

Corporate Governance Statement

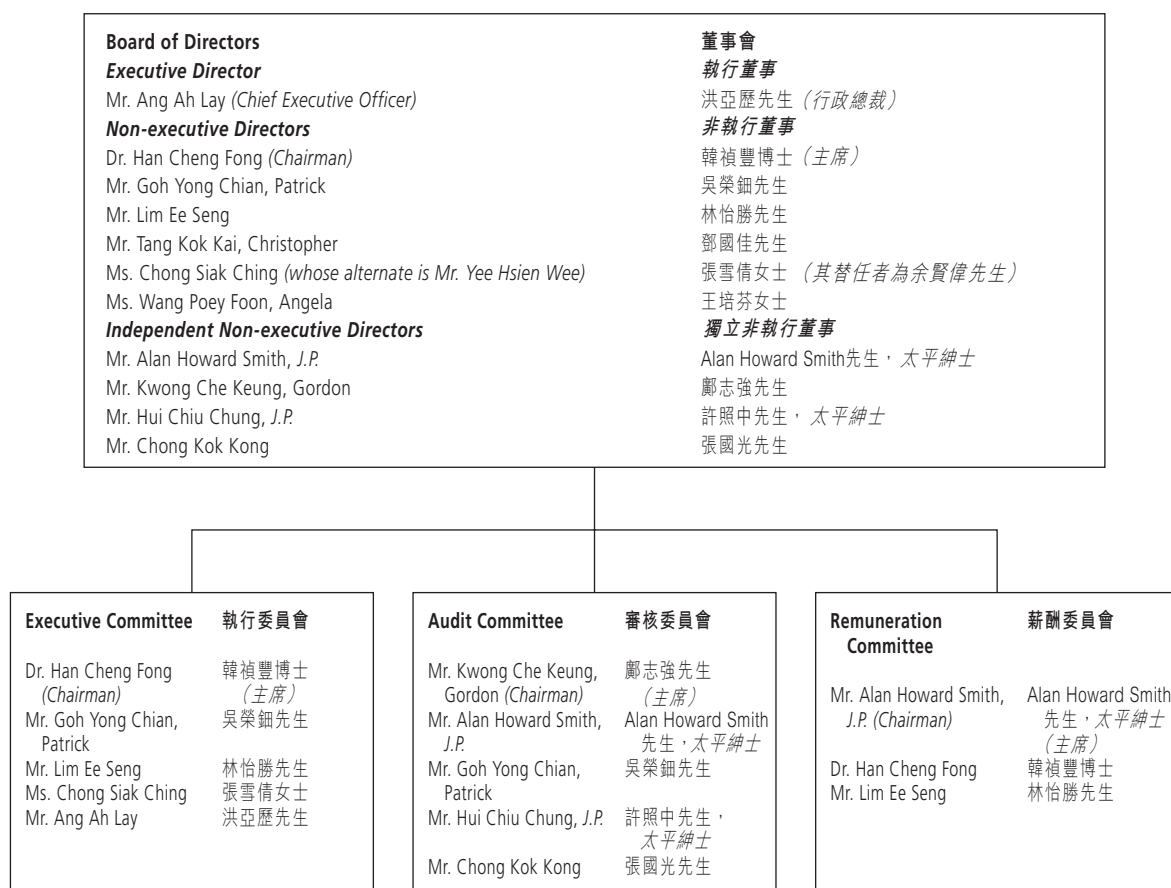
The Company is committed to maintain a high standard of corporate governance practices as set out in the Code of Corporate Governance Practice (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The corporate governance principles of the Company emphasize a quality board of directors, sound internal control, principles and practices and transparency and accountability to all shareholders of the Company. The Company has complied with the CG Code throughout the accounting year covered by the 2005/06 Annual Report except for the deviations from Code Provisions A.4.1 and B.1.1 which, in the Company's opinion, are unsuitable or inappropriate for adoption. Explanations for such non-compliance are provided and discussed below.

The following chart illustrates the membership and structure of the Company's Board of Directors and the three specialized committees of the Board:

企業管治聲明

本公司依據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「企業管治守則」)之有關規定，致力維持高水準之企業管治。本公司之企業管治原則強調董事會之精明強幹、有效之內部控制、良好之原則和慣例、高透明度及對公司全體股東負責。本公司在二零零五/零六年年報所指整個會計年度期間內一直遵守企業管治守則，惟守則偏離第A.4.1條及B.1.1條除外，有關不遵守規則之說明列載並論述如下：

下表闡明本公司董事會之成員及結構，以及董事會之三個專責委員會：



Directors' Securities Transactions

During the year, the Company adopted its own Code for Securities Transactions by Officer (the "Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors of the Company have confirmed their compliance with the required standards set out in the Model Code and the Code during the year.

Board of Directors

Board Composition

The Board of Directors of the Company (the "Board") currently comprises an executive director and ten non-executive directors, four of whom are independent non-executive directors. All eleven directors are subjected to retirement by rotation once every three years in accordance with the bye-laws of the Company and the CG Code. The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience which can meet the requirements of the business of the Company. The directors' biographical information is set out on pages 25 to 32 of the 2005/06 Annual Report.

Chairman of the Board and Chief Executive Officer

The positions of the Chairman of the Board and the Chief Executive Officer are held by separate individuals with a view to maintain an effective segregation of duties between the management of the Board and the day-to-day management of the Group's business and operations.

