

**VALUE CONVERGENCE  
HOLDINGS LIMITED**

**CODE ON  
CORPORATE GOVERNANCE**

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## A. INTRODUCTION

### Group Profile

1. Value Convergence Holdings Limited (**Value Convergence** or **the Company**), was listed on the Hong Kong Stock Exchange since April 2001 (the Company has transferred the listing of its shares from the Growth Enterprise Market to the Main Board of the Hong Kong Stock Exchange on 15th August 2008). The Company is a major associate of Melco International Development Limited, a dynamic, actively managed conglomerate that is listed on the Main Board of the Hong Kong Stock Exchange.
2. Value Convergence is an established financial services group committed to delivering premier financial services and products to fulfill investment and wealth management needs of clients in the Greater China Region. The Group's expertise includes securities, futures and options brokering, asset management, corporate finance services in relation to sponsoring and underwriting initial public offerings and mergers and acquisitions.

### Our Mission

3. Our mission is to:
  - (a) Become the leader in the financial services industry in the Greater China Region.
  - (b) Vigorously practise the highest social and ethical principles, by maintaining high standards of corporate governance and management ethics, by acting as a responsible employer providing excellent conditions and opportunities for employees, and by adopting a responsible and caring role in our wider society.

### Our Values

4. Value Convergence believes that corporate governance is, above all, a matter of shared values and culture and is committed to promoting good ethical standards and a culture of honesty and integrity among its own employees. Value Convergence recognises the importance of these core values to its long term interests and the continued development and growth of its businesses.

### The Value Convergence Code on Corporate Governance

5. This Code on Corporate Governance (**Code**) sets out the corporate governance standards and practices used by Value Convergence to direct and manage its business and affairs. Value Convergence is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders, and (iv) the improvement in management of risk and the enhancement of performance by the Company.

6. This Code is prepared with reference to the principles, code provisions and recommended best practices set out in the Code on Corporate Governance practices issued by the Hong Kong Stock Exchange (**HKSE Code**), which came into effect on 1st January 2005. Value Convergence welcomes the introduction of the HKSE Code, which has provided us with this opportunity to formalise and review our existing corporate governance practices. To the extent that this Code deviates from the HKSE Code, this is either explained in this Code or will be set out in the Corporate Governance Reports which will be included in our annual and interim reports in the future.
7. Value Convergence will continue to review and update the Company's corporate governance practices, as described in this Code, to maintain our commitment to the standards of transparency and corporate governance which our stakeholders expect from us.

## **B. THE BOARD AND THE DIRECTORS**

### **The Board**

1. The Board is entrusted with the overall responsibility for promoting the success of the Company by the direction and supervision of the Company's business and affairs and the ultimate responsibility for the day to day management of the Company which is delegated to the Chief Executive Officer and the Management. Each Director has a duty to act in good faith in the interests of the Company.
2. Duties of the Board include:
  - (a) establishing the strategic objectives and direction of the Company and determining the Company's values and standards;
  - (b) setting the objectives of Management and monitoring the performance of Management, including the development and implementation of the Company's strategic objectives;
  - (c) overseeing the management of the Company's relationships with its stakeholders; and
  - (d) ensuring that appropriate controls are in place to assess and manage risk.
3. The Board meets, either in person or through other electronic means of communication, at least quarterly. Active participation at each meeting of the Board of the majority of Directors is expected. Obtaining Board consent through the circulation of written resolutions will not be treated as one of the quarterly board meetings referred to above, which are referred to as "regular" board meetings in the HKSE Code and in this Code. A.1.1
4. All Directors have the opportunity to include matters in the agenda for a regular Board meeting. A.1.2
5. At least 14 days' notice is required to be given of a regular Board meeting, to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice is given. A.1.3

