

The Board of Directors is committed to principles of good corporate governance in safeguarding the interests of the shareholders and enhancing shareholders' value.

董事會堅守良好的企業管治守則，以保障股東權益及提升股東價值。

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 (the "Code Provisions") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except two technical deviations.

本公司已遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治常規守則（「常規守則」）之守則條文，惟於兩方面出現技術性偏差。

Highlights of our dedication to high standards of corporate governance are:

本公司致力維持高水平企業管治之有關摘要如下：

1. FEES AND EMOLUMENTS

Fees and emoluments entitlement of the two executive directors of the Company are subject to an upper limit of HK\$8,000,000 per annum.

1. 袍金及酬金

本公司兩名執行董事之袍金及酬金每年上限為 8,000,000 港元。

2. GENERAL MANDATE

The board is committed to propose to the shareholders at annual general meetings to allot new shares up to 10% of the issued share capital of the Company. The Company may not issue any securities pursuant to the general mandate at a discount of more than 12% to the benchmarked price, otherwise approved by an independent board committee.

2. 一般授權

董事會將於股東週年大會向股東提議配發數目達本公司已發行股本 10% 之新股。本公司不得根據一般授權以較股份基準價格折讓 12% 以上之折讓價發行證券（除非得到獨立董事委員會批准）。

3. CONNECTED TRANSACTIONS

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

3. 關連交易

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

4. INDEPENDENT NON-EXECUTIVE DIRECTORS

The number of Independent Non-executive Directors of the Company will not be less than 50% of the total number of Directors of the Company.

4. 獨立非執行董事

本公司獨立非執行董事數目不會少於本公司董事總人數 50%。

THE BOARD

The Board comprises two Executive Directors and four Non-executive Directors.

Under the Listing Rules, the board of directors of a listed company must include at least three independent non-executive directors. The Code recommends that at least one-third of the directors should be independent non-executive directors.

The Company considers that it is important for the Board to include a balanced composition of Executive, Non-executive and Independent Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement on the actions of the Company. The Board currently comprises two Executive Directors, one Non-executive Director and three Independent Non-executive Directors, with Independent Non-executive Directors representing 50% of the Board, which is higher than the recommended standard of the Code. The Company is committed that the number of Independent Non-executive Directors will not be less than 50% of the total number of the Directors or the minimum number of Independent Non-executive Directors required by Rule 3.10(1) of the Listing Rules. In the event that the number of Independent Non-executive Directors falls below 50% of the total number of Directors, the Company will take remedial action and fulfill the requirements set out above within 14 days.

The Company will make the appropriate announcement in compliance with the Listing Rules of any changes to the Board.

The Board believed that the Company has complied with the Code Provisions, except that:

1. the Independent Non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws; and

董事會

董事會包括兩名執行董事及四名非執行董事。

根據上市規則，上市公司之董事會必須包括最少三名獨立非執行董事。常規守則建議最少三分之一的董事，必須為獨立非執行董事。

本公司認為董事會內之執行、非執行及獨立非執行董事之組成比例維持均衡實屬重要，以使董事會有充足之獨立元素，可對本公司之行動作出有效獨立判斷。董事會現由兩名執行董事、一名非執行董事及三名獨立非執行董事組成，而獨立非執行董事之人數佔董事會 50%，較常規守則所建議之標準為高。本公司承諾獨立非執行董事之人數，將不少於董事總人數之 50% 或上市規則第 3.10(1)條所規定之獨立非執行董事最低人數。倘獨立非執行董事之人數低於董事總人數之 50%，本公司將於十四日內作出糾正，並符合有關規定。

本公司會就董事會之變動作出適當公佈以遵守上市規則。

董事會相信本公司已遵守常規守則，以下兩者除外：

1. 獨立非執行董事並非以任何固定年期受聘，須根據本公司之公司細則之規定於本公司之股東週年大會上輪席告退及重選；及

THE BOARD (cont'd)

2. the Directors have not been required by the Company's Bye-laws to retire by rotation at least once every three years. However, in accordance with the Company's Bye-laws, one-third of the Directors for the time being, or if their number is not three, or a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation provided that no Director holding office as chairman, managing director or joint managing director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire at each annual general meeting.

