

Corporate Governance Report

企業管治報告書

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the “Directors” or the “Board”) and management of the Company (together with its subsidiaries, the “Group”) are committed to principles of good corporate governance in safeguarding the interests of the shareholders and enhancing shareholders’ value.

Throughout the year ended 31st December, 2008 (the “Year”), the Company has applied the principles of the Code on Corporate Governance Practices (the “Code”) and complied with the code provisions (the “Code Provisions”) and certain recommended best practices (the “Best Practices”) set out in the Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited, except for the following deviations:—

Deviations

Chairman and Chief Executive Officer

Mr. Joseph Lau, Luen-hung (“Mr. Joseph Lau”), acts as both the chairman (the “Chairman”) and chief executive officer (the “CEO”) of the Company since December 2006. The Board considers that this structure will not impair the balance of power and authority of the Board. It currently comprises one Executive Director, two Non-executive Directors (the “NEDs” or “NED”) and three Independent Non-executive Directors (the “INEDs” or “INED”), with INEDs representing 50% of the Board, which is higher than the Best Practices. Such a high percentage of INEDs in the Board could ensure their views carry significant weight and it reflects a strong independence element in the composition of the Board. At present, the Board also believes that under the leadership of Mr. Joseph Lau as the Chairman and CEO, the Board’s decision could be made effectively and it is beneficial to the management and development of the Group’s businesses. The Board would still consider segregation of the roles of Chairman and CEO if and when appropriate.

Chairman Attending Annual General Meeting

Mr. Joseph Lau, the Chairman of the Board, suffered from illness and therefore could not attend the Annual General Meeting of the Company held on 15th May, 2008 (“2008 AGM”). Mr. Lau, Ming-wai, being the then Executive Director of the Company, was elected as the chairman of the 2008 AGM and Mr. Chan, Kwok-wai, chairman of Audit and Remuneration Committees, had attended the 2008 AGM to ensure effective communication with shareholders of the Company.

企業管治常規

本公司（連同其附屬公司，「本集團」）董事會（「董事」或「董事會」）及管理層堅守良好的企業管治守則，以保障股東權益及提升股東價值。

截至二零零八年十二月三十一日止年度（「本年度」）全年，本公司已應用香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四《企業管治常規守則》（「常規守則」）之原則及遵守常規守則之守則條文（「守則條文」）及若干建議最佳常規（「最佳常規」），惟以下偏離事項除外：—

偏離事項

主席及行政總裁

劉鑾雄先生（「劉鑾雄先生」）自二零零六年十二月起同時出任本公司主席（「主席」）及行政總裁（「行政總裁」）之職。董事會認為此架構將不會損害董事會的權力及權限之平衡。董事會目前由一名執行董事、二名非執行董事（「非執行董事」）及三名獨立非執行董事（「獨立非執行董事」）組成，獨立非執行董事人數佔董事會50%，較最佳常規所規定者為高。由獨立非執行董事佔董事會人數的大多數可確保彼等的意見具重大影響力，並反映董事會成員擁有相當之獨立元素。目前，董事會亦相信在劉鑾雄先生作為主席及行政總裁之領導下，董事會將可有效作出決策，對本集團之業務管理及發展均為有利。董事會仍會於適當時考慮將主席及行政總裁之角色分立。

主席出席股東週年大會

董事會主席劉鑾雄先生因身體抱恙而未能出席於二零零八年五月十五日舉行之股東週年大會（「2008股東週年大會」）。當時的執行董事劉鳴煒先生被選為2008股東週年大會主席，身兼審核及薪酬委員會主席之陳國偉先生亦有出席2008股東週年大會，以確保與本公司股東保持有效的溝通。

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CORPORATE GOVERNANCE PRACTICES (cont'd)

Revocation of Additional Corporate Governance Measures

The Company has adopted the following additional corporate governance measures exceeded the Code Provisions since 2006, details of which were set out in the announcement of the Company dated 28th April, 2006.

(1) Fees and Emoluments

Fees and emoluments entitlement of the Executive Director(s) of the Company shall not exceed in aggregate an amount of HK\$8,000,000 per annum.

(2) General Mandate

The Company is committed to propose to the shareholders at annual general meetings to issue and allot new shares up to 10% of the issued share capital of the Company. The Company is also committed not to issue any shares pursuant to the general mandate at a discount of more than 12% to the benchmarked price (as defined in Rule 13.36(5) of the Listing Rules), unless approved by an independent board committee.

(3) Connected Transactions

The Company will ensure that the aggregate of all connected transactions over any 12-month period not exceeding HK\$500 million unless approved by the independent shareholders.

(4) Independent Non-executive Directors

The number of INEDs of the Company will not be less than 50% of the total number of Directors of the Company.

As announced on 31st December, 2008, the above additional corporate governance measures were revoked with effect from 1st January, 2009 after taking into account the existing protection available to the shareholders of the Company under the Listing Rules, the additional burden on the Company in terms of time and administrative costs in complying with such additional measures, and the scope of discretion which should be left to the Board to allow sufficient flexibility.