6. In respect of regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying board papers are sent in full to all Directors in a timely manner and at least 3 days before the intended date of a Board or Board Committee Meeting (or such other period as agreed). A.6.1
7. Management is responsible for providing the Board and any Board Committees with adequate information, which is complete and reliable, in a timely manner to enable the Directors to make an informed decision on the matters being considered by them. Where any Director requires more information than is volunteered by Management, he will make further enquiries of the Management when necessary. The Board and each Director has separate and independent access to the Company's Senior Management. A.6.2
8. All Board papers and related materials are required to be prepared to a standard which will enable the Board to make an informed decision on the matters placed before it. All Directors are entitled to have access to those Board papers and related materials and, where queries are raised by Directors, responses must be provided as promptly and fully as possible. A.6.3
9. All Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are complied with. A.1.4
10. Minutes of each Board meeting and each Board Committee meeting are kept by the secretary of the relevant meeting and are available for inspection by any Director during office hours on reasonable notice. A.1.5
11. Minutes record in sufficient detail the matters considered by the relevant meeting and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of the minutes are sent to all Directors for their comments and records respectively, within a reasonable time after the relevant meeting is held. A.1.6
12. The Board has agreed a procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances in the furtherance of their duties, at the Company's expense. The procedures are as follows: A.1.7
  - (a) a Director requiring separate independent professional advice to assist the relevant Director to discharge his duties to the Company should ask the Company Secretary to arrange for such advice to be provided and should give reasons for the request. The Company Secretary will then arrange for an independent professional adviser (determined by agreement with the Director) to be appointed and for the fees to be borne by the Company and will inform the Board of these arrangements;
  - (b) if the Company Secretary does not consider the request for separate independent professional advice to be reasonable, or the Director concerned is dissatisfied with the arrangements proposed by the Company Secretary, either of them may inform the Chairman who will review the matter and determine as he thinks appropriate.

13. 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 by holding a Board meeting or a meeting of an appropriate Board Committee set up for that purpose pursuant to a resolution passed in a Board meeting, and not by way of circulation of a written resolution. Independent Non Executive Directors who, and whose associates, have no material interest in the transaction should be present at such Board meetings. The Board will take into account the exceptions to the general voting prohibition set out in the Listing Rules in considering whether a substantial shareholder or Director has a conflict of interest in a matter to be considered by the Board and, if an exception applies, a Board meeting need not be held and the matter can be dealt with by way of circulation of a written resolution. A.1.8

### **Board Composition**

14. The composition of the Board is such that it has a balance of skills and experience appropriate for the requirements of the business of the Company. The Board includes a balanced composition of Executive, Non Executive and Independent Non Executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Non Executive Directors are of sufficient calibre and number for their views to carry weight. A.3
15. The Independent Non Executive Directors are expressly identified as such in all corporate communications that disclose the names of the Directors of the Company. A.3.1
16. The views of Management are represented at meetings of the Board by the presence of the Chief Executive Officer and other Executive Directors, as well as by the attendance of other senior executives at Board meetings when required.
17. An updated list of the Company's Directors, identifying their role and function and whether they are Independent Non Executive Directors, is available on the Company's website. A.3.3

### **Responsibilities of Directors**

18. The directors, collectively and individually, are aware of their responsibilities to the Company's shareholders for the conduct, business activities and development of the Company. Non Executive Directors have the same duties of care and skill and fiduciary duties as Executive Directors.
19. Each newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his appointment, to ensure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under statute and common law, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**), the applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. Thereafter, briefings on the Company's affairs and professional development updates are provided as necessary. A.5.1
20. Every Director is required to ensure that he can give sufficient time and attention to the affairs of the Company. A.5.3

21. The functions of the Non Executive Directors include, but are not limited to, the following: A.5.2
- (a) participating in Board meetings of the Company to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
  - (b) taking the lead where potential conflicts of interest arise;
  - (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and
  - (d) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.
22. The views of the Independent Non Executive Directors carry significant weight in the Board's decision making process. The Independent Non Executive Directors help ensure that the interests of all shareholders are properly taken into account by the Board.
23. All Directors are required to comply with their obligations under the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules in respect of their dealings in shares of the Company. The Board has established a "Code of Securities Dealings by Relevant Employees" for its relevant employees in respect of their dealings in the securities of the Company. A.5.4

### **Appointment, re-election and removal of Directors**

24. Value Convergence has a formal, considered and transparent procedure for the appointment of new Directors. Such an appointment is initially considered by the Nomination Committee and is subject to a decision of the full Board. A.4
25. All Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment. A.4.2
26. Every Director, including those appointed for a specific term, is subject to retirement by rotation at least once every three years. A.4.2
27. Non Executive Directors are not appointed for a specific term. This is a deviation from paragraph A.4.1 of the HKSE Code. However, all Directors (including Non Executive Directors) are subject to retirement by rotation as described in paragraph 26 above and the Board does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders. A.4.1