董事進行之證券交易

年內，本公司已採納其自有之行政人員進行證券交易守則(「守則」)，其條款與上市規則附錄十所載之《上市發行人董事進行證券交易之標準守則》(「標準守則」)同樣嚴格。經作出具體查詢後，本公司全體董事確認，彼等已於年內遵守標準守則及守則內所載之標準。

董事會

董事會之組成

本公司董事會(「董事會」)目前由一名執行董事及十名非執行董事組成，其中四名為獨立非執行董事。全部十一名董事均須根據本公司公司細則及企業管治守則每三年輪席告退一次。董事會之架構會定期檢討，確保專業知識、技術及經驗達致平衡，並能符合本公司之業務需要。董事之履歷資料載於二零零五／零六年年報第25至第32頁。

董事會主席及行政總裁

為維持董事會管理層間之職責有效區分及本集團業務與營運之日常管理，董事會主席及行政總裁之職位分別由兩位獨立之個別人土擔任。

One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board always act in the best interests of the Group. The Chairman shall ensure that the Board works effectively and fully discharges its responsibilities, and that all key issues are discussed by the Board in a timely manner. All directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman has delegated the responsibility of drawing up the agenda for each board meeting to the Chief Executive Officer and the Company Secretary. With the support of the Chief Executive Officer and the Company Secretary, the Chairman seeks to ensure that all directors are properly briefed on issues arising at any board meeting and have received adequate and reliable information in a timely manner.

Non-executive Directors

The non-executive directors provide a wide range of expertise and experience as well as checks and balances to safeguard the interests of the Group and its shareholders. Their participation in the board and committee meetings brings independent judgement on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company. According to bye-law 109(A) and bye-law 189(vii) of the bye-laws of the Company, one-third of the directors for the time being shall retire from office and shall be eligible for re-election at each annual general meeting. Therefore, the Board considers that non-compliance with Code A.4.1 of the CG Code is acceptable since, with eleven directors and not less than one-third of them being subjected to retirement at every annual general meeting, all of them should retire by rotation at least once every three years so as to comply with Code A.4.2 of the CG Code.

主席之其中一項重要職能乃領導董事會，確保董事會經常以本集團之最佳利益行事。主席須確保董事會有效運作，完全履行其職責，並確保所有重大問題會於董事會及時討論。全體董事均獲得諮詢就所有建議事項載於議程內。主席已將每次董事會會議議程起草之責任，委託予行政總裁及公司秘書。在行政總裁及公司秘書之協助下，主席擬確保全體董事已獲適當簡報任何董事會上出現之問題，並已及時收到充分及可靠之資料。

非執行董事

非執行董事提供各項專業知識和經驗，並進行核查與平衡，維護本集團及其股東之利益。彼等參與董事會及各委員會會議，為涉及本集團之策略、表現、利益衝突及管理過程之問題帶來獨立判斷，確保本公司全體股東之利益獲得適切考慮。

本公司非執行董事並非根據固定任期委任，而須按照本公司細則於本公司股東週年大會上輪值告退及膺選連任。根據本公司細則第109(A)條及第189(vii)條，三分之一之董事須於每屆股東週年大會上輪值告退及合資格膺選連任。因此，董事會認為不遵守企業管治守則第A.4.1條為可以接受，因為有十一名董事，不少於三分之一須於每屆股東週年大會上告退，全體董事均須每三年輪值告退一次，從而遵守企業管治守則第A.4.2條。

Independent Non-executive Directors

One-third of the members of the Board consists of independent non-executive directors and more than one of whom have appropriate professional qualifications or accounting or related financial management expertise. The Board confirms that the Company has received from each of the independent non-executive directors annual confirmation of independence for the year ended 30 September 2006 pursuant to Rule 3.13 of the Listing Rules and considers all of the independent non-executive directors to be independent during the year. No independent non-executive director has served the Group for more than nine years.

Responsibility of Directors and Management

The Board is 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. All directors have made full and active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group.

The Executive Director and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. Management is responsible for the day-to-day operations of the Group with divisional heads responsible for different aspects of the business.

The Board is responsible for the preparation of the financial statements. The Company has adopted the generally accepted accounting standards in Hong Kong in preparing the financial statements, appropriate accounting policies have been adopted and applied consistently, and reasonable and prudent judgement and estimates have been made. The publication of the financial statements of the Group is also in a timely manner.

獨立非執行董事

董事會成員之三分之一由獨立非執行董事組成，其中一人以上擁有專業資格或會計或相關之財務管理專長。董事會確認，本公司已收到每名獨立非執行董事根據上市規則第3.13條發出截至二零零六年九月三十日止年度之年度獨立確認書，並認為年內全體獨立非執行董事均具獨立性。獨立非執行董事中概無服務本集團逾九年者。

董事會及管理層之責任

董事會須負責確保領導之延續性、發展健全之業務策略、具備充裕資金及管理資源，落實採納之業務策略、財務和內部監控系統之完備性，且業務運作符合適用法律及法規。全體董事已對董事會事務作出完全及積極貢獻，董事會經常以本集團之最佳利益行事。

執行董事及高級管理層就重要之公司策略、政策及合約式承諾，按有關之授權級別接受委託。管理層負責本集團日常運作，而各部門主管負責不同範籌業務。

董事會負責編製財務報表。本公司已在編製財務報表時已採用香港普遍接納之會計準則，並貫徹應用適當會計政策，及作出合理及審慎之判斷及評估。本集團之財務報表亦得以及時發佈。

The Board has reviewed the financial projections of the Group and the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

Board Meetings

During the year, the Board met regularly and held six meetings. The attendance record, on a named basis, at these meetings is set out in the table on pages 189 to 190 of this report.

Regular board meetings are scheduled in advance to facilitate all directors' attendance. If potential conflict of interest involving a substantial shareholder or a director arises which the Board has determined to be material, the matter is discussed in a physical meeting, as opposed to being dealt with by written resolution, and the interested parties are required to abstain from voting. The directors attend meetings in persons or through other means of electronic communication in accordance with the bye-laws of the Company.

Board papers are circulated approximately seven days before the board meetings to enable the directors to make informed decisions on matters to be raised. The Company Secretary and Qualified Accountant shall attend all regular board meetings to advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever deemed necessary by the directors. The Company Secretary shall prepare minutes and keep records of matters discussed and decisions resolved at all board meetings.

