

Corporate Governance 公司管治

The Group is committed to maintain a high standard of corporate governance practices. The principles of good corporate governance practices emphasise transparency and accountability to all shareholders, effective Board for leadership and control of the Company, and high standards of business ethics and integrity in all activities. Throughout the year, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices as stated in Appendix 14 of the Rules Governing the Listing of Securities (“the Listing Rules”) on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). The Board continues to review its practices from time to time with an aim to improve the Group’s corporate governance practices so as to meet international best practice.

本集團矢志維持高質素之公司管治，基本原則包括為所有股東提供具有高透明度及問責性之資料、確保董事局有效地領導本公司及監控其運作、以及在所有營運範疇保持高尚的業務操守和誠信。年內，本公司一直遵守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》所載之守則條文之規定。董事局經常審閱本公司之公司管治常規，務求不斷改進，與國際性之最佳常規看齊。

The following chart illustrates the composition of the Board of the Company as well as its corporate governance structure:

下表列出本公司之董事局成員架構及公司管治架構：



* Independent Non-Executive Director 獨立非執行董事
Non-Executive Director 非執行董事

Board of Directors

The Board of Directors currently comprises ten persons, consisting of four Executive Directors, namely, Mr. Ronnie C. Chan, Mr. Nelson W.L. Yuen, Mr. Wilfred S.L. Ho and Mr. Terry S. Ng, one Non-Executive Director, namely, Mr. Gerald L. Chan, and five Independent Non-Executive Directors, namely, Ms. Laura L.Y. Chen, Mr. H.K. Cheng, Mr. Simon S.O. Ip, Mr. York Liao and Mr. S.S. Yin. Mr. Gerald Chan is the brother of Mr. Ronnie C. Chan. The Independent Non-Executive Directors possess appropriate academic and professional qualifications or related financial management expertise and have brought a wide range of business and financial experience to the Board.

Regular Board Meetings are held at least four times a year which include two full Board Meetings to approve interim and final results and to propose interim and final dividends. It is also held as and when necessary to discuss significant transactions, including issuance of debt securities, material acquisitions and disposals, and connected transactions, if any. All Directors are given an opportunity to include matters in the agenda for Board Meetings. There were four meetings of the Board of Directors in 2004/05 and the average attendance rate was 77.5%.

All the Directors have access to timely information in relation to the Company's business and make further enquiries where necessary. Procedure has been agreed by the Board to enable Directors to seek independent professional advice at the Company's expense. The Directors are responsible for ensuring continuity of leadership, development of sound business strategies, availability of adequate capital and managerial resources to implement the business strategies adopted, adequacy of systems of financial and internal controls and conduct of business in conformity with applicable laws and regulations. They acknowledge their responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Board is also responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory requirements.

Every newly appointed Director will meet with other fellow Directors and members of senior management, and receive a comprehensive, formal and tailored induction on the first occasion of his appointment, so as 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 Listing Rules and other regulatory

董事局

董事局現有十名成員，包括四名執行董事（分別為陳啟宗先生、袁偉良先生、何世良先生及吳士元先生）、一名非執行董事（陳樂宗先生）及五名獨立非執行董事（分別為陳樂怡女士、鄭漢鈞先生、葉錫安先生、廖約克先生及殷尚賢先生）。陳樂宗先生乃陳啟宗先生之胞弟。各獨立非執行董事均具備適當之學術及專業資格或相關之財務管理專才，並以其豐富的商務及財務經驗為董事局作出貢獻。

董事局每年定期舉行最少四次會議，其中包括兩次全體會議以審批中期業績和末期業績以及擬定中期股息和末期股息金額，並於有需要時開會商議各類重大交易，包括發行債券、重大收購及出售，以及關連交易（如有）。全體董事皆有機會提出商討事項列入董事會會議議程。董事局於二零零四/零五年度內舉行了四次會議，其平均出席率為百分之七十七點五。

所有董事均可取得有關本公司業務之最新資料，於有需要時可作出進一步查詢。董事局並同意，董事可尋求獨立專業意見，費用由本公司支付。董事負責確保領導層之連續性；設定卓越之業務策略；確保資金和管理資源足以應付業務策略之推行；並確保財務及內部監控制度健全；業務運作符合適用之法律及規例。彼等對本公司以持續營運為基準所編製的財務報表承擔責任，並於有需要時為財務報表作出合理的假設和保留聲明。董事局並負責按上市規則及其他法定規則之要求，在年報、中期報告、涉及股價敏感事宜之公告及其他披露資料之文件內，作出持平、清晰及容易理解之評述。

每位新委任之董事在首次接受委任時均會獲安排與其他董事和高級管理層成員會面，並會獲得全面、正式兼特為其而設的就任須知，藉此確保該董事妥善理解本公司之業務運作，以及完全清楚其本人按照法則及普通法、上市規則及其他法定規則所應負之責任。遵照本公司之組織章程細則，新委任之董事須於應屆股東週年大會獲股東

requirements. In accordance with the Company's Articles of Association, new appointments to the Board are subject to re-election by shareholders at the upcoming Annual General Meeting ("AGM"). Besides, one-third of the Directors will retire from office by rotation for re-election by shareholders at the AGM and every Director is subject to retirement by rotation at least once every three years.

