

## 企業管治

### 企業管治常規

本集團銳意建立高水平之企業管治，並遵循香港聯交所上市規則（「上市規則」）附錄十四《企業管治常規守則》（「該等守則」）載列之所有守則條文。

本報告乃遵照上市規則附錄二十三而編纂，並闡述本公司執行該等守則所載守則條文之情況。

### 董事之證券交易

本公司已採納一套董事進行證券交易之守則，其條款不遜於上市規則附錄十標準守則所規定之標準。經作出特定查詢後，本公司董事確認，彼等於二零零六年整個年度均已遵守標準守則。

## 董事會

### (1) 董事會

董事會負責領導及監控本公司，以促進其成效及持續增長。此外，董事會亦負責確保本公司有健全之風險管理、內部監控及監管遵規制度。董事共同及個別承擔摯誠行事之責任，並以本集團之利益作出客觀決定。董事會為本公司制定業務發展目標，並負責監察本公司管理層履行該等目標之情況。

### (2) 董事會之組成及會議

董事會由主席王守業先生、四位執行董事（包括行政總裁）、六位非執行董事及四位獨立非執行董事組成。董事之個人履歷載於第6頁至第10頁。

董事會會議每年最少召開四次，約每季一次，並在有需要時另外召開董事會會議。

## Corporate Governance

### Corporate governance practices

The Group is committed to high standards of corporate governance, and follows all of the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This report is issued in accordance with Appendix 23 of the Listing Rules, and explains how the Company applies the provisions set out in the Code.

### Directors’ securities transactions

The Company has adopted a code for directors’ securities transactions on terms no less exacting than the required standard set in the Model Code in Appendix 10 of the Listing Rules. Following specific enquiry, the Directors of the Company confirmed that they have complied with the Model Code throughout the year 2006.

## The Board of Directors

### (1) The Board

The Board is responsible for the leadership and control of the Company so as to promote its success and continued growth. The Board is also responsible for ensuring that the Company has sound systems of risk management, internal control and regulatory compliance. The Directors, collectively and individually, have a duty to act in good faith, and to take decisions objectively in the interests of the Group. The Board sets the business objectives for the Company, and monitors the execution of those objectives by the management of the Company.

### (2) Board composition and meetings

The Board is made up of the Chairman, Mr. David Shou-Yeh Wong, four executive directors including the Chief Executive, six non-executive directors, and four independent non-executive directors. Brief biographical details of the directors are set out on pages 6 to 10.

Board meetings are held at least four times each year at approximately quarterly intervals, and additional board meetings are held as necessary.

企業管治 (續)

董事會 (續)

(2) 董事會之組成及會議 (續)

下表列載各董事出席二零零六年召開之董事會會議之紀錄：

二零零六年董事會召開會議次數

獨立非執行董事

Peter Gibbs Birch  
史習陶  
孫大倫  
余國雄

非執行董事

鈴木邦雄  
周忠繼  
田中達郎 (於二零零六年八月二十九日獲委任)  
古川弘介  
周偉偉  
伍耀明

執行董事

王守業  
黃漢興  
安德生  
王伯凌  
麥曉德

平均出席率

定期召開之董事會會議通知已於最少十四天前發出，以便所有董事有機會安排出席。至於其他召開之所有董事會會議，亦預先有合理通知。董事可在不少於七天前以書面形式向公司秘書提出彼等擬列入董事會定期會議議程之商討事項。公司秘書或有關委員會之秘書備存董事會及董事委員會之會議紀錄，該等會議紀錄可在任何董事提出合理通知後在任何合理時間內供查閱。

Corporate Governance (Continued)

The Board of Directors (Continued)

(2) Board composition and meetings (Continued)

The following table sets out the attendance record of each director at the board meetings held in 2006:

Number of Board meetings in 2006

8

Independent Non-Executive Directors

Peter Gibbs Birch	6/8	75%
Robert Tsai-To Sze	7/8	88%
Tai-Lun Sun (Dennis Sun)	7/8	88%
Kwok-Hung Yue (Justin Yue)	6/8	75%

Non-Executive Directors

Kunio Suzuki	4/8	50%
Chung-Kai Chow	5/8	63%
Tatsuo Tanaka (appointed on 29/08/2006)	1/2	50%
Kosuke Furukawa	8/8	100%
John Wai-Wai Chow	6/8	75%
Yiu-Ming Ng	8/8	100%

