

## Corporate Governance Report

## 企業管治報告書

### OBJECTIVE

The Board of Directors (the "Directors" or the "Board") of the Company together with its subsidiaries (the "Group") is committed to maintaining high standards of corporate governance so as to ensure high transparency and protection of shareholders' interests in general. The Board endeavours to ensure effective self-regulatory practices, to maintain sound internal control system and to absorb high calibre members to the Board.

The purpose of this Corporate Governance Report is to present to shareholders how the Company has applied the principles in the Code on Corporate Governance Practices (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31st December, 2009 (the "Year").

### ADOPTED CODES

Since 2005, the Company has adopted the code provisions and certain recommended best practices set out in the CG Code to enhance corporate governance in the interests of the Company and its shareholders.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules which may be revised from time to time as a code of conduct regarding securities transactions by the Directors. In addition, the Company has a separate written code of conduct on terms no less exacting than the Model Code for the relevant employees of the Company who are likely to be in possession of unpublished price-sensitive information in respect of their dealings in the securities of the Company (the "Employees' Code").

### 理念

本公司(連同其附屬公司,「本集團」)董事會(「董事」或「董事會」)銳意維持高度企業管治,以確保運作更具透明度及全面保障股東利益。董事會致力確保制訂有效之自我監管常規,以維持良好之內部監控制度及吸納卓越之成員加入董事會。

本企業管治報告書是向股東呈示本公司於截至二零零九年十二月三十一日止年度(「本年度」)如何應用香港聯合交易所有限公司(「聯交所」)頒布之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》(「企管守則」)之原則。

### 採納之守則

自二零零五年起,本公司已採納載於企管守則之守則條文及若干建議最佳常規,以提高企業管治對本公司及股東之利益。

本公司亦已採納上市規則附錄十《上市發行人董事進行證券交易的標準守則》(「標準守則」)作為董事進行證券交易之操守準則。另外,本公司亦已就可能擁有未公布的股價敏感資料之相關僱員,制訂不遜於標準守則之書面操守守則,作為彼等進行本公司證券交易之指引(「僱員守則」)。

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### BOARD OF DIRECTORS

#### Structure

The Board currently comprises two Executive Directors and three Independent Non-executive Directors (the "INED(s)"). The INEDs represent more than one-third members of the Board. The Directors' biographies are available on the Company's website. There is no relationship among members of the Board and in particular, between the chairman and the chief executive officer. The INEDs are highly experienced professionals and businessmen with a broad range of expertise and experience in accounting, finance and business management and two of them have appropriate professional accounting qualification as required by the Stock Exchange.

The Board is responsible for directing and supervising the Company's affairs. Each Director acts in good faith for the best interest of the Company. The Directors are collectively and individually responsible to the Company for the manner in which the affairs of the Company are managed, controlled and operated. They had devoted sufficient time and attention to the Company's affairs during the Year.

All the Directors, including the INEDs, must retire by rotation at least once every three years, and no director shall hold office for a continuous period in excess of 3 years, or past the third annual general meeting, following the Director's appointment or re-election, whichever is longer, without submitting himself/herself for re-election at the annual general meeting, under the articles of association of the Company. As such, the term of office of each Director has been specified under the Company's articles of association.

#### Assistance to Directors in Decision Making

Throughout their period in office, the Directors have been informed of the Group's business, the competitive and regulatory environments in which it operates and other changes affecting the Group and the industry it operates in as a whole. They have also been advised on appointment of their legal and other duties and obligations as directors of a listed company and updated on changes to the legal and governance requirements of the Group and upon themselves as the Directors.

### 董事會

#### 架構

董事會目前由兩位執行董事及三位獨立非執行董事（「獨立非執行董事」）組成。獨立非執行董事之人數超過董事會成員總數之三分之一。董事簡歷可於本公司網頁瀏覽。董事會成員之間，尤其是主席與行政總裁之間，並無關係。獨立非執行董事為極富經驗之專業人士及商界人士，在會計、金融及商業管理具備豐富專業知識及經驗，其中二人更具備聯交所規定之相關專業會計資格。

董事會負責領導及監督本公司事務。每位董事以本公司之最佳利益為前題，以誠信態度履行職責。董事知悉彼等在管理、控制及經營本公司事務上，共同及個別向本公司負責。年內，彼等已付出足夠時間及專注力以處理本公司事務。

根據本公司組織章程細則，所有董事（包括獨立非執行董事）須每三年最少告退一次，且規定董事在未於股東週年大會上膺選連任之情況下，出任董事職位之持續期間不得超過三年或獲委任或重選連任後超逾三次股東週年大會（兩者以較長期間為準）。因此，董事之任期按本公司組織章程細則而特定。

#### 給予董事決策之協助

本公司於董事在任期間，向彼等匯報有關本集團業務、經營所在地之競爭及規管環境，以及整體上影響本集團及其經營行業之其他變動的資料。彼等亦就委任為上市公司董事之法定及其他職能以及職責獲提供意見，並於彼等成為董事後更新有關本集團之法定及監管規定之變動。

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### BOARD OF DIRECTORS (cont'd)

#### Assistance to Directors in Decision Making (cont'd)

The Directors are given access to the secretary of the Company (the "Company Secretary") or independent professionals for advice at the Company's expense, when they deem it is necessary in order for them to carry out their responsibilities from time to time.

To enhance the Directors' consciousness on the importance of the directors' duties under common law and to comply with the requirement of the Companies Ordinance (Cap. 32, Laws of Hong Kong), a "Guide on Directors' Duties" in which the general principles a director should follow in the performance of his/her functions and exercise of his/her powers was distributed to the Directors.

