

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

本行致力維持高水準企業管治，為提升本行整體的管理質素，董事會已推行企業管治措施，且特別重視一個有效的董事會，去領導和監控銀行，確保所有業務活動合乎誠信及優良商業道德操守，增加對股東的透明度和問責程度。

截至二〇〇六年十二月三十一日止之年度內，本行已符合載於上市規則附錄十四之企業管治常規守則所有守則條文，並已遵循香港金融管理局於二〇〇一年九月發出的「本地註冊認可機構的企業管治」有關指引。

### 董事進行證券交易

本行已採納一套有關本行董事進行證券交易之行為守則（「行為守則」），該守則的要求不低於上市規則附錄十所載之「上市發行人董事進行證券交易的標準守則」（「標準守則」）內的規定。

本行向所有董事作出具體查詢後，確認各董事在截至二〇〇六年十二月三十一日止之年度內均已遵守標準守則內的規定及有關本行董事進行證券交易之行為守則。

### 董事會

董事會以盡責的態度和有效的方式領導本行，並已採納正式而詳列其職能及責任的職權範圍。董事會主要責任包括但不限於確保管理層有足夠能力執行管理；審批目標、策略和業務計劃；確保日常運作審慎進行及依循法律和既定政策；確保及監察本行事務符合道德規範。所有董事會成員，對於為銀行制訂正確方針和作適當管理共同分擔責任。

董事會現時由十一位成員組成，四位為常務董事，其餘七位為非執行董事，當中四位為獨立非執行董事，佔全體董事會成員三分之一以上。部分成員來自銀行業，部分來自其他行業，結集不同背景和豐富經驗。獨立非執行董事均具備適當的專業資格，或會計或相關的財務管理專長。本行向所有獨立非執行董事作出具體查詢後，確認他們均已符合上市規則第3.13條有關獨立性評估指引所列的條件。董事的姓名、個人資料及董事之間的關係見本年報第六至八頁。

The Bank is committed to maintaining high standards of corporate governance. To enhance the overall management quality of the Bank, the Board has put in place governance practices with special emphasis on an effective Board for leadership and control, sound business ethics and integrity in all business activities, and transparency and accountability to shareholders.

Throughout the year ended 31 December 2006, the Bank has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules and followed the guidelines set out in the “Corporate Governance of Locally Incorporated Authorised Institutions” issued by the Hong Kong Monetary Authority in September 2001.

### Directors' Securities Transactions

The Bank has adopted a code for securities transactions by directors (the “Code of Conduct”) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules.

Following specific enquiry made with all directors, the Bank has confirmed that during the year ended 31 December 2006 each of the directors complied with the required standard set out in the Model Code and the Code of Conduct regarding securities transactions by the directors.

### Board of Directors

The Board of Directors (the “Board”) is charged with leading the Bank in a responsible and effective manner. The Board has adopted formal terms of reference which detail its functions and responsibilities. Its main responsibilities include, but not limited to, ensuring competent management, approving objectives, strategies and business plans, ensuring prudent conduct of operations within laws and approved policies, ensuring and monitoring integrity in the Bank's conduct of affairs. Directors, as members of the Board, jointly share responsibility for the proper direction and management of the Bank.

The Board currently comprises eleven members, consisting of four executive directors and the remaining seven non-executive directors, four of whom are independent non-executive directors, representing more than one-third of the membership of the Board. The individuals who make up the Board draw on a rich and diverse background of experience from both within and outside of the banking community. The independent non-executive directors possess appropriate professional qualifications, or accounting or related financial management expertise. Pursuant to specific enquiries made with all independent non-executive directors, all such directors confirmed that they have met the criteria of Rule 3.13 of the Listing Rules regarding the guidelines for the assessment of independence. The names, brief biographical details of the directors and relationship among them are shown on pages 6 to 8 in this Annual Report.