Executive Directors

David Shou-Yeh Wong	7/8	88%
Hon-Hing Wong (Derek Wong)	7/8	88%
Roderick Stuart Anderson	7/8	88%
Gary Pak-Ling Wang	8/8	100%
Nicholas John Mayhew	8/8	100%

Average attendance rate

82%

Notice of at least 14 days is given of regular Board meetings to give all directors an opportunity to attend. For all other Board meetings, reasonable notice is given in advance. Directors may submit to the Company Secretary, in writing, and at least seven days in advance, matters that they would like to include in the agenda for regular Board meetings. Minutes of the Board and committees of the Board are kept by the Company Secretary or the secretary of the relevant committee, and are open for inspection at any reasonable time on reasonable notice by any director.

企業管治 (續)

董事會 (續)

(2) 董事會之組成及會議 (續)

董事於適當情況下，在合理提出要求後尋求獨立專業意見，相關費用由本公司支付。倘董事認為需要獨立意見，應首先將其要求知會公司秘書或行政總裁。該等要求不得無理被拒。公司秘書或行政總裁須盡力為其物色及委聘合適之專業顧問，相關費用由本公司支付。

獲委任填補臨時空缺之所有董事，須於其獲委任後之首次股東大會上由股東膺選。每名董事(包括有指定任期者)均須最少每三年輪值告退一次。

董事會已將管理本集團日常事務之職責交託予執行管理層，並將處理若干事宜之職責交予多個委員會(詳情載於以下各節)。惟以下事宜須經董事會全體成員共同審議，不得轉授予董事會轄下委員會或執行管理層。該等保留事宜包括：

- 涉及主要股東或任何董事有利益衝突之交易；
- 重大收購或出售事項(即涉及款額超過本公司當時資產淨值或市值(以較低者為準)之百分之十)；
- 重大投資或出售投資(惟日常就本集團剩餘資金調配而作出之正常投資或證券買賣則除外)；
- 本集團業務性質之任何重大變動；
- 委任新董事；
- 通過相關政策；及
- 通過年度預算。

本公司已為其董事購買合適之法律訴訟保險。

Corporate Governance (Continued)

The Board of Directors (Continued)

(2) Board composition and meetings (Continued)

Directors may, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expense. In circumstances where directors believe that independent advice is needed, they should approach the Company Secretary or the Chief Executive in the first instance with their request. No such request will be unreasonably denied, and the Company Secretary or the Chief Executive will endeavour to identify and engage an appropriate professional adviser at the expense of the Company.

All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Board has delegated the day-to-day responsibility of running the Group to the executive management, and has delegated responsibility for certain matters to a number of committees, which are described more fully in the following sections. There are a number of matters which require the deliberation of the full Board, and may not be delegated to the committees of the Board or the executive management. These reserved matters include:

- Transactions that a substantial shareholder or a director has a conflict of interest;
- Material acquisitions or disposals (i.e. an amount that exceeds 10% of the lower of the Company's net asset value or market capitalisation at the relevant time);
- Material investments or disposal of investments (except for normal investment or dealing in securities in the ordinary course of deploying the surplus funds of the Group);
- Any material change in the nature of the Group's business;
- Appointment of new directors;
- Approval of relevant policies; and
- Approval of annual budget.

The Company maintains appropriate insurance cover in respect of legal action against its directors.

## 企業管治 (續)

### 主席及行政總裁

本公司認為其企業管理包括兩個層面：董事會之管理及其業務之日常管理。董事會應清晰區分責任以確保權力及權限之平衡，而不致使任何個人擁有不受制約之決策權。因此，主席王守業先生與行政總裁黃漢興先生之角色及權責已予分開，並已通過董事會之審批。主席主要在董事會中擔當領導角色，以確保董事會有效運作及履行其責任，使所有關鍵及相關事宜得以獲董事會及時處理。行政總裁則負責本公司之日常管理，為本集團業務之利益指導業務方向及領導業務經營，提高股東價值及確保內部監控健全。