The Executive Directors do not have any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation). Non-Executive Director and Independent Non-Executive Directors are appointed for specific terms, which coincide with their expected dates of retirement by rotation at least once every three years.

To further enhance accountability, any further appointment of an Independent Non-Executive Director who has served the Board for more than 9 years will be subject to a separate resolution to be approved by shareholders. The Company has received from each of its Independent Non-Executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and it still considers the Independent Non-Executive Directors to be independent.

The Company has arranged appropriate insurance cover on Directors' and Officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Chairman

The Chairman, Mr. Ronnie C. Chan, provides leadership for the Board. He is responsible for ensuring that Directors receive adequate information, which must be complete and reliable, in a timely manner and all Directors are properly briefed on issues arising at Board Meetings. He also ensures that:

- the Board works effectively and discharges its responsibilities;
- all key and appropriate issues are discussed by the Board in a timely manner;
- good corporate governance practices and procedures are established; and
- appropriate steps are taken to provide effective communication with shareholders and that views of shareholders are communicated to the Board as a whole.

He at least annually holds meetings with the Non-Executive Directors (including Independent Non-Executive Directors) without the Executive Directors present. He is primarily

重選方可連任。此外，董事人數三分之一須於股東週年大會輪值告退，而每位董事須最少每三年輪值告退，並須獲股東重選方可連任。

執行董事概無與本公司訂立於一年內倘終止則須作出賠償(法定賠償除外)之服務合約。非執行董事及獨立非執行董事之任職屆滿日期與彼等之預期輪值告退日期(最少每三年一次)一致。

為進一步提高問責性，凡服務董事局超過九年之獨立非執行董事，須獲股東以獨立決議案批准方可連任。本公司已接獲每位獨立非執行董事按上市規則第3.13條所提交有關其獨立性之年度確認書，而本公司認為所有獨立非執行董事均繼續保持其獨立性。

本公司已為董事和高級管理人員購買適當保險，保障彼等因履行職務有可能承擔之法律訴訟責任。

主席

主席陳啟宗先生為董事局之領導人。彼負責確保所有董事均可適時獲得足夠及完整可信之資料以及可就其在董事局會議所提出之問題獲清楚之解釋。彼亦確保：

- 董事局有效地運作及履行責任；
- 董事局適時商討所有重要問題；
- 公司已建立良好之管治常規和程序；及
- 公司已採取適當步驟與股東有效地溝通，而股東之意見已獲董事局充分知悉。

主席最少每年一次與非執行董事(包括獨立非執行董事)會面，執行董事不會列席。彼主要負責為每次董事局會議定出議程，並須考慮把其他董

responsible for drawing up and approving the agenda for each Board Meeting taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda, or delegate such responsibility to the Company Secretary.

He will encourage all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Company. He will facilitate the effective contributions of Non-Executive Directors in particular and ensure constructive relations between Executive and Non-Executive Directors.

Managing Director (Chief Executive Officer)

The Managing Director, Mr. Nelson W.L. Yuen, is the Chief Executive Officer of the Company. The roles of the Managing Director are separate from those of the Chairman.

The Managing Director is responsible for operating the business of the Company and implementing policies and strategies adopted by the Board of Directors. He is in charge of the Company's day to day management in accordance with the instructions issued by the Board, and is a member of the Executive Committee of the Company. He is responsible for developing strategic operating plans that reflect the objectives and priorities established by the Board and maintaining the operational performance. He also ensures adequacy of systems of financial and internal control and conduct of business in conformity with applicable laws and regulations.

The Managing Director chairs the monthly meetings of the Company's various operational divisions. He formulates, for the Board's approval, the management organisation and internal rules of the Company and will recommend the appointment and dismissal of senior executives.

Executive Committee

The Executive Committee of the Board of Directors of the Company was formed in 1989. Its members are all the Executive Directors of the Company, namely, Mr. Ronnie C. Chan, Mr. Nelson W.L. Yuen, Mr. Wilfred S.L. Ho and Mr. Terry S. Ng, who meet regularly at least once a week to establish the strategic direction of the Company, and to monitor the performance of management. Each of the Committee members has full understanding on determining which issues require a decision of the full Board and which can be delegated by the Board to the Committee or management.

