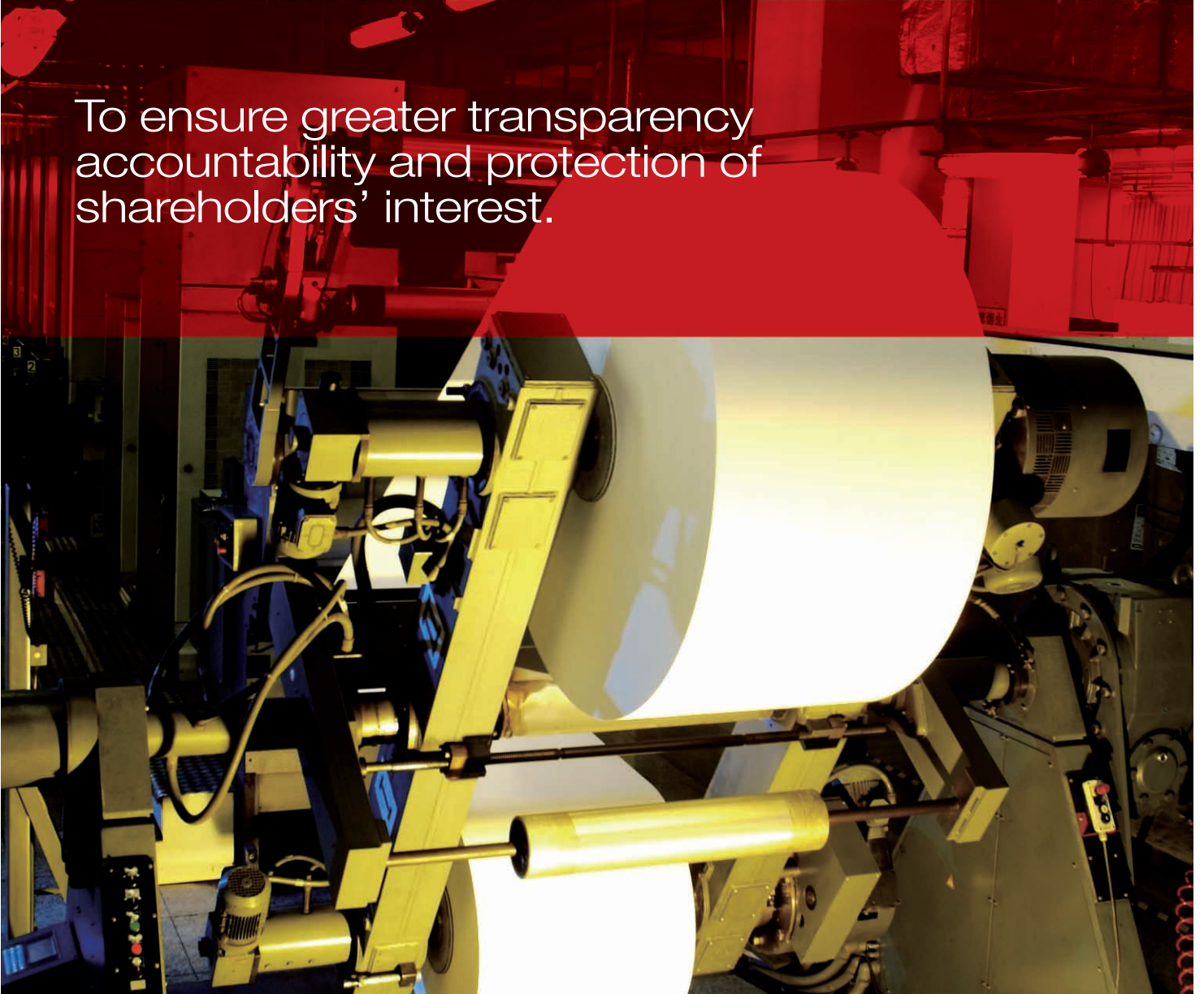




To ensure greater transparency
accountability and protection of
shareholders' interest.



Corporate Governance Report

INTRODUCTION

AMVIG continues to be committed to achieving high standards of corporate conduct and to place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and protection of shareholders' interests.

This report describes the Company's corporate governance practices and structures that were in place during the financial year, with specific reference to the principles and guidelines of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "CG Code"). In developing and reviewing its corporate governance policies and practices, the Company has sought to adopt a balanced approach by observing the spirit, and not just the letter, of the Code.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

The Board oversees the business affairs of AMVIG and is collectively responsible for the success of the Company. It assumes responsibility for the Company's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices. It provides leadership and guidance to management. The Company has in place financial authorisation and approval limits for capital expenditure as well as acquisitions and disposal of investments. Within these guidelines, the Board approves transactions above certain thresholds. The Board also approves the annual budget and the financial results for release to The Stock Exchange of Hong Kong Limited ("HKSE").