### 非執行董事

本公司有六位非執行董事及四位獨立非執行董事。各獨立非執行董事均已按上市規則第3.13條之規定向本公司確認其獨立性。

非執行董事乃按指定任期而獲委聘，惟可膺選連任。非執行董事之任期通常與彼等最少每三年一次之輪值告退預期時間一致。

非執行董事一如其他董事會成員，透過定期會議及積極參與公司事務，致力以其技能、專業知識及各自不同背景及資歷，為董事會及其服務之任何委員會帶來貢獻。彼等出席定期及特別董事會會議，並鼓勵出席本公司之股東週年大會及股東特別大會。非執行董事透過提供獨立、富建設性及知情意見，為本公司之策略及政策發展作出積極貢獻。

## Corporate Governance (Continued)

### Chairman and Chief Executive

The Company acknowledges that there are two key aspects of its management - the management of the Board and the day-to-day management of its business, and that there should be a clear division of these responsibilities at the Board level to ensure a balance of power and authority, so that no one individual should have unfettered powers of decision. The roles and objectives of the Chairman, Mr. David Shou-Yeh Wong, and the Chief Executive, Mr. Hon-Hing Wong (Derek Wong), are therefore separated and have been approved by the Board. The Chairman mainly provides leadership for the Board to ensure that the Board works effectively and discharges its responsibilities, and all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive is responsible for the day-to-day management of the Company to provide business direction and operational leadership for the benefit of the Group's businesses, enhance shareholder value and ensure sound internal control.

### Non-executive Directors

The Company has six non-executive directors and four independent non-executive directors. Each of the independent non-executive directors has provided to the Company confirmation of independence as required by Rule 3.13 of the Listing Rules.

Non-executive directors are appointed for a specific term, subject to re-election. The term of appointment of non-executive directors is normally for a term which coincides with their expected dates of retirement by rotation at least once every three years.

Non-executive directors, as equal Board members, give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They attend regular and special Board meetings, and are encouraged to attend the general or special meeting of the shareholders of the Company. The non-executive directors make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

企業管治 (續)

董事之提名及薪酬

董事之提名

董事會之職權範圍規定委任董事會新董事之常規、經酌情且具透明度之程序。職權範圍亦明示禁止就委任新董事之事宜上，將權力下放予董事會轄下之委員會或本公司管理層，並規定董事會全體成員須深入審議後方可作出該等委任。

年內，共兩名新董事獲委任加入董事會。

董事之薪酬

本公司於二零零五年八月成立薪酬委員會，並具書面規章訂明其具體職權範圍，列明其角色及職責。本公司於二零零六年八月，將委員會重新組成為提名及薪酬委員會，並更新其職權範圍。提名及薪酬委員會(其中包括)負責審議新董事之提名、以及批准各董事及高級管理人員之薪酬。委員會大部份成員由獨立非執行董事組成。

提名及薪酬委員會於二零零六年曾召開三次會議。委員會現任委員名單及彼等於二零零六年之出席紀錄如下：

二零零六年內召開會議次數

委員芳名

史習陶 (主席)  
Peter Gibbs Birch  
孫大倫  
余國雄  
王守業  
黃漢興

平均出席率

Corporate Governance (Continued)

Nomination and Remuneration of Directors

Nomination of Directors

The terms of reference of the Board sets out the requirement for a formal, considered and transparent procedure for the appointment of new directors to the Board. The terms of reference also explicitly prohibit the delegation of decisions regarding the appointment of new directors to sub-committees of the Board or to the management of the Company, and require that such appointments are made after deliberation by the full Board.

During the course of the year, two new directors were appointed to the Board.

Remuneration of Directors

The Remuneration Committee was established by the Company in August 2005 with specific written terms of reference setting out its role and responsibilities. The Committee was reconstituted as the Nomination and Remuneration Committee of the Company in August 2006 with a set of updated terms of reference. It is responsible, among other things, for the review of the nomination of new directors, approval of the remuneration of directors and senior management. The majority of the members are independent non-executive directors.