董事會已審核本集團之財政項目，且董事會並不知悉任何涉及可能會對本集團持續經營業務之能力造成重大質疑之事件和情況。故此，董事會已繼續採取持續經營基準編製財務報表。

董事會

年內，董事會定期會晤，曾舉行六次會議。該等會議之出席紀錄（以列名形式）表列於本報告第189至第190頁。

董事會例會均經事先安排，以便全體董事出席。當董事認為涉及主要股東或董事之潛在重大利益衝突時，有關事宜會在實際會議討論，而並不會以書面決議方式處理，有利害關係的各方須放棄投票。董事根據本公司公司細則親身出席或以其他電子通訊工具參與會議。

董事會之文書會於董事會會議前約七天傳閱，讓董事對即將提出之事項作出知情決定。本公司之公司秘書及合資格會計師須出席全部董事會例會，如有需要，對公司管治、法規、會計和財務事宜提供意見。董事應有權完全存取本集團之資料，並在董事認為必要時可取得獨立專業意見。公司秘書應編備會議紀錄，並把董事會會議曾討論之事宜和決議作記錄。

Each newly-appointed director will be provided with a package of orientation materials setting out the duties and responsibilities of directors under the Listing Rules, related ordinances and relevant regulatory requirements of Hong Kong. Updates are provided to directors when necessary to ensure that directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its business.

Responsibilities of Company Secretary

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations.

Directors and Officers Policy

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Executive Committee

The Executive Committee of the Board was formed in April 2001. It currently comprises four non-executive directors and one executive director. It is chaired by the non-executive Chairman. The Executive Committee establishes the strategic directions of the Company and monitors the performance of management. The Executive Committee is also provided with other resources enabling it to discharge its duties fully. The said terms of reference of the Executive Committee adopted by the Board are posted on the Company's website.

During the year, the Executive Committee held three meetings. The attendance record, on a named basis, at these meetings is set out in the table on pages 189 to 190 of this report.

每位新獲委任之董事將會獲得一套指導資料，內載香港上市規則、有關條例和相關規管規定下之董事職責和責任。如有需要，會把最新資料提供予董事，確保董事瞭解本集團從事業務所在之商業環境及規管情況之最新變化。

公司秘書之責任

公司秘書乃對董事會負責以確保已遵從董事會程序，並保證董事會已就全部法例、監管和公司管治之發展獲得全面簡報，且董事會作出決定時已考慮彼等之意見。公司秘書亦直接負責本集團遵守上市規則、香港公司收購、合併及股份回購守則、公司條例、證券及期貨條例及其他適用法律、規則及規例下之持續責任。

董事和高級人員政策

涵蓋董事及高級人員法律責任之適當保險已有效保障本集團董事和高級人員因本集團業務產生之風險。

執行委員會

董事會之執行委員會乃於二零零一年四月成立。目前，該委員會由四名非執行董事及一名執行董事組成，並由非執行主席擔任主席。執行委員會設定本公司之策略性方向，並監督管理層之表現。執行委員會亦提供其他資源讓其可完全履行職務。董事會所採納上述執行委員會之職權範圍已登載於本公司之網站內。

年內，執行委員會曾舉行三次會議。該等會議之出席紀錄(以列名形式)表列於本報告第189至第190頁。

Remuneration Committee and Remuneration of Directors

The Remuneration Committee was formed in October 2002. It comprises one independent non-executive director and two non-executive directors. It is chaired by an independent non-executive director. The majority of the members of the Remuneration Committee are not independent non-executive directors. The Board will continue with this composition and not comply with Code B.1.1 of the CG Code because it considers that it is appropriate for the non-executive directors representing the controlling or substantial shareholders to play an active role in appointing the key executives and setting their remuneration.

The objectives of the Remuneration Committee are to establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate directors and key executives to run the Company successfully. The Remuneration Committee also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies. The Committee is provided with other resources enabling it to discharge its duties fully. A set of written terms of reference, which described the authority and duties of the Remuneration Committee, was adopted by the Board and the contents of which are in compliance with the Code Provisions of the CG Code. The said terms of reference of the Remuneration Committee adopted by the Board are posted on the Company's website.

During the year, the Remuneration Committee held two meetings. The attendance record, on a named basis, at these meetings is set out in the table on pages 189 to 190 of this report.

薪酬委員會及董事之酬金

薪酬委員會於二零零二年十月成立。該委員會由一名獨立非執行董事及兩名非執行董事組成，並由一名獨立非執行董事擔任主席。薪酬委員會大部分成員並非獨立非執行董事。董事會將會維持此架構，且不會遵照企業管治守則之第B.1.1條，原因是薪酬委員會認為非執行董事代表控股股東或主要股東，在委任主要行政人員和釐定彼等之薪酬方面扮演主要角色乃更為適合。

薪酬委員會之目的乃制定及維持合適並具競爭力之薪酬水準，冀能招攬、挽留和推動董事及各主要行政人員，引領本公司業務步向成功。薪酬委員會亦確保本集團薪酬政策及制度能支持本集團之目標和策略。委員會獲提供其他資源使其得以充份履行責任。董事會已採納一份書面職權範圍，當中載有薪酬委員會之權力及職責，其內容符合企業管治守則之守則條文。董事會所採納上述薪酬委員會之職權範圍已登載於本公司之網站內。

年內薪酬委員會召開兩次會議。該等會議之出席紀錄(以列名形式)表列於本報告第189至第190頁。

The Remuneration Committee had considered the following proposals and made recommendation to the Board:

- Annual salary review and bonus payment for 2005/06 of directors and senior executives
- Offer and grant of share options under the Company's Share Option Scheme to eligible employees and directors

The Remuneration Committee shall consult the Chairman and Chief Executive Officer about their proposals relating to the remuneration of other directors and have access to professional advice, if necessary.