The Board will ensure the retirement of each Director by rotation at least once every three years in order to comply with the Code Provisions.

In order to reinforce the independence, accountability and responsibility, the roles of the Chairman is separate from that of the Chief Executive Officer. Their respective responsibilities are clearly established and set out in writing. The Chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures, whilst the Chief Executive Officer, supported by senior executives, is responsible for managing the Group's businesses, including the implementation of strategies and initiatives adopted by the Board.

The Non-executive Directors with diversified expertise play an important role on strategy development and ensuring that the Board maintains high standards of reporting as well as taking the lead where potential conflict of interests arise. The Board has received from each Independent Non-executive Director a written annual confirmation of their independence and satisfied that their independence up to the approval date of this report in accordance with the Listing Rules.

The Board is responsible for the appointment of Directors, evaluation of board composition and the management of board succession with reference to certain guidelines. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of the members. It carries out the process of selecting and recommending candidates for directorship including the consideration of referrals and engagement of external recruitment firms, when necessary. The Board also reviews and recommends the re-appointment of retiring Directors for shareholders' approval at the annual general meeting.

董事會（續）

2. 本公司之公司細則並無規定董事最少每三年一次輪席告退。然而，根據本公司之公司細則，當時的三分之一董事（如彼等人數並非三或三之倍數，則為最接近但不超過三分之一的數目）須輪席告退，惟出任主席、董事總經理或聯席董事總經理之董事毋須輪席告退或在釐定將於各股東週年大會上告退之董事人數時計算在內。

董事會將確保各董事最少每三年一次輪席告退以符合常規守則。

為加強獨立性、問責性及責任感，主席與行政總裁之角色由不同人士擔任，彼等各自之責任已以書面清晰列明。主席之責任為確保董事會正當運作，並遵守良好企業管治常規及程序，行政總裁在高級行政人員輔助下負責管理本集團業務，其中包括執行獲董事會批准之策略及措施。

擁有不同專門知識之非執行董事在擬定策略方面擔當重要角色，彼等並確保董事會維持高水平企業管治及於出現潛在利益衝突時起牽頭解決作用。董事會已接獲各獨立非執行董事根據上市規則規定確認彼等獨立性之年度確認書，並信納截至本報告批准日期為止彼等為獨立人士。

董事會參考若干指引負責委任董事，評估董事會的組成以及考慮董事會的繼任。該等指引包括有關成員需具備適合的專業知識及行業經驗、個人操守、誠信及技能以及付出的時間。董事會負責揀選及引薦董事候選人，包括考慮透過轉介及於必要時委聘外部招聘公司。此外，董事會亦會審閱及建議於股東週年大會上續聘須經股東批准的將予退任董事。

THE BOARD (cont'd)

The Board meets regularly throughout the year to discuss the overall strategy, the operational and financial performance of the Group. The Board has reserved for its decision or consideration matters relating to the Group's strategy, major acquisitions and disposals, major capital expenditure, annual and interim results, Directors' appointment and other significant financial and operational issues.

The agenda of the board meetings is set by the Chairman in consultation with members of the Board such that they are given an opportunity to include matters. On an on-going basis, senior executives provide all members of the Board with operational and financial reports of the Group's performance, position and prospects. All the Directors are kept informed of major changes that may affect the Group's businesses. Draft and executed board minutes were sent to all the Directors for their comment and records respectively. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense.

The Board has established two committees with specific responsibilities as described below. Major matters which are specifically delegated by the Board to the senior executives include the preparation of annual and interim financial statements for the Board's approval, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and sound risk management practices.