事提出之任何事宜列入議程(如適當)。彼亦可把此責任交由公司秘書執行。

彼須鼓勵所有董事全面地及積極地為本公司之事務作出貢獻，並須以身作則，確保董事局之決定符合本公司之最佳利益。彼須務求非執行董事對董事局能作出實質之貢獻，並確保執行董事與非執行董事保持有建設性之關係。

董事總經理(行政總裁)

董事總經理袁偉良先生乃本公司之行政總裁。董事總經理與主席肩負不同職責。

董事總經理負責本公司之整體業務運作，並執行董事局所採納之政策和策略。彼乃本公司執行委員會之成員，按董事局指示管理本公司之日常業務。彼就董事局所設定之目標和優先次序制定策略性業務計劃，並致力保持本公司之業務表現。彼亦須確保本公司之財務和內部監控機制以及業務運作，均充分符合適用法規之規定。

董事總經理負責主持本公司每月舉行之部門營運會議，制定本公司之管理架構及內部守則供董事局審批，並就高級行政人員之委任及辭退向董事局作出建議。

執行委員會

本公司之董事局執行委員會乃於一九八九年成立，現有成員包括全部執行董事，分別為陳啟宗先生、袁偉良先生、何世良先生及吳士元先生。彼等每週定期舉行最少一次會議，藉以制定本公司之策略性方向及監察管理層之表現。每位委員會成員均完全清楚那些事項須交由董事局全體決定、那些事項可交由委員會或管理層負責。

Audit Committee

An Audit Committee was established by the Board in 1999, which comprises four Independent Non-Executive Directors, namely, Mr. Simon S.O. Ip (Chairman of the Committee), Ms. Laura L.Y. Chen, Mr. H.K. Cheng and Mr. York Liao, with appropriate academic and professional qualifications or related financial management expertise. Meetings are held at least two to three times a year and are attended by external and internal auditors, Finance Director and Company Secretary for the purpose of discussing the nature and scope of audit work and assessing the group's internal controls. Separate meetings will also be held with external auditor (in the absence of management) as and when required. The Audit Committee held two meetings in 2004/05 to review, inter alia, the Group's financial statements and internal controls and to recommend to the Board the appointment of external auditor. The average attendance rate was 62.5%.

The main duties of the Committee include the following, and its terms of reference are accessible via the Company's website and also available on request:

- (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- (b) review of financial information of the Company; and
- (c) oversight of the Company's financial reporting system and internal control procedures.

The Committee is authorised by the Board to investigate any activity within its terms of reference; to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee; to obtain outside legal or other independent professional advice; and to secure the attendance of outsiders with relevant experience and expertise if necessary.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee was set up in 2003, constituted by four Independent Non-Executive Directors, namely Mr. H.K. Cheng (Chairman of the Committee), Ms. Laura L.Y. Chen, Mr. Simon S.O. Ip and Mr. York Liao. Regular meetings were held to review human resource issues, including significant Group-wide changes in salary structure and terms and conditions affecting Directors and senior management. The Committee held two meetings

審核委員會

審核委員會乃於一九九九年由董事局設立，其成員包括四名獨立非執行董事，分別為葉錫安先生（委員會主席）、陳樂怡女士、鄭漢鈞先生及廖約克先生。彼等均具備適當之學術及專業資格或相關之財務管理專才。審核委員會每年舉行最少兩至三次會議，與會者包括外聘核數師及內部審計師、財務董事及公司秘書，以討論核數工作之形式及範疇以及評核集團之內部監控。審核委員會於有需要時會與外聘核數師另行開會（管理層並不列席）。於二零零四/零五年度內，委員會舉行了兩次會議，以審閱（其中包括）本集團之財務報表及內部監控，並向董事局建議外聘核數師之委任；其平均出席率為百分之六十二點五。

委員會之主要職權範圍包括下列各項，而其職權指引可登上本公司之網頁查閱及可供索覽：

- (甲) 向董事局建議有關外聘核數師之委任、重聘及撤換事宜；
- (乙) 審閱本公司之財務資料；及
- (丙) 監察本公司之財務匯報機制及內部監控程序。

審核委員會獲董事局授權，可調查其職權範圍內之任何事項；向任何僱員索取任何所需資料，而所有僱員均須就審核委員會之要求作出通力合作；向外界法律人士或其他獨立專業人士尋求意見；及於有需要時邀請具有相關經驗和專才之外界人士參與會議。

提名及薪酬委員會

提名及薪酬委員會乃於二零零三年設立，其成員包括四名獨立非執行董事，分別為鄭漢鈞先生（委員會主席）、陳樂怡女士、葉錫安先生及廖約克先生。該委員會定期舉行會議以審閱有關人力資源之議題，包括集團薪酬架構之重大改變及影響董事和高級管理人員之條款及條件之重大改變。於二零零四/零五年度內，委員會舉行了兩

in 2004/05 to review, inter alia, the composition of existing Board members and the Directors' remuneration. The average attendance rate was 75%.