Accountability and Audit

Financial Reporting

Being accountable for the proper stewardship of the Group's affairs, the Board is responsible for ensuring that proper accounting records are kept and relevant financial statements, as in the Annual Report and the Interim Report, are prepared to give a true and fair view of the state of affairs of the Group for each of the financial periods. With effect from the financial year which commenced on 1 October 2005, the Group has published its financial results on a quarterly basis, thereby enhancing the transparency in reporting its results and financial position.

In preparing the accounts for the year ended 30 September 2006, the Directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants
- selected and applied consistently the appropriate accounting policies
- made judgements and estimates that are prudent and reasonable
- prepared the accounts on the going concern basis

薪酬委員會就下列提議作出考慮，並向董事會提出建議：

- 二零零五／零六年董事及高級行政人員之年度薪金檢討及花紅支付
- 向合資格僱員及董事發行及授予本公司認股權計劃下之認股權

如有需要，薪酬委員會將諮詢主席及行政總裁彼等有關其他董事薪酬之建議，及獲取專業意見(如需要)。

問責及審核

財務報告

董事會負責保證本集團事務得到適當管理，並有責任確保會計賬冊編製得當，相關財務報表(如刊載於年報及中期報告內之財務報表)之編製能真實及公平反映本集團各財政期間之財務狀況。自二零零五年十月一日起之財政年度，本集團每季刊發財務業績，藉此提高其財務業績及財務狀況報告之透明度。

於編製截至二零零六年九月三十日止年度賬目時，董事已：

- 批准採納香港會計師公會頒佈之所有適用香港財務報告準則
- 挑選並貫徹地運用適當之會計政策
- 作出審慎及合理之判斷及估計
- 按持續經營基準編製賬目

The management of the individual businesses within the Group provides the Board with such information and explanations necessary to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Company has announced its annual and interim results within two months after the end of the relevant periods, which is earlier than the limits of four months and three months as required by Rule 13.49(1) and (6) of the Listing Rules.

A statement by the auditors about their reporting responsibilities is included in the Auditors' Report which is set out on pages 62 to 63 of the 2005/06 Annual Report.

Internal Controls

The Board acknowledges its responsibility for the integrity of the Group's financial information and the effectiveness of the Group's system of internal controls and risk management processes. Accordingly, the Board established a clear organizational structure with appropriate delegation of responsibility to satisfy changing business needs while managing risks that are critical to the achievement of business objectives.

While the Audit Committee conducts continuous review on the adequacy and effectiveness of the existing internal controls on behalf of the Board, the day-to-day responsibility for the conduct of these control procedures, the on-going monitoring of risks and the effectiveness of the corresponding internal controls rest with the management of each business units.

The Board hereby confirms that there is a process for identifying, evaluating and managing the significant risks that are critical to the achievement of the Group's strategic objectives. The process which was in place throughout the financial year up to the date of the financial statements has not identified any significant control breakdown or inadequacy.

對本集團內部若干個別業務之管理為董事會提供了所需之資料及解釋，使董事會可於批准財務或其他資料前作出知情之評估。

本公司在有關期間結束後兩個月內公佈年度及中期業績，較上市規則第13.49(1)及(6)條所規定之4個月及3個月期限為早。

核數師之申報責任聲明載於二零零五／零六年年報第62至第63頁之核數師報告內。

內部監控

董事會承認對本集團財務資料之完整性及本集團內部監控系統及風險管理程序之有效性負責。因此，董事會在建立具適當責任授權之明確組織架構時，以滿足不斷變換之業務需要之同時，亦進行風險管理，而這對達致業務目標而言乃至為重要。

審核委員會代表董事會對現有之內部監控是否完備及有效不斷進行審核，而每日監控程序之施行、持續監察相應內部監控之風險及有效性則由各業務單位之管理層負責。

董事會謹此確認，本集團具有可識別、評估及管理對達致其策略性目標構成重大風險之程序。該程序於本財政年度全年實行，直至本財務報告之日期止，並未確認有任何重大監控失效或不利之情況發生。

- System and Procedures – A sound and effective system of internal controls contributes to safeguarding of shareholders’ investments and the Group’s assets. Since profits are, in part, the reward for successful risk taking in business, the purpose of the internal controls is to help manage and to control appropriately, rather than to eliminate the risk to the achievement of business objectives. They can only provide reasonable, though not absolute assurance against misstatement or loss.

As part of the on-going process towards maintaining a sound system of internal controls, the Group embarked on an Enterprise-wide Risk Management (“ERM”) project in 2006. The risk management methodology in identifying and assessing the key risks its businesses face is now standardized throughout the Group.

Equipped with a better appreciation of the ERM principles, the key risks, control measures and management actions to be taken were systematically identified, discussed, confirmed and validated by management in a consistent, cohesive, integrated and coordinated manner throughout the Group. The relevant reports, together with the Group Risk Management Policy were reviewed by the Audit Committee and endorsed by the Board.

The Internal Auditors carry out review of the risk management process, as part of their routine audit works. This is part of the on-going process to ensure that the effectiveness of material controls are monitored and tracked vis-à-vis the key risks.

The Board is satisfied that management is committed to the ERM as an on-going process and that management will continue to administer and monitor ERM at the strategic level, while working towards cascading the ERM to the divisional, operational, departmental and process level.