The Nomination and Remuneration Committee held three meetings in 2006. The current members of the Committee and their attendance records in 2006 are set out below:

Number of meetings held in 2006

3

Name of member

Robert Tsai-To Sze (as the Chairman)	3/3	100%
Peter Gibbs Birch	3/3	100%
Tai-Lun Sun (Dennis Sun)	3/3	100%
Kwok-Hung Yue (Justin Yue)	3/3	100%
David Shou-Yeh Wong	3/3	100%
Hon-Hing Wong (Derek Wong)	3/3	100%

Average attendance rate

100%

企業管治 (續)

董事之提名及薪酬 (續)

董事之薪酬 (續)

提名及薪酬委員會於二零零六年度之工作包括：

- 檢討董事及高級管理人員之提名及薪酬政策
- 釐定及批准執行董事及高級管理人員之花紅及薪酬水平
- 審議本公司及本集團董事會董事、高級管理人員之提名。

本集團之薪酬政策旨在維持與市場條件相若、公平且具競爭力之薪酬配套，並根據業務需要、專業才能、個人之素質，以及行業慣例而訂立。

就釐定支付予董事會成員之袍金水平而言，將會考慮市場的袍金水平及各董事之工作量及要求承諾等因素。釐定執行董事薪酬計劃之考慮因素如下：

- 業務需要及表現
- 整體經濟及商業情況
- 各個人對本集團之貢獻
- 參考與個人職責相符之市場薪酬水平
- 留任之考慮因素及各個人之潛能

於考慮過程中，董事不可參與有關其本人薪酬之決定。

Corporate Governance (Continued)

Nomination and Remuneration of Directors (Continued)

Remuneration of Directors (Continued)

The work of the Nomination and Remuneration Committee during 2006 included:

- Reviewing the Nomination and Remuneration Policy for directors and senior management
- Determining and approving the bonus and remuneration levels for executive directors and senior management
- Reviewing the nomination of directors to the Board and senior management of the Company and of the Group

The Group's policy on remuneration is to maintain fair and competitive packages commensurate with market terms, and is based on business needs, expertise and quality of the individual, and industry practice.

For determining the level of fees paid to members of the Board of Directors, market rates and factors such as each directors' workload and required commitment will be taken into account. The following factors are considered when determining the remuneration packages of executive directors:

- Business needs and performance
- The economy and business conditions in general
- Each individual's contributions to the Group
- Reference to market pay level commensurate with the individual's responsibility
- Retention considerations and each individual's potential

During the process of consideration, no individual director will be involved in decisions relating to his/her own remuneration.

企業管治 (續)

核數師之獨立性及酬金

本公司已檢討並滿意本公司外聘核數師羅兵咸永道會計師事務所(「羅兵咸永道」)就對本集團財務報表進行審核之獨立性。

本公司僅在既具成本效益，又能維持羅兵咸永道作為本公司之外聘核數師之獨立及客觀性情況下，始委聘羅兵咸永道提供審核範圍以外之服務。否則，則另覓其他顧問公司提供專業服務。

除有關審核服務外，羅兵咸永道年內提供之非審核服務如下：

- 審閱報稅表與計算結果、及提供稅務顧問服務
- 為一項擬作投資而應聘進行特定程序之工作
- 就大新銀行發行後償債券及更新其中期票據計劃，應聘為眾投資銀行進行若干特定程序工作提交所需之安撫信，相關費用由本集團支付

年內就審核服務支付予羅兵咸永道之費用詳情載於財務報表附錄12。

審核委員會

由本公司董事會通過成立之審核委員會，負責確保財務報告之客觀性及可信性、檢討內部監控制度及監管要求合規度、批准審核計劃及審閱內部與外聘核數師之查察結果及報告、並於向股東呈報業績時，確保各董事已按法例規定經審慎、盡責及克盡所能地遵循適當之會計及財務報告準則。

委員會向董事會就外聘核數師之篩選、監察及酬金提出建議。委員會根據適用之標準檢討及監察外聘核數師之獨立性及客觀性以及審核程序之成效。

委員會審閱及監察本公司之全年度及中期財務報表是否持正，包括編製賬目時所採用之主要財務報告判斷。

Corporate Governance (Continued)

Auditors' Independence and Remuneration

The Company has reviewed and is satisfied with the independence of the Company's external auditors, PricewaterhouseCoopers ("PwC"), for performing the audit of the Group's financial statements.

The Company will use the non-audit services of PwC only when the Company can benefit in a cost-effective manner and the independence and objectivity of PwC as the Company's external auditors can be maintained. Otherwise, professional services from other firms are used.

In addition to audit related services, PwC provided the following non-audit services during the year:

- Review of the tax returns and computations, and tax advisory service
- Specified-procedures engagement for a proposed investment
- Engagement by investment banks to perform certain specified-procedures to deliver comfort letter in respect of the issue of subordinated notes and renewal of the Medium Term Note Programme of Dah Sing Bank, with the fees for such engagement borne by the Group

Details of the fees payable to PwC for the year for audit and audit-related services are set out in note 12 to the financial statements.