Main duties of the Committee include the following, and its terms of reference are accessible via the Company's website and also available on request:

- (a) to review the structure, size and composition of the Board and the independence of Independent Non-Executive Directors; and
- (b) to make recommendations to the Board on the Company's policy 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.

The remuneration package of Directors and senior management is based on the skill, knowledge and involvement in the Group's affairs of each Director or senior management and is also determined with reference to the performance and profitability of the Group. Computation of discretionary bonus and the grant of share options to Directors and senior management are determined in accordance with their individual performance and achievement of business targets. The Committee obtains benchmark reports from internal and external sources for evaluation of market trends and the competitive levels of remuneration being offered to Directors and senior management. The Committee will consult the Chairman and the Chief Executive Officer about their proposals relating to the remuneration of other Executive Directors and have access to professional advice if considered necessary.

Company Secretary

All Directors have access to the advice and services of the Company Secretary, Mr. Robin S.W. Ching, who is responsible to the Board for ensuring that procedures are followed and that all applicable laws and regulations are complied with. The Company Secretary is also a source of advice to the Chairman and to the Board on Corporate Governance and the implementation of the Code on Corporate Governance Practices. Draft and final versions of minutes of Board Meetings and meetings of Board committees are sent to all Directors or committee members respectively for their comments and record. All minutes of Board Meetings and meetings of Board committees are kept by him and are open for inspection by any Director.

次會議，以審閱(其中包括)董事局現時之成員架構及董事酬金；其平均出席率為百分之七十五。

委員會之主要職權範圍包括下列各項，而其職權指引可登上本公司之網頁查閱及可供索覽：

- (甲) 定期審閱董事局之架構、人數及成員，以及評估獨立非執行董事之獨立性；及
- (乙) 就本公司有關董事和高級管理人員之酬金政策及架構，以及有關政策須制定之正式及具透明度之程序，向董事局提出建議。

董事和高級管理人員之酬金待遇，乃以每名董事或高級管理人員之技能、知識及對本集團事務之參與程度為本，並參考本集團之表現及盈利而作出決定。董事和高級管理人員所獲之酌定花紅及股份期權，乃按彼等之個人表現及達成之業務目標而計算。委員會從內部及外界取得指標報告，以評估董事和高級管理人員酬金之有關市場趨勢及競爭水平。委員會可諮詢主席及行政總裁其對其他執行董事酬金之意見，並可在有需要時徵詢專業意見。

公司秘書

公司秘書程式榮先生負責向董事局確保本公司依循程序及遵守適用法律及規例，所有董事均可獲取公司秘書之意見及服務。公司秘書亦就公司管治情況及《企業管治常規守則》之施行事宜向主席及董事局提供意見。董事局及各委員會之會議記錄初本，由公司秘書分別交予全體董事或各委員會成員供彼等置評，而會議記錄定本則分別交予彼等留檔。公司秘書負責保存董事局及各委員會所有會議記錄，任何董事均可查閱。

Qualified Accountant

The Group has employed a qualified accountant, Ms. Estella Y.K. Ng, on a full time-basis. Being an Associate Member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Secretaries and Administrators and a Fellow Member of the Chartered Association of Certified Accountants, the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants, she is Assistant Director – Finance of the Group since 2003. She is responsible for oversight of the financial reporting procedures and internal controls of the Company and its subsidiaries and compliance with the requirements under the Listing Rules with regard to financial reporting and other accounting-related issues.

Senior Management

Senior management, comprising assistant directors and senior managers, is responsible for the day-to-day operations and administration function of the Group under the leadership of the Executive Directors. The Board has given clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company. The types of decisions to be delegated by the Board to management include implementation of the strategy and direction determined by the Board, operation of the Group's businesses, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations. Management has supplied the Board and its Committees with adequate information and explanation so as to enable them to make an informed assessment of the financial and other information put before the Board and its Committees for approval. The Board and each Director have separate and independent access to the senior management. These arrangements will be reviewed periodically to ensure that they remain appropriate to the needs of the Company.

Accountability and Internal Audit

The Company's accounts are prepared in accordance with the Listing Rules, Companies Ordinance and also the accounting principles and practices generally accepted in Hong Kong. Appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable. The Directors endeavour to ensure a balanced and understandable assessment of the Company's position and prospects in financial reporting.