#### Conduct of Meetings

The Directors are consulted and properly briefed for matters to be included in the meeting agenda. The Board is supplied with relevant information as well as reports relating to operational and financial performance of the Group before each regular Board meeting. At least 14 days' notice of a regular Board meeting is given to all Directors to provide them with the opportunity to attend the meeting. Board papers are dispatched to all Directors at least 3 days before the meeting to ensure that they have sufficient time to review the papers and will be adequately prepared for the meeting. Senior management is invited to attend the meeting to address to the Board members' queries. This enables the Board to have pertinent data and insight for a comprehensive and informed evaluation as part of the Board's decision-making purpose.

The Chairman has delegated the responsibility to the Company Secretary for drawing up and approving the meeting's agenda for each Board meeting, taking into account of any matters proposed by the other Directors for inclusion in the agenda.

The proceedings of the Board at its meetings are generally monitored by the Chairman who would ensure that sufficient time is allocated for discussion and consideration of each item on the agenda. Equal opportunities are given to the Directors to express their views and concerns.

### 董事會 (續)

#### 給予董事決策之協助 (續)

董事可不時視乎履行其職責所需而尋求公司秘書(「公司秘書」)或獨立專業人士之意見，費用概由本公司承擔。

為提高董事對普通法下董事職責重要性之意識及遵守公司條例(香港法例第32章)之要求，一份載有董事於執行職能及行使權力時應遵守之一般原則之「董事責任指引」已分發予董事。

#### 會議之舉行

董事可獲諮詢及簡報會議議程內所載之事宜，並於每次定期董事會會議前獲發有關本集團營運及財務表現之相關資料及報告。定期董事會會議通知於開會前最少十四日送交全體董事，供其選擇是否出席會議。董事會文件於會議舉行前最少三日發給全體董事，以確保彼等具備足夠時間審閱該文件，並為會議作好充份準備。高級管理層成員獲邀與會，解答董事會成員之提問。此舉令董事會在作出全面而知情之評估時，具有中肯之數據及認知，有助董事會作出決策。

主席已委派公司秘書負責在考慮各董事建議之議程後，編撰及批核每次董事會會議之議程。

董事會之議事程序一般由主席主持，以確保分配充裕之時間作出討論及考慮議程內之各個項目。各董事均獲平等機會表達意見及其關注事宜。

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### BOARD OF DIRECTORS (cont'd)

#### Conduct of Meetings (cont'd)

Each Director has to declare his/her interest and to abstain from voting on any board resolution in which he/she or any of his/her associates has a material interest pursuant to the Company's Articles of Association and the Companies Ordinance (Cap. 32, Laws of Hong Kong).

All Directors have full access to the advice and services of the Company Secretary to ensure the Board's procedures, rules and regulations are followed. Draft and final versions of minutes of each Board meeting in sufficient details are sent to the Directors for comments and records within reasonable time after the meeting is held. The minutes of Board meetings and of the Board committees' meetings are kept by the Company Secretary, which are open for inspection by the Directors on reasonable notice.

Four Board meetings were held on 6th March, 2nd July, 21st August and 10th December for the Year. The Company Secretary and the Company's senior management had attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting, finance and business. The individual attendance of each Director at the Board meetings held during the Year is as follows:

Directors	No. of Board meetings attended/held (Percentage of attendance in total)
<u>Executive Directors</u>	
Mr. Matthew Cheong, Veng-va ( <i>Chairman</i> )	4/4 (100%)
Ms. Teresa Poon, Mun-chie ( <i>Chief Executive Officer</i> )	4/4 (100%)
<u>Independent Non-executive Directors</u>	
Mr. Lai, Yun-hung	4/4 (100%)
Mr. Mok, Hon-sang	4/4 (100%)
Mr. Wong, Tik-tung	4/4 (100%)

### 董事會 (續)

#### 會議之舉行 (續)

根據本公司之組織章程細則及公司條例(香港法例第32章),每位董事均須申報其權益,並就其本身或其任何聯繫人士擁有重大權益之任何董事決議案放棄投票。

全體董事有權全面尋求公司秘書之意見及服務,以確保遵守董事會程序、規則及規例。詳盡之各董事會會議記錄之草稿及定稿將於舉行會議後之合理時間內,送交董事提供意見及記錄。董事會會議及董事委員會會議之記錄由公司秘書存置,並可由董事發出合理通知下供其查閱。

董事會於本年度三月六日、七月二日、八月二十一日及十二月十日舉行共四次董事會會議。公司秘書及本公司高級管理層均已出席董事會會議,匯報企業管治、風險管理、法規遵守、會計、財務及業務相關之事宜。年內,各董事於董事會會議之出席率如下:

董事	出席/舉行 董事會 會議數目 (總出席率)
<u>執行董事</u>	
昌榮華先生 ( <i>主席</i> )	4/4 (100%)
潘敏慈小姐 ( <i>行政總裁</i> )	4/4 (100%)
<u>獨立非執行董事</u>	
賴恩雄先生	4/4 (100%)
莫漢生先生	4/4 (100%)
汪滌東先生	4/4 (100%)

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### BOARD OF DIRECTORS (cont'd)

#### Works Performed

During the Year, besides attending the Board meetings to consider and make decision on corporate governance, risk management, statutory compliance, accounting, finance and business matters, the Directors had brought independent opinion and judgment on the Company's strategy, performance and standards of conduct; had taken the lead where potential conflicts of interests arose; had served on Board committees; had ensured that the Board maintained high standards of financial and other mandatory reporting; carried out reviews on matters reported by the Board committees, and had provided adequate checks and balance to safeguard the interests of shareholders in general and the Company as a whole.