## C. THE ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### Chairman

1. The posts of Chairman and Chief Executive Officer are separate, to ensure a clear division between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. This is to ensure a balance of power and authority, so that power is not concentrated in any one individual. The division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established and set out in writing. A.2.1
2. The responsibilities of the Chairman include:
  - (a) ensuring that all Directors are properly briefed on issues arising at Board meetings; A.2.2
  - (b) ensuring all Directors receive adequate information, which is complete and reliable, in a timely manner; A.2.3
  - (c) providing leadership for the Board; A.2.4
  - (d) ensuring that the Board works effectively, discharges its responsibilities and discusses all key and appropriate issues in a timely manner; A.2.4
  - (e) ensuring that good Corporate Governance practices and procedures are established; A.2.5
  - (f) encouraging all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Company; and A.2.6
  - (g) chairing Board and shareholders' meetings.

### Chief Executive Officer

3. The responsibilities of the Chief Executive Officer include:
  - (a) the conduct of the affairs and management responsibilities of the Company delegated to him by the Board;
  - (b) providing leadership for Management;
  - (c) overseeing the implementation by the Company of the strategies and objectives determined by the Board and reporting to the Board on material developments in the Company's business and the implementation of those strategies;
  - (d) providing all such information to the Board as is necessary to enable the Board to make an informed assessment of any matter put before the Board for approval and to monitor the performance of Management;
  - (e) leading the management of the Company's relationships with its stakeholders;

- (f) establishing and maintaining proper risk management controls and systems; and
- (g) discharging such other duties and authorities as may be delegated to him by the Board from time to time.

## **D. BOARD COMMITTEES**

1. The Board has established the following Board Committees with specific written terms of reference: D.2.1
  - (a) Executive Committee.
  - (b) Audit Committee.
  - (c) Remuneration Committee.
  - (d) Nomination Committee.
  - (e) Finance Committee.
  - (f) Regulatory Compliance Committee.

A further description of each of the Committees is set out below.

2. The terms of reference of each Board Committee require such Committees to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so. D.2.2
3. Management and third parties are co-opted to the Committees as required.
4. The Company Secretary is responsible for ensuring that the Board Committees are provided with sufficient resources, at the Company's expense, to discharge their duties properly. A.4.7  
B.1.5  
C.3.6

### **Executive Committee**

5. Two or more Executive Directors serve on the Executive Committee. In addition, certain members of Management are or may be co-opted to the Executive Committee in a non voting capacity. The Executive Committee meets as and when required.
6. The Executive Committee has specific written terms of reference, which include the following duties and powers:
  - (a) to oversee the implementation of the Company's strategic objectives;
  - (b) to oversee the business and operations of all of the business units of the Group;
  - (c) to put in place programs for management development and succession;
  - (d) to oversee the realisation by the Company of the strategic objectives set by the Board;

- (e) to oversee the implementation of risk management policies;
- (f) to approve any transaction, financing decision or capital expenditure decision not exceeding specified limits; and
- (g) to discharge such other duties and authorities as may be delegated to it by the Board.

### **Audit Committee**

- 7. The Audit Committee is composed entirely of Non Executive Directors and shall consist of not less than three members, a majority of whom are Independent Non Executive Directors. At least one of the Independent Non Executive Directors has appropriate professional qualifications or accounting or related financial management expertise, as required by the Listing Rules. The Audit Committee meets not less than two times each year. C.3
- 8. The Audit Committee has specific written terms of reference, which are available on the Company's website and in writing upon request to the Company Secretary. The terms of reference of the Audit Committee include the following: C.3.4

#### *Relationship with the Company's auditor*

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor; C.3.3(a)
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; C.3.3(b)
- (c) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences; C.3.3(b)
- (d) to develop and implement policy on the engagement of an external auditor to supply non audit services and report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; C.3.3(c)

#### *Review of financial information of the Company*

- (e) to monitor the integrity of the Company's financial statements and annual report and accounts and half-year report and to review significant financial reporting judgements contained in them. In reviewing the Company's annual report and accounts and half-year report before submission to the Board, the Audit Committee is required to focus particularly on: C.3.3(d)
  - (i) any changes in accounting policies and practices;

- (ii) major judgemental areas;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and
  - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting.
- (f) in relation to (e) above, members of the Audit Committee are required to: C.3.3(e)
- (i) liaise with the Board and Management;
  - (ii) meet with the Company's external auditors at least once a year; and
  - (iii) consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors;

*Oversight of the Company's financial reporting system and internal control procedures*