合資格會計師

本集團之合資格會計師伍綺琴女士為本集團全職服務。彼乃英格蘭及威爾斯特許會計師公會會員、特許秘書及行政人員公會會員、特許公認會計師公會資深會員、香港會計師公會資深會員、以及美國會計師協會會員。彼自二零零三年起出任本集團助理董事－財務，負責統籌本公司及其附屬公司之財務匯報程序及內部監控，並確保財務報告及其他會計相關事宜符合上市規則之規定。

高級管理人員

高級管理人員包括各助理董事及高級經理，彼等在執行董事領導下負責本集團之日常運作及行政管理。董事局已給予高級管理人員清晰指引，明確界定那些事項須先獲董事局批准，高級管理人員方可代表本公司作出決定。董事局授權高級管理人員可作出決定之事項包括執行董事局決定之策略和方針、本集團之業務運作、準備財務報表及營運預算案、以及遵守適用之法律和法規。高級管理人員須為董事局及其委員會提供足夠資料和解釋，讓董事局及其委員會於作出決定前能充分掌握有關之財務及其他資料。而董事局及每位董事均可個別地聯絡高級管理人員。本公司會定期審閱此等安排，確保其適合本公司之所需。

問責及內部審計

本公司之賬項乃按照上市規則、公司條例及香港公認會計原則及守則之規定而編製，並貫徹採用合適之會計政策及作出審慎及合理之判斷和估計。董事於財務報告內致力確保就本公司之狀況和前景所作出之評估乃持平及容易理解。

The Internal Auditor, who is independent of the Company's daily operations and accounting functions, reports directly to the Audit Committee and the Managing Director on a regular basis. He has unlimited access to review all aspects of activities and internal controls of the Company, and regularly conducts audits of the practices, procedures, expenditures and internal controls.

Internal Control

Internal control systems have been designed to allow the Directors to monitor the Group's overall financial position, safeguard its assets against loss and misappropriation, to provide reasonable assurance against fraud and errors, and to manage the risk in failing to achieve the Group's objectives.

There is a well defined specific limit of authority governing activities of the Executive Committee, Directors and executives. Annual and mid-year budgets are prepared and are subject to Directors' approval before being adopted. Directors monitor the business activities closely and review monthly financial results of operations against budgets. The Company from time to time updates and improves the internal controls, and has recently issued an updated Internal Control and Authority Limit Guide to all executives.

The Company takes extreme precautionary measures in the handling of price sensitive information. Such information is restricted to a need-to-know basis.

The Company maintains an internal audit department which is independent of the Company's daily operation and accounting functions. The Internal Auditor reports directly to the Audit Committee. To enhance the comprehensiveness and effectiveness of the internal audit function, the Audit Committee commissioned the external auditors to jointly design an internal audit programme based on risk assessment methodology with the Internal Auditor in 2003, and such programme had been adopted by the Audit Committee and reviewed annually. On a monthly basis, the Internal Auditor discusses with the management on his internal audit reviews and findings, and obtains management's responses on various issues where appropriate. Internal audit reports are prepared for the Audit Committee every quarter.

內部審計師並不介入本公司之日常運作及會計職務，直接向審核委員會及董事總經理定期作出匯報。彼可審閱本集團所有業務操作及內部監控資料而不受規限，並定期審計各項常規、程序、開支及內部監控制度。

內部監控

設立內部監控制度，是為了讓董事監察本集團之整體財務狀況、防止資產受損或被挪用、就欺詐及錯失作出合理預防措施、以及因無法達成本集團之目標而可能帶來之風險作出管理。

本集團對執行委員會、董事及行政人員之活動設有明確之特定權限。年度及中期預算案編製後，均須先獲董事批准方可採納。董事密切監察各項業務，並審閱每月之財務業績及與預算作出比較。本公司不時更新及改善內部監控，並剛於最近向所有行政人員發出「內部監控及權限指引」。

本公司採取極審慎的預防措施處理股價敏感資料。此等資料僅為須知人士所悉。

本公司設有內部審計部，後者獨立於本公司之日常運作及會計職務。內部審計師直接向審核委員會作出匯報。為提升內部審計功能之全面性和效益，審核委員會於二零零三年委託外聘核數師，由彼與內部審計師共同根據風險評估方法設定內部審計計劃。審核委員會已採納該計劃，並每年均作出審閱。內部審計師每月與管理層商討其內部審計工作及結果，而管理層會就各項有關事宜作出適當之回應。內部審計師每季均向審核委員會提交報告。

Formal meetings are held at least every six months between the Internal Auditor and the Audit Committee to discuss internal audit issues. During Audit Committee meetings, the Audit Committee also enquires on financial and internal control matters with the external auditors. The Audit Committee has the authority to have direct discussion with external auditors in the absence of management if deemed necessary.

The Directors acknowledge that it is their responsibility to maintain effective risk management and internal control systems and to review them at least twice a year. The Directors manage risks by strategic planning, appointment of appropriately qualified and experienced personnel at senior management positions, monitoring the Group's performance regularly, maintaining effective control over capital expenditure and investments, and setting a high standard of Code of Conduct for employees to follow.

The Directors conducted a review covering all material controls, including financial, operational and compliance controls and risk management functions of the Company and its subsidiaries for the fiscal year ended 30 June 2005; and were satisfied that an effective and adequate internal control system had been in operation. The Directors came to such conclusion based on their clearly set company policies and procedures, specific limits of authority, budgetary controls, regular monitoring of performance and the reports from the Internal Auditor.