During the Year, the INEDs had actively participated in the Board meetings, brought independent judgment and given their comments to the information or reports submitted to the meetings.

Besides attending the Board or committee meetings, in order to make timely decision and have effective implementation of the Company's policy and practice, the Board had also adopted written resolutions signed by all directors to make decision on corporate affairs from time to time.

As part of the continuing process on supervising the Company's affairs, the Directors, acting through by the Audit Committee, had reviewed the adequacy of resources, qualifications and experience of the Company's accounting staff and financial reporting function, and their training programmes and budget in December 2009.

#### Directors' Confirmation

The Company has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

Besides, having made specific enquiry of all Directors and the relevant employees, all Directors confirmed that they had complied with the required standard set out in the Model Code and the relevant employees had complied with the Employees' Code regarding securities transaction throughout the Year.

### 董事會 (續)

#### 履行之工作

年內，除了出席董事會會議以考慮及決定企業管治、風險管理、法規遵守、會計、財務及業務事宜，董事對本公司之策略、表現及守則標準作出獨立意見及判斷；在有潛在利益衝突時發揮領導作用；出任董事委員會委員；確保董事會維持高水平之財務及其他強制申報準則；審閱委員會報告之事項；以及提供足夠審查及平衡以保障全體股東與本公司整體利益。

年內，獨立非執行董事積極參與董事會會議，就會議事項作出獨立判斷及在提呈於會議上之資料或報告發表意見。

除了出席董事會或委員會會議，為了能及時作出決定及有效實施本公司之政策及實務，董事會亦不時採納全體董事書面決議書為公司事務作出決定。

作為持續監督本公司業務之程序，本公司董事已於二零零九年十二月由審核委員會代行審閱本公司會計及財務匯報職能方面的資源、員工資歷及經驗與員工所接受的培訓課程及有關預算是否足夠。

#### 董事之確認

本公司已接獲各獨立非執行董事之年度確認書，確認彼等符合上市規則第3.13條所載有關獨立性之規定。本公司認為全體獨立非執行董事均為獨立人士。

此外，本公司在向所有董事及有關僱員作出具體查詢後，所有董事確認彼等於年內一直遵守標準守則載列的所需標準，以及有關僱員於年內就進行證券交易一直遵守僱員守則。

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### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and Chief Executive Officer (the “CEO”) are separate and not performed by the same individual. Mr. Matthew Cheong, Veng-va is the Chairman with responsibility for overseeing the function of the Board, formulating overall strategies and policies of the Company. Ms. Teresa Poon, Mun-chie is the CEO with responsibility for the overall business and operation of the Group. This segregation is clearly established and set out in writing to ensure a clear distinction between the Chairman’s responsibility to manage the Board and the CEO’s responsibility to manage the Group’s business.

### BOARD COMMITTEES

The Board has established Audit Committee and Remuneration Committee with defined roles and terms of reference.

#### Audit Committee

##### Structure

The Audit Committee has been established since December 2000 with the roles to assist the Board in establishing formal and transparent arrangements for considering how it will apply the financial reporting and the internal control principles and for maintaining an appropriate relationship with the Company’s auditors (the “Independent Auditors”). It acts in an advisory capacity and makes recommendations to the Board.

All the Audit Committee members possess diversified industry experience. The Chairman has appropriate professional qualification, accounting or related financial management expertise as required by the Listing Rules. The Audit Committee is made up of the INEDs, namely:

Mr. Wong, Tik-tung (*Chairman*)  
Mr. Lai, Yun-hung  
Mr. Mok, Hon-sang

### 主席及行政總裁

主席及行政總裁（「行政總裁」）之角色須予分開，且不得由同一個人擔任。昌榮華先生為主席，負責監督董事會職能、制訂本公司整體策略及政策。潘敏慈小姐為行政總裁，負責監督本集團之整體業務及運作。主席及行政總裁職能分配已清楚以書面訂立，以清楚劃分主席負責管理董事會，而行政總裁負責管理本集團業務。

### 董事委員會

董事會已成立審核委員會及薪酬委員會，並界定其角色及職權範圍。

#### 審核委員會

##### 架構

審核委員會於二零零零年十二月成立，其角色為協助董事會建立正式及具透明度之安排，讓董事會考慮如何應用財務匯報及內部監控原則，以及如何與本公司核數師（「獨立核數師」）維持恰當的關係。審核委員會具有顧問職能，並向董事會提供意見。

審核委員會全體成員具備多元化的業務經驗。主席具備了上市規則規定之相關專業資格、會計或相關財務管理專業知識。審核委員會由全體獨立非執行董事組成，彼等為：

汪滌東先生（主席）  
賴恩雄先生  
莫漢生先生

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### BOARD COMMITTEES (cont'd)

#### Audit Committee (cont'd)

##### Function

The Audit Committee's terms of reference can be found on the Group's website. The major duties of the Audit Committee are summarised below:

- i) to make recommendations to the Board on the appointment, re-appointment and removal of the Company's Independent Auditors, review and monitor their independence and objectivity as well as the effectiveness of the audit process;
- ii) to monitor the integrity of the interim and annual consolidated financial statements, reports and accounts and quarterly reports of the Company, and to review any significant financial reporting judgments contained in them; and
- iii) to review and ensure the effectiveness of the Company's financial control, internal control and risk management systems.

##### Conduct of Meetings

The Audit Committee shall meet at least twice each year. The Company prepares and delivers an information memorandum that includes all relevant information about the meetings to the Audit Committee members at least 3 days prior to such meetings. During the Year, the Audit Committee members reviewed the information memorandum with due care and discussed with the Group Financial Controller (who is also the Company Secretary) and other senior management (if necessary) during the meetings.