- (g) to review the Company's financial controls, internal control and risk management systems; C.3.3(f)
- (h) to discuss with Management the system of internal control and ensure that Management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget; C.3.3(g)
- (i) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and Management's response; C.3.3(h)
- (j) to ensure coordination between the Company's internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; C.3.3(i)
- (k) to review the Group's financial and accounting policies and practices; C.3.3(j)
- (l) to review the external auditor's management letter, any material queries raised by the auditor to Management in respect of the accounting records, financial accounts or systems of control and Management's response; C.3.3(j)  
C.3.3(k)
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; C.3.3(l)

*General*

- (n) to report to the Board on the matters set out above; and C.3.3(m)
  - (o) to consider any other topics specified by the Board. C.3.3(n)
9. Full minutes of Audit Committee meetings are kept by the secretary of the meeting (who will normally be the Company Secretary). Draft and final versions of minutes of the Audit Committee meeting are required to be sent to all members of the Audit Committee for their comments and record respectively, in both cases within a reasonable time after the meeting. C.3.1
  10. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company will include in its 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. C.3.5
  11. The Audit Committee will be provided with sufficient resources to discharge its duties. C.3.6
  12. A former partner of the Company's existing auditing firm is prohibited from acting as a member of the Company's Audit Committee for a period of one year commencing on the date of his ceasing: C.3.2
    - (a) to be a partner of the firm; or
    - (b) to have any financial interest in the firm,
 whichever is the later.
  13. The Board has established formal and transparent arrangements for applying financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's external auditors.

### **Remuneration Committee**

14. The Board has established a Remuneration Committee consisting of not less than three members, a majority of whom are Independent Non Executive Directors. B.1.1
15. The Remuneration Committee has been established with specific written terms of reference which deal clearly with its authorities and duties, which include the following:
  - (a) to make recommendations to the Board on policies and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; B.1.3(a)
  - (b) to determine the specific remuneration packages for all Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment) and to make recommendations to the Board on the remuneration of Non Executive Directors. The Committee considers the factors such as salary paid by comparable companies, time commitment and B.1.3(b)

- responsibilities of the Directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration;
- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; B.1.3(c)
  - (d) to review and approve the compensation payable to Executive Directors and Senior Management in connection with any loss or termination of their office or appointment, to ensure that such compensation is determined in accordance with the relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; B.1.3(d)
  - (e) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct, to ensure that such arrangements are determined in accordance with the relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and B.1.3(e)
  - (f) to ensure that no Director or any of his associates is involved in deciding his own remuneration. B.1.3(f)
16. The Remuneration Committee consult with the Chairman and/or the Chief Executive Officer about their proposals relating to the remuneration of other Executive Directors and has access to professional advice if considered necessary. B.1.2
17. The terms of reference of the Remuneration Committee are available on the Company's website and in writing upon request to the Company Secretary. B.1.4
18. The Remuneration Committee will be provided with sufficient resources to discharge its duties. B.1.5

### **Nomination Committee**

19. The Board has established a Nomination Committee consisting of a minimum of three Directors, a majority of whom are Non Executive Directors. The Nomination Committee has been established with specific written terms of reference which deal clearly with the Committee's authority and duties, which include the following: A.4.4  
A.4.5
- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board; A.4.5(a)
  - (b) to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorship; and A.4.5(b)
  - (c) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. A.4.5(d)
20. The Nomination Committee meets as and when required, but not less than once a year.

## **Finance Committee**

21. The Finance Committee meets as and when required to review the financial operations of the Company. Such reviews include Group wide financial, accounting, treasury and risk management policies, major financing transactions, corporate plans and budgets. The Finance Committee also reviews major acquisitions and investments and their funding requirements.
22. The Finance Committee is composed of not less than two Executive Directors. In addition, the Chief Financial Officer is co-opted to the Finance Committee in a non voting capacity. The Board may from time to time co-opt such other members of Management to the Finance Committee in a non voting capacity as the Board considers desirable.

## **Regulatory Compliance Committee**

23. The Board has established a Regulatory Compliance Committee, which meets as and when required to review and advise upon matters in respect of the present or future regulation of the Company's financial services businesses and compliance with applicable laws and regulations, including the Listing Rules.
24. The Regulatory Compliance Committee comprises not less than three Directors. In addition, the Group Legal Counsel is co-opted to the Regulatory Compliance Committee in a non voting capacity. The Board may from time to time co-opt such other members of Management to the Regulatory Compliance Committee in a non voting capacity as the Board considers desirable.