企業管治常規 (續)

撤回附加之企業管治措施

本公司自二零零六年起已另行採納以下超出守則條文之附加之企業管治措施。該等企業管治措施之詳情已載於本公司日期為二零零六年四月二十八日之公布內。

(1) 袍金及酬金

本公司執行董事之袍金及酬金每年總額不會超過8,000,000港元。

(2) 一般授權

本公司承諾會於股東週年大會向股東提議發行及配發數目為本公司已發行股本10%之新股。本公司亦承諾不會根據一般授權以較股份基準價格折讓12%以上之折讓價(定義見上市規則第13.36(5)條)發行股份(除非得到獨立董事委員會批准)。

(3) 關連交易

除非獲獨立股東批准，本公司將確保關連交易總額於任何十二個月期間不會超過500,000,000港元。

(4) 獨立非執行董事

本公司獨立非執行董事數目不會少於本公司董事總人數50%。

誠如二零零八年十二月三十一日之公布，董事會經考慮到現時上市規則給予本公司股東的保障、本公司為遵照該等附加措施而在時間及行政費用上所付出的額外負擔、及考慮到董事會應保留斟酌權限以提供充分的彈性，決定撤回上述之附加之企業管治措施，並由二零零九年一月一日起生效。

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THE BOARD

Board Composition

Under Rule 3.10(1) of the Listing Rules, the board of directors of a listed company must include at least three independent non-executive directors. The Best Practices recommend that at least one-third of the directors should be independent non-executive directors.

The Company considers that it is important for the Board to include a balanced composition of Executive Directors, NEDs and INEDs, so that there is a strong independent element on the Board which can effectively exercise independent judgement on the actions of the Company. The Board currently comprises one Executive Director, two NEDs and three INEDs, with INEDs representing 50% of the Board, which is higher than the Best Practices. During the Year, Mr. Cheng, Kwee resigned as an INED with effect from 21st November, 2008. Immediately upon the resignation of Mr. Cheng, Kwee, Mr. Ma, Tsz-chun has been appointed as an INED of the Company on the same day to fill the casual vacancy left by Mr. Cheng, Kwee.

The Directors' biographies and the relationship among the Board members, if any, are set out in the Profiles of Directors and Senior Executives of this annual report and available on the Company's website. Save as disclosed in the Profiles of Directors, there is no financial, business, family or other material/relevant relationship among the Directors.

Responsibilities of Directors

The NEDs and INEDs with diversified expertise, skills and experience play an important role on formulating strategy and ensuring that the Board maintains high standards of corporate governance as well as taking the lead where potential conflict of interests arise. The Board has received from each INED a written annual confirmation of their independence and satisfied that their independence up to the date of this report is in accordance with the Listing Rules.

The Company encourages its Directors to possess up-to-date knowledge in order to discharge their duties. Information regarding the updating of Listing Rules had been provided to the Directors. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

董事會

董事會之組成

根據上市規則第3.10(1)條的規定，上市公司之董事會必須包括最少三名獨立非執行董事。最佳常規建議最少三分之一的董事必須為獨立非執行董事。

本公司認為維持董事會內執行董事、非執行董事及獨立非執行董事組合之均衡比例實屬重要，以使董事會有充足之獨立元素，可對本公司之行動作出有效獨立判斷。董事會現由一名執行董事、兩名非執行董事及三名獨立非執行董事組成，而獨立非執行董事之人數佔董事會50%，較最佳常規為高。於本年度內，鍾貴先生辭任本公司之獨立非執行董事，於二零零八年十一月二十一日起生效。緊隨鍾貴先生之辭任，馬時俊先生已於同日獲委任為本公司之獨立非執行董事，以填補鍾貴先生辭任之空缺。

董事之簡介及董事會成員之間的關係（如有）載於本年報「董事及高級行政人員簡介」內，並登載於本公司網站。除於董事簡介內所披露者外，董事之間並無財務、業務、家族或其他重大／相關關係。

董事之責任

擁有不同專門知識、技巧及經驗之非執行董事及獨立非執行董事在擬定策略方面擔當重要角色，彼等並確保董事會維持高水平企業管治及於出現潛在利益衝突時起牽頭作用。董事會已接獲各獨立非執行董事根據上市規則規定確認彼等獨立性之年度確認書，並滿意截至本報告日期為止彼等之獨立性。

本公司鼓勵其董事時刻掌握最新知識以履行其職責。有關上市規則更新之資料已提供予各董事。董事可為履行職責而尋求獨立專業意見，費用由本公司支付，而本公司亦鼓勵董事獨立接觸並諮詢本公司之高級管理層。

Corporate Governance Report

企業管治報告書

THE BOARD (cont'd)

Retirement by Rotation and Specific Term of Office

The Company's Bye-laws provide that no Director (save for the executive chairman and any managing director) shall hold office for a continuous period in excess of three years, or past the third annual general meeting, following the Directors' appointment or re-election, whichever is longer, without submitting himself/herself for re-election at the annual general meeting of the shareholders. Accordingly, Directors (save for the executive chairman and any managing director) shall retire by rotation at least once every three years and a specific term of office has been fixed for appointment of Directors (save for the executive chairman and any managing director).

However, according to the Private Act for incorporating the Company as an exempted company under the laws of Bermuda in 1989, it is stipulated that the executive chairman and any managing director should not be required to retire by rotation. In order to comply with the Code Provisions, the Chairman and CEO of the Company is willing to voluntarily retire from his directorship at future annual general meetings of the Company at least once every three years, and being eligible, will offer himself for re-election at the relevant annual general meetings. Mr. Joseph Lau retired voluntarily at the 2008 AGM and had been re-elected by the shareholders thereat.

Every Director will therefore retire either by rotation under the Bye-laws or voluntarily at least once every three years and will subject himself/herself to the absolute and free choice of the shareholders for re-election at the annual general meetings.