During the Year, the Audit Committee held three meetings on 4th March, 18th August and 10th December, 2009 with the presence of the Company's senior management. Minutes drafted by the Company Secretary were circulated to the Audit Committee members for comments within a reasonable time after each meeting. Executed minutes were kept by the Company Secretary and copies of the minutes were sent to the Audit Committee members for records.

### 董事委員會 (續)

#### 審核委員會 (續)

##### 職能

有關審核委員會之職權範圍，可瀏覽本集團網頁。審核委員會之主要職責概述如下：

- i) 就委任、重新委任及罷免本公司獨立核數師向董事會提供推薦意見、審核及監控彼等之獨立性及客觀性，以及審核程序之有效性；
- ii) 監察本公司中期及全年綜合財務報表、報告和賬目及季度報告之真實性，以及審閱上述各項所載之任何重大財務報告之判斷；及
- iii) 審閱及確保本公司財務監控、內部監控及風險管理系統之有效性。

##### 會議之舉行

審核委員會每年須最少開會兩次。本公司編製及派發資料備忘錄，內容包括會議時所需之所有資料，於審核委員會開會前最少三日提交予審核委員會成員。年內，審核委員會成員謹慎地審閱資料備忘錄，並於會議上與集團財務總監（彼亦為公司秘書）及其他高級管理層成員（如有需要）討論。

年內，審核委員會分別於二零零九年三月四日、八月十八日及十二月十日舉行共三次會議，而本公司的高級管理層成員均有出席。公司秘書草擬的會議記錄已於每次會議後一段合理時間內交予審核委員會成員傳閱及給予意見。公司秘書已經存置全部會議記錄，有關副本亦已送交審核委員會成員以作記錄。

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### BOARD COMMITTEES (cont'd)

#### Audit Committee (cont'd)

#### Conduct of Meetings (cont'd)

Individual attendance of each committee member at the meetings is as follows:

Members	No. of meetings attended/held (Percentage of attendance in total)
Mr. Wong, Tik-tung ( <i>Chairman</i> )	3/3 (100%)
Mr. Lai, Yun-hung	3/3 (100%)
Mr. Mok, Hon-sang	3/3 (100%)

#### Works Performed

The works performed by the members of Audit Committee in the Year are summarized below:

- i) reviewed and considered the Group accounts and financial statements for the year ended 31st December, 2008, and interim and quarterly accounts for 2009;
- ii) reviewed, discussed and agreed with the Independent Auditors in respect of the audit fee for the year 2009; the terms of the engagement letters; the nature, scope of audit and reporting obligations for the Year;
- iii) reviewed and assessed the adequacy and effectiveness of the Group's financial reporting and controls, internal control procedures and risk management systems;
- iv) reviewed the corporate governance practices and monitored the progress of compliance of the CG Code;
- v) carried out annual review on the continuing connected transactions of the Company and their financial implication in their capacity as members of the independent board committee;

### 董事委員會 (續)

#### 審核委員會 (續)

#### 會議之舉行 (續)

各委員會成員於該等會議之出席率如下：

成員	出席／舉行 會議數目 (總出席率)
汪滌東先生 (主席)	3/3 (100%)
賴恩雄先生	3/3 (100%)
莫漢生先生	3/3 (100%)

#### 履行之工作

審核委員會成員於本年度履行之工作概述如下：

- i) 審閱及省覽本集團截至二零零八年十二月三十一日止年度之賬目及財務報表，以及二零零九年之中期及季度賬目；
- ii) 與獨立核數師審閱、討論及同意二零零九年核數費用；本年度委聘書之條款；核數之性質、範圍及申報責任；
- iii) 審閱及評估本集團之財務匯報及監控、內部監控程序及風險管理系統是否足夠及有效；
- iv) 檢討企業管治常規及監控遵循守則之進度；
- v) 以獨立董事委員會之身份，對本公司之持續關連交易及其財務影響進行週年審閱；

## Corporate Governance Report

## 企業管治報告書

### BOARD COMMITTEES (cont'd)

#### Audit Committee (cont'd)

#### Works Performed (cont'd)

- vi) reviewed the performance of the sale of properties of the Group for the year ended 31st December, 2008;
- vii) reviewed the adequacy of resources, qualifications and experience of the staff in accounting and financial reporting function, and the training programmes and budget;
- viii) reviewed the changes of the Listing Rules from 2009 onwards that have direct relevance to the terms of reference of the Audit Committee; and
- ix) prepared and submitted to the Board an Audit Committee Report detailing the works performed by the Audit Committee during the Year, presented its findings and made recommendations for consideration by the Board.

On 11th March, 2010, the Audit Committee reviewed the Group's and the Company's accounts and draft financial statements for the Year.

#### 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 defined by the former Rule 3.24 of the Listing Rules) 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. As aforesaid, the Audit Committee had carried out the review on the adequacy of resources, qualifications and experience of the staff in accounting and financial reporting function, and the training programmes and budget and is satisfied with the condition of the Group.