Audit Committee

The Audit Committee, established by the Board of the Company, is responsible for ensuring the objectivity and credibility of financial reporting, reviewing the internal control system and compliance with regulatory requirements, and approving audit plans and reviewing findings and reports of the internal and external auditors, and that in presenting results to the shareholders, the directors have exercised the care, diligence and skills prescribed by laws, and that appropriate accounting and financial reporting standards are followed.

The Committee makes recommendation to the Board on the selection, oversight and remuneration of external auditors. The Committee reviews and monitors the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

The Committee reviews and monitors the integrity of the Company's annual and interim financial statements, including significant financial reporting judgements used in producing the accounts.

企業管治 (續)

審核委員會 (續)

委員會檢討本公司之內部監控及風險管理制度，並向董事會報告其檢討結果及提供意見。本公司內部監控制度載於下文，至於風險管理則載於補充財務資料內之風險管理描述。

審核委員會之職權範圍可於本公司之註冊辦事處查閱。

委員會之成員為史習陶先生 (主席)、Peter G. Birch先生及余國雄先生。所有委員會成員均為獨立非執行董事，於銀行、財務及業務管理具有豐富經驗。委員會主席史先生為合資格會計師，於一九九六年六月前為羅兵咸永道會計師事務所之一前身會計師事務所合夥人。委員會概無其他成員受聘於或以其他方式與本公司之前任或現任外聘核數師有聯屬關係。

委員會成員會與本公司之高級管理層、內部審核主管及外聘核數師每年最少開會三次。二零零六年內共召開四次會議。委員會亦與外聘核數師在無管理層在場下，進行獨立討論。

個別董事出席二零零六年審核委員會會議之出席紀錄呈列如下：

二零零六年審核委員會召開會議次數

獨立非執行董事

史習陶 (主席)  
Peter Gibbs Birch  
余國雄

平均出席率

為使董事知悉審核委員會之討論內容及決定，審核委員會之會議紀錄亦載入定期董事會會議文件內送發各董事。

Corporate Governance (Continued)

Audit Committee (Continued)

The Committee reviews the Company's internal controls and reports its finding and comments to the Board. Descriptions of the Company's internal control system is set out below, whilst for risk management, these are shown in the Supplementary Financial Information under Risk Management.

The terms of reference for the Audit Committee are available for inspection at the Company's registered office.

The members of the Committee are Mr. Robert Tsai-To Sze (Chairman), Mr. Peter Gibbs Birch and Mr. Kwok-Hung Yue (Justin Yue). All the members of the Committee are independent non-executive directors with extensive experience in banking, finance and business management. The Committee's chairman, Mr. Sze, is a qualified accountant and was a partner of a predecessor firm of PricewaterhouseCoopers up to June 1996. None of the other committee members are employed by or otherwise affiliated with the former or existing external auditors of the Company.

The Committee members meet at least three times a year with the Company's senior management, the head of internal audit and the external auditors. In 2006, a total of four meetings were convened. The Committee also holds a private discussion session with the external auditors without the presence of the management.

The attendance record of individual directors at the Audit Committee meetings in 2006 is set out below:

<b>Number of Audit Committee meetings in 2006</b>	4	
<b>Independent Non-Executive Directors</b>		
Tsai-To Sze (as the Chairman)	4/4	100%
Peter Gibbs Birch	3/4	75%
Kwok-Hung Yue (Justin Yue)	4/4	100%
<b>Average attendance rate</b>	92%	

To enable directors to be informed of the discussions and decisions of the Audit Committee, the minutes of the Audit Committee are included in the board papers of regular board meetings sent to directors.