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

董事會（續）

董事會於年內定期開會商討本集團整體策略、營運及財務表現。董事會在有關本集團策略、主要收購及出售、年度及中期業績、委任董事及其他重大金融及營運事項上保留決策和考慮權。

為給予董事會成員擬定董事會會議商討事項之機會，主席於諮詢董事會成員後訂定董事會會議之議程。高級行政人員一直就本集團之表現、狀況及展望向董事會所有成員提呈營運及財務報告。所有董事一直知悉任何會影響本集團業務之重大轉變。會議紀錄之初稿及定稿會分別送呈所有董事作評論及紀錄之用。董事擁有為履行職責尋求獨立專業意見之資源，有關費用由本公司支付。

董事會成立兩個委員會，其特定責任載於下文。董事會特別委託高級行政人員處理之主要事項包括編製年度和中期財務報表供董事會批准、執行董事會所採納之業務策略及措施及推行妥善之內部監控制度及風險管理程序。

本公司已就彌償其董事因企業事務所產生之責任安排合適之責任保險。保險責任範圍每年予以檢討。

THE BOARD (cont'd)

董事會 (續)

The individual attendance of each Director and member at the Board and committee meetings held in 2005 is as follows:

個別董事及董事委員會成員於二零零五年出席董事會及董事委員會會議之紀錄如下：

Attendance of Board and Committee members at meetings 董事會及董事委員會成員之會議出席率				
		No. of meetings attended/held 出席／舉行會議次數		
Directors	董事	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
Executive Directors	執行董事			
Mr. Thomas Lau, Luen-hung (Chairman)	劉鑾鴻先生 (主席)	3/4	N/A	N/A
Mr. Joseph Lau, Luen-hung (Chief Executive Officer)	劉鑾雄先生 (行政總裁)	3/4	N/A	N/A
Non-executive Director	非執行董事			
Ms. Amy Lau, Yuk-wai	劉玉慧女士	2/4	N/A	N/A
Independent Non-executive Directors	獨立非執行董事			
Mr. Koon, Wing-ye	官永義先生	3/4	3/3	0/1
Mr. Cheng, Kwee	鍾貴先生	4/4	3/3	1/1
Mr. Chan, Kwok-wai	陳國偉先生	4/4	3/3	1/1
Ms. Phillis Loh, Lai-ping*	羅麗萍女士*	N/A	N/A	N/A
Average attendance rate	平均出席率	79%	100%	67%
Dates of meeting	開會日期	11/4/2005 4/7/2005 29/8/2005 28/11/2005	1/4/2005 22/8/2005 28/11/2005	4/7/2005

* Ms. Phillis Loh, Lai-ping was appointed as an Independent Non-executive Director of the Company with effect from 25th January, 2006.

* 羅麗萍女士自二零零六年一月二十五日起獲委任為本公司之獨立非執行董事。

BOARD COMMITTEES

The Board has established the following committees (all the members are Independent Non-executive Directors) with written terms of reference which are of no less exacting terms than those set out in the Code: Audit Committee and Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee was formed to review the Group's corporate governance, financial reporting, internal controls, risk management and make relevant recommendations to the Board. The Audit Committee is made up of three Independent Non-executive Directors. One of the committee members possesses appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee met three times in 2005 (with 100% attendance rate) to review with senior executives and the Company's internal and external auditors their audit findings, the accounting principles and practices adopted by the Group, and the requirements of the Listing Rules and statutory compliance, and to discuss auditing, internal controls, risk management and financial reporting matters (including the interim and annual accounts for the six months ended 30th June, 2005 and for the year ended 31st December, 2005 respectively before recommending them to the Board for approval).

Aligned with the Code Provisions, the terms of reference of the Audit Committee was revised and can be found in the Company's website.

董事委員會

董事會成立以下委員會：審核委員會及薪酬委員會（所有成員均為獨立非執行董事），其書面職權範圍之條款不遜於載於常規守則。

審核委員會

成立審核委員會以審閱本集團之企業管治、財務報告、內部監控及風險管理程序及向董事會作出相關建議。審核委員會由三名獨立非執行董事組成，其中一名成員按上市規則要求擁有適當的專業資格、會計或相關金融管理專業知識。