## **E. MANAGEMENT FUNCTIONS**

1. The Board has established in writing which issues require decision of the full Board and which can be delegated by the Board to Board Committees or Management. The Company reviews such arrangements on a periodic basis. D.1.2
2. When the Board delegates management and administration functions to Management, it gives clear directions as to the powers of Management, in particular, with respect to the circumstances where Management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. D.1.1
3. Matters reserved to the full Board for decision include:
  - (a) the setting of the strategic direction of the Group;
  - (b) any material matters involving a conflict of interest for a substantial shareholder or a Director;
  - (c) material acquisitions and disposals;
  - (d) major financing and risk management policies;

- (e) major capital expenditure decisions;
- (f) dividend policy, the declaration of interim dividends and the recommendation of final dividends to shareholders;
- (g) approval of the annual operating and capital expenditure budgets for the Company;
- (h) approval of the Company's financial statements and published reports;
- (i) the adoption of, or significant changes to, accounting policies applicable to the Company's financial statements;
- (j) appointments to the Board, based on recommendations of the Nomination Committee;
- (k) appointment of the Chief Executive Officer and reviewing the performance of the Chief Executive Officer;
- (l) the appointment or removal of the Company's external auditor, based on recommendations of the Audit Committee;
- (m) changes to the terms of reference or membership of any Committee of the Board;
- (n) changes to the authority delegated by the Board to the Chief Executive Officer; and
- (o) any other matters which exceed the scope of authority delegated to the Chief Executive Officer and any Committee of the Board appointed by the Board.

## **F. ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

1. The Company aims to present a balanced, clear and comprehensible assessment of its financial position and prospects. This extends to annual, interim and quarterly reports, other price sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as the information required to be disclosed pursuant to statutory requirements. C.1.3
2. Management provides such explanation and information to the Board as is required to enable the Board to make an informed assessment of the financial and other information put before the Board for approval. C.1.1
3. The Directors will acknowledge in the Corporate Governance Report their responsibility for preparing the accounts and there will be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. C.1.2
4. Unless it is inappropriate to assume that the Company will continue its business, the Directors will prepare the accounts on a going concern basis, with supporting C.1.2

assumptions or qualifications as necessary. The Directors will prominently set out and discuss at length in the Corporate Governance Report any material uncertainties relating to the Company's ability to continue as a going concern. The Corporate Governance Report will contain sufficient information so as to enable investors to understand the significance of the matters at hand.

### **Internal controls**

5. The Board will ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.
6. Directors and Management will conduct a review of the effectiveness of the system of internal controls of the Company and its subsidiaries at least annually and will report to shareholders that they have done so in their Corporate Governance Report. The review will cover all material controls, including financial, operational and compliance controls and risk management functions. C.2.1
7. The Board's annual review will, in particular, consider the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. C.2.2

## **G. COMMUNICATION WITH SHAREHOLDERS**

### **Effective Communication**

1. The Board and Senior Management recognise their responsibilities to represent the interests of the shareholders and to enhance shareholder value and are keenly aware of the benefits of maintaining an ongoing dialogue with shareholders, in particular by using annual and other general meetings to communicate with shareholders and encourage their participation. E.1
2. In respect of each substantially separate issue at a general meeting, a separate resolution will be proposed by the Chairman of the meeting. For this purpose, a substantially separate issue includes the nomination of persons as Directors and, accordingly, each such person must be nominated by means of a separate resolution. E.1.1
3. The Board recognises that the annual general meeting provides an important opportunity for constructive communication between the Board and the Company's shareholders. Accordingly, all Directors and Senior Executives make a special effort to attend the annual general meeting. The Chairman will attend the annual general meeting and arrange for the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in the absence of the chairmen of those committees, another member of the relevant committee (or failing this, his duly appointed delegate), to attend the annual general meeting and be available to answer questions. E.1.2
4. The chairman of any Independent Board Committee appointed in relation to a connected transaction, or any other transaction that is subject to independent shareholders' approval, will be available to answer questions at the general meeting convened to approve the relevant transaction. E.1.2

5. The Company will arrange for the notice to shareholders to be sent in the case of annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. E.1.3

**Voting by poll**

6. The Company will ensure that shareholders are familiar with the detailed procedures for conducting a poll. The chairman of a shareholders' meeting or the Company Secretary will provide an explanation at the meeting of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll. E.2.1

*(Updated in April 2009)*