企業管治 (續)

審核委員會 (續)

以下為審核委員會於二零零六年履行職責之概要：

- a. 審閱並就批准二零零五年之業績公佈、經審核財務報表，以及二零零六年中期報告向董事會提供意見及建議；
- b. 審視二零零六年度財務報表編製之工作，以符合新會計準則及財務披露要求；
- c. 考慮因收購怡和富財務及澳門商業銀行而引發在會計處理方法上之重要事宜；
- d. 審議並批准外聘核數師之委任及其酬金；
- e. 審閱外聘核數師之審核結果及建議；
- f. 審閱及批准外聘核數師之審核計劃；
- g. 審閱及批准內部審核計劃；
- h. 檢討內部審核工作、結果及建議；
- i. 與管理層、內部審核師及外聘核數師共同檢討內部監控制度；
- j. 檢討及跟進香港金融管理局之考核報告及建議；
- k. 省覽合規及監管事宜之報告，及採納合規委員會之會議紀錄；
- l. 委任外聘顧問為本集團內部監控及風險管理制度之成效進行評估，以及審閱外聘顧問所提交之工作報告、調查結果及建議，並跟進管理層進一步加強內部監控及風險管理所需之改善；
- m. 審閱及認可審核委員會及內部審核規章之經修訂職權範圍；及
- n. 向董事會匯報經審核委員會審閱和處理的重大事項及問題，並提供建議。

Corporate Governance (Continued)

Audit Committee (Continued)

The following is a summary of the work of the Audit Committee during 2006 in discharging its responsibilities:

- a. Review of, and providing advice and recommendations to the Board for the approval of the 2005 results announcements and audited financial statements of the Group, and the 2006 Interim Report;
- b. Review of an update on the preparation of 2006 financial statements and compliance with new accounting standards and financial disclosure requirements;
- c. Consideration of major issues on accounting treatments arising from the acquisitions of Pacific Finance and Banco Comercial de Macau;
- d. Review and approval of the appointment and remuneration of external auditors;
- e. Review of the findings and recommendations of the external auditors;
- f. Review and approval of the external auditors' audit plan;
- g. Review and approval of internal audit plan;
- h. Review of the internal audit's work, findings and recommendations;
- i. Review of the internal control system in conjunction with management, internal and external auditors;
- j. Review and follow-up of the Hong Kong Monetary Authority examination reports and recommendations;
- k. Review of reports on applicable compliance and regulatory matters and adoption of the minutes of the meetings of the Compliance Committee;
- l. Engaging external advisors to conduct assessments of the effectiveness of the Group's systems of internal control and risk management and review of the work performed, findings and recommendations provided by the external advisors, and follow-up with management on areas of improvement to further strengthen internal control and risk management;
- m. Review and endorsement of revised terms of reference of the Audit Committee and the internal audit charter; and
- n. Providing update and advice to the Board on major matters and issues reviewed and resolved by the Audit Committee.

企業管治 (續)

內部監控

董事會授權管理層負責制訂及維持健全之內部監控制度。內部監控制度通過管理及營運監控、風險管理制度架構之運作，使董事會可監察本集團之業務表現及財務狀況、監控及調節風險、採納健全之業務守則、合理確證對欺詐及誤差之監控、遵守適用法例及規則，以及對管理人員作出監察及指引，以達成本公司之目標。然而，本集團之內部監控程序僅可對重大誤差、損失或欺詐提供合理而非絕對之保證。

本集團已設立以維持有效內部監控之制度，其主要程序如下：

- 設立清晰之管理組織架構，具有清楚界定之權限、問責性及職責。
- 成立特設委員會，以監察及控制主要風險因素，如信貸風險、流動資金及利率風險、營運風險及合規風險。
- 定期向高級管理人員及管理委員會(包括執行委員會)報告本公司之業務表現。密切留意實際表現結果與預算之比對。董事會每季審閱本集團之業務及財務表現。
- 制訂書面政策及程序，以促進對客戶、客戶服務、職責區分、交易之準確性及完整性、資產之保護、信貸管理及風險監控、對業務風險之控制、合規監控(包括反清洗黑錢)、員工培訓、資訊科技發展、管治及資訊保安、持續業務運作規劃、財務管理(包括會計、監管報告、合乎監管及財務報告準則之財務報告、管理會計及預算、賬目對賬)、以及管理監督制度(包括各功能委員會之運作)等各方面之恰當評估。

Corporate Governance (Continued)

Internal Controls

The Board has delegated to management the responsibility to develop and maintain a sound internal control system. The internal control system, operating through a framework of management and operational controls, and risk management systems, is intended to allow the Board to monitor the Group's business performance and financial positions, to control and adjust risk exposures, to adopt sound business practices, to obtain reasonable assurance on controls against fraud and errors, to ensure compliance with applicable laws and regulations, and to provide oversight and guidance to management in achieving the Company's objectives. However, it should be recognized that the Group's internal control procedures can only provide reasonable, not absolute, assurance against material errors, losses or fraud.