所有董事須根據本行註冊章程輪值於股東年會告退，但可應選連任。

董事會已訂有一套辦事規則，每年最少召開四次常會，如有需要會另加安排會議。公司秘書協助董事長草擬會議議程。開會通知最少於常會前十四天發送予各董事，董事可要求在議程內加插討論事項。在正常情況下，董事於會議前三天會收到一套完整的開會資料，包括議程、上期議案、由常務董事會擬製的詳細業務報告及其他討論事項有關資料，俾於會議前知悉將會討論之事項以便作出決定。

每次會議由公司秘書負責記錄，於會後合理時間內送交各董事覽閱，在下次會議時由董事會核准。會議記錄由公司秘書保存，如董事要求會開放給予查閱。公司秘書向董事會負責確保董事會依循程序及遵守適用法律及規例。各董事均可獲取公司秘書的意見及服務。

新獲委任董事會收到一套導向資料，包括所有重要法例要求、本行的組織大綱及註冊章程、董事會政策及指引等。常務董事將會見新任董事，讓其更詳細了解本行業務運作。如董事認為有需要，本行會贊助其參加專業的研討會。為使非執行董事正確了解本行業務，常務董事會於每次會議前發送詳盡業務報告予非執行董事，當中載有管理層的業務策略和目標、各項業務的最新發展及行動計劃等。

All directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Bank.

The Bank has in place established Board process. Regular Board meetings are held at least four times a year, and, if necessary, additional meetings would be arranged. The Company Secretary assists the Chairman in establishing the meeting agenda. Notice of meeting will be sent to directors at least fourteen days prior to a regular Board meeting, and each director may request inclusion of matters in the agenda for Board meetings. The directors will receive a comprehensive information package, including the agenda, minutes of the previous meeting, detailed business reports prepared by the Executive Committee and other information on matters to be discussed at the meeting normally three days in advance of Board meetings to facilitate informed discussion and decision-making.

The Company Secretary is responsible for taking minutes of the Board meetings, which will be sent to all directors for their comments within a reasonable time after each meeting before being approved by the Board, at the immediate following meeting. The minute books are kept by the Company Secretary and will be opened for inspection by the directors upon request. All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that the procedures are followed and that all applicable laws and regulations are complied with.

On appointment, new directors will be given an orientation package, including all key legal requirements, the Bank's Memorandum and Articles of Association and Board policies and guidelines. Executive Directors will meet with the new directors to give them more detailed knowledge of the Bank's business and activities. The Bank will sponsor directors to attend professional development seminars if they consider it necessary. To ensure that non-executive directors have a proper understanding of the Bank's operations, the Executive Committee provides them with detailed business reports on the management's business strategies and objectives, updates on different lines of business, action plans, etc before each Board meeting.

全體董事會於二〇〇六年內共召開四次會議，董事出席率詳列如下：

During 2006, the full Board held four meetings, and details of directors' attendance record are set out below:-

會議次數	Number of meetings	4	
董事	Director	出席會議次數 Board meetings attended	出席率 Attendance rate
常務董事	Executive Directors		
伍步高	Michael Po-ko WU	4	100%
伍步剛	Patrick Po-kong WU	4	100%
伍步謙	Philip Po-him WU	4	100%
鍾子森	Che-shum CHUNG	4	100%
非執行董事	Non-executive Directors		
伍步昌	Albert Po-cheung WU	4	100%
伍步揚 (代行董事：馬毅強)	Ivan Po-young WU (Kenneth Ngai-keung MA, Alternate)	2 (2次由代行董事出席) (2 by alternate)	50% (50%由代行董事出席) (50% by alternate)
伍尚豐	Anthony Shang-fung WU	4	100%
獨立非執行董事	Independent Non-executive Directors		
伍兆燦	Siu-chan NG	2	50%
梁乃鵬	Norman Nai-pang LEUNG	4	100%
蘇洪亮	Lincoln Hung-leung SOO	2	50%
曾崇光	Shung-kwong TSANG	4	100%

董事會以下另有成立委員會協助履行其職責，現已委任了三個委員會，即是：常務董事會、審核委員會及薪酬委員會，藉此監察本行有關方面的事務。每個委員會有特定職權範圍，訂明其職責、權力及功能。委員會定期向董事會匯報，適當時就所討論事項提出建議。董事會除擔當起全面監督的角色外，同時會執行一些指定職務，如核准聘任特定高層人員；審閱財務賬目、建議派發股息及核准有關董事會合規的政策等。

The Board establishes committees to assist it in carrying out its responsibilities. The Board has appointed three Board committees, viz, the Executive Committee, Audit Committee and Remuneration Committee to oversee particular aspects of the Bank's affairs. Each of the committees has defined terms of reference setting out its duties, powers and functions. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed. The Board, in addition to its overall supervisory role, retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc.