審核委員會於二零零五年舉行三次會議（出席率均為 100%）與高級行政人員、本公司內部及外聘核數師共同檢討其審核結果、本集團所採納之會計原則及常規及本集團遵守上市規則及法規規定之情況，並討論審核、內部監控、風險管理及財務報告之事宜（包括在建議給董事會批准前先分別討論截至二零零五年六月三十日止六個月及截至二零零五年十二月三十一日止年度之中期和年度賬目）。

為符合常規守則，審核委員會的職權範圍已獲修訂，並可於本公司網站內閱覽。

AUDIT COMMITTEE (cont'd)

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

Prior to the commencement of the audit of accounts of the Company, the Audit Committee received written confirmation from the external auditors on their independence and objectivity as required under the Professional Ethics Statement 1.203A "Independence for Assurance Engagements" issued by the Hong Kong Institute of Certified Public Accountants, reviewed the terms of their engagement and discussed with them the nature and scope of the audit and reporting obligations.

The Audit Committee is satisfied with the findings of their review of the process and effectiveness, independence and objectivity of the external auditors and has recommended to the Board their re-appointment as the Company's external auditors at the annual general meeting to be held in June 2006.

審核委員會（續）

為確保外聘核數師作出獨立報告，獨立非執行董事在執行董事不在場下與外聘核數師舉行會議。此外，外聘核數師之合夥人將定期輪換，審核委員會亦會監管外聘核數師每年就非核數及核數服務所收之酬金性質和比例。有關外聘核數師非核數服務之政策已訂立。就此，審核委員會考慮外聘核數師受聘從事之工作會否為本公司帶來明確的效益和增值作用，並無對其審計工作的獨立性或獨立形象構成負面影響，並考慮被視為由外聘核數師提供之非核數服務之性質及個別費用之水平及總計費用相對於核數費用之水平。此外亦採納一套禁止聘用外聘核數師僱員或前僱員於本集團出任高級行政和財務職位之措施。

本公司外聘核數師於審核本公司賬目前，已根據由香港會計師公會頒布之專業操守準則第1.203A條「獨立核證」向審核委員會提呈書面獨立和公正性確認。審核委員會亦審閱他們的核數範圍；以及與他們討論核數和匯報責任的性質和範圍。

審核委員會經檢討後對外聘核數師之工作程序、效率、獨立和公正性感到滿意，並將於二零零六年六月舉行之股東週年大會建議董事會續聘其為本公司外聘核數師。

REMUNERATION COMMITTEE

The Remuneration Committee comprising all Independent Non-executive Directors was established in May 2005. It is responsible for approving the remuneration policy for all Directors and senior executives. It annually reviews the existing remuneration policy. The Remuneration Committee met once in 2005 (with an average attendance rate of 67%) to review and approve the Directors' and senior executives' remuneration for 2005.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

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

The Company established a remuneration committee in May 2005 with the primary responsibilities of establishing and reviewing the remuneration policy of the Directors and senior executives of the Company.

The Listing Rules and the Code require that the compensation and emolument payable to Directors be disclosed in the accounts and annual reports of the Company. Save for such disclosure requirements, there are no stipulations on upper limit of emolument payable to the Directors. As part of the policy to be observed by the Company in respect of the determination of the remuneration of the Executive Directors, the Company will, observe that save with the prior approval of an independent board committee comprising only the Independent Non-executive Directors, all fees and emoluments paid to Mr. Joseph Lau Luen-hung and Mr. Thomas Lau Luen-hung, who are currently the Executive Directors, and their associates (as defined in Rule 1.01 of the Listing Rules as extended by Rule 14A.11(4) of the Listing Rules), will not exceed in aggregate an amount of HK\$8,000,000 each year, plus any adjustment by reference to the changes in consumer price index published by the Government of Hong Kong. The total emoluments paid to the two Executive Directors of the Company for the year ended 31st December, 2005 were HK\$6,000,000.