### 董事委員會 (續)

#### 審核委員會 (續)

#### 履行之工作 (續)

- vi) 審閱本集團截至二零零八年十二月三十一日止年度之物業銷售表現；
- vii) 審閱會計及財務匯報職能方面的資源、員工資歷及經驗與員工所接受的培訓課程及有關預算是否足夠；
- viii) 審閱就二零零九年以來與審核委員會之職權範圍有直接關係之上市規則變更；及
- ix) 編製並向董事會呈交審核委員會報告，當中詳列審核委員會於年內已履行之工作，以及呈交其審核結果及向董事會提供建議以作考慮。

於二零一零年三月十一日，審核委員會已審閱本集團及本公司本年度之賬目及財務報表之草稿。

#### 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，香港之上市公司再無須設立「合資格會計師」（定義見前上市規則第3.24條）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份。取而代之，該職權範圍現要求審核委員會，討論本公司會計及財務匯報職能方面之資源、員工之資歷及經驗與員工所接受的培訓課程及有關預算是否足夠。審核委員會協助董事會使其具備有效之內部監控系統作合適之財務報告、適當之會計系統及人力資源以履行持續之財務報告責任。如前述，審核委員會已審閱會計及財務匯報職能方面的資源、員工資歷及經驗與員工所接受的培訓課程及有關預算是否足夠，並滿意本集團現狀。

## Corporate Governance Report

## 企業管治報告書

### BOARD COMMITTEES (cont'd)

#### Remuneration Committee

##### Structure

The Remuneration Committee has been established since June 2005 with the role to assist the Board in reviewing and determining the framework or broad policy for remuneration packages of the Directors and senior management, overseeing any major changes in employee benefit structures and considering other topics as defined by the Board.

The Remuneration Committee comprises all INEDs, namely:

Mr. Wong, Tik-tung (*Chairman*)

Mr. Lai, Yun-hung

Mr. Mok, Hon-sang

##### Function

The principal responsibilities of the Remuneration Committee are as follows:

- i) setting, reviewing and recommending to the Board for approving the Group's overall remuneration policy and strategy;
- ii) setting, reviewing and approving performance-based remuneration and individual remuneration packages for the Executive Directors and senior management including terms and conditions of employment as well as compensation payable due to loss or termination of office, and dismissal or removal for misconduct; and
- iii) recommending the Board on the remuneration of Non-executive Directors.

The Remuneration Committee's terms of reference can be found on the Group's website.

The Remuneration Committee would consult the Chairman and/or the CEO about its proposals on remuneration of other Executive Directors and seek internal and external professional advices if considered necessary.

### 董事委員會 (續)

#### 薪酬委員會

##### 架構

薪酬委員會於二零零五年六月成立，其角色為協助董事會檢討及釐定董事及高級管理層之薪酬待遇或具體政策，監督僱員福利架構之任何重大變動，以及考慮董事會釐定之其他事項。

薪酬委員會由全體獨立非執行董事組成，彼等為：

汪滌東先生 (主席)

賴恩雄先生

莫漢生先生

##### 職能

薪酬委員會之主要職責如下：

- i) 制訂、檢討及建議董事會批准本集團之整體薪酬政策及策略；
- ii) 制訂、檢討及批准以表現為考慮基礎之薪酬，以及執行董事及高級管理層之個別薪酬待遇，包括僱傭條款及條件，以及因離職或終止受僱及因行為不當而遭解僱或罷免所產生需支付之賠償；及
- iii) 就非執行董事之薪酬向董事會提供意見。

有關薪酬委員會之職權範圍，可瀏覽本集團網頁。

薪酬委員會須就其他執行董事之薪酬建議諮詢主席及／或行政總裁，並在認為有需要時尋求內部及外界專業意見。

## Corporate Governance Report

## 企業管治報告書

### BOARD COMMITTEES (cont'd)

#### Remuneration Committee (cont'd)

##### Conduct of Meetings

The Remuneration Committee held two meetings on 4th March and 2nd July, 2009 to discuss and ratify the payment of discretionary bonus for the year ended 31st December, 2008 to employees of the Company; and to consider and approve the annual remuneration of the Executive Directors for the Year.

Individual attendance of each committee member at the meetings is as follows:

Members	No. of meetings attended/held (Percentage of attendance in total)
Mr. Wong, Tik-tung ( <i>Chairman</i> )	2/2 (100%)
Mr. Lai, Yun-hung	2/2 (100%)
Mr. Mok, Hon-sang	2/2 (100%)

The INEDs are not entitled to any other emoluments for holding office as the INEDs except for their entitlement of an annual remuneration of HK\$180,000 determined by the Board subject to annual review with reference to the prevailing market condition. No share option scheme is adopted by the Company during the Year.

During the Year, the Remuneration Committee had carried out a review on the remuneration of the Executive Directors. After review, each of the Executive Directors (namely Mr. Matthew Cheong, Veng-va and Ms. Teresa Poon, Mun-chie) agreed to receive a remuneration of HK\$10,000 per annum on a nominal basis without making reference to the prevailing market condition.

#### Nomination Committee

No Nomination Committee is established in view of the current business requirement of the Company. Currently, the Board is responsible for reviewing its composition, identifying and selecting suitable Board members, assessing independence of the INEDs, considering appointment or re-appointment of the Directors and succession planning for the Directors. The Board shall exercise its power under Article 92 of the Articles of Association of the Company to appoint any person as a director either to fill as casual vacancy or as an addition to the Board whenever the business of the Company requires.

### 董事委員會 (續)

#### 薪酬委員會 (續)

##### 會議之舉行

薪酬委員會於二零零九年三月四日及七月二日，舉行共兩次會議，以討論並追認發放於二零零八年十二月三十一日年度之年終酌情花紅予本公司僱員，以及考慮及批准本年度執行董事之年度酬金。

各委員會成員於該等會議之出席率如下：

成員	出席／舉行 會議數目 (總出席率)
汪滌東先生 (主席)	2/2 (100%)
賴恩雄先生	2/2 (100%)
莫漢生先生	2/2 (100%)

獨立非執行董事除每年享有180,000港元之酬金外，並無就擔任獨立非執行董事收取任何其他酬金。有關酬金須由董事會參考當時市況而每年作出檢討。年內，本公司並無採納任何認股權計劃。