The Board is supported in its tasks by Board committees that have been established to assist in the execution of its responsibilities. The Board is supported by the Audit Committee, the Nomination Committee, the Remuneration Committee, the Investment Committee and the Risk Committee.

The Board conducts regular scheduled meetings at least four times a year and meets as and when warranted by particular circumstances between the scheduled meetings. In the financial year ended 31 December 2006, a total of twelve Board meetings were held. The attendance of the Directors at Board meetings and other committee meetings, as well as the frequency of such meetings, is disclosed in this report.

BOARD COMPOSITION AND GUIDANCE

The size and composition of the Board are reviewed from time to time by the Nomination Committee which strives to ensure that the size of the Board is conducive to effective discussions and decision-making and that the Board has an appropriate balance of independent directors.

There have been certain changes of directorship during the year. Mr. Chan Chew Keak, Billy, has been re-designated as the Chairman of the Group in April 2006. New Directors namely Mr. Chan Sai Wai, Mr. Ng Sai Kit, Mr. Li Shui Dang, Mr. David John Cleveland Hodge, Mr. Peter Roderick Downing, Mr. Tay Ah Kee, Keith, Mr. Au Yeung Tin Wah, Ellis and Mr. Oh Choon Gan, Eric have been appointed. Mr. Cheung Chun Ming, Mr. Sik Siu Kwan, Mr. Ng Kwai Sang, Mr. Ng Pui Cheung, Joseph and Mr. Chung Kwok Mo, John have resigned.

The Board now comprises eleven Directors including six executive Directors, two non-executive Directors, and three independent non-executive Directors. The composition of the Board is given below:

Executive Directors:

Mr. Chan Chew Keak, Billy (*Chairman*)
Mr. Li Wei Bo (*Vice-Chairman*)
Mr. Chan Sai Wai
Mr. Ng Sai Kit
Mr. Li Shui Dang
Mr. Lee Cheuk Yin, Dannis

Non-executive Directors:

Mr. David John Cleveland Hodge
Mr. Peter Roderick Downing
(*Chairman of the Risk Committee*)

Independent non-executive Directors:

Mr. Tay Ah Kee, Keith (*Chairman of Audit Committee*)
Mr. Au Yeung Tin Wah, Ellis
(*Chairman of the Remuneration Committee*)
Mr. Oh Choon Gan, Eric

As a Group, the Directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, finance and business and operation management. The diversity of the Directors' experience allows for the useful exchange of ideas and views.

All non-executive Directors (including independent non-executive Directors) of the Company have been appointed for a term of two years from the date of their appointments. They are eligible for re-appointment and subject to re-election on retirement by rotation in accordance with the Articles of Association.

The Nomination Committee reviews the independence of each Director on an annual basis and it considers a Director as independent if he has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interest of the Company.

Other than (i) Mr. Chan Chew Keak, Billy, Mr. David John Cleveland Hodge and Mr. Peter Roderick Downing who are senior management of Amcor Asia, (ii) Mr. Li Wei Bo who is the brother of Mr. Li Shui Dang, and (iii) Mr. Chan Sai Wai who is the brother of Mr. Ng Sai Kit, there is no financial, business, family or other material or relevant relationship among the Directors.

The biographical details of the Directors are set out on pages 22 to 25 of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company does not have a separate Chairman and Chief Executive Officer and Mr. Chan Chew Keak, Billy currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances the efficiency of decision-making process in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of management. The Board continually reviews the effectiveness of the Company's corporate governance structure to assess whether any changes are necessary.

BOARD MEMBERSHIP

The Nomination Committee reviews and assesses candidates for directorships (including executive directorships) before making recommendations to the Board. In recommending new Directors to the Board, the Nomination Committee takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability.

All newly appointed Directors will be provided an induction so as to ensure that he/she has appropriate understanding of the business and operations of the Company and of the responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

During the year, the Nomination Committee has made recommendation to the Board for the appointment of Mr. Chan Sai Wai and Mr. Ng Sai Kit as Directors. The Nomination Committee recommendation was endorsed by the Board and the appointments took effect in June 2006.