- 系統及程序－憑藉完善有效之內部監控系統，以保障股東投資及集團資產之安全。由於溢利在某程度上是業務成功地承受風險之回報，因此內部監控之目的在於協助管理及適當地控制風險，而並非消除達成業務目標之風險。彼等只能對防止出現錯誤陳述或虧損，作合理而非絕對保證。

本集團於二零零六年着手制訂全公司風險管理系統(「全公司風險管理系統」)計劃，該計劃為維持內部監控系統健全之持續進程序一部份。該風險管理方法現已成為本集團確認及評估其業務所面對之主要風險之標準。

基於對全公司風險管理系統原則之更深刻理解，管理層在整個集團秉承一貫、團結、協力及合作之態度，有系統地識別、討論、確認及認可主要風險、監控措施及將予採取之管理措施。相關報告以及本集團風險管理政策已經審核委員會審閱，並通過董事會認可。

對風險管理程序作出審閱是內部核數師之例行審核工作一部份。此為持續程序之一部分，以確保在與主要風險相較之基礎上，對重要監控系統之有效性進行監督追蹤。

董事會信納，管理層一直遵守全公司風險管理系統，在各分工、營運、部門以及程序層面致力推行全公司風險管理系統之同時，管理層亦將繼續在策略層面施行及監控全公司風險管理系統。

- Annual Assessment – Evaluation of the Group’s internal controls is independently conducted by the Internal Audit Department of Fraser and Neave Limited (“F&N”), the holding company of the Company, on an on-going basis. Such evaluation covers all material controls, including financial, operational and compliance controls and risk management functions. Internal Audit Department of F&N will report to the Audit Committee on significant findings on internal controls.
- Whistle-blowing Policy – The Group has established a “whistleblower” policy under which employees can report any concerns, including misconduct, impropriety or fraud in financial matters and accounting practices to either the Chief Executive Officer or the Audit Committee in confidence and without fear of recrimination. Any shareholders or stakeholders can also report similar concerns by writing in confidence to the Chief Executive Officer at the Company’s business address in Hong Kong.
- Code of Business Conduct – In addition to the compliance to the CG Code, the Group has adopted a Code of Business Conduct to regulate the standards and ethical conduct of the Group, and that its directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with the laws and the regulations and company policies. This sets standards of integrity and professionalism throughout the Company’s operations.
- Business Continuity Plan – The development of a contingency plan and action guidelines for disruptive events like infectious diseases and pandemics as part of its preparations to reduce the potential impact on the Group’s on-going business operation.
- 年度評估 – 對於本集團內部監控之評估由本公司之控股公司花莎尼有限公司(「花莎尼」)之內部審核部門按持續經營基準獨立進行。該等評估涵蓋所有重要監控，包括財務、營運、合規之監控及風險管理。花莎尼之內部審核部門將向審核委員會匯報有關內部監控之重大發現。
- 舉報政策 – 本集團制訂「舉報政策」，據此，僱員可秘密向行政總裁或審核委員會舉報任何事項，包括財務事宜或會計實務方面之行為失當、不正當行為或欺詐，而無需擔心被指責。任何股東或股權持有人亦可秘密以書面方式按本公司香港營業地點之地址向行政總裁舉報類似事宜。
- 商業操守守則 – 除遵守企業管治守則之規定外，本集團亦制訂一套商業操守守則用以監督本集團道德操守水平。而本集團董事、高級人員及僱員均需遵守有關法律、法規及公司政策，保持高度廉潔忠誠。該守則為公司之營運樹立了誠信及專業操守標準。
- 持續營運計劃 – 針對流行疫病及瘟疫等突發事件制訂之應急計劃及行動指引，是本集團為減少該等事件對本集團持續營運之潛在影響而作出準備之一部份。

- In line with Appendix 10 of the Listing Rules for Shares Dealing Restrictions, the Group issues a Note to its directors and officers once every quarter end, reminding them that there must be no dealings in listed securities of the Group, from one month before, until the release of the quarterly results, the half year and year end results, and at any time they are in possession of unpublished price sensitive information.
- 根據上市規則附錄十股份交易限制，本集團每季末向其董事及高級人員發佈通告，提醒彼等在季度業績、中期業績及年度業績公佈前一個月至該等業績公佈期間，及彼等掌握有關未公佈之價格敏感資料之任何時間，不得買賣本集團之上市證券。

Internal Audit

The Internal Audit function is independent of the activities it audits. The Internal Audit Charter, as approved in 2006 accords the Head of Internal Audit of the F&N Group and her staff an unrestricted access to all functions, records, property and personnel within the Group for their audit works. A full and free access to the Audit Committee is also provided for.

The audits are designed to provide the Board with reasonable assurance that a functioning system of internal controls is in place and operating effectively to manage the risks associated with the achievement of business objectives of the Group. The Internal Audit Department of the F&N Group conducts audits of the Company and its subsidiaries, typically over a three-year cycle. The adequacy of the frequency and the audit scope of each subsidiary is independently assessed and tabled by the Internal Audit Department of the F&N Group in the form of a risk-based Annual Audit Plan to the Audit Committee for approval. Due considerations are also given to the audit findings raised by both the internal and/or external audit visits.

內部審核

內部審核部門獨立於彼等之審核工作。內部審核憲章於二零零六年獲通過。根據該憲章，花莎尼集團內部審核部門主管及其員工在進行審核工作時可不受限制地接觸本集團內所有部門、記錄、資產及人員。同時審核委員會亦完全對外開放，對其之訪問不受限制。

該等審核工作旨在為董事會提供合理確認，證明內部監控系統正常運作，且能有效管理與達致本集團業務目標有關之風險。花莎尼集團內部審核部門對本公司及其附屬公司進行審核工作，一般以每三年為一個循環。對各附屬公司審核之頻密程度及審核範圍經由花莎尼集團內部審核部門獨立評估及提呈，並以計及風險之年度審核計劃形式提請審核委員會批准。內部及／或外部核數師提供之審核結果皆會受到審慎考慮。

In respect of the audit reviews conducted, copies of the Internal Audit Reports for each audit are sent to the Chairman, the members of the Audit Committee, management and the external auditors. The results of each review are tabled and discussed in the Audit Committee meeting. Any significant internal audit findings or identified risks are closely examined so that appropriate action can be taken. Management is called upon to monitor and update the Audit Committee and the Board on the status of implementation of their action plans in response to the audit recommendations raised. The close follow up and tracking is to ensure that all control inadequacies identified are promptly addressed and resolved.