The key procedures that the Group has established to maintain an effective internal control system are as follows:

- A clear management organizational structure is set up with well-defined lines of authority, accountability and responsibilities.
- Specialized committees are formed to oversee and control significant risk factors, such as credit risk, liquidity and interest rate risks, operational risk and compliance risks.
- Regular reporting of the performance of the Company's businesses to senior management and management committees including the Executive Committee. Actual performance results against budgets are closely monitored. The Board reviews the Group's business and financial performance on a quarterly basis.
- Written policies and procedures are established to facilitate proper assessment of customers, customer services, segregation of duties, accuracy and completeness of transaction processing, safeguarding of assets, credit control and risk monitoring, control of business exposures, compliance control and monitoring (including anti-money laundering), staff training, IT development, governance and information security, business continuity planning, financial control (including accounting, regulatory reporting, financial reporting to comply with regulatory and financial reporting standards, management accounting and budget, reconciliation of accounts), and system of management oversight including the operations of various functional committees.

企業管治 (續)

內部監控 (續)

- 獨立內部審核職能，監察對管理政策及程序以及監管規定之遵行；並對內部監控措施進行各類型之檢討及審核活動，如合規審核、營運及系統檢討，以確保監控制度之完整、高效率及成效。內部審核部主管職能上向審核委員會交代，管理上隸屬行政總裁可直接向執行委員會稟報。
- 獨立的集團風險職能負責監察，並透過執行委員會及風險管理委員會向董事會匯報集團風險狀況及相關分析，以期維持集團業務組合中資產質素之穩健，亦已充分考慮風險與回報兩者間之恰當平衡。
- 本集團正提升其銀行業務之風險管理機制與能力，以切合巴塞爾II資本協議下更完善之風險管理措施，本集團之銀行系機構已於二零零七年開始按標準法進行監管所需之資本匯報及管理。此發展將提高本集團整體之風險管理及內部監控程序。
- 本集團管理層之合規委員會對法規之遵守致力維持高度警惕及問責性，並負責監督及領導制訂、維持及加強合規制度、政策及慣例之建立，以確保遵守所有法律規定及監管指引。本集團之法律及合規部之經修訂職權範圍已於二零零六年取得董事會之通過。本集團之法律及合規部獨立地持續監察本集團對相關法則及規例之遵行情況。

內部監控之評估

董事會經斟酌審核委員會與執行管理層提交之審議、以及內部及外聘核數師作出之審核報告，從而對集團之內部監控制度進行評估。於二零零六年中，董事會另聘一家顧問公司對本集團之內部監控及風險管理進行獨立評估。

Corporate Governance (Continued)

Internal Controls (Continued)

- The independent internal audit function monitors compliance with management policies and procedures, and regulatory requirements; and will conduct a wide variety of internal control reviews and audit activities such as compliance audits and operations and systems reviews to ensure the integrity, efficiency and effectiveness of the systems of control. The Head of Internal Audit reports functionally to the Audit Committee and administratively to the Chief Executive with direct access to the Executive Committee.
- The independent group risk function monitors and reports the Group's risk positions and analysis to the Board via the Risk Management Committee and the Executive Committee, and operates to sustain a sound asset quality in the portfolio of the Group's businesses with due consideration of a proper risk and return balance.
- The Group's banking business is working on the upgrade of its risk management framework and capabilities to progress toward the implementation of the more sophisticated risk management practices under the Basel II capital accord, with the banking group starting on the basis of standardised approach for regulatory capital reporting and management commencing 2007. This development will contribute to enhance the overall risk management and internal control process of the Group.
- The Group's Compliance Committee at the management level serves to uphold a high level of awareness and accountability of compliance requirements and is responsible for overseeing and guiding the development, maintenance and enhancement of compliance system, policies and practices to ensure compliance with all statutory requirements and regulatory guidelines. Updated terms of reference of the Group's Compliance Committee were approved by the Board in 2006. The Legal and Compliance Division of the Group performs an independent on-going monitoring role on the Group's compliance with relevant rules and regulations.

Assessment of Internal Control System

The Board has assessed the effectiveness of internal control system by considering reviews performed by the Audit Committee and executive management, and the findings of both internal and external auditors. In undertaking this assessment, the Board also engaged external consultants to independently assess the Group's systems of internal control and risk management during the course of 2006.