年內，薪酬委員會已就執行董事之酬金進行檢討。經檢討後，每位執行董事（即昌榮華先生及潘敏慈小姐）同意收取不按當時市況而釐定之名義酬金10,000港元。

#### 提名委員會

鑑於本公司之現時業務現狀，本公司並無成立提名委員會。目前，董事會負責檢討其組成、角色及甄選合適之董事會成員，評估獨立非執行董事之獨立性，考慮委任或重新委任董事，以及制訂董事之接任安排。董事會將按本公司之業務需要，根據本公司組織章程細則第92條行使其權力，委任任何人士填補董事空缺或作為新增董事會成員。

## Corporate Governance Report

## 企業管治報告書

### MANAGEMENT FUNCTIONS

The Executive Directors have defined clear directions on powers of management and delegate daily management and administration functions to the management. The functions reserved to the Board and those delegated to the senior management are reviewed from time to time. The Company would formalize the division of responsibility between the Board and the management when the operational requirement of the Group justifies such division.

### INDEPENDENT AUDITORS

Messrs HLB Hodgson Impey Cheng ("HLB") were re-appointed as the Independent Auditors by shareholders at the 2009 annual general meeting of the Company. In order to maintain the independence and objectivity of the Independent Auditors (which for these purposes include any entity under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), they will not be engaged for non-audit work unless it has been pre-approved by the Audit Committee.

Independent Auditors were engaged on an ad hoc basis to supply non-audit service, such as to provide a confirmation letter to the Board and to the Stock Exchange to confirm, among others, that the continuing connected transactions have not exceeded the stipulated cap for the transactions, as part of the process for the annual review of the transactions as required under Chapter 14A of the Listing Rules during the Year. The fundamental policy is to ensure that the engagement of the Independent Auditors for non-audit service will not harm their independence or cause any bias on audit works for the presentation of financial statements of the Group. During the Year, the fee for engaging Independent Auditors to carry out the works in connection with annual review of the continuing connected transactions amounted to HK\$20,000.

At the annual general meeting held on 27th May, 2009, HLB were re-appointed by the shareholders as the Independent Auditors of the Company at a fee to be agreed with the Board. The Audit Committee reviewed the terms of engagement letter of Independent Auditors in early December 2009 and agreed with HLB the audit fees for auditing the financial statements of the Group for the Year at HK\$210,000.

It is recommended that HLB shall be re-appointed as the Independent Auditors for the financial year 2010 at a fee to be agreed with the Board.

### 管理層職能

執行董事就管理層的權力，給予清晰的指引，並指派管理層處理日常管理及行政職能。董事會所保留與委派予高級管理層之職能乃不時予以檢討。倘本集團之規模發展至須劃分董事會與管理層之職責時，本公司將制訂該等職責劃分。

### 獨立核數師

國衛會計師事務所（「國衛」）已獲股東於本公司二零零九年股東週年大會上續聘為獨立核數師。為保持獨立核數師之獨立性及客觀性（就此而言包括與核數師行共同控制、擁有或管理之任何實體，或合理及知情第三方在接獲一切相關資料後合理認為在國家或國際方面屬核數師行一部份之任何實體），其將不會受聘進行非核數工作，除非已獲審核委員會事先批准。

獨立核數師於特別情況下提供非審核之服務，如年內按上市規則第14A章規定提供確認書予董事會及聯交所，以確認（連同其他事項）持續關連交易並無超過該交易既定之上限，作為該交易週年審閱之部份程序。本集團之基本政策乃確保獨立核數師對非審核服務之參與不會損害其獨立性或導致編製本集團財務報表時構成審核偏頗。年內，聘任獨立核數師就持續關連交易週年審閱所進行之工作費用為20,000港元。

於二零零九年五月二十七日舉行之股東週年大會上，國衛獲重選為本公司之獨立核數師，費用有待與董事會商討。審核委員會於二零零九年十二月初審閱獨立核數師之聘書之條款，並與國衛商定審核本年度本集團財務報表之審核費用為210,000港元。

茲建議續聘國衛為本公司二零一零年財政年度之獨立核數師，費用有待與董事會磋商。

## Corporate Governance Report

## 企業管治報告書

### FINANCIAL REPORTING

The Company aims to present a clear, balanced and understandable assessment of its financial position and prospects. Financial results are announced as early as possible, with interim report and annual report as well as other price-sensitive announcements and financial disclosures published as required under the Listing Rules.

The management provides explanation, information and progress update to the Board for it to make an informed assessment of the financial and other issues put before the Board for approval and consideration.

Throughout the Year, the Directors had selected appropriate accounting policies and applied them consistently. The Directors acknowledge their responsibilities for preparing the financial accounts of the Group which give a true and fair view and are in accordance with generally accepted accounting standards published by the Hong Kong Institute of Certified Public Accountants. A statement by the Independent Auditors about their reporting responsibilities for the Year is set out in this annual report.

The Independent Auditors did not report for the Year that there were any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern.

### INTERNAL CONTROL

#### Scope of Works

The Board recognizes its responsibility for establishment, maintenance and review of the internal control system that provides reasonable assurance on the reliability and integrity of financial and operational information, effective and efficient operations, safeguarding of assets and compliance with laws and regulations. The internal control system is designed to manage rather than to eliminate all risks of failure while its goal is to provide reasonable, not absolute, assurance regarding the achievement of organizational objectives. The Audit Committee is responsible to assist the Board for the annual review of the effectiveness of the internal control system of the Group.

With respect to procedures and internal control for handling and dissemination of price-sensitive information, the Company is aware of its obligations under the Listing Rules and the overriding principle that information which is expected to be price-sensitive should be announced promptly after it becomes known to and/or is the subject of a decision by the Directors or senior management of the Company, and conducts its affairs with close regard to the "Guide on disclosure of price-sensitive information" issued by the Stock Exchange.