董事袍金由董事會提議，於股東年會上投票決定。

Directors' fees are proposed by the Board and determined at the annual general meeting.

## 董事長與行政總裁

董事長與行政總裁的職位由不同人擔任。

董事長伍步高博士為董事會之領導人，負責確保董事會有效地運作，適時及建設性地處理所有重要和合適的事項。董事長如獲董事會委任為常務董事，他亦為常務董事會成員，按常務董事會職權範圍履行責任。於二〇〇六年內，董事長與非執行董事（包括獨立非執行董事）舉行一次沒有執行董事出席的會議。

行政總裁伍步謙博士聯同常務董事會，獲授予權力和責任管理本行業務運作及推行業務發展策略。

伍步高博士與伍步謙博士為堂兄弟。

## 常務董事會

常務董事會成員由董事會委任，現時由四位成員組成，分別為伍步高博士（董事長）、伍步剛博士（副董事長）、伍步謙博士（行政總裁）及鍾子森先生（總經理）。常務董事會每年最少召開十二次會議，根據其職權範圍及董事會不時訂下的方針，就本行的管理和日常營運，行使董事會授予的權力和酌情權。常務董事會負責執行董事會核定之政策及業務計劃，協助董事會規劃本集團之可接受風險程度及策略以管理本集團業務所承受之各類風險；以及執行和維持本集團整體業務風險管理架構。常務董事會同時參與評估大額信貸申請及批核超越授信審核委員會權限之信貸申請，並省視資產負債管理委員會及風險管理委員會的工作。後者提及的三個專責委員會乃由常務董事會設立並直接管轄之主要委員會。

常務董事會定期向董事會呈送詳盡業務報告，內容包括管理層的業務策略和目標、各項業務的發展及行動計劃等，以便在董事會議上討論。常務董事會適時提供適當和足夠的資料予董事會其他成員，讓其知悉本行最新動向，以執行其職務。

## Chairman and Chief Executive

The positions of chairman of the Board and chief executive are separated.

The Chairman, Dr Michael Po-ko WU, provides leadership for the Board. He is responsible for ensuring that the Board works effectively and that all key and appropriate issues are discussed by the Board in a timely and constructive manner. The Chairman, if appointed by the Board as an executive director, will also serve on the Executive Committee and perform duties within the Executive Committee's terms of reference. During 2006, the Chairman held a meeting with the non-executive directors (including independent non-executive directors) without the executive directors present.

The Chief Executive, Dr Philip Po-him WU, is, in conjunction with the Executive Committee, delegated with the authority and responsibility for running the Bank's business and implementing the Bank's strategies.

Dr Michael Po-ko WU and Dr Philip Po-him WU are cousins.

## Executive Committee

Membership of the Executive Committee is appointed by the Board, and the current composition consists of four members, namely, Dr Michael Po-ko WU (Chairman), Dr Patrick Po-kong WU (Vice-Chairman), Dr Philip Po-him WU (Chief Executive) and Mr Che-shum CHUNG (General Manager). The Executive Committee meets at least twelve times a year and exercises the powers, authorities and discretions of the Board relating to the management and day-to-day running of the Bank in accordance with its terms of reference and directions as the Board may determine from time to time. The Executive Committee is responsible for the implementation of the policies and execution of the business plans as approved by the Board, assisting the Board to formulate the Group's risk appetite and strategies for managing the various types of risks to which the Group's businesses are exposed, and the implementation and maintenance of the overall risk management framework across the Group's businesses. The Committee also participates in evaluating large credit applications and making credit decisions for those requiring approval in excess of the Credit Committee's authorities, and oversees the Asset and Liability Management Committee and Risk Management Committee. The latter three specialised committees are the main committees established by and under the direct supervision of the Executive Committee.