In addition to its routine audit schedule, the Internal Audit Department of the F&N Group may be assigned to conduct projects and investigative work, as may be required from time to time.

External Auditors

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by external auditors for the year ended 30 September 2006 amounted to approximately HK\$1.3 million and HK\$1.7 million respectively. The non-audit services included tax matters, review and other reporting services.

Audit Committee

The Audit Committee was formed in August 2001. It currently comprises four independent non-executive directors and one non-executive director. It is chaired by an independent non-executive director. A set of written terms of reference, which described the authority and duties of the Audit Committee, was adopted by the Board and the contents of which are in compliance with the Code Provisions and Recommended Best Practices of the CG Code. The said terms of reference of the Audit Committee adopted by the Board are posted on the Company's website.

就所進行之審核而言，每次審核之內部審核報告副本均需送交主席、審核委員會成員、管理層及外部核數師。每次審核結果均須提呈審核委員會於會議內討論。如有重大內部審核結果或發現風險，內部審核部門均會密切研究以採取適當行動，於審核委員會及董事會施行其針對審核意見之行動計劃時，管理層對彼等進行監督，並向彼等通報最新信息。密切跟進及追蹤旨在保證所有監控上之不足均能在發現後迅速獲得處理及解決。

除例行審核工作外，花莎尼集團內部審核部門亦可能不時獲指派展開專案調查工作。

外部核數師

截至二零零六年九月三十日止年度，外部核數師就向本公司及其附屬公司提供之核數及非核數服務收取之費用分別約為港幣 1,300,000 元及港幣 1,700,000 元。非核數服務包括稅務事宜、審閱及其他申報服務。

審核委員會

審核委員會於二零零一年八月成立。目前，該委員會由四名獨立非執行董事及一名非執行董事組成，並由一名獨立非執行董事擔任主席。董事會已採納一份書面職權範圍，其內容符合企業管治守則之守則條文及建議最佳常規。董事會所採納上述審核委員會之職權範圍已登載於本公司之網站內。

The Audit Committee is accountable to the Board and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Committee is also provided with other resources to enable it to discharge its duties fully.

During the year, the Audit Committee held four meetings and the external auditors were in attendance. The attendance record, on a named basis, at these meetings is set out in the table on pages 189 to 190 of this report.

The Audit Committee has reviewed with the management of the Company and Ernst & Young, the auditors of the Company, the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters, including the review of the annual report of the Company for the year ended 30 September 2006.

The following is a summary of the work performed by the Audit Committee during the year:

- Reviewed the 2005 Annual Report, and audited accounts and annual results announcement for the nine months ended 30 September 2005
- Reviewed the 2005/06 Interim Report and the interim results announcement for the six months ended 31 March 2006
- Reviewed the management accounts and the quarterly results announcement for the three months ended 31 December 2005 and nine months ended 30 June 2006
- Recommended to the Board that the shareholders be asked to appoint Ernst & Young as the Company's external auditors for 2005/06
- Reviewed and recommended to the Board the approval of the audit fee proposal for the Group for 2005/06

審核委員會乃向董事會負責，其主要職責包括審閱並監督本集團之財務報告程序及內部監控。公司亦向審核委員會提供其他資源，讓其可完全履行其職責。

年內，審核委員會召開四次會議，當中有外部核數師出席。該等會議之出席紀錄(以列名形式)表列於本報告第189至第190頁。

審核委員會已與本公司管理層及本公司核數師安永會計師事務所審閱本集團所採納之會計原則及慣例，並討論有關核數、內部監控及財務匯報事宜，包括審閱本公司截至二零零六年九月三十日止年度之年報。

年內審核委員會所進行之工作概述如下：

- 審閱二零零五年年報及截至二零零五年九月三十日止九個月之經審核賬目及年度業績公佈
- 審閱二零零五／零六年中期報告及截至二零零六年三月三十一日止六個月之中期業績公佈
- 審閱截至二零零五年十二月三十一日止三個月及截至二零零六年六月三十日止九個月之管理賬目及季度業績公佈
- 向董事會建議尋求股東聘任安永會計師事務所為本公司二零零五／零六年度外部核數師
- 審閱並建議董事會批准本集團二零零五／零六年度審核費用建議

- Reviewed the connected transactions for the nine months ended 30 September 2005 and for the quarterly periods ended 31 December 2005, 31 March 2006 and 30 June 2006
- Reviewed the areas of (i) risk management and internal controls and (ii) internal audit and compliance functions
- Reviewed and approved the Group audit charter, the internal audit plan for the year ended 30 September 2006, the cost budget for audit and the internal audit reports
- Met with the external auditors to discuss the general scope of their audit work
- 審閱截至二零零五年九月三十日止九個月及截至二零零五年十二月三十一日、二零零六年三月三十一日及二零零六年六月三十日止季度期間之關連交易
- 審閱(i)風險管理及內部監控及(ii)內部審核及合規事宜
- 審閱並批准本集團審核憲章、截至二零零六年九月三十日止年度之內部審核計劃及核數及內部審核報告之成本預算
- 與外部核數師會晤以討論彼等核數工作之一般範圍

All issues raised by the Committee have been addressed by Management. The work and findings of the Committee have been reported to the Board. During the year, no issue brought to the attention of Management and the Board was of sufficient importance to require disclosure in the 2005/06 Annual Report.