### 財務報告

本公司旨在對其財務狀況及前景作出清晰、平衡及可理解評估之呈報。財務業績以盡早發布為基礎，而中期報告及年報，連同其他股價敏感資料公布及財務披露則根據上市規則之規定而公布。

管理層向董事會提供解釋、資料及最新進度，讓董事會就財務及其他事項於提交董事會審批及考慮前，可作出知情評估。

於年內，董事已選取合適之會計政策並貫徹應用。董事確認彼等之責任為編製本集團之財務賬目，賬目須真實而公平，並根據香港會計師公會公布而普遍被採用之會計準則。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。

獨立核數師並無就本年度有關任何重大涉及可能對本公司持續經營能力存疑之事件或狀況之重大不確定因素作出報告。

### 內部監控

#### 工作範疇

董事會確認其責任為制訂、維持及檢討內部監控制度，使它能就財務及營運資料之可靠性及完整性、營運效率及效能、資產保障以及法例及法規遵守方面提供合理之確定。內部監控制度乃為管理（而非完全消除）失責風險而設，旨在為達至機構目標而提供合理（而非絕對）確定。審核委員會負責協助董事會對本集團內部監控制度進行效用評估之年度審閱。

就處理及公布股價敏感資料之程序及內部監控方面，本公司知悉根據上市規則之責任，並知悉當董事或本公司高級管理層得悉股價敏感資料及／或彼將根據該等資料作出業務決定時，預期屬股價敏感資料須即時公布之優先原則。本公司須嚴格按照聯交所頒布之「股價敏感資料披露指引」處理其事務。

## Corporate Governance Report

## 企業管治報告書

### INTERNAL CONTROL (cont'd)

#### Scope of Works (cont'd)

To ensure sufficient resources provided to the Audit Committee, information and assessment of financial and internal controls, risk management systems were sent to the Audit Committee members. Internal control procedures of the Group had been commented by the committee members during the Year.

#### Audit Committee's Review

The Audit Committee had reviewed the financial control, internal control and risk management systems of the Company for the Year. It considered the internal control system effective and adequate as they allowed the Board to monitor the Group's overall financial position and to provide reasonable assurance that assets are safeguarded against unauthorized use or material financial misstatement; transactions were executed in accordance with management's authorization; and the accounting records were reliable for preparing financial information used within the business or for publication and reflecting accountability for assets and liabilities. Further reviews will be conducted on the request of any Audit Committee member, the Group Financial Controller, Company Secretary, or any Director.

The Audit Committee considered that the careful management of risk as a key management activity and concluded that the business risks, which could be strategic, operational, reputation-related or financial, should be understood and visible. The Board acknowledges the areas of concern and would devote to in-depth study with senior management in each situation about the level of acceptable risk and controls.

The Audit Committee and the Board considered that the Company had complied with the code provisions on internal control during the Year, and the internal control system is effective and adequate, as

- a framework of prudent and effective control has been established to enable risks to be identified, evaluated and managed; and
- periodic review of the system of the internal control is carried out by the Audit Committee to ensure the effectiveness of such control.

### 內部監控 (續)

#### 工作範疇 (續)

為確保審核委員會獲得足夠資源，財務及內部監控、風險管理系統之資料及評估已送交審核委員會成員。年內，本集團內部監控程序已由委員會成員批閱。

#### 審核委員會之審閱

審核委員會已審閱本公司本年度之財務監控、內部監控及風險管理系統。審核委員會認為內部監控系統屬有效及足以讓董事會監察本集團之整體財務狀況及可合理確定資產不會被未授權使用或虛報重大財務資料；交易乃根據管理層之授權簽立；及會計記錄能可靠地編製供業務內使用或作刊發之財務資料，並反映資產及負債之可表述性。在任何審核委員會成員、集團財務總監、公司秘書或任何董事要求之情況下，可進行額外審閱。

審核委員會認為審慎之風險管理為主要管理活動，並認為業務風險，可能涉及策略、營運、聲譽或財務，須為明確及清晰。董事會明瞭所關注之範圍，並與高級管理層致力對各項情況之可承受風險水平及監控進行深入研究。

審核委員會及董事會認為本公司已於年內遵守內部監控之守則條文，而內部監控系統為足夠且有效，因為：

- 已設立審慎且有效監控之架構，以確保能識別、評估及管理風險；及
- 審核委員會定期審閱內部監控系統，以確保有關監控之有效性。

## Corporate Governance Report

## 企業管治報告書

### INTERNAL CONTROL (cont'd)

#### Internal Audit Function

The Company has established an Internal Audit function with the key tasks as below:

- to review all aspects of the Group's activities and internal controls with unrestricted right of access and direct access to any level of management as considered necessary;
- to conduct comprehensive audits of the practices and procedures, incomes and expenditures, and internal controls of all business units of the Group on a regular basis; and
- to conduct special reviews and investigations of areas of concern identified by management for corrective actions.

### SHAREHOLDERS' RIGHTS

The Company is committed to safeguard the shareholders' and the Company's interests as a whole and encourages shareholders to attend general meetings of the shareholders to participate in the important decisions of the Company for which the shareholders' approval is required under the Listing Rules and the Companies Ordinance. The Company regards general meetings of the shareholders as an important event as it provides an important opportunity for direct communication between the Board and the shareholders. The Directors, including the INEDs were available to answer questions at the annual general meeting held in May 2009. The Chairman of the Audit Committee and Remuneration Committee, the Independent Auditors and the Chairman of the independent board committee were also available at the general meetings to address the shareholders' queries.