Board Meeting

The Board meets regularly throughout the Year to discuss the overall strategy, the operational and financial performance of the Group. Four regular Board meetings were held during the Year with advance notice of not less than 14 days were served upon each Director. Individual attendance of each Director is indicated in the table of "Attendance Records of Board Meetings". All accompanying Board papers were sent to the Directors in a timely manner and at least 3 days before the Board meetings. Adequate explanation and information were given to the Directors by the management to facilitate the Directors in decision-making. Each Director has to declare interest and abstain from voting on any Board resolution in which he/she or any of his/her associates has a material interest in accordance with the Bye-laws of the Company.

董事會 (續)

輪席告退及特定任期

本公司之公司細則規定董事(除執行主席及任何董事總經理外)不得在未於股東週年大會上獲得股東重選之情況下,持續出任董事職位超過三年,或於獲委任或重選連任後出任董事職位超逾三次股東週年大會,兩者以較長期間為準。據此,董事(除執行主席及任何董事總經理外)須最少每三年輪席告退一次,並從而為董事(除執行主席及任何董事總經理外)制定了特定任期。

然而,根據百慕達法例於一九八九年註冊成立本公司為獲豁免公司的私人法案規定,執行主席及任何董事總經理均毋須輪席告退。為遵守守則條文,本公司的主席及行政總裁願意最少每三年於本公司往後之股東週年大會上自願退任董事職務一次,惟符合資格並願意於相關股東週年大會上膺選連任。劉鑾雄先生自願於2008股東週年大會上退任為董事,並獲股東於該會上重選連任。

因此,每名董事將會根據公司細則或自願最少每三年輪席告退一次,並將於股東週年大會上由股東全權自由決定其能否連任。

董事會會議

董事會於年內定期開會商討本集團整體策略、營運及財務表現。本公司於本年度內共舉行四次定期董事會會議,並於舉行會議前向各董事發出最少十四日之通告。各董事之個別出席記錄載於「董事會會議出席記錄」附表。所有相關會議文件均已於會議前至少三日及時送呈各董事。管理層向董事提交充足解釋及資料,以便董事作出決策。各董事須根據本公司之公司細則,於其或其任何聯繫人士擁有重大權益之任何董事會決議案,申報其權益並放棄投票。

Corporate Governance Report

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THE BOARD (cont'd)

董事會 (續)

Board Meeting (cont'd)

董事會會議 (續)

Attendance Records of Board Meetings 董事會會議出席記錄		Attendance records 出席記錄
Executive Director Mr. Joseph Lau, Luen-hung (Chairman and Chief Executive Officer)	執行董事 劉鑾雄先生 (主席兼行政總裁)	4/4 (100%)
Non-executive Directors Ms. Amy Lau, Yuk-wai Mr. Lau, Ming-wai*	非執行董事 劉玉慧女士 劉鳴煒先生*	4/4 (100%) 3/4 (75%)
Independent Non-executive Directors Mr. Chan, Kwok-wai Mr. Cheng, Kwee** Ms. Phillis Loh, Lai-ping Mr. Ma, Tsz-chun***	獨立非執行董事 陳國偉先生 鍾貴先生** 羅麗萍女士 馬時俊先生***	4/4 (100%) 3/3 (100%) 4/4 (100%) 1/1 (100%)
Dates of meetings	開會日期	07/03/2008 23/06/2008 07/08/2008 24/11/2008

* Mr. Lau, Ming-wai redesignated from Executive Director to Non-executive Director on 31st October, 2008.
劉鳴煒先生於二零零八年十月三十一日由執行董事轉任為非執行董事。

** Mr. Cheng, Kwee resigned as Independent Non-executive Director on 21st November, 2008.
鍾貴先生於二零零八年十一月二十一日辭任獨立非執行董事。

*** Mr. Ma, Tsz-chun appointed as Independent Non-executive Director on 21st November, 2008.
馬時俊先生於二零零八年十一月二十一日委任為獨立非執行董事。

The agenda of each Board meeting is set by the Chairman in consultation with members of the Board such that they are given an opportunity to include agenda items. On an on-going basis, senior executive(s) provides the Directors with operational and financial reports of the Group's performance, position and prospects. All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner. Draft and executed Board minutes were sent in good time to all Directors for their comment and records respectively. Minutes of the Board meetings recorded in sufficient details were kept by the Company Secretary.

為給予董事會成員擬定董事會會議商討事項之機會，董事會會議之議程會於主席諮詢董事會成員後訂定。高級行政人員持續就本集團之表現、狀況及展望向董事提呈營運及財務報告。本公司會及時向所有董事匯報並簡報任何會影響本集團業務之重大轉變及資料。董事會會議記錄之初稿及定稿已分別盡快送呈各董事以供彼等提供意見及保存記錄。公司秘書負責保存載有詳盡細節之董事會會議記錄。

Corporate Governance Report

企業管治報告書

THE BOARD (cont'd)

Board and Management Functions

The functions reserved to the Board are basically provided in the Bye-laws of the Company and the Board from time to time delegates the functions to the senior management whenever required. In short, the Board has reserved for its decision on matters relating to the Group's strategy, major acquisitions and disposals, major capital expenditure, annual and interim results, Directors' appointment and other significant financial and operational issues.

On top of daily business operation, senior management is responsible for the preparation of annual and interim consolidated financial statements for the Board's approval, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal control and sound risk management practices and is required to report to the Board and obtain its prior approval in important matters at all times. Notwithstanding the delegation, the Directors acknowledge that it is the responsibility of the Board for preparing the financial statements, which give a true and fair view of the financial results of the Group.