The Directors confirm that there have been no major changes in the nature and extent of significant risks faced by the Company from the previous financial year, and the Company has the ability to respond to any such changes in its business and the external environment. Furthermore, there were no significant internal control problems encountered during the year. The Directors closely monitor the Company's system of internal control, and receive further assurance from the Audit Committee that the internal audit function has been functioning effectively. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices in respect of maintaining an effective internal control system.

內部審計師與審核委員會最少每六個月舉行一次正式會議，商討內部審計事宜。審核委員會舉行會議時，亦會向外聘核數師查詢其對本公司財務及內部監控事宜之意見。倘有需要，審核委員會有權與外聘核數師直接商討，管理層不會列席。

董事明白彼等有責任維持有效的風險管理及內部監控制度，並須每年最少審閱有關制度兩次。董事管理風險的方法包括作出策略性規劃、委任資格合適及經驗豐富的人士擔任高級管理人員、定期監察本集團之表現、對資本支出及投資保持有效的監控，以及制定嚴謹的操守守則供員工依從。

截至二零零五年六月三十日止之財政年度內，董事已就本公司及其附屬公司之所有監控機制作出審閱，範圍涵蓋財務、業務及遵例監控、以及風險管理功能，對運作中的內部監控機制的成效和足夠程度感到滿意。董事作出此項結論，乃基於公司已清楚列明有關政策和程序，並已設定權限、監控財政預算及定期監察集團之表現，而董事亦已參考內部審計師之報告。

董事確定，與去年比較，本公司所面對的主要風險，在性質上和程度上均無重大變化；本公司有能力應付其營商環境及外部環境之任何相關變化。此外，本公司年內並無遇到有關內部監控的重大問題。董事持續地緊密監察本公司的內部監控機制，並獲審核委員會進一步證實，內部監控機制正有效地運作。本公司完全遵守《企業管治常規守則》守則條文所載有關維持有效的內部監控制度的規定。

Auditors' Remuneration

KPMG have been re-appointed as the Company's external auditor by shareholders at the 2004 AGM until the conclusion of the next AGM. They are primarily responsible for providing audit services in connection with the annual consolidated financial statements.

During the year, the total remuneration in respect of statutory audit services provided by the external auditors amounted to HK\$6.8million. They also provided taxation services and advisory services to the Group to the value of HK\$2.1million.

Code of Conduct

The Company has adopted a corporate code of conduct since 1994 ("the Code of Conduct") which is updated from time to time, setting out clear guidelines for employees on matters such as:

- Prevention of Bribery Ordinance;
- solicitation, acceptance and offer of advantages;
- acceptable nature and frequency of entertainment;
- proper usage of proprietary information;
- handling of conflict of interest situations;
- proper usage of the Company's assets and resources;
- restriction on loans to and from business associates;
- personal conduct outside hours of work, including outside employment;
- guidelines on matters in relation to suppliers and contractors, customers and consumers;
- responsibilities to shareholders and the financial community;
- employment practices; and
- transactions in the Company's shares.

The guidelines regarding "transactions in the Company's shares" contain securities transactions by the Directors which have been adopted by the Company on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules ("the Code"). Specific enquiry has been made to all Directors who have confirmed that they have complied with the required standard set out in the Code and the Code of Conduct regarding Directors' securities transactions.

核數師酬金

二零零四年度之股東週年大會上，股東批准再度委任畢馬威會計師事務所為本公司之外聘核數師，直至下屆股東週年大會為止。彼等之主要責任乃就年度綜合財務報表提供核數服務。

年內，付予外聘核數師法定核數服務之總酬金為港幣六百八十萬元。彼等亦提供稅務服務及顧問服務予本集團，該等酬金合共為港幣二百一十萬元。

操守守則

本公司自一九九四年起採納企業操守守則（「操守守則」），並不時更新，為員工列出包括下列事宜之清晰指引：

- 防止賄賂條例；
- 索取、收受及提供利益；
- 可接受之款宴性質及次數；
- 正確使用專利資料；
- 處理利益衝突；
- 正確使用本公司之資產及資源；
- 業務伙伴借貸往來之限制；
- 於辦公時間以外之個人操守，包括兼職事宜；
- 與供應商、承辦商、客戶及消費者之關係之操守守則指引；
- 對股東和財經界之責任；
- 僱傭常規；及
- 買賣本公司之股份。

有關「買賣本公司之股份」之指引，載有本公司已採納的一套不低於上市規則附錄十所載之《標準守則》（「守則」）所規定的董事買賣證券標準的行為守則。本公司並向所有董事作出特定查詢，彼等確認已遵守守則及操守守則所規定的標準。

