</li> </ul>
A.2.7	The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	C	<ul style="list-style-type: none"> <li>• In addition to regular Board meetings, the Chairman met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and October of 2018. Please refer to A.2.2 above for the attendance records.</li> </ul>
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	<ul style="list-style-type: none"> <li>• The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable, to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.</li> <li>• In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.</li> </ul>
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	<ul style="list-style-type: none"> <li>• The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.</li> </ul>
<b>A.3</b>	<p><b>BOARD COMPOSITION</b></p> <p><i>Corporate Governance Principle</i>  <i>The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	<ul style="list-style-type: none"> <li>• The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications.</li> <li>• The Board consists of a total of seventeen Directors, comprising eight Executive Directors, two Non-executive Directors and seven Independent Non-executive Directors. Three Alternate Directors were appointed. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise.</li> <li>• Details of the composition of the Board are set out on page 210.</li> <li>• The Directors' biographical information and the relationships among the Directors are set out on pages 54 to 61.</li> <li>• Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.</li> </ul>

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A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	<ul style="list-style-type: none"> <li>The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and/or the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.</li> </ul>
<b>A.4</b>	<b>APPOINTMENTS, RE-ELECTION AND REMOVAL</b>		
	<i>Corporate Governance Principle</i> <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</i>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	<ul style="list-style-type: none"> <li>All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code.</li> </ul>
A.4.2	<ul style="list-style-type: none"> <li>All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment.</li> <li>Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>In accordance with the Company's Bye-laws, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the existing Board) following their appointment.</li> <li>The Board as a whole was responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting.</li> <li>All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code.</li> <li>The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules.</li> <li>Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.</li> <li>The Company has published on its website the procedures for shareholders to propose a person for election as a Director.</li> </ul>
A.4.3	<ul style="list-style-type: none"> <li>If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.</li> <li>The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Each Independent Non-executive Director who is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who is eligible for re-election at the annual general meeting will make a confirmation of independence pursuant to Rule 3.13 of the Listing Rules.</li> <li>The Company has expressed the view in its circular for 2019 Annual General Meeting that each Independent Non-executive Director who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Company has expressed its view in the circular for the 2019 Annual General Meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.</li> </ul>

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<b>A.5</b>	<b>NOMINATION COMMITTEE</b> <i>Corporate Governance Principle</i> <i>In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.</i>		
A.5.1 – A.5.4	<ul style="list-style-type: none"> <li>– The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.</li> <li>– The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.</li> <li>– It should perform the following duties:–               <ul style="list-style-type: none"> <li>(a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy;</li> <li>(b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;</li> <li>(c) assess the independence of independent non-executive directors; and</li> <li>(d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.</li> </ul> </li> <li>– The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.</li> <li>– The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.</li> </ul>	E	<ul style="list-style-type: none"> <li>• The Company did not have a nomination committee during the year 2018. The Board as a whole was responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting.</li> <li>• During the year, the full Board was responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole was also responsible for reviewing the succession plan for the Directors, in particular the positions of Chairman and Group Managing Director.</li> <li>• The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision.</li> <li>• The Board as a whole was responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.</li> <li>• The Company established its nomination committee ("Nomination Committee") on 1st January, 2019 which comprises all Directors of the Company, and the Chairman of the Board is the Chairman of the Nomination Committee. When the need to select, nominate or re-elect Directors arises, a sub-committee will be established comprising members from the Nomination Committee in compliance with the requirements under the Listing Rules in relation to the composition of the Nomination Committee. The terms of reference of the Nomination Committee (both English and Chinese versions) are posted on the websites of the Company and HKEx. Also, a Director Nomination Policy was adopted with effect from January 2019.</li> </ul>
A.5.5	Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.	C	<ul style="list-style-type: none"> <li>• Please refer to A.4.3 above for the details.</li> </ul>



Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.6	The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report.	C	<ul style="list-style-type: none"> <li>• In August 2013, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") and has made it available on the Company's website.</li> <li>• In the Board Diversity Policy:-               <ol style="list-style-type: none"> <li>1. The Company recognises the benefits of having a Board that has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses.</li> <li>2. The Company maintains that appointments to the Board should be based on merit that complements and expands the skills and experience of the Board as a whole, and after due regard to factors which include but not limited to gender, age, cultural and educational background, and/or professional experience, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board.</li> <li>3. The full Board of the Company is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors of the Company from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's businesses, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the directors of the Company, in particular, for the Chairman and the Group Managing Director.</li> </ol> </li> <li>• Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board.</li> <li>• The Board has, from time to time, reviewed and monitored the implementation of the policy to ensure its effectiveness. It will at appropriate time set measurable objectives for achieving diversity on the Board.</li> <li>• The Board Diversity Policy has been modified since January 2019 to follow closely the requirements of the Listing Rules.</li> <li>• In January 2019, the Company has also established a Director Nomination Policy setting out the approach and procedures adopted for the nomination and selection of directors and has made it available on the Company's website.</li> </ul>
<b>A.6</b>	<b>RESPONSIBILITIES OF DIRECTORS</b> <i>Corporate Governance Principle</i> <i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i>		
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	<ul style="list-style-type: none"> <li>• The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company.</li> <li>• A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference.</li> <li>• During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates.</li> <li>• In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.</li> </ul>

## CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> <li>– bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings</li> <li>– take the lead on potential conflicts of interests</li> <li>– serve on the audit, remuneration, nomination and other governance committees, if invited</li> <li>– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting</li> </ul>	<p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company.</li> <li>• The Non-executive Directors review the financial information and operational performance of the Company on a regular basis.</li> <li>• The Independent Non-executive Directors are invited to serve on the Audit Committee and Remuneration Committee of the Company.</li> <li>• All Non-executive Directors are also invited to serve as members of the Nomination Committee of the Company with effect from 1st January, 2019.</li> </ul>
A.6.3	<p>Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.</p>	C	<ul style="list-style-type: none"> <li>• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records.</li> <li>• Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise, and his/her global perspective.</li> </ul>
A.6.4	<p>Board should establish written guidelines no less exacting than the Model Code for relevant employees.</p>	C	<ul style="list-style-type: none"> <li>• The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules.</li> <li>• Confirmation has been received from all Directors that they complied with the required standards set out in the Model Code for the year ended 31st December, 2018.</li> <li>• Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.</li> <li>• Since December 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance. The policy has been further revised in July 2015 and such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company.</li> </ul>
A.6.5	<p>All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.</p>	C	<ul style="list-style-type: none"> <li>• A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference.</li> <li>• In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.</li> <li>• The Directors have provided to the Company their records of continuous professional development during the year 2018.</li> </ul>



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A.6.5 (Cont'd)			<ul style="list-style-type: none"> <li>During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.</li> <li>The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:               <ol style="list-style-type: none"> <li>Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance;</li> <li>Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and</li> <li>Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.</li> </ol> </li> <li>Records of the Directors' training during 2018 are as follows:               <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Training received</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></td> </tr> <tr> <td>Victor T K Li (<i>Chairman</i>)</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>KAM Hing Lam (<i>Group Managing Director</i>)</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Chairman</i>)</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>FOK Kin Ning, Canning (<i>Deputy Chairman</i>)</td> <td>(1) &amp; (3)</td> </tr> <tr> <td>Andrew John HUNTER (<i>Deputy Managing Director</i>)</td> <td>(1) &amp; (3)</td> </tr> <tr> <td>CHAN Loi Shun (<i>Chief Financial Officer</i>)</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>CHEN Tsien Hua</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>Frank John SIXT</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>KWOK Eva Lee</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td>Barrie COOK</td> <td>(1) &amp; (3)</td> </tr> <tr> <td>Paul Joseph TIGHE</td> <td>(1), (2) &amp; (3)</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEE Pui Ling, Angelina</td> <td>(1) &amp; (3)</td> </tr> <tr> <td>George Colin MAGNUS</td> <td>(1) &amp; (3)</td> </tr> </tbody> </table> </li> </ul>	Members of the Board	Training received	<b>Executive Directors</b>		Victor T K Li ( <i>Chairman</i> )	(1), (2) & (3)	KAM Hing Lam ( <i>Group Managing Director</i> )	(1), (2) & (3)	IP Tak Chuen, Edmond ( <i>Deputy Chairman</i> )	(1), (2) & (3)	FOK Kin Ning, Canning ( <i>Deputy Chairman</i> )	(1) & (3)	Andrew John HUNTER ( <i>Deputy Managing Director</i> )	(1) & (3)	CHAN Loi Shun ( <i>Chief Financial Officer</i> )	(1), (2) & (3)	CHEN Tsien Hua	(1), (2) & (3)	Frank John SIXT	(1), (2) & (3)	<b>Independent Non-executive Directors</b>		CHEONG Ying Chew, Henry	(1), (2) & (3)	KWOK Eva Lee	(1), (2) & (3)	SNG Sow-mei alias POON Sow Mei	(1), (2) & (3)	Colin Stevens RUSSEL	(1), (2) & (3)	LAN Hong Tsung, David	(1), (2) & (3)	Barrie COOK	(1) & (3)	Paul Joseph TIGHE	(1), (2) & (3)	<b>Non-executive Directors</b>		LEE Pui Ling, Angelina	(1) & (3)	George Colin MAGNUS	(1) & (3)
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A.6.6	Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	<ul style="list-style-type: none"> <li>The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.</li> </ul>																																										