薪酬委員會

成員包括所有獨立非執行董事之薪酬委員會於二零零五年五月成立，薪酬委員會負責批准所有董事及高級行政人員之薪酬政策。薪酬委員會每年檢討現存薪酬政策。薪酬委員會於二零零五年舉行一次會議（平均出席率為67%）以檢討及批准董事及高級行政人員二零零五年之薪酬。

執行董事薪酬政策

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

本公司已於二零零五年五月成立薪酬委員會，其主要責任為制定及審閱本公司董事及高級管理層之薪酬政策。

上市規則及常規守則規定支付予董事之補償及薪酬須於本公司賬目及年報中披露。除該等披露規定外，並無訂明支付予董事之酬金上限。根據本公司在釐定執行董事薪酬時所遵守之政策，本公司將遵守規定（由獨立非執行董事組成之獨立董事委員會預先作出之批准除外），支付予劉鑾雄先生及劉鑾鴻先生（現時之執行董事）及彼等之聯繫人（定義見上市規則第14A.11(4)條所延伸的上市規則第1.01條）之所有袍金及酬金合共將不超過每年8,000,000港元及連同經參考香港政府公佈之消費物價指數變動後作出之任何調整。截至二零零五年十二月三十一日止年度付予本公司兩名執行董事之總酬金為6,000,000港元。

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The remuneration, comprising directors' fees, of Non-executive Directors is subject to annual assessment. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at the Company's meetings.

For the year ended 31st December, 2005, the total directors' fees paid to the three Independent Non-executive Directors of the Company were HK\$300,000.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the year ended 31st December, 2005.

DIRECTORS' INTERESTS IN SECURITIES

Details of directors' interests in the shares of the Company and associated corporations are set out on pages 36 to 38.

GENERAL MANDATES TO ISSUE SHARES

The Listing Rules provide that if a general mandate to allot and issue shares has been obtained from the shareholders, the Directors may allot and issue shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution. The Listing Rules further provide that in the case of a placing of shares for cash consideration, the Company may not issue any shares pursuant to the general mandate if the relevant price represents a discount of 20% or more to the benchmarked price of the shares as determined in accordance with the provisions of Rule 13.36(5) of the Listing Rules.

非執行董事薪酬政策

非執行董事包括董事袍金之薪酬會逐年評估。彼等可獲償付就履行職責（包括出席本公司會議）所產生之實付開支。

截至二零零五年十二月三十一日止年度，付予本公司三名獨立非執行董事之總袍金為 300,000 港元。

董事證券交易

本公司已採納一套董事證券交易守則，其條款與上市規則附錄十（「標準守則」）所規定之標準同樣嚴格。經本公司作出明確查詢後，所有董事均已確認彼等已於截至二零零五年十二月三十一日止年度期間遵守標準守則所規定之標準及前述之交易守則。

董事之證券權益

董事於本公司及其相聯法團股份之權益詳情載於第 36 至 38 頁。

發行股份之一般授權

上市規則規定，倘獲股東批授配發及發行股份之一般授權，董事可配發及發行最多佔本公司於通過有關決議案當日已發行股本面值總額 20% 之股份。上市規則進一步規定，倘配售股份以換取現金代價，而有關價格較根據上市規則第 13.36 (5) 條之規定所釐定之股份基準價格折讓 20% 或以上，則本公司不可根據一般授權發行任何股份。

GENERAL MANDATE TO ISSUE SHARES (cont'd)

To safeguard the interests of the shareholders and to ensure that minority shareholders' interests will not be unfairly diluted, the Company will only be seeking a general mandate at the forthcoming annual general meeting of the Company, to allot, issue and deal with further shares representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution. For the avoidance of doubt, the Company has obtained a separate mandate to issue shares pursuant to the conversion of convertible bonds due 2010.

In addition, notwithstanding that the proposal for the general mandate to be granted is unconditional, the Company is committed not to issue any shares under the general mandate if the issue price of the shares represents a discount of more than 12% to the benchmarked price (as defined in Rule 13.36(5) of the Listing Rules), unless an independent board committee has approved such issue.

INTERNAL CONTROL

The Board is responsible for maintaining an adequate system of internal controls in the Company and reviewing its effectiveness through the Audit Committee. The Board has delegated to the senior executives the implementation of such system of internal controls as well as the review of relevant financial, operational and compliance controls and risk management functions.