Interests of Directors and Senior Management

Details of Directors' interests in shares of the Company and its listed subsidiary, Hang Lung Properties Limited ("HLPL") as at 30 June 2005 are as follows:-

董事及高級管理人員持有之權益

於二零零五年六月三十日，董事持有本公司及其上市附屬公司恒隆地產有限公司（「恒隆地產」）之股份權益之詳情如下：

Name of Directors 董事姓名	The Company 本公司	Hang Lung Properties Limited 恒隆地產有限公司			
		No. of Shares 股份數目	Share Options (No. of Shares) 股份期權 (股份數目)	No. of Ordinary Shares 普通股數目	Share Options (No. of Ordinary Shares) 股份期權 (普通股股份數目)
Ronnie C. Chan	陳啟宗	–	5,090,000	–	5,090,000
S.S. Yin	殷尚賢	–	–	–	–
Nelson W.L. Yuen	袁偉良	–	5,500,000	–	7,126,000
Gerald L. Chan	陳樂宗	–	–	–	–
Laura L.Y. Chen	陳樂怡	–	–	–	–
H.K. Cheng	鄭漢鈞	–	–	–	–
Wilfred S.L. Ho	何世良	–	2,638,000	–	3,239,000
Simon S.O. Ip	葉錫安	–	–	–	–
York Liao	廖約克	–	–	–	–
Terry S. Ng	吳士元	–	2,638,000	–	3,239,000

The share options held by other members of senior management as at 30 June 2005 totalled 4,143,000 shares, representing approximately 0.3% of the issued share capital of the Company. They also held share options of HLPL totalled 7,692,000 ordinary shares, representing approximately 0.2% of the issued ordinary share capital of that company.

於二零零五年六月三十日，其他高級管理人員合共持有四百一十四萬三千股本公司股份期權，約佔本公司已發行股本百分之零點三。彼等亦持有七百六十九萬二千股恒隆地產普通股之股份期權，約佔該公司已發行普通股股本百分之零點二。

Communication with Shareholders

The Company's AGM provides a good opportunity for communication between the Board and the Company's shareholders. Chairmen of the Board and Committees are normally present to answer queries raised by shareholders. External auditors also attend the AGM every year. Notice of the AGM and related papers are sent to shareholders at least 21 calendar days before the meeting and the said Notice is also published in at least one English newspaper and one Chinese newspaper, and on the Company's website. The Meeting is well attended by the shareholders.

股東溝通

本公司之股東週年大會為董事局與本公司之股東提供溝通良機。董事局及各委員會之主席一般均出席以解答股東提出之問題，而外聘核數師每年均會出席股東週年大會。股東週年大會通告及有關文件於大會舉行日期前最少二十一日寄予股東，而有關通告亦刊登於最少一份英文報章及一份中文報章，以及本公司之網頁。股東週年大會獲股東踴躍出席。

On the requisition of shareholders of the Company holding not less than 5% of the paid-up capital of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings of the Company, Directors of the Company shall forthwith proceed to convene an extraordinary general meeting of the Company.

Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary at the Company's registered address or by e-mail to the Company's website.

Shareholder Information

As at 30 June 2005, the number of shares of the Company which were in the hands of the public (i.e. other than those held by Cole Limited/Ms. Chan Tan Ching Fen, the substantial shareholder of the Company) was 834,686,162 (62.8% of total issued share capital), with market capitalisation of HK\$11,518.7 million.

Details of holders of shares by domicile as at 30 June 2005 are as follows:

Domicile	所屬地	Shareholders 股東		Shareholdings 持股量	
		No. 人數	% 百分率	No. of Shares 股份數目	% 百分率
Hong Kong	香港	3,593	98.0	952,041,788	71.7
China	中國	1	0.0	40,000	0.0
Macau	澳門	14	0.4	3,064,950	0.2
Taiwan	台灣	1	0.0	1,874	0.0
Australia & New Zealand	澳洲及新西蘭	8	0.2	53,600	0.0
British Virgin Islands	英屬維爾京群島	3	0.1	32,925,000	2.5
Canada & USA	加拿大及美國	23	0.6	206,275	0.0
The United Kingdom	英國	14	0.4	339,079,363	25.5
Other	其他	12	0.3	736,892	0.1
Total	總計	3,669	100.0	1,328,149,742	100.0

倘持有不少於本公司百分之五已繳股本之股東提出要求(彼於提出要求當日擁有上述持股量及在本公司之股東大會上有相等之投票權),本公司董事須就此舉行股東特別大會。

倘股東有特別查詢或建議,可書面寄予本公司之註冊地址或電郵至本公司之網頁,致董事局或公司秘書。

股東資料

於二零零五年六月三十日,公眾(即本公司之主要股東Cole Limited/陳譚慶芬女士以外之本公司股東)持有八億三千四百六十八萬六千一百六十二股本公司股份,佔本公司已發行股本百分之六十二點八,市值為港幣一百一十五億一千八百七十萬元。