Directors' Insurance

The Company has arranged appropriate liability insurance to indemnify its Group's directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

The Board has established Audit Committee and Remuneration Committee (collectively the "Committees") with clear written terms of reference which are of no less exacting terms than those set out in the Code. Details of the Committees' terms of reference are available at the Company's website. Members of the Audit Committee are also members of the Remuneration Committee and all of them are INEDs of the Company. As at 31st December, 2008, members of the Committees were Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun; Mr. Chan, Kwok-wai acted as chairman of the Committees. Two members of the Audit Committee possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

董事會 (續)

董事會及管理層功能

本公司之公司細則基本上已訂明董事會之職能，董事會會不時按需要將職能委以高級管理層。簡而言之，董事會在有關本集團策略、主要收購及出售、重大資本開支、年度及中期業績、委任董事及其他重大財務及營運事宜上保留決策權。

除日常業務營運外，高級管理層亦負責編製年度及中期綜合財務報表供董事會批准、執行董事會採納之業務策略及措施、履行妥善之內部監控系統及穩健之風險管理程序，並在任何情況下均須就重大事項向董事會匯報和取得其事先批准。儘管作出委託，董事確認，編製真實且公平地反映本集團財務業績之財務報表乃董事會之責任。

董事保險

本公司已就賠償本集團董事因公司事務所產生之責任安排合適之責任保險。保險責任範圍每年予以檢討。

董事委員會

董事會成立審核委員會及薪酬委員會（統稱「委員會」），其清晰的書面職權範圍之條款不遜於常規守則所載。委員會職權範圍詳情可在本公司網站瀏覽。審核委員會成員與薪酬委員會成員相同，彼等均為本公司之獨立非執行董事。於二零零八年十二月三十一日，委員會成員為陳國偉先生、羅麗萍女士及馬時俊先生，其中陳國偉先生同時出任委員會主席。兩名審核委員會成員按上市規則要求具備適當的專業資格、會計或相關財務管理專業知識。

Corporate Governance Report

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BOARD COMMITTEES (cont'd)

Audit Committee

Role and Function

The Audit Committee was formed to review the Group's corporate governance, financial reporting, internal control, risk management and make relevant recommendations to the Board.

Meetings

The Audit Committee met four times during 2008, on 5th March, 7th August, 10th November and 24th November. Individual attendance of each member is indicated in the table of "Attendance Records of Audit Committee Meetings". All members and also the Company's senior executive(s) attended the said meetings to review the Company's external auditors' (the "Independent Auditors") audit findings as appropriate, the accounting principles and practices adopted by the Group, the requirements of the Listing Rules and statutory compliance, and to discuss auditing, internal control, risk management and financial reporting matters (including the interim and annual accounts for the six months ended 30th June, 2008 and for the year ended 31st December, 2008 respectively before recommending them to the Board for approval) with the presence of the Independent Auditors on 5th March, 2008. All accompanying meeting papers were sent to the members in a timely manner and at least 3 days before the meetings. Draft and executed minutes of the meetings were sent in good time to all members for their comment and records respectively. Minutes of the meetings recorded in sufficient details were kept by the Company Secretary. Sufficient resources had been given to allow the Audit Committee to discharge its duties and the senior management were co-opted to join the meetings of the Audit Committee to explain the financial and business conditions of the Company to the committee members from time to time.

董事委員會 (續)

審核委員會

職能及功能

本公司成立審核委員會以審閱本集團之企業管治、財務報告、內部監控及風險管理程序，以及向董事會作出相關建議。

會議

審核委員會於二零零八年三月五日、八月七日、十一月十日及十一月二十四日共舉行四次會議。各成員之個別出席記錄載於「審核委員會會議出席記錄」附表。全體審核委員會成員及本公司之高級行政人員均有出席該等會議，共同檢討本公司外聘核數師（「獨立核數師」）之審核結果（如適用）、本集團所採納之會計原則與常規及遵守上市規則及法規規定之情況，並討論審核、內部監控、風險管理及財務報告之事宜（包括在建議給董事會批准前先分別討論截至二零零八年六月三十日止六個月及截至二零零八年十二月三十一日止年度之中期和年度賬目）。於二零零八年三月五日舉行之會議，獨立核數師亦有出席。所有相關會議文件均已於會議前至少三日及時送呈各成員。會議記錄之初稿及定稿亦已分別盡快送呈各成員以供彼等提供意見及保存記錄。公司秘書負責保存載有詳盡細節之會議記錄。本公司已給予審核委員會充足資源，以讓其履行職責，而高級管理層亦獲邀出席審核委員會會議，不時向委員會成員解釋本公司之財務及業務狀況。

Attendance Records of Audit Committee Meetings 審核委員會會議出席記錄

Name of members	成員名稱	No. of	Attendance rate
		meetings attended	出席率
		出席會議次數	
Mr. Chan, Kwok-wai	陳國偉先生	4/4	100%
Mr. Cheng, Kwee (resigned on 21st November, 2008)	鍾貴先生 (於二零零八年十一月二十一日辭任)	3/3	100%
Ms. Phillis Loh, Lai-ping	羅麗萍女士	4/4	100%
Mr. Ma, Tsz-chun (appointed on 21st November, 2008)	馬時俊先生 (於二零零八年十一月二十一日起獲委任)	1/1	100%

Corporate Governance Report

企業管治報告書

BOARD COMMITTEES (cont'd)

Audit Committee (cont'd)

Independent Auditors

In order to enhance independent reporting by Independent Auditors, INEDs hold meeting(s) with the Independent Auditors without the presence of the Executive Director(s). In addition, the engagement partner of the Independent Auditors is subject to periodical rotation, and the nature and ratio of annual fees to Independent Auditors for non-audit services and for audit services are subject to scrutiny by the Audit Committee. A policy of non-audit services from Independent Auditors was established. The Audit Committee considers whether there are clear efficiencies and value-added benefits to the Company from that work being undertaken by the Independent Auditors; whether there is adverse effect on the independence of their audit work or the perception of such independence; the nature of the non-audit services envisaged to be provided by the Independent Auditors; and the related fee levels individually and in aggregate relative to the audit fees. In addition, a policy restricting the employment of employees or former employees of Independent Auditors as senior executives and financial positions with the Group has also been in place.