During the Year, an important amendment of the Listing Rules is the implementation of poll voting in lieu of show of hands at all general meetings of a listed company. It is believed that the voting by poll can fully reflect the proprietary rights and interests of the shareholders and is a fairer method of determination on business matters by the shareholders than voting on a show of hands at the general meetings. Furthermore, in compliance with the new requirement under the Listing Rules, notice of the annual general meeting, together with the annual report and circular, was sent to the shareholders more than 20 clear business days before the meeting to allow more time for the shareholders to digest information in the annual report and circular, and to consider whether joining the meeting or not.

### 內部監控 (續)

#### 內部稽核職能

本公司已制訂之內部稽核職能主要工作如下：

- 檢討本集團各方面之活動及內部監控，及在認為必須之情況下具備無限制及直接接觸任何管理階層之權利；
- 定期對本集團之所有業務單位進行全面之常規及程序、收支及內部監控審核；及
- 就管理層認定之範疇進行特殊檢討及調查，以作出修正行動。

### 股東權利

本公司銳意保障股東及本公司之整體利益，並鼓勵彼等出席股東大會，以參與上市規則及公司條例要求股東批准之重要決策。鑑於股東大會為董事會與股東直接溝通之主要機會，故本公司視股東大會為一項重要事項。董事（包括獨立非執行董事）均已出席二零零九年五月舉行之股東週年大會並回答提問。審核委員會和薪酬委員會主席、獨立核數師及獨立董事委員會主席亦已出席股東大會並解答股東提問。

年內，一項上市規則之重要修訂為於上市公司之所有股東大會上，實行以投票方式表決以代替舉手方式表決。以投票方式表決相信能全面反映股東之財產權益，且於股東大會上作為股東決定業務之辦法，將較舉手方式表決更為公平。再者，以符合上市規則之新規定，召開股東週年大會之通告，連同年報及通函，已在開會前超過二十個營業日發送予股東，以讓股東有更多時間消化年報及通函之資料，及考慮是否參與會議。

## Corporate Governance Report

## 企業管治報告書

### SHAREHOLDERS' RIGHTS (cont'd)

To comply with the new requirement, the Chairman of the Board, when acting as the Chairman of the annual general meeting held on 27th May, 2009, took the initiative to demand for a poll at the commencement of the meeting and explained the detailed procedures for conducting a poll to the shareholders. All resolutions were put to vote and passed by poll under the scrutiny of the independent share registrar. The poll results were made public by means of a public announcement which was uploaded to the websites of the Company and the Stock Exchange.

Statutory announcements, financial and other information of the Group are made available on the Company's website, which is regularly updated.

Shareholders may put their enquires to the Board and also put forward proposals at general meetings by way of a written notice addressed to the Company Secretary at the registered office of the Company.

### INVESTOR RELATIONS

Accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with the shareholders, including institutional investors, is crucial. The Company considers good investor relations as a key part of its operations and continues to promote investor relations and enhances communications with the investors.

The Company maintains a corporate website ([www.chicheung.com](http://www.chicheung.com)) to make the corporate information available on the internet to facilitate its communication with shareholders and to provide important information to the investing public on corporate governance structure, policies and systems, profiles of the Directors and senior management as well as terms of reference of Board committees.

The Company welcomes suggestions from investors and shareholders, and invites them to share their views and suggestions by contacting the investor relations team at [investor.relations@chineseestates.com](mailto:investor.relations@chineseestates.com).

### CONCLUSION

The Company believes that corporate governance principles and practices are essential to the business communities. Ongoing effort will be put to review its corporate governance practices from time to time so as to accommodate the changing circumstances. The Company will try its best to maintain, strengthen and improve the standard and quality of its corporate governance.

In conclusion, the Board considered that the Company had applied the principles of the CG Code and complied with the code provisions and certain recommended best practices set out in the CG Code throughout the Year.

### 股東權利 (續)

為符合該新規定，董事會主席，當擔任二零零九年五月二十七日舉行之股東週年大會之主席時，於會議開始時主動要求以投票方式表決，並向股東解釋進行投票表決之詳細程序。在獨立股份過戶登記處之監察下，所有議案交大會以投票方式表決及通過。投票方式表決之結果以公布之方式，在本公司及聯交所之網頁上載公開。

本集團之法定公布、財務及其他資料可於本公司網頁瀏覽，並定期更新。

股東可向董事會作出提問，並以書面通知方式致本公司註冊辦事處向公司秘書提交於股東大會提呈之建議。

### 投資者關係

問責制及透明度乃確保良好企業管治之不二法門。就此，與股東（包括機構投資者）定時溝通更屬不可或缺之部份。本公司認為良好投資者關係乃其運作之主要部份，並持續推廣投資者關係及加強與投資者之溝通。

本公司設有公司網頁([www.chicheung.com](http://www.chicheung.com))，使股東可透過互聯網取得公司資料，加強與股東之溝通，並提供重要資料予公眾投資者了解企業管治架構、政策及制度、董事及高級管理層簡介，以及董事委員會之職權範圍。

本公司歡迎投資者及股東提出意見，並誠邀彼等聯絡投資者關係部，分享彼等之意見及建議。投資者關係部之電郵為 [investor.relations@chineseestates.com](mailto:investor.relations@chineseestates.com)。

### 總結

本公司相信企業管治原則及常規對商業社會而言至關重要，故本公司亦將持續不時檢討其企業管治常規，以符合環境上之轉變。本公司將致力維持、加強及改善其企業管治標準及質素。

總括而言，董事會認為本公司於全年內已應用企管守則，並遵守載於企管守則內之守則條文及若干建議最佳常規。