ACCESS TO INFORMATION

The Board is supplied with relevant information and comprehensive analysis by management pertaining to matters to be brought before the Board for discussion and decision. Management also ensures that the Board receives regular reports on the Company's financial performance and operations. The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to all corporate secretarial and compliance matters and also attends all Board meetings. To assist Board members in fulfilling their responsibilities, procedures have been put in place for Directors to seek independent professional advice, where appropriate, at the expense of the Company.

BOARD AND MANAGEMENT COMMITTEES

To assist the Board in the execution of its duties, the Board has established various Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Investment Committee and the Risk Committee. Membership in the different committees requires careful consideration to ensure an equitable distribution of responsibilities among Board members. The need to maximise the effectiveness of the Board and foster active participation and contribution from Board members are also factors that are taken into consideration.

NOMINATION COMMITTEE

The Nomination Committee was set up in 2006. The Nomination Committee comprises Mr. Chan Chew Keak, Billy (Chairman), Mr. Au Yeung Tin Wah, Ellis, Mr. Tay Ah Kee, Keith and Mr. Oh Choon Gan, Eric. The responsibilities of the Nomination Committee include the following:

- reviews and assesses candidates for directorships (including executive directorships) before making recommendations to the Board for appointment of directors;

- reviews and recommends to the Board the retirement and re-election of directors in accordance with the Company's Articles of Association;
- reviews the composition of the Board to ensure that the Board has an appropriate balance of independent directors and to ensure an appropriate balance of expertise, skills, attributes and ability among the directors;
- reviews the independence of directors; and
- reviews the composition of the boards of subsidiary and associated companies and where appropriate, provides guidance on the appointment of suitable directors to those companies.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in 2006 comprising Mr. Au Yeung Tin Wah, Ellis (Chairman), Mr. Tay Ah Kee, Keith and Mr. Oh Choon Gan, Eric. The key responsibilities of the Remuneration Committee include the following:

- recommends to the Board for endorsement the remuneration policies and guidelines for setting remuneration for directors and key executives;
- approves performance targets for assessing the performance of the Executive Directors and Chairman; and
- recommends the specific remuneration package for the Executive Directors and Chairman.

The Remuneration Committee held three meetings during the financial year.

The Remuneration Committee report is discussed in this report on Pages 37 to 43.

AUDIT COMMITTEE

The Audit Committee comprised the three independent non-executive directors: Mr Tay Ah Kee, Keith (Chairman), Mr. Au Yeung Tin Wah, Ellis and Mr. Oh Choon Gan, Eric. The main responsibilities of the Audit Committee include the following:

- assists the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviews the audit plans and reports of the external auditors and internal auditors and considers the effectiveness of the actions taken by management on the auditors' recommendations;
- appraises and reports to the Board on the audits undertaken by the external auditors and the adequacy of disclosure of information;
- reviews the cost effectiveness of the audit and the independence and objectivity of the external auditors; and
- reviews connected party transactions, as defined under the Listing Rules.

The Audit Committee has explicit authority to investigate any matters within its terms of reference and has full access to and cooperation from management, in addition to its direct access to the external auditors. If required, the Audit Committee has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal or other professional advice and services. The Committee held five meetings during the financial year.

Internal Audit performs detailed work to assist the Audit Committee in the evaluation of material internal controls of the Group. The external auditors, in the course of conducting their normal audit procedures on the statutory financial statements of the Company, also review the Company's material internal controls to the extent of their

scope as laid out in their audit plan. Material internal control weaknesses noted, by the auditors, and their recommendations, are reported to the Audit Committee and management is required to respond and to take appropriate actions.

The Audit Committee has reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal controls.

The Audit Committee has also reviewed the interim financial statements and the annual financial statements of the Group for the financial year ended 31 December 2006 as well as the auditors' reports thereon. Connected transactions of the Group in the financial year have been reviewed by the Audit Committee; in cases of practical difficulties, the Audit Committee provides guidance to management to assist in their resolution. Appropriate disclosure is made in the annual report.

The Audit Committee has not taken a different view from the Board regarding the selection, appointment, resignation or dismissal of the external auditors.

INVESTMENT COMMITTEE

The Investment Committee was set up in 2006. The Committee comprised Mr. Oh Choon Gan, Eric (Chairman), Mr. David John Cleveland Hodge and Mr. Lee Cheuk Yin, Dannis. The main responsibilities of the Investment Committee include the following:

- considers and approves strategic and portfolio investments and divestments within certain prescribed thresholds;
- reviews the Company's investment and treasury policies; and
- manages the Company's Group's assets and liabilities in accordance with the policies and directives of the Board.