During the Year, the Independent Auditors provided audit services for auditing the consolidated financial statements of the Group for the year ended 31st December, 2008 at a fee of HK\$2,276,000. Engagement agreements with the Independent Auditors had been reviewed and approved by the Audit Committee. The Independent Auditors did not provide any non-audit services to the Group during the Year.

Prior to the commencement of the audit of accounts of the Group, the Audit Committee had reviewed the Independent Auditors' independence and objectivity as required under the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, reviewed the terms of their engagement and discussed with them the nature and scope of the audit and reporting obligations.

The Audit Committee is satisfied with the findings of their review of the process and effectiveness, independence and objectivity of the Independent Auditors.

A statement by the Independent Auditors about their reporting responsibilities for the Year is set out in this annual report.

董事委員會 (續)

審核委員會 (續)

獨立核數師

為確保獨立核數師能作出獨立報告，獨立非執行董事在執行董事不在場下與獨立核數師舉行會議。此外，負責本公司核數工作的獨立核數師合夥人將定期輪換，審核委員會亦會監管獨立核數師每年就非核數及核數服務所收之酬金性質和比例。有關獨立核數師為本公司提供非核數服務之政策已訂立。審核委員會會考慮獨立核數師受聘從事之工作會否為本公司帶來明確的效益和增值作用、有否對其審計工作的獨立性或獨立形象構成負面影響、被視為由獨立核數師提供之非核數服務之性質以及個別費用之水平及總計費用相對於核數費用之水平。此外，本公司亦採納一套禁止聘用獨立核數師僱員或前僱員出任本集團高級行政人員或財務職位之措施。

於本年度內，獨立核數師為本集團提供核數服務以審核本集團截至二零零八年十二月三十一日止年度之綜合財務報表，收取了2,276,000港元之費用。審核委員會已審閱及批准獨立核數師之聘任協議。獨立核數師於本年度內並未向本集團提供任何非核數服務。

於審核本集團賬目目前，審核委員會已根據由香港會計師公會頒布之會計師專業操守守則檢討獨立核數師之獨立和客觀性。審核委員會亦檢討他們的審核範圍以及與他們討論核數和報告責任的性質和範圍。

審核委員會滿意其就獨立核數師之程序、效率、獨立性及客觀性所作之檢討結果。

獨立核數師就彼等於本年度之報告責任所發出之聲明已載於本年報內。

Corporate Governance Report

企業管治報告書

BOARD COMMITTEES (cont'd)

Audit Committee (cont'd)

Amendment of Terms of Reference

As a result of implementation of certain amendments to the Listing Rules effective on 1st January, 2009, the terms of reference of the Audit Committee have been amended by deleting any reference to the qualified accountant as it is no longer necessary to have qualified accountant for a listed company in Hong Kong. Instead, the terms of reference now requires the Audit Committee to discuss on the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Audit Committee assists the Board to have effective internal controls for proper financial reporting, adequate accounting systems and appropriate human resources to fulfill its continuing financial reporting obligations.

Remuneration Committee

Role and Function

The Remuneration Committee is responsible to review and approve the existing remuneration policy for all Directors and senior executives. It is also responsible to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. It would consult the Chairman and CEO on the remuneration proposals whenever it thinks fit.

Meetings

The Remuneration Committee held four meetings in 2008, on 5th March, 23rd June, 10th November and 24th November (individual attendance of each member is indicated in the table of "Attendance Records of Remuneration Committee Meetings"), to review and approve the Executive Directors' and senior executives' remuneration packages and the terms of service agreements as appropriate as well as to propose to the Board the annual remuneration of NEDs and INEDs. During the Year, the Remuneration Committee recommended the adoption of a share award scheme to the Board which enables the Company to recognise and reward certain employees for their contributions to the Group and to give long-term incentives for retaining them for the continued operations and development of the Group. It also intends to attract suitable professional recruits to join the Group, to assist in the further development of the Group.

董事委員會 (續)

審核委員會 (續)

職權範圍之修改

由於上市規則之若干修訂已於二零零九年一月一日實施，上市公司無須再設立合資格會計師一職，審核委員會之職權範圍已省去合資格會計師之任何相關部分。取而代之，該職權範圍現要求審核委員會討論本公司在會計及財務匯報職能之資源、員工之資歷及經驗是否足夠，以及員工所接受的培訓課程及有關預算是否充足。審核委員會協助董事會使具備有效之內部監控系統作合適之財務報告、充足之會計系統及適當之人力資源以履行持續之財務報告責任。

薪酬委員會

職能及功能

薪酬委員會負責檢討及批准所有董事及高級行政人員現時之薪酬政策。薪酬委員會亦負責透過參照董事會不時通過之企業目的及目標，檢討及批准按表現釐定之薪酬。就其認為合適之薪酬建議，諮詢主席及行政總裁。