管理層已處理委員會所提出之所有問題。委員會之工作情況及結果已向董事會報告。年內，並無已提交管理層以及董事會注意之事項，其重要性足以須於二零零五／零六年年報內披露。

Senior Management's Interests

高級管理層之權益

As at 30 September 2006, the senior management had the following interests in the shares and underlying shares of the Company:

於二零零六年九月三十日，高級管理層於本公司股份及相關股份中擁有以下權益：

Name of employee 僱員姓名	Number of ordinary shares beneficially held 實益持有之普通股數目	Number of shares issuable under share options granted 授出之認股權下 可發行之股份數目
Mr. Foong Kok Meng 馮國明先生	-	1,295,328
Mr. Tay Kok Min 鄭國銘先生	-	215,888

Investor Relations

Changes to Constitutional Documents

The bye-laws of the Company were amended at the annual general meeting held on 16 January 2006 to restrict the number of directors to a maximum of twelve so as to enhance operational efficiency of the Company.

General Meeting

One general meeting was held during the year. The general meeting was the 2006 annual general meeting held on Monday, 16 January 2006 at 2:30 p.m. The following resolutions were passed at the meeting by show of hand:

Ordinary Resolutions

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the nine months ended 31 December 2005.
2. (1) (i) To re-elect Dr. Han Cheng Fong as director.
(ii) To re-elect Ms. Chong Siak Ching as director.
(2) To fix the remuneration of directors.
3. To appoint the auditors and to authorize the board of directors to fix their remuneration.
4. (1) To grant a general mandate to the directors to repurchase shares.
(2) To grant a general mandate to the directors to allot and issue new shares.
(3) To extend the general mandate granted to the directors to issue new shares by adding the number of shares repurchased.

投資者關係

公司組成文件之變更

本公司之公司細則已於二零零六年一月十六日舉行之股東週年大會上予以修訂，董事最高人數限制為12人，以提高本公司之營運效率。

股東會議

年內曾舉行一次股東會議。該次股東會議乃於二零零六年一月十六日星期一下午二時三十分舉行之二零零六年度股東週年大會。會上透過舉手投票方式通過如下決議案：

普通決議案

1. 省覽及考慮截至二零零五年十二月三十一日止九個月之經審核綜合財務報告與董事會報告書及核數師報告書。
2. (1) (i) 重選韓禎豐博士為董事。
(ii) 重選張雪倩女士為董事。
(2) 釐定董事酬金。
3. 聘任核數師及授權董事會釐定其酬金。
4. (1) 授予董事購回股份之一般授權。
(2) 授予董事配發及發行新股份之一般授權。
(3) 加入購回之股份數目以擴大授予董事發行新股份之一般授權。

Special Resolutions

- (4) To approve share premium reduction.
- (5) To approve the amendments to the bye-laws of the Company.

The 2007 annual general meeting of the Company (“AGM”) will be held on Wednesday, 24 January 2007. Details of the 2007 AGM Notice, the poll voting procedures and the rights of shareholders to demand a poll are set out in the circular to the shareholders which is despatched together with the 2005/06 Annual Report.

According to bye-law 70 of the bye-laws of the Company and section 74 of the Companies Act 1981 of Bermuda, a special general meeting can be convened by a written request signed by shareholders holding not less than one-tenth of the paid-up share capital of the Company, stating the purposes of the meeting, and deposited at the registered office of the Company.

The procedures for shareholders to put forward proposals at an annual general meeting or a special general meeting include a written notice of those proposals being submitted by shareholders, addressed to the registered office of the Company, can be made in accordance with section 80 of the Companies Act 1981 of Bermuda.

Communication Channels

In order to develop and maintain continuing relationships with the shareholders of the Company, the Company has established various channels to facilitate and enhance communication:

- the annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board
- updated key information of the Group is available on the Company’s website at www.fraserschina.com to enable the shareholders of the Company and the investor community to have timely access to information about the Group

特別決議案

- (4) 批准削減股份溢價。
- (5) 批准修訂本公司之公司細則。

二零零七年度股東週年大會（「股東週年大會」）將於二零零七年一月二十四日星期三舉行。二零零七年股東週年大會通告、投票表決程序及股東要求投票表決權利之詳情載於通函中，而該通函與二零零五／零六年年報一併寄發予股東。

根據本公司公司細則第70條及百慕達一九八一年公司法第74條，持股量佔本公司已繳股本不少於十分之一之股東，可簽署書面文件要求召開股東特別大會。有關文件須列明大會目的，並送交本公司註冊辦事處。

股東提呈股東週年大會或股東特別大會之程序可根據百慕達一九八一年公司法第80條制定，其中包括股東有關建議之書面通知，並提交予本公司之註冊辦事處。

通訊渠道

為了發展及維繫本公司與股東間之持續關係，本公司已設立各種渠道，以促進及加強通訊：

- 股東週年大會為本公司股東提供一個平台，讓彼等提出意見及與董事會交換意見
- 本集團之最新重要資料可於本公司之網址 www.fraserschina.com 瀏覽，讓本公司股東及投資者能隨時得到本集團之資料

- the Company's website offers a communication channel between the Company and its shareholders and investors

The Chairman and the directors are available at annual general meetings to answer questions raised by shareholders of the Company or other interested parties. To facilitate enforcement of shareholders' rights, substantially different issues at general meetings are dealt with under separate resolutions.

Shareholding Analysis

Analysis of share ownership among top 30 shareholders according to the register of members of the Company as at 30 September 2006:

- 本公司之網站為本公司與股東及投資者提供通訊渠道

主席及董事於股東週年大會上樂意回答本公司股東或其他有興趣人士提出之問題。於股東大會上，具體上不同之議題將以個別決議案處理，以確保股東之權利。

股權分析

根據本公司股東登記冊，於二零零六年九月三十日本公司前30位股東之持股量分析如下：

Category	類別	Number of shares held 持股數量	Approximate Percentage on total issued shares (%) 佔已發行股份總數之概約百分比
Individual	個別	102,558,787	1.50
Local	本地	73,006,107	1.07
Overseas	海外	29,552,680	0.43
Corporate	公司	6,691,046,802	97.79
Local	本地	2,883,077,751	42.14
Overseas	海外	3,807,969,051	55.65
Total	總計	6,793,605,589	99.29