RISK COMMITTEE

The Risk Committee was set up in 2006 to assist the Board in fulfilling its oversight responsibilities on risk management. The Committee comprised Mr. Peter Roderick Downing, (Chairman), Mr. Chan Sai Wai and Mr. Lee Cheuk Yin, Dannis. The main responsibilities of the Risk Committee include the following:

- reviews the overall risk management system and process and makes recommendations on changes as and when considered appropriate, having regard to costs and benefits; and
- reviews the Company's material risk exposures and evaluates the adequacy and effectiveness of the mitigating measures implemented by management.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The attendance of each director at Board meetings and Board committee meetings during the financial year ended 31 December 2006 is as follows:

	BOARD	INDEPENDENT BOARD COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Number Of Meetings Held	12	1	1	2	5
Name of Directors					
Mr. Chan Chew Keak, Billy	8/12		1/1		
Mr. Li Wei Bo	8/11				
Mr. Chan Sai Wai	3/3				
Mr. Ng Sai Kit	3/3				
Mr. Li Shui Dang	4/4				
Mr. Lee Cheuk Yin, Dannis	12/12				
Mr. David John Cleveland Hodge	4/4				
Mr. Peter Roderick Downing	4/4				
Mr. Tay Ah Kee, Keith	6/6		1/1	2/2	4/4
Mr. Au Yeung Tin Wah, Ellis	4/4		1/1	2/2	4/4
Mr. Oh Choon Gan, Eric	4/4		1/1	2/2	4/4
Former Directors					
Mr. Cheung Chun Ming	6/7				
Mr. Sik Siu Kwan	4/7				
Mr. Ng Kwai Sang	3/7	1/1			1/1
Mr. Ng Pai Cheung, Joseph	3/7	1/1			1/1
Mr. Chung Kwok Mo, John	3/7	1/1			1/1

ACCOUNTABILITY

The Board has overall responsibility to shareholders for ensuring that the Company is well managed and guided by its strategic objectives. In presenting the Company's annual and half yearly financial statements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. Management provides the Board with management accounts and other financial statements on a monthly basis.

INTERNAL CONTROLS

Key internal controls of the Company include:

- identification of risks and implementation of risk management measures;
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;
- safeguarding of assets;
- maintenance of proper accounting records;
- ensuring compliance with appropriate legislation and regulations; and
- having qualified and experienced persons to take charge of important functions.

INTERNAL AUDIT

The internal audit function's primary line of reporting is to the Chairman of the Audit Committee, although it also reports administratively to the Chairman. The Audit Committee reviews the adequacy of the internal audit function and its standing within the Company to ensure it is able to perform its functions effectively and objectively.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Auditors' Report on page 60 of this annual report.

AUDITORS' REMUNERATION

RSM Nelson Wheeler has been re-appointed as the Company's external auditor by shareholders at the 2006 annual general meeting until the conclusion of the next annual general meeting. They are primarily responsible for providing audit services in connection with the annual consolidated financial statements. During the year, the total remuneration payable to the Company's external auditor amounted to HK\$3.86 million of which HK\$2.6 million was incurred for statutory audit and HK\$1.26 million was incurred for non-audit services.

COMMUNICATION WITH SHAREHOLDERS

The Company believes in engaging in regular, effective and fair communication with shareholders and is committed to conveying pertinent information to shareholders on a timely basis.

The Company takes care to ensure that information is made publicly available on a timely basis. Disclosure of information is made through announcements to the HKSE, the Company's annual reports, press releases, as well as on the corporate website (www.amvig.com) which has a dedicated investor relations section.

GREATER SHAREHOLDER PARTICIPATION

The Company believes in encouraging shareholder participation at general meetings. The Company's Articles of Association allow a shareholder entitled to attend and vote to appoint a proxy who need not be a shareholder of the Company to attend and vote at the meetings.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Articles of Association. Details of such rights to demand a poll are included in all circulars to shareholders and will be explained at each general meeting. Whenever voting by way of a poll is required, the detailed procedures for conducting a poll will be explained at the meeting.

Results on any voting conducted by poll will be published in an announcement to be issued on the business day following the general meeting.

DEALINGS IN SECURITIES

The Company has adopted a code of conduct governing securities transactions by directors on terms no less exacting than that required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix 10 of the Listing Rules. Having made specific enquiry with all Directors, each of them confirms that he has complied in full with the Model Code regarding Directors' securities transactions for the year ended 31 December 2006.