## CORPORATE GOVERNANCE REPORT

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A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	C	<ul style="list-style-type: none"> <li>There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meetings during the year. Please refer to A.1.1, A.2.2, B.1.2, C.3.1 and E.1.2 for the attendance records.</li> <li>Extent of participation and contribution should be viewed both quantitatively and qualitatively.</li> </ul>
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	<ul style="list-style-type: none"> <li>Please refer to A.6.7 above.</li> </ul>
<b>A.7</b>	<b>SUPPLY OF AND ACCESS TO INFORMATION</b>		
	<i>Corporate Governance Principle</i> Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.		
A.7.1	<ul style="list-style-type: none"> <li>Send agenda and full board papers to all directors at least 3 days before a regular board or board committee meeting</li> <li>As far as practicable for other board or board committee meetings</li> </ul>	C  C	<ul style="list-style-type: none"> <li>Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.</li> </ul>
A.7.2	<ul style="list-style-type: none"> <li>Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions.</li> <li>The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate.</li> <li>Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided as appropriate.</li> </ul>
A.7.3	<ul style="list-style-type: none"> <li>All directors are entitled to have access to board papers and related materials.</li> <li>Queries raised by directors should receive a prompt and full response, if possible.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>Please see A.7.1 and A.7.2 above.</li> </ul>
<b>B.</b>	<b>REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION</b>		
<b>B.1</b>	<b>THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE</b>		
	<i>Corporate Governance Principle</i> The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
B.1.1	The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.	C	<ul style="list-style-type: none"> <li>The Remuneration Committee has consulted the Chairman and/or the Group Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.</li> <li>The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.</li> <li>To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information.</li> <li>The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application.</li> </ul>								
B.1.2	<p>The remuneration committee's terms of reference should include:</p> <ul style="list-style-type: none"> <li>– recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy</li> <li>– review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives</li> <li>– either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management</li> <li>– recommend to the board on the remuneration of non-executive directors</li> <li>– consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group</li> <li>– review and approve compensation payable on loss or termination of office or appointment</li> <li>– review and approve compensation arrangements relating to dismissal or removal of directors for misconduct</li> <li>– ensure that no director or any of his associates is involved in deciding his own remuneration</li> </ul>	C	<ul style="list-style-type: none"> <li>The Company established its Remuneration Committee ("Remuneration Committee") on 1st January, 2005. A majority of the members are Independent Non-executive Directors.</li> <li>The Remuneration Committee comprises the Chairman, Mr. Victor T K Li, and two Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel.</li> <li>The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.</li> <li>The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Non-executive Directors.</li> <li>Since the publication of the Annual Report 2017 in April 2018, meeting of the Remuneration Committee was held in January 2019. Attendance record of the members of the Remuneration Committee is as follows: <table border="1" data-bbox="742 1294 1434 1429"> <thead> <tr> <th>Members of the Remuneration Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>CHEONG Ying Chew, Henry <i>(Chairman of the Remuneration Committee)</i></td> <td>1/1</td> </tr> <tr> <td>Victor T K Li</td> <td>1/1</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td>1/1</td> </tr> </tbody> </table> </li> <li>The following is a summary of the work of the Remuneration Committee during the said meeting: <ol style="list-style-type: none"> <li>Review the remuneration policy for 2018/2019;</li> <li>Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management;</li> <li>Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review;</li> <li>Review and approve the remuneration of Non-executive Directors; and</li> <li>Review the annual bonus policy.</li> </ol> </li> <li>No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2019.</li> </ul>	Members of the Remuneration Committee	Attendance	CHEONG Ying Chew, Henry <i>(Chairman of the Remuneration Committee)</i>	1/1	Victor T K Li	1/1	Colin Stevens RUSSEL	1/1
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# CORPORATE GOVERNANCE REPORT