會議

薪酬委員會於二零零八年三月五日、六月二十三日、十一月十日及十一月二十四日舉行共四次會議（各成員之個別出席記錄載於「薪酬委員會會議出席記錄」附表），以檢討及批准執行董事及高級行政人員之薪酬待遇及服務協議之條款（如適用），並向董事會就非執行董事及獨立非執行董事之全年薪酬提出建議。於本年度內，薪酬委員會建議董事會採納股份獎勵計劃，旨在使本公司能夠向為本集團作出貢獻之若干僱員給予肯定及回報，並作為吸引其留效本集團，繼續為本集團之營運及發展努力之長期獎勵。此計劃亦有助於吸引合適之專業人士加盟本集團，協助本集團進一步發展。

Corporate Governance Report

企業管治報告書

BOARD COMMITTEES (cont'd)

Remuneration Committee (cont'd)

Meetings (cont'd)

Professional advice and sufficient resources will be given to the Remuneration Committee whenever it considers necessary in order to discharge its duties. Draft and executed minutes of the meetings were sent in good time to all members for their comment and records respectively. Minutes of meetings recorded in sufficient details were kept by the Company Secretary.

董事委員會 (續)

薪酬委員會 (續)

會議 (續)

本公司將於薪酬委員會有需要時向其提供專業意見及充足資源，以協助其履行職責。會議記錄之初稿及定稿已分別盡快送呈各成員以供彼等提供意見及保存記錄。公司秘書負責保存載有詳盡細節之會議記錄。

Attendance Records of Remuneration Committee Meetings 薪酬委員會會議出席記錄			
Name of members	成員名稱	No. of meetings attended 出席會議次數	Attendance rate 出席率
Mr. Chan, Kwok-wai	陳國偉先生	4/4	100%
Mr. Cheng, Kwee (resigned on 21st November, 2008)	鍾貴先生 (於二零零八年十一月二十一日辭任)	3/3	100%
Ms. Phillis Loh, Lai-ping	羅麗萍女士	4/4	100%
Mr. Ma, Tsz-chun (appointed on 21st November, 2008)	馬時俊先生 (於二零零八年十一月二十一日起獲委任)	1/1	100%

Remuneration Policy for Executive Directors

The primary goal of the remuneration policy on executive director(s)' remuneration packages is to enable the Company to retain and motivate Executive Director(s) by linking their compensation with performance as measured against corporate objectives. In determining guidelines for each compensation element, the Company refers to remuneration surveys conducted by independent external consultants on companies operating in similar business. Under the policy, a Director is not allowed to approve his own remuneration.

執行董事之薪酬政策

有關執行董事薪酬待遇之薪酬政策主要目的乃讓本公司以公司目標為衡量標準，將執行董事之薪酬與表現掛鉤，藉以挽留和激勵執行董事。本公司決定每項薪酬元素之指引時會參考由獨立外部顧問對從事相近業務之公司所進行之薪酬調查。根據政策，董事不可批准其本人之薪酬。

Corporate Governance Report

企業管治報告書

BOARD COMMITTEES (cont'd)

Remuneration Committee (cont'd)

Remuneration Policy for Executive Directors (cont'd)

The Listing Rules require disclosure of the compensation and emolument payable to each director in the accounts and annual reports of listed companies. Save for such disclosure requirements, there are no stipulations on maximum limit of emolument payable to the directors. As part of the policy observed by the Company in respect of the determination of the remuneration of the Executive Director(s), all fees and emoluments paid to the Executive Director(s) and their associates (as defined in Rule 1.01 of the Listing Rules as extended by Rule 14A.11(4) of the Listing Rules), shall not exceed in aggregate an amount of HK\$8,000,000 each year, plus any adjustment by reference to the changes in consumer price index published by the Government of the Hong Kong Special Administrative Region, save with the prior approval of an independent board committee comprising only the INEDs. The total emoluments paid to the Executive Directors for the Year were approximately HK\$4,647,000, details of which are set out in note 16 to the consolidated financial statements of this annual report. Such policy was abolished on 1st January, 2009 as mentioned under "Revocation of Additional Corporate Governance Measures". The Remuneration Committee approved the increase of Mr. Joseph Lau's emolument to HK\$18,000,000 per annum with effect from 1st January, 2009 as set out in the service agreement of Mr. Joseph Lau. The Remuneration Committee will continue to review the remuneration package(s) of Executive Director(s) regularly pursuant to its terms of reference and the Code.

Remuneration Policy for NEDs and INEDs

The Directors' fees of NEDs and INEDs are subject to annual assessment with reference to his/her duties and responsibilities and the prevailing market condition. Each NED and INED (except Ms. Amy Lau, Yuk-wai) is entitled to a director's fee of HK\$200,000 per annum as determined and approved by the Board (with the Director involved abstained from voting). Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at the Company's meetings.

The Directors' fees paid to each NED and INED of the Company for the Year (if any) are set out in note 16 to the consolidated financial statements of this annual report.