Market Capitalisation

Market capitalisation as at 30 September 2006 (Issued shares: 6,842,477,580 shares; closing price at 29 September 2006, the last trading date of the financial year: HK\$0.123 per share)

Approximately HK\$842 million

市價總值

二零零六年九月三十日之市價總值(已發行股份: 6,842,477,580股, 於二零零六年九月二十九日(本財政年度最後一個交易日)收市價每股港幣0.123元) 約港幣 842,000,000元

Attendance record at the meetings of the Board of Directors and specialized board committees held for the year ended 30 September 2006

於截至二零零六年九月三十日止年度內舉行之董事會及董事會專責委員會會議之出席紀錄

Name and Designation 姓名及職位	Notes 附註	Board 董事會		Executive Committee 執行委員會		Audit Committee 審核委員會		Remuneration Committee 薪酬委員會	
		No. of Meetings 會議次數	Attendance 出席次數	No. of Meetings 會議次數	Attendance 出席次數	No. of Meetings 會議次數	Attendance 出席次數	No. of Meetings 會議次數	Attendance 出席次數
Executive Director 執行董事									
Mr. Ang Ah Lay (Chief Executive Officer) 洪亞歷先生 (行政總裁)		6	6	3	3	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Non-executive Directors 非執行董事									
Dr. Han Cheng Fong (Chairman) 韓禎豐博士 (主席)		6	6	3	3	N/A 不適用	N/A 不適用	2	2
Mr. Goh Yong Chian, Patrick 吳榮鈿先生		6	6	3	3	4	4	N/A 不適用	N/A 不適用
Mr. Lim Ee Seng 林怡勝先生	1	3	3	2	2	N/A 不適用	N/A 不適用	1	1
Mr. Tang Kok Kai, Christopher 鄧國佳先生	2	3	3	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Ms. Chong Siak Ching 張雪倩女士		6	5	3	3	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Ms. Wang Poey Foon, Angela 王培芬女士		6	6	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Lew Syn Pau 劉信保先生	3	1	1	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	1	1
Independent Non-executive Directors 獨立非執行董事									
Mr. Alan Howard Smith, J.P. Alan Howard Smith先生，太平紳士		6	6	N/A 不適用	N/A 不適用	4	4	2	2
Mr. Kwong Che Keung, Gordon 鄺志強先生		6	6	N/A 不適用	N/A 不適用	4	4	N/A 不適用	N/A 不適用
Mr. Hui Chiu Chung, J.P. 許照中先生，太平紳士		6	6	N/A 不適用	N/A 不適用	4	4	N/A 不適用	N/A 不適用
Mr. Chong Kok Kong 張國光先生	4	3	3	N/A 不適用	N/A 不適用	1	1	N/A 不適用	N/A 不適用

Corporate Governance Report 企業管治報告

Frasers Property (China) Limited 星獅地產(中國)有限公司

Name and Designation 姓名及職位	Notes 附註	Board 董事會		Executive Committee 執行委員會		Audit Committee 審核委員會		Remuneration Committee 薪酬委員會	
		No. of Meetings 會議次數	Attendance 出席次數	No. of Meetings 會議次數	Attendance 出席次數	No. of Meetings 會議次數	Attendance 出席次數	No. of Meetings 會議次數	Attendance 出席次數
Alternate Directors 替任董事									
Mr. Yee Hsien Wee (Alternate to Ms. Chong Siak Ching) 余賢偉先生(張雪倩女士之替任董事)	5	-	-	-	-	N/A	N/A	N/A	N/A
Mr. Hui Choon Kit (Alternate to Dr. Han Cheng Fong) 許遵傑先生(韓禎豐博士之替任董事)	6	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Goh Kok Huat (Alternate to Ms. Chong Siak Ching) 吳國發先生(張雪倩女士之替任董事)	7	-	-	1	0	N/A	N/A	N/A	N/A
Mr. Goh Toh Sim (Alternate to Mr. Lew Syn Pau) 吳多深先生(劉信保先生之替任董事)	8	-	-	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- Mr. Lim Ee Seng was appointed as a Non-executive Director and a member of the Executive Committee and the Remuneration Committee on 2 May 2006.
- Mr. Tang Kok Kai, Christopher was appointed as a Non-executive Director on 2 May 2006.
- Mr. Lew Syn Pau retired from the Board and resigned from the Remuneration Committee on 16 January 2006.
- Mr. Chong Kok Kong was appointed as an Independent Non-executive Director and a member of the Audit Committee on 2 May 2006.
- Ms. Chong Siak Ching nominated Mr. Yee Hsien Wee as her alternate director on the Board and alternate on the Executive Committee on 2 May 2006.
- Mr. Hui Choon Kit ceased to be alternate director to Dr. Han Cheng Fong on 2 May 2006.
- Mr. Goh Kok Huat ceased to be alternate director to Ms. Chong Siak Ching and a member of Executive Committee on 2 May 2006.
- Mr. Goh Toh Sim ceased to be alternate director to Mr. Lew Syn Pau on 16 January 2006.

"N/A" : Not applicable

附註：

- 林怡勝先生於二零零六年五月二日獲委任為非執行董事，以及執行委員會及薪酬委員會之成員。
- 鄧國佳先生於二零零六年五月二日獲委任為非執行董事。
- 劉信保先生於二零零六年一月十六日退任董事會及辭任薪酬委員會。
- 張國光先生於二零零六年五月二日獲委任為獨立非執行董事及審核委員會成員。
- 張雪倩女士已於二零零六年五月二日提名余賢偉先生為彼之替任董事及執行委員會之替任成員。
- 許遵傑先生已於二零零六年五月二日不再為韓禎豐博士之替任董事。
- 吳國發先生已於二零零六年五月二日不再為張雪倩女士之替任董事及執行委員會成員。
- 吳多深先生已於二零零六年一月十六日不再為劉信保先生之替任董事。

「N/A」：不適用