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B.1.3	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	<ul style="list-style-type: none"> <li>The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx.</li> <li>The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.</li> </ul>
B.1.4	The remuneration committee should be provided with sufficient resources to perform its duties.	C	<ul style="list-style-type: none"> <li>The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.</li> </ul>
B.1.5	The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.	C	<ul style="list-style-type: none"> <li>The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 34 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.</li> </ul>
<b>C. ACCOUNTABILITY AND AUDIT</b>			
<b>C.1 FINANCIAL REPORTING</b>			
<p><i>Corporate Governance Principle</i>  <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i></p>			
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	<ul style="list-style-type: none"> <li>Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.</li> </ul>
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	<ul style="list-style-type: none"> <li>Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balance and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties.</li> </ul>
C.1.3	<ul style="list-style-type: none"> <li>The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.</li> <li>There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements.</li> <li>Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary.</li> <li>Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.</li> </ul>	<p>C</p> <p>C</p> <p>C</p> <p>N/A</p>	<ul style="list-style-type: none"> <li>The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group.</li> <li>Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code.</li> <li>With the assistance of the Company's Finance and Accounting Department which is under the supervision of the Chief Financial Officer who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.</li> <li>The Directors also ensure the publication of the financial statements of the Group is in a timely manner.</li> <li>The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 81 to 86.</li> </ul>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	<ul style="list-style-type: none"> <li>The Board has included the separate statement containing a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2018.</li> </ul>
C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	<ul style="list-style-type: none"> <li>The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications.</li> <li>The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of inside information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.</li> </ul>
<b>C.2</b>	<b>RISK MANAGEMENT AND INTERNAL CONTROL</b>		
	<p><i>Corporate Governance Principle</i>  <i>The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</i></p>		
C.2.1	The board should oversee the group's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.	C	<ul style="list-style-type: none"> <li>The Board is responsible for maintaining sound and effective risk management and internal control systems, which include the development of necessary policies and procedures. Such systems are reviewed twice a year to ensure they are operating effectively on an ongoing basis. The Group maintains an enterprise risk management framework to identify, assess, manage, monitor and control current and emerging risks.</li> <li>Risk management and internal control systems are designed to help the achievement of business objectives in the following categories: <ol style="list-style-type: none"> <li>Alignment with and supportive of the Group's strategies;</li> <li>Effectiveness and efficiency of operations which include safeguarding assets against unauthorised user or disposition;</li> <li>Reliability of financial and operational reporting; and</li> <li>Compliance with applicable laws, regulations, and internal controls and procedures.</li> </ol> </li> </ul>
C.2.2	The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting, internal audit and financial reporting functions.	C	<ul style="list-style-type: none"> <li>The Board, through the Audit Committee, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions at the Board meeting held in March 2019 and noted that the Company has been in compliance with the Code Provision for the year 2018. Please also refer to C.3.3 below.</li> </ul>
C.2.3	The board's annual review should, in particular, consider: <p>(a) the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment;</p> <p>(b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;</p>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>The Board, through the Audit Committee, regularly reviews the significant risks and decisions that could have a material impact on the Group. These reviews consider the level of risk that the Group is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure. They also regularly review the effectiveness of any remedial actions taken during the reporting period in order to respond to changes in its business and the external environment.</li> <li>The Audit Committee, on behalf of the Board, regularly reviews the scope and quality of the risk management framework and effectiveness of the internal control systems. The Audit Committee evaluates the internal audit function on an ongoing basis by reviewing internal audit resources, plans, budgets and its work. The Audit Committee also carries out a review of the reports from the external auditors, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), regarding the internal controls and relevant financial reporting matters in the Company.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.3 (Cont'd)	<p>(c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;</p> <p>(d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and</p> <p>(e) the effectiveness of the company's processes for financial reporting and Listing Rule compliance.</p>	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>The Group's risk management and internal control systems are reviewed twice a year by the management. Each business unit has to perform risk assessment where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanism for each risk and action plan is put in place to address the areas for improvement. The Chief Executive Officer and Chief Financial Officer of each business unit need to provide a formal confirmation to acknowledge review of their control systems and highlight any weaknesses. Such confirmations are reviewed by the Audit Committee, through Internal Audit, and submitted to the Board for its assessment.</li> <li>No significant control failings or weaknesses had been identified during the reporting period. The Board is not aware of any material unforeseen outcomes or contingencies that may in the future have a material impact on the Company's financial performance or condition.</li> <li>The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems, including all material financial, operational and compliance controls, and concluded that they are adequate and effective.</li> </ul>
C.2.4	<p>The company should disclose, in the Corporate Governance Report, a narrative statement on how it has complied with the risk management and internal control code provisions during the reporting period. In particular, the company should disclose:</p> <p>(a) the process used to identify, evaluate and manage significant risks;</p> <p>(b) the main features of the risk management and internal control systems;</p>	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>The Company has complied with the code provisions on risk management and internal controls during the reporting period.</li> <li>The Group has in place an Enterprise Risk Management framework which is consistent with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework. The framework supports the Group to identify, evaluate and manage significant risks.</li> <li>The Group adopts a "top-down and bottom-up" approach to manage risk exposures which works as follows: <ul style="list-style-type: none"> <li>Managing Risk from Top-down: <ul style="list-style-type: none"> <li><u>The Board and Audit Committee</u></li> <li>(1) Assess and determine the nature and extent of the risks that the Group is willing to accept in pursuit of its strategic and business objectives; and</li> <li>(2) Ensure appropriate and effective risk management and internal control systems are in place.</li> <li><u>Senior Management</u></li> <li>(1) Oversee the Group's risk profile and evaluate if major risks are appropriately mitigated; and</li> <li>(2) Review and confirm the effectiveness of the risk management processes.</li> </ul> </li> <li>Managing Risk from Bottom-up: <ul style="list-style-type: none"> <li><u>Risk and Control Monitoring Functions</u></li> <li>(1) Establish relevant policies and procedures for the Group; and</li> <li>(2) Monitor business units in the implementation of effective risk management and internal control systems.</li> <li><u>Operational Level</u></li> <li>(1) Identify, assess, mitigate and report the risks; and</li> <li>(2) Provision of reports and data relating to emerging risks to the Board, through the Audit Committee;</li> </ul> </li> </ul> </li> </ul>



Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices														
C.2.4 (Cont'd)	<p>(c) an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;</p> <p>(d) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and</p> <p>(e) the procedures and internal controls for the handling and dissemination of inside information.</p>	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Through this "top-down and bottom-up" risk review process, the risks identified in each business unit will be presented in the Group Risk Register, where they are considered significant on a group level. This Register, of which the content is confirmed by the Group Managing Director and the Chief Financial Officer, forms part of the Risk Management Report for review and approval by the Audit Committee every half-yearly. The Audit Committee, on behalf of the Board, reviews the Report to ensure that all the significant risks are identified and appropriately managed.</li> <li>Pages 195 to 200 of the Annual Report also provide a description of the Group's risk factors which could affect the Group's financial condition or results of operations to differ materially from expected or historical results.</li> <li>Both risk management and internal control systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material errors, losses or fraud. The concept of reasonable assurance recognises that the cost of control procedure should not exceed the expected benefits.</li> </ul> <p>Please refer to C.2.3 above</p> <ul style="list-style-type: none"> <li>Regarding the procedures and internal controls for handling inside information, the Group: <ul style="list-style-type: none"> <li>(1) is well aware of its statutory and regulatory obligations to announce any inside information;</li> <li>(2) has implemented policy and procedure which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated to all staff; and</li> <li>(3) requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.</li> </ul> </li> </ul>														
C.2.5	The company should have an internal audit function. The company without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.	C	<ul style="list-style-type: none"> <li>Internal Audit, reporting directly to the Audit Committee and the Group Managing Director, performs independent assessment of the risk management and internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with greatest perceived risks. Ad hoc review will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business unit will be informed of the areas for improvement, and Internal Audit is responsible for monitoring the corrective actions.</li> </ul>														
<b>C.3</b>	<b>AUDIT COMMITTEE</b>																
	<p><i>Corporate Governance Principle</i>  The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.</p>																
C.3.1	<ul style="list-style-type: none"> <li>Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting.</li> <li>Draft and final versions of minutes should be sent to all committee members for their comment and records within a reasonable time after the meeting.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.</li> <li>Audit Committee meetings were held in March and July of 2018. Attendance records of members of the Audit Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Audit Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Colin Stevens RUSSEL (<i>Chairman of the Audit Committee</i>)</td> <td>2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>2/2</td> </tr> <tr> <td>KWOK Eva Lee</td> <td>2/2</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td>2/2</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td>2/2</td> </tr> <tr> <td>Paul Joseph TIGHE*</td> <td>N/A</td> </tr> </tbody> </table> </li> </ul> <p>* Appointed as a member of the Audit Committee with effect from 20th March, 2019.</p>	Members of the Audit Committee	Attendance	Colin Stevens RUSSEL ( <i>Chairman of the Audit Committee</i> )	2/2	CHEONG Ying Chew, Henry	2/2	KWOK Eva Lee	2/2	SNG Sow-mei alias POON Sow Mei	2/2	LAN Hong Tsung, David	2/2	Paul Joseph TIGHE*	N/A
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# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.1 (Cont'd)			<ul style="list-style-type: none"> <li>• The following is a summary of the work of the Audit Committee during 2018:               <ol style="list-style-type: none"> <li>1. Review the financial reports for 2017 annual results and 2018 interim results;</li> <li>2. Review the findings and recommendations of the Group Internal Audit on the work of various business units and divisions/departments;</li> <li>3. Review the effectiveness of the risk management and internal control systems;</li> <li>4. Review the external auditor's audit findings;</li> <li>5. Review the auditor's remuneration;</li> <li>6. Review the risks of different business units and analysis thereof provided by the relevant business units;</li> <li>7. Review the control mechanisms for such risks advising on action plans for improvement of the situations;</li> <li>8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and</li> <li>9. Perform the corporate governance functions and review the corporate governance policies and practices.</li> </ol> </li> <li>• After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 18th March, 2019 that the internal control system was adequate and effective.</li> <li>• On 18th March, 2019, the Audit Committee met to review the Group's 2018 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2018 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31st December, 2018.</li> <li>• The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2019 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2019 annual general meeting.</li> <li>• The Group's Annual Report 2018 has been reviewed by the Audit Committee.</li> </ul>
C.3.2	A former partner of existing auditing firm shall not act as a member of the audit committee for 1 year from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	<ul style="list-style-type: none"> <li>• No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.</li> <li>• The terms of reference of the Audit Committee were revised with effect from 1st January, 2019 to comply with the new requirement under the Listing Rules for prohibiting a former partner of the Company's existing auditing firm from acting as a member of the Audit Committee for a period of two years from the later of (a) the date of his/her ceasing to be a partner of the firm; or (b) the date of his/her ceasing to have any financial interest in the firm.</li> </ul>
C.3.3	The audit committee's terms of reference should include: <ul style="list-style-type: none"> <li>– recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement;</li> <li>– review and monitor external auditor's independence and objectivity and effectiveness of audit process;</li> <li>– review of the company's financial information; and</li> </ul>	C	<ul style="list-style-type: none"> <li>• The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.</li> </ul>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.3 (Cont'd)	<ul style="list-style-type: none"> <li>oversight of the company's financial reporting system, risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.</li> </ul>		
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	<ul style="list-style-type: none"> <li>The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 11th December, 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants.</li> <li>In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee are revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx.</li> <li>The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management and internal control systems, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment.</li> <li>During the year 2018, the Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The Audit Committee held two meetings in 2018. Mr. Paul Joseph Tighe was appointed as a member of the Audit Committee with effect from 20th March, 2019.</li> </ul>
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> <li>The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2019.</li> <li>For the year ended 31st December, 2018, the external auditor of the Company received approximately HK\$7.2 million for annual audit services and approximately HK\$9.8 million for tax and other services.</li> </ul>
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	<ul style="list-style-type: none"> <li>The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.</li> </ul>
C.3.7	<p>The terms of reference of the audit committee should also require it:</p> <ul style="list-style-type: none"> <li>to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and</li> <li>to act as the key representative body for overseeing the company's relations with the external auditor.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.</li> <li>The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures are included into the Company's Employee Handbook and posted on the Company's website.</li> <li>The Company has issued an Employee Handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Human Resources Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>D.</b>	<b>DELEGATION BY THE BOARD</b>		