董事委員會 (續)

薪酬委員會 (續)

執行董事之薪酬政策 (續)

上市規則規定支付予各董事之補償及酬金須於上市公司賬目及年報中披露。除該等披露規定外，上市規則並無訂明支付予董事之酬金上限。根據本公司在釐定執行董事薪酬時所遵守之政策，支付予執行董事及彼等之聯繫人（定義見上市規則第14A.11(4)條所延伸的上市規則第1.01條）之所有袍金及酬金每年合共不應超過8,000,000港元及連同經參考由香港特別行政區政府公布之消費物價指數變動後作出之任何調整，除非由獨立非執行董事組成之獨立董事委員會預先作出批准。本年度付予執行董事之總酬金約為4,647,000港元，詳情載於本年報之綜合財務報表附註16內。正如上文「撤回附加之企業管治措施」一段所提及，上述政策於二零零九年一月一日已廢除。薪酬委員會批准劉鑾雄先生之酬金於二零零九年一月一日起增加至每年18,000,000港元，並載於劉鑾雄先生之服務合約內。薪酬委員會將繼續根據其職權範圍及守則條文定時檢討執行董事之薪酬待遇。

非執行董事及獨立非執行董事之薪酬政策

非執行董事及獨立非執行董事之袍金乃參照其職務與責任及當時市況釐定，並按年評估。董事會（在涉及之董事放棄投票之情況下）決定及批准各非執行董事及獨立非執行董事（劉玉慧女士除外）有權每年收取袍金200,000港元。彼等可獲償付就履行職責（包括出席本公司會議）所產生之實付開支。

本年度付予本公司各非執行董事及獨立非執行董事之袍金（如有）已載於本年報之綜合財務報表附註16內。

Corporate Governance Report

企業管治報告書

BOARD COMMITTEES (cont'd)

Nomination Committee

No Nomination Committee is established. At present, the Board is responsible for the appointment of Directors, evaluation of the Board's composition and the management of the Board's succession with reference to certain guidelines. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills as well as time commitments of the Board members. It carries out the process of selecting and recommending candidates for directorship including the consideration of referrals and engagement of recruitment firms, whenever necessary. The Board also reviews and recommends the re-appointment of retiring Directors for shareholders' approval at the annual general meetings. The Board shall exercise its power under Bye-law 94 of the Company's Bye-laws to appoint additional Director(s) whenever the business of the Company requires. During the Year, the Board approved the re-designation of Mr. Lau, Ming-wai from Executive Director to NED with effect from 31st October, 2008, and the appointment of Mr. Ma, Tsz-chun in place of Mr. Cheng, Kwee, the resigned INED, effective on 21st November, 2008.

SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Listing Rules ("Model Code"). All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the Year.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees ("Relevant Employees") who, because of office or employment, is likely to be in possession of unpublished price-sensitive information in relation to the Group's securities have been requested to follow such code when dealing in the securities of the Company. All Relevant Employees, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the said code during the Year.

董事委員會 (續)

提名委員會

本公司並無成立提名委員會。現時，董事會參考若干指引，負責董事之委任、對董事會之組成進行評估及管理董事會之繼任事宜。該等指引列出董事會成員需具備之適當條件，包括專業知識及行業經驗、個人操守、誠信及個人技能以及所需投入時間。其執行挑選及推薦董事職位候選人之過程包括考慮引薦人選及委託招聘公司（如有需要）。董事會亦就續聘將退任之董事作出檢討及建議，供股東於股東週年大會上批准。董事會將因應本公司業務所需，行使其根據公司細則第94條之權力委任額外董事。於本年度內，董事會批准劉鳴煒先生由執行董事轉任為非執行董事（自二零零八年十月三十一日起生效），及委任馬時俊先生替代已辭任之鍾貴先生出任為獨立非執行董事（於二零零八年十一月二十一日起同時生效）。

證券交易

本公司已採納一套董事進行證券交易守則，其條款與上市規則附錄十《上市發行人董事進行證券交易的標準守則》（「標準守則」）所規定之標準別無差異。經本公司作出明確查詢後，所有董事均已確認彼等已於本年內遵守標準守則所規定之標準及前述之交易守則。

本公司亦已採納一套有關僱員進行證券交易守則，其條款不遜於標準守則所規定之標準。本公司已要求所有因其職位或崗位而極可能掌握有關本集團證券之未公布價格敏感資料之有關僱員（「有關僱員」），於買賣本公司證券時遵守該守則。經本公司作出明確查詢後，所有有關僱員均已確認彼等已於本年內遵守前述守則所規定之標準。

Corporate Governance Report

企業管治報告書

INTERNAL CONTROL

The Board is responsible for maintaining an adequate system of internal control in the Company and reviewing its effectiveness through the Audit Committee. The senior management is responsible to the implementation of such system of internal control. The internal auditors are responsible to review relevant financial, operational and compliance controls and risk management functions and report their findings and advice to the Audit Committee.

Special Reviews

To have an in-depth review on the existing structure for internal control, Ernst & Young, an independent international professional accounting firm was engaged as the consultant to carry out two internal control reviews for the Group during the Year, namely the Risk and Control Framework Assessment and the Procurement Review. The reports of the said reviews which were completed in late August 2008 have been presented to and discussed by the Audit Committee. Majority of the recommendations stated in the reports have been followed up by the senior management in order to enhance the internal control policies, procedures and practices.

Annual Review

Based on the annual assessment made by the Independent Auditors, the Audit Committee and the Board are satisfied with the effectiveness of the system of internal control of the Group and concluded that:

- (1) the Company has complied with the Code Provisions on internal control during the Year;
- (2) a framework of prudent and effective controls has been established to identify, evaluate and manage the risks;
- (3) internal control and accounting systems of the Group are efficient and adequate;
- (4) significant risks that may influence the Group have been identified, evaluated and managed through ongoing monitoring process; and
- (5) material transactions are executed with the management's authorisation.