The Executive Committee presents to the Board regularly by way of detailed business reports on management's business strategies and objectives, updates on different lines of business, action plans, etc for discussion at each Board meeting. The Committee also provides appropriate and sufficient information to the other members of the Board in a timely manner to keep them apprised of the latest development of the Bank so as to enable them to discharge their duties.

常務董事會於二〇〇六年內共召開十六次會議，各常務董事出席率詳列如下：

There were sixteen meetings of the committee during 2006, and details of attendance record of individual members of the Executive Committee are set out below:-

會議次數	Number of meetings	16	
董事	Director	出席會議次數 Executive Committee meetings attended	出席率 Attendance rate
伍步高(董事長)	Michael Po-ko WU (Chairman)	16	100%
伍步剛(副董事長)	Patrick Po-kong WU (Vice-Chairman)	16	100%
伍步謙(行政總裁)	Philip Po-him WU (Chief Executive)	16	100%
鍾子森(總經理)	Che-shum CHUNG (General Manager)	16	100%

### 薪酬委員會

### Remuneration Committee

常務董事的薪酬和每年獎勵金由薪酬委員會釐訂，常務董事不參與訂定本身的酬金。

The salary and annual incentive of executive directors are determined by the Remuneration Committee. No executive director is involved in deciding his own remuneration.

薪酬委員會成員由董事會委任，現時由三位獨立非執行董事組成，分別為梁乃鵬博士(主席)、伍兆燦博士和蘇洪亮先生。薪酬委員會之主要職責是對各常務董事及總經理之個人薪酬進行檢討及向董事會作出建議。薪酬委員會每年最少召開一次會議，其職權範圍登載於本行網頁。董事會已採用了一常務董事薪酬政策，目的是因應本行業務策略，支付合理薪酬吸引、獎勵以留住高質素人才。薪酬委員會從內部及外間資訊，掌握市場薪酬狀況和同業水平等指標，然後根據本行整體表現，釐訂常務董事的薪酬。

Membership of the Remuneration Committee is appointed by the Board, and the current composition consists of three independent non-executive directors, namely, Dr Norman Nai-pang LEUNG (Chairman), Dr Siu-chan NG and Mr Lincoln Hung-leung SOO. The principal duties of the Remuneration Committee are to review and make recommendations to the Board for the individual remuneration packages for the Executive Directors and the General Manager. The Remuneration Committee meets at least once a year, and its terms of reference are posted on the Bank's website. The Board has adopted a policy for the remuneration of executive directors with the objective to provide, in the context of the Bank's business strategy, remuneration in form and amount which will attract, motivate and retain high calibre executives. The Remuneration Committee obtains benchmark information from internal and external sources relating to market pay conditions, comparable data of other banks and overall performance of the Bank for determination of the executive directors' emolument.

薪酬委員會於二〇〇六年內召開了一次會議，評核常務董事的表現，檢討常務董事的薪酬升幅和按表現而發放的獎勵金。薪酬委員會各成員出席率詳列如下：

In 2006, the Remuneration Committee held one meeting, during which the committee assessed the performance of the executive directors and reviewed the pay increases and performance bonus for the executive directors. Details of attendance record of individual members of the Remuneration Committee are set out below:-

會議次數	Number of meeting	1	
董事	Director	出席會議次數 Remuneration Committee meeting attended	出席率 Attendance rate
梁乃鵬(主席)	Norman Nai-pang LEUNG (Chairman)	1	100%
伍兆燦	Siu-chan NG	1	100%
蘇洪亮	Lincoln Hung-leung SOO	-	-

## 董事提名

本行無成立提名委員會。全體董事會負責核准新成員之委任及在股東年會上提名合適的人選應選，以填補董事空缺或增添董事名額。

在年度內獲董事會委任的董事將出任董事直至隨後之股東年會時再應選連任。

董事應選連任程序依循本行註冊章程辦理，除在年度內委任之董事外，三分之一現任董事(若董事人數不足三或不是三的倍數，則以最接近的數字計算，但不能超過三分之一)須於每年股東年會時輪值告退，但可再應選連任。