Based on the assessment made by the senior executives and external auditors, the Audit Committee is satisfied that:

- the internal controls system and accounting systems of the Group are designed to provide reasonable assurance that the operations are efficient and effective, material assets are protected, significant risks faced by the Group are identified and monitored and material transactions are executed in accordance with management's authorisation.
- the ongoing process for identifying, evaluating and managing significant risks is in place.

發行股份之一般授權（續）

為維護股東利益及確保少數股東權益不會被不公平地攤薄，本公司將僅會於本公司應屆股東週年大會上尋求一般授權，以配發、發行及處理佔本公司於通過有關決議案當日已發行股本總面值10%之額外股份。為免生疑問，本公司已另外取得就轉換於二零一零年到期的可換股債券而發行股份之授權。

此外，儘管將予授出一般授權之建議為無條件，本公司承諾倘股份之發行價較基準價（定義見上市規則第13.36(5)條）折讓超過12%，則不會根據一般授權發行任何股份，惟獨立董事委員會已批准有關發行則除外。

內部監控

董事會負責維持本公司妥善之內部監控系統及透過審核委員會檢討其效能。董事會已授權高級行政人員實施此內部監控系統以及檢討相關之財務、營運、監控控制及風險管理功能。

根據高級管理人員及外聘核數師之評估，審核委員會信納：

- 本集團的內部監控制度及會計制度可提供合理保證，即業務有效率及有效地運作、重大資產得到保障、本集團面對的重大風險得到確認及受到監督，及重大交易乃根據管理層授權而執行。
- 監控系統持續運作，以確認、評估及管理重大風險。

CONNECTED TRANSACTIONS

In accordance with Rule 14A.32(1) of the Listing Rules, a connected transaction on normal commercial terms where each of the percentage ratios (other than the profits ratio) is less than 2.5% is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and is exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules. To ensure higher transparency and to limit the transaction amount of connected transactions of the Company, the measures have set out much stricter compliance standards in respect of connected transactions. The Company will aggregate the connected transactions entered into with any connected person in any 12-month period and will not enter into any further connected transaction(s) without first obtaining the approval of the independent shareholders of the Company if the aggregate amount of the connected transactions exceeds HK\$500 million, representing approximately 1.25% of the total assets of the Company as at 31st December 2005, in any such 12-month period.

Connected transactions that have been approved separately by the independent shareholders in compliance with the Listing Rules will not be counted towards the HK\$500 million limit over any 12-month period described above.

COMMUNICATIONS WITH SHAREHOLDERS

The Company acknowledges that general meetings are good communication channel that members of the Board and committees are encouraged to attend the meetings to answer questions at the annual general meeting.

As a channel to promote effective communication, the Company maintains a corporate website (www.chineseestates.com) to disseminate Company information and answer enquiries raised by the shareholders and the general public.

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

關連交易

根據上市規則第 14A.32(1)條，按一般商業條款進行而各百分比比例（溢利比例除外）均低於 2.5% 之關連交易，只須受 14A.45 至 14A.47 條所載之呈報及公佈規定所限，並根據上市規則第 14A 章獲豁免遵守有關獨立股東批准之規定。為確保較高透明度以及限制本公司關連交易之交易金額，已實施較遵守關連交易標準更嚴格之措施。本公司將彙集計算於任何十二個月期間與任何關連人士訂立之關連交易，並倘關連交易之總額超過 500,000,000 港元（佔本公司於二零零五年十二月三十一日之總資產約 1.25%）時，則在未預先獲得本公司獨立股東之批准前，不可在任何該十二個月期間再訂立任何其他關連交易。

獲獨立股東另行批准以符合上市規則之關連交易，則不受任何十二個月期間不超過 500,000,000 港元之上限所限制。

與股東之溝通

本公司深信股東大會為良好溝通渠道，並鼓勵董事會及董事委員會成員出席股東週年大會以解答有關的問題。

為提高溝通成效，本公司設有公司網站 (www.chineseestates.com) 以發放公司資料及回應股東及公眾提出之查詢。

董事會及其轄下之委員會不時按需要檢討、修訂及廢除以上企業管治常規。