內部監控

董事會負責維持本公司妥善之內部監控系統及透過審核委員會檢討其效能。高級管理層負責實施此內部監控系統。內部核數師負責檢討相關之財務、營運、監控控制及風險管理功能，並將檢討結果及建議提交審核委員會。

特別檢討

為深入檢討現行內部監控架構，獨立國際專業會計師行安永會計師事務所已獲聘用為顧問，於本年度為本集團進行兩項內部監控檢討，分別為風險與監控架構評估及採購檢討。有關檢討已於二零零八年八月底完成，而檢討報告亦已提交審核委員會討論。報告中所述大部分建議已交由高級管理層跟進，以提升內部監控政策、程序及慣例。

年度檢討

根據獨立核數師之年度評估，審核委員會及董事會對本集團之內部監控系統效率感滿意，並總結：

- (1) 本公司於本年度內已遵守內部監控之守則條文；
- (2) 本集團已設立審慎及有效之監控框架以識別、評估及管理風險；
- (3) 本集團之內部監控及會計系統屬有效及恰當；
- (4) 本公司已透過持續監察過程識別、評估及管理可能影響本集團之重大風險；及
- (5) 本集團之重大交易已取得管理層授權才執行。

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INTERNAL CONTROL (cont'd)

Internal Audit

Besides, an internal audit function has also been established with the key tasks to:

- (1) review all aspects of the Group's activities and internal control with unrestricted direct access right to any levels of management whenever it considered necessary;
- (2) conduct comprehensive audits of the practices and procedures, income and expenditures, and internal control of all business units of the Group on a regular basis; and
- (3) carry out special reviews and investigations on areas of concern identified by the management for corrective actions.

COMMUNICATIONS WITH SHAREHOLDERS

The Company acknowledges that general meetings are good communication channel with shareholders that the Directors and the chairman of Board committees are encouraged to attend and to answer questions at annual general meetings. Majority of the Directors, the chairman of the Audit Committee and the Remuneration Committee and also Independent Auditors had attended and were available to answer questions at the 2008 AGM.

Procedures for demanding a poll were set forth in a circular accompanying the notice of general meetings. At the commencement of each general meeting, the chairman of the meeting had explained the procedures for demanding a poll to the shareholders and the shareholders were allowed to raise any question concerning the poll procedures. At each of the meetings, separate resolutions were proposed by the chairman of the meeting and put forward to the shareholders for voting. The level of proxies lodged on each resolution, and the balance for and against each resolution, were indicated by the chairman of the meeting after each resolution had been dealt with on a show of hands as appropriate.

內部監控 (續)

內部審核

此外，內部審核部門已經成立，其主要職務為：

- (1) 於其認為有需要時，以無限制直接權力接觸任何管理層，以全面審閱本集團活動及內部監控；
- (2) 定期就本集團之常規及程序、收入和開支，及所有業務單位之內部監控進行綜合檢討；及
- (3) 對管理層所識別關注之範疇進行特別檢討及調查，以作出糾正。

與股東之溝通

本公司深信股東大會為與股東之良好溝通渠道，並鼓勵董事及董事委員會主席出席股東週年大會及解答有關的問題。大多數董事、審核委員會及薪酬委員會之主席聯同獨立核數師均有出席2008股東週年大會以回應垂詢。

要求以投票方式表決之程序載於有關股東大會通告之通函內。於各股東大會開始時，大會主席向股東解釋要求以投票方式表決的程序，並容許股東可就相關表決程序提出發問。於各股東大會上，大會主席提呈獨立決議案，並提交予股東投票。大會主席於舉手（如適用）表決決議案後，指出各決議案所涉及由委任代表投票之比例，以及贊成及反對決議案之票數。

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COMMUNICATIONS WITH SHAREHOLDERS (cont'd)

With the implementation of certain amendments to the Listing Rules effective on 1st January, 2009, the voting at all general meetings of a listed company should be conducted by poll. It is believed that the voting by poll can fully reflect the proprietary rights of shareholders and is a fairer method of determination for the shareholders than voting by a show of hands. Pursuant to Bye-law 75 of the Bye-laws of the Company, a resolution put to vote at general meetings shall be decided on a show of hands, unless a poll is demanded in accordance therewith. The Company will procure the chairman of general meeting to demand for voting by poll on every general meeting to comply with the newly amended Listing Rules.

As a channel to promote effective communication, the Company maintains a corporate website (www.chineseestates.com) to disseminate the Group's information. Investor Relations Department is responsible to answer enquiries raised by the investors of the Company and the general public.

A corporate communications manual which provides guidance for coordinating the disclosure of material information to investors, analysts and media, identifies who may speak on the Company's behalf, and outlines the responsibility for communication with various stakeholder groups has also been in place.

The above corporate governance practices will be reviewed, amended and revoked from time to time as considered necessary by the Board and its committees.

與股東之溝通 (續)

在上市規則之若干修訂於二零零九年一月一日實施後，所有股東大會之表決方式必須以投票方式進行。以投票方式表決作為股東表決之辦法，相信更能全面反映股東之財產權利，且較舉手表決更為公平。根據本公司之章程細則第75條，提交股東大會表決之決議案須以舉手方式表決，除非按該細則所列之有關人士要求以投票方式表決。為遵守有關新修訂之上市規則，本公司將安排股東大會主席於各股東大會上要求以投票方式進行表決。

為提高溝通成效，本公司設有公司網站 (www.chineseestates.com) 以發放集團資料。投資者關係部門負責回應本公司之投資者及公眾提出之查詢。

本公司亦已製備了一份企業通訊手冊，訂明向投資者、分析員及傳媒披露重大資料之指引，確定可代表本公司發言之人士，以及界定與各利益相關團體溝通之責。

董事會及其轄下之委員會不時按需要檢討、修訂及廢除以上企業管治常規。