於二零零五年六月三十日之股東所屬地詳情如下:

Details of holders of shares by holding range as at 30 June 2005 are as follows:

於二零零五年六月三十日之股東持股量組別詳情如下：

Analysis of Share Ownership by Holding Range
按股東持股量組別之分析

		Shareholders* 股東*		Shareholdings* 持股量*	
		No. 人數	% 百分率	No. of Shares (‘000) 股份數目 (千)	% 百分率
1 – 5,000 shares	1 – 5,000股	1,923	52.4	4,667	0.4
5,001 – 10,000 shares	5,001 – 10,000股	705	19.2	6,035	0.5
10,001 – 100,000 shares	10,001 – 100,000股	948	25.9	26,496	2.0
100,001 – 1,000,000 shares	100,001 – 1,000,000股	77	2.1	18,102	1.3
1,000,001 – 50,000,000 shares	1,000,001 – 50,000,000股	12	0.3	137,278	10.3
Over 50,000,000 shares	50,000,000股以上	4	0.1	1,135,572	85.5
Total	總計	3,669	100.0	1,328,150	100.0

* incorporating in their respective shareholdings range, 387 participants of Central Clearing and Settlement System (“CCASS”) holding a total of 666,640,934 shares registered in the name of HKSCC Nominees Limited.

* 包括三百八十七名參與中央結算及交收系統(「中央結算系統」)之人士，彼等在所屬之持股量組別內，以香港中央結算代理人有限公司名義登記持有合共六億六千六百六十四萬零九百三十四股。

Transparency and Disclosure

The Company is committed to disclose relevant information on its activities to its shareholders and investors through regular analysts’ briefings, press conferences and press releases, apart from the Company’s annual and interim reports. All inquiries and proposals received from shareholders, investors, media or the public are responded to by Executive Directors, Company Secretary or appropriate members of senior management.

Besides providing traditional financial data, the Company’s website includes the most updated information on the Company including properties available for sale and let, latest issued capital, updated substantial shareholders’ interests in shares, major corporate events and most frequently asked questions.

Investor Relations

The Company’s last AGM was held on 23 November 2004 at the registered office of the Company, and was attended by 79 shareholders present in person or by proxy. At the meeting, the shareholders adopted the financial statements, re-elected Directors, re-appointed auditors and renewed general mandate. They also

透明度及披露

本公司致力向股東和投資者披露其業務之相關資料，除透過本公司之年報及中期報告外，亦定期與分析員會面、舉行記者會及發放新聞稿等。股東、投資者、傳媒或公眾人士之所有查詢及建議，均由執行董事、公司秘書或適當之高級管理人員負責解答。

除提供財務等傳統資料外，本公司之網頁亦提供本公司其他最新資料，包括可供出售物業、租賃物業、最新之已發行股本、主要股東之股東權益、公司大事紀要及經常提問之問題等。

投資者關係

本公司去屆股東週年大會於二零零四年十一月二十三日在本公司之註冊辦事處舉行，合共有七十九位股東親身或委派代表出席。會上，股東採納了財務報表、通過董事及核數師之重選及連任、並再次給予一般授權令，同時亦批准本公司

approved some changes in the Company's articles of association, the purpose of which was to reflect some latest relevant amendments to Companies Ordinance and Listing Rules. All resolutions tabled at the AGM were voted on by poll, and the results of poll voting were posted on the Company's website in the evening on the same day and published in the following day's newspapers.

The Company will continue its practice of voting by poll on all resolutions to be proposed at the forthcoming and future AGMs.

The Board confirms that there are no changes proposed to the articles of association of the Company at the forthcoming AGM to be held on 8 November 2005. The important shareholders' dates for the coming financial year, which include the Board Meetings for the declaration of interim and final dividends for the year ending 30 June 2006 and the AGM, are expected to be similar to this year's timing at around end February/early March 2006, end August/early September 2006 and in November 2006 respectively.

修改組織章程細則之部分條文以配合公司條例和上市規則之最新相關修訂。所有於股東週年大會上提呈的決議案均以投票方式表決，投票表決結果於同日傍晚在本公司之網頁刊登，並於翌日在報章刊登。

本公司於來屆及未來之股東週年大會，將繼續以投票方式表決會上提呈的所有決議案。

董事局確定，將於二零零五年十一月八日舉行之來屆股東週年大會，不會提呈有關修改本公司之組織章程細則之決議案。下個財政年度與股東相關的重要日期，包括就宣布派發截至二零零六年六月三十日止年度之中期股息及末期股息而舉行的董事局會議的日期、以及股東週年大會日期，均會與本年度之有關日期相若，即分別約於二零零六年二月底/三月初、二零零六年八月底/九月初，以及二零零六年十一月舉行。