<b>D.1</b>	<b>MANAGEMENT FUNCTIONS</b> <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i>		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	<ul style="list-style-type: none"> <li>Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.</li> <li>Please refer to the Management Structure Chart set out on page 182.</li> <li>For matters or transactions of a material nature, the same will be referred to the Board for approval.</li> <li>For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.</li> </ul>
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	<ul style="list-style-type: none"> <li>The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature.</li> <li>Under the leadership of the Group Managing Director, management is responsible for the day-to-day operations of the Group.</li> </ul>
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	<ul style="list-style-type: none"> <li>Please refer to the Management Structure Chart set out on page 182.</li> </ul>
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	<ul style="list-style-type: none"> <li>In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.</li> </ul>
<b>D.2</b>	<b>BOARD COMMITTEES</b> <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	<ul style="list-style-type: none"> <li>Three Board Committees, namely, Audit Committee, Remuneration Committee and Executive Committee, have been established with specific terms of reference.</li> <li>Nomination Committee has been established with specific terms of reference with effect from 1st January, 2019.</li> </ul>
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	<ul style="list-style-type: none"> <li>Board Committees report to the Board of their decisions and recommendations at the Board meetings.</li> </ul>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>D.3</b>	<b>CORPORATE GOVERNANCE FUNCTIONS</b>		
D.3.1	<p>The terms of reference of the board (or a committee or committees performing this function) should include:-</p> <ul style="list-style-type: none"> <li>- develop and review the company's policies and practices on corporate governance and make recommendations to the board;</li> <li>- review and monitor the training and continuous professional development of directors and senior management;</li> <li>- review and monitor the company's policies and practices on compliance with legal and regulatory requirements;</li> <li>- develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and</li> <li>- review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.</li> </ul>	C	<ul style="list-style-type: none"> <li>• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the following corporate governance functions delegated by the Board: <ol style="list-style-type: none"> <li>1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;</li> <li>2. Review and monitor the training and continuous professional development of Directors and senior management;</li> <li>3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;</li> <li>4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and</li> <li>5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.</li> </ol> </li> <li>• At the Audit Committee's meeting held in March 2019, the Audit Committee was satisfied that the above-mentioned corporate governance functions were adhered to, and members of the Audit Committee had examined the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements including:- <ol style="list-style-type: none"> <li>(a) Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing;</li> <li>(b) Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters;</li> <li>(c) Shareholders Communication Policy;</li> <li>(d) Media and Public Engagement Policy;</li> <li>(e) Model Code for Securities Transactions by Directors;</li> <li>(f) Board Diversity Policy (updated in January 2019);</li> <li>(g) Director Nomination Policy (with effect from January 2019); and</li> <li>(h) Dividend Policy (with effect from January 2019).</li> </ol> </li> <li>• The Company adopted the Dividend Policy with effect from January 2019 whereby the Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.</li> </ul>
D.3.2	<p>The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.</p>	C	<ul style="list-style-type: none"> <li>• The board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were revised with effect from 1st January, 2012 to include the corporate governance functions delegated by the Board.</li> </ul>
<b>E.</b>	<b>COMMUNICATION WITH SHAREHOLDERS</b>		
<b>E.1</b>	<b>EFFECTIVE COMMUNICATION</b>		
	<p><i>Corporate Governance Principle</i>  <i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i></p>		
E.1.1	<p>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</p>	C	<ul style="list-style-type: none"> <li>• Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual directors.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																										
E.1.2	<ul style="list-style-type: none"> <li>– The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting.</li> <li>– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.</li> <li>– The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.</li> </ul>	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• In 2018, the Chairman, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the 2018 annual general meeting and were available to answer questions.</li> <li>• The Company established an independent board committee on 3rd August, 2018 ("IBC") for advising the independent shareholders in relation to the formation of a joint venture ("JV Transaction") in connection with the proposed acquisition by CKM Australia Bidco Pty Ltd ("Bidco") by way of the trust schemes of all of the stapled securities in issue of APA which are listed on the Australian Securities Exchange ("Acquisition"). The IBC comprised five Independent Non-executive Directors, namely, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Lan Hong Tsung, David, Mr. Barrie Cook and Mr. Paul Joseph Tighe. The Chairman of the IBC was available to answer questions at the special general meeting of the Company held on 30th October, 2018 ("SGM"). On 20th November, 2018, Bidco became aware that one of the condition precedents would not be satisfied and such condition could not be waived. The implementation agreement had been terminated on 20th November, 2018 and the Company did not proceed with the JV Transaction and the Acquisition.</li> <li>• Directors' attendance records of the 2018 annual general meeting and the SGM are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Board</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></td> </tr> <tr> <td>Victor T K Li (<i>Chairman of the Board</i>)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KAM Hing Lam</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>Andrew John HUNTER</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHAN Loi Shun</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHEN Tsien Hua</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Frank John SIXT</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>CHEONG Ying Chew, Henry <i>(Chairman of the Remuneration Committee)</i></td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWOK Eva Lee</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Colin Stevens RUSSEL (<i>Chairman of the Audit Committee</i>)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>LAN Hong Tsung, David *</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>Barrie COOK *</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>Paul Joseph TIGHE</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEE Pui Ling, Angelina</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>George Colin MAGNUS *</td> <td style="text-align: right;">1/2</td> </tr> </tbody> </table> <p>* Attended the SGM via telephone conference.</p> </li> <li>• In 2018, the Company's external auditor attended the annual general meeting and was available to answer questions.</li> </ul>	Members of the Board	Attendance	<b>Executive Directors</b>		Victor T K Li ( <i>Chairman of the Board</i> )	2/2	KAM Hing Lam	1/2	IP Tak Chuen, Edmond	2/2	FOK Kin Ning, Canning	1/2	Andrew John HUNTER	2/2	CHAN Loi Shun	2/2	CHEN Tsien Hua	2/2	Frank John SIXT	2/2	<b>Independent Non-executive Directors</b>		CHEONG Ying Chew, Henry <i>(Chairman of the Remuneration Committee)</i>	2/2	KWOK Eva Lee	2/2	SNG Sow-mei alias POON Sow Mei	2/2	Colin Stevens RUSSEL ( <i>Chairman of the Audit Committee</i> )	2/2	LAN Hong Tsung, David *	1/2	Barrie COOK *	1/2	Paul Joseph TIGHE	2/2	<b>Non-executive Directors</b>		LEE Pui Ling, Angelina	2/2	George Colin MAGNUS *	1/2
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E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	<ul style="list-style-type: none"> <li>• The Company's notices to shareholders for the 2018 annual general meeting and the SGM of the Company were sent at least 20 clear business days and at least 10 clear business days before the meeting respectively.</li> </ul>																																										
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	<ul style="list-style-type: none"> <li>• In March 2012, the Board has established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.</li> <li>• The particulars of shareholders' rights relating to, inter alia, convening of special general meetings and making enquiries to the Company are as follows: <ol style="list-style-type: none"> <li>1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Company's Bye-laws set out the rights of shareholders.</li> </ol> </li> </ul>																																										



Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4 (Cont'd)			<ol style="list-style-type: none"> <li>2. Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Companies Act of Bermuda, request the Board to convene a special general meeting pursuant to Bye-law 58 of the Company's Bye-laws. The objects of the meeting must be stated in the related requisition which must be signed by the requisitioner(s) and deposited at the registered office of the Company.</li> <li>3. (a) Shareholder(s) holding not less than one-twentieth of the total voting rights or (b) not less than 100 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under the Companies Act of Bermuda. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at Clarendon House, Church Street, Hamilton HM11, Bermuda (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal.</li> <li>4. Pursuant to Bye-law 88 of the Company's Bye-laws, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including annual general meeting), the shareholder should lodge a written notice at the registered office or the head office of the Company provided that the minimum length of the period, during which such written notice may be given, shall be at least seven days and that the period for lodgment of such written notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director.</li> <li>5. In conducting a poll, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Company's Bye-laws, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way.</li> <li>6. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Bye-law 160 of the Company's Bye-laws.</li> <li>7. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications.</li> <li>8. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.</li> </ol>
<b>E.2</b>	<b>VOTING BY POLL</b>		
	<p><i>Corporate Governance Principle</i>  <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i></p>		
E.2.1	<p>The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.</p>	C	<ul style="list-style-type: none"> <li>• At the 2018 annual general meeting and the SGM, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders.</li> <li>• At the 2018 annual general meeting and the SGM, the Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notices to be voted by way of a poll.</li> <li>• Representatives of the Branch Share Registrar of the Company were appointed as scrutineer to monitor and count the poll votes cast at the 2018 annual general meeting and the SGM.</li> <li>• Since the Company's 2003 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll.</li> <li>• Poll results were posted on the websites of the Company and HKEx.</li> </ul>

## CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>F.</b>	<b>COMPANY SECRETARY</b>		
	<p><i>Corporate Governance Principle</i>  <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i></p>		
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	<ul style="list-style-type: none"> <li>The Company Secretary of the Company has been appointed from 1996 to 2008 and re-appointed in 2008 and has day-to-day knowledge of the Group's affairs.</li> <li>The Company Secretary ensures the effective conduct of board meetings and that Board procedures are duly followed.</li> <li>The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings.</li> <li>The Company Secretary also advises on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board fully abreast of all legislative, regulatory and corporate governance developments.</li> </ul>
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	<ul style="list-style-type: none"> <li>The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Company's Bye-laws.</li> </ul>
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	<ul style="list-style-type: none"> <li>The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.</li> </ul>
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	<ul style="list-style-type: none"> <li>Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed.</li> <li>Memoranda are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.</li> </ul>

## II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>A.</b>	<b>DIRECTORS</b>		
<b>A.1</b>	<b>THE BOARD</b> <i>Corporate Governance Principle</i> The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. <i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i>		
	There is no recommended best practice under Section A.1 in the CG Code.		
<b>A.2</b>	<b>CHAIRMAN AND CHIEF EXECUTIVE</b> <i>Corporate Governance Principle</i> There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.		
	There is no recommended best practice under Section A.2 in the CG Code.		
<b>A.3</b>	<b>BOARD COMPOSITION</b> <i>Corporate Governance Principle</i> The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.		
	There is no recommended best practice under Section A.3 in the CG Code.		
<b>A.4</b>	<b>APPOINTMENTS, RE-ELECTION AND REMOVAL</b> <i>Corporate Governance Principle</i> There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.		
	There is no recommended best practice under Section A.4 in the CG Code.		
<b>A.5</b>	<b>NOMINATION COMMITTEE</b> <i>Corporate Governance Principle</i> In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.		
	There is no recommended best practice under Section A.5 in the CG Code.		
<b>A.6</b>	<b>RESPONSIBILITIES OF DIRECTORS</b> <i>Corporate Governance Principle</i> Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.		
	There is no recommended best practice under Section A.6 in the CG Code.		
<b>A.7</b>	<b>SUPPLY OF AND ACCESS TO INFORMATION</b> <i>Corporate Governance Principle</i> Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.		
	There is no recommended best practice under Section A.7 in the CG Code.		
<b>B.</b>	<b>REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION</b>		
<b>B.1</b>	<b>THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE</b> <i>Corporate Governance Principle</i> The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.		

# CORPORATE GOVERNANCE REPORT

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	<ul style="list-style-type: none"> <li>The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.</li> </ul>
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	<ul style="list-style-type: none"> <li>In 2018, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 34 in the Notes to the Consolidated Financial Statements for details of discretionary bonus.</li> </ul>
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	<ul style="list-style-type: none"> <li>The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 34 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.</li> </ul>
B.1.9	The board should conduct a regular evaluation of its performance.	E	<ul style="list-style-type: none"> <li>The performance of the Board is best reflected by the Company's results and stock price performance during the year.</li> </ul>
<b>C. ACCOUNTABILITY AND AUDIT</b>			
<b>C.1 FINANCIAL REPORTING</b>			
<p><i>Corporate Governance Principle</i> The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</p>			
C.1.6 – C.1.7	<ul style="list-style-type: none"> <li>The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.</li> <li>Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.</li> </ul>	E	<ul style="list-style-type: none"> <li>The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders.</li> <li>Please refer to C.1.6 above for details.</li> </ul>
<b>C.2 RISK MANAGEMENT AND INTERNAL CONTROL</b>			
<p><i>Corporate Governance Principle</i> The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal controls systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</p>			
C.2.6	The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the company's risk management and internal control systems.	C	<ul style="list-style-type: none"> <li>The Board confirmed that, through the Audit Committee, it has received a confirmation from the management of the Company and its business units on the effectiveness of the risk management and internal control systems. Please also refer to C.2.3 (c) above.</li> </ul>
C.2.7	The board may disclose in the Corporate Governance Report details of any significant areas of concern.	C	<ul style="list-style-type: none"> <li>No significant areas of concern regarding the Group's risk management and internal controls were raised by the Board.</li> </ul>

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>C.3</b>	<b>AUDIT COMMITTEE</b> <i>Corporate Governance Principle</i> The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.		
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	<ul style="list-style-type: none"> <li>Please refer to C.3.7 above for the details.</li> </ul>
<b>D.</b>	<b>DELEGATION BY THE BOARD</b>		
<b>D.1</b>	<b>MANAGEMENT FUNCTIONS</b> <i>Corporate Governance Principle</i> The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.		
There is no recommended best practice under Section D.1 in the CG Code.			
<b>D.2</b>	<b>BOARD COMMITTEES</b> <i>Corporate Governance Principle</i> Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.		
There is no recommended best practice under Section D.2 in the CG Code.			
<b>D.3</b>	<b>CORPORATE GOVERNANCE FUNCTIONS</b>		
There is no recommended best practice under Section D.3 in the CG Code.			
<b>E.</b>	<b>COMMUNICATION WITH SHAREHOLDERS</b>		
<b>E.1</b>	<b>EFFECTIVE COMMUNICATION</b> <i>Corporate Governance Principle</i> The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.		
There is no recommended best practice under Section E.1 in the CG Code.			
<b>E.2</b>	<b>VOTING BY POLL</b> <i>Corporate Governance Principle</i> The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.		
There is no recommended best practice under Section E.2 in the CG Code.			
<b>F.</b>	<b>COMPANY SECRETARY</b> <i>Corporate Governance Principle</i> The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.		
There is no recommended best practice under Section F in the CG Code.			

# CORPORATE GOVERNANCE REPORT

## MANAGEMENT STRUCTURE CHART