股東年會通函載有選舉董事的詳細資料，包括擬參與選舉或再應選連任董事的個人簡歷，以便股東參考後作出決定投票。

## 審核委員會

審核委員會成員由董事會委任，現時由四位獨立非執行董事組成，分別為梁乃鵬博士(主席)、伍兆燦博士、蘇洪亮先生和曾崇光先生，均具備合適的學歷和專業資格或相關的財務管理才能。審核委員會具備充足資源履行職務。審核委員會之主要責任包括檢討本集團之財務表現，有關稽核檢討之性質及範圍，以及內部控制和法規遵守制度之果效。審核委員會亦會討論由內部稽核、外聘核數師及監管機構所提出之各項建議，以確保所有合適的審核建議均已實行。審核委員會每年最少召開三次會議，其職權範圍登載於本行網頁。

審核委員會於二〇〇六年內召開了三次會議，外聘核數師、內部稽核和公司秘書(不包括管理層)亦有出席，評核和檢討集團內部監控、審核工作範疇、集團財務報表、稽核部審核各部門工作的結果和建議、外聘核數師的審計安排、

## Nomination of Directors

The Bank does not have a Nomination Committee. The Board as a whole is responsible for the procedure of agreeing to the appointment of its members and for nominating appropriate person for election by shareholders at the annual general meeting, either to fill a casual vacancy or as an addition to the existing directors.

Those directors appointed by the Board during the year shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

The process for re-election of a director is in accordance with the Bank's constitution, which requires that, other than those directors appointed during the year, one-third of the directors for the time being, or, if the number is not three or a multiple of three, then the number nearest to but not exceeding one-third, are required to retire by rotation at each annual general meeting and are eligible to stand for re-election.

The annual general meeting circular contains detailed information on election of directors including detailed biography of all directors standing for election or re-election to ensure shareholders to make an informed decision on their election.

## Audit Committee

Membership of the Audit Committee is appointed by the Board, and the current composition consists of four independent non-executive directors, namely, Dr Norman Nai-pang LEUNG (Chairman), Dr Siu-chan NG, Mr Lincoln Hung-leung SOO and Mr Shung-kwong TSANG. They possess appropriate academic and professional qualifications or related financial management expertise. The Audit Committee is provided with sufficient resources to discharge its duties. The principal duties of the Audit Committee include the review of the Group's financial reporting, the nature and scope of audit review as well as the effectiveness of the system of internal control and compliance. It will also discuss matters raised by the internal auditor, external auditors and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee meets at least three times a year, and its terms of reference are posted on the Bank's website.

In 2006, the Audit Committee met three times, and the meetings were attended by external and internal auditors and the Company Secretary (in the absence of management) for the purpose of assessing and reviewing the Group's internal control, the scope of audit work, the Group's financial statements, the findings and recommendations of Internal Audit Department on the work of various

監管機構(特別是香港金融管理局)的建議，向董事會建議委任外聘核數師。審核委員會各成員出席率詳列如下：

units, the external auditors' audit plan, the recommendations of the regulators (in particular the Hong Kong Monetary Authority) and recommending to the Board the appointment of external auditors. Details of attendance record of individual members of the Audit Committee are set out below:-

會議次數	Number of meetings	3	
董事	Director	出席會議次數 Audit Committee meetings attended	出席率 Attendance rate
梁乃鵬(主席)	Norman Nai-pang LEUNG (Chairman)	3	100%
伍兆燦	Siu-chan NG	2	67%
蘇洪亮	Lincoln Hung-leung SOO	3	100%
曾崇光	Shung-kwong TSANG	3	100%

## 內部監控

董事會及高層管理人員負責設立、維持及執行一有效的內部監控系統。本集團的內部監控系統包括一個完善的組織架構和全面的政策及準則。董事會對各部門的職務、責任和誠信的期望，已清晰地列於各政策文件內，包括行為守則、內部監控政策聲明及合規政策聲明等。董事會並已清楚界定各業務及營運部門的權責，以確保有效之制衡。

本集團之內部監控系統涵蓋每一個業務及營運部門，以保障本集團資產免受損失或被盜用；妥善保存會計紀錄以提供可靠的財務資料；就欺詐及重大錯誤合理地作出防範，惟不能確保其絕對不會發生。本集團已訂立政策和程序，確保遵照有關法律、規例和行業標準。

本集團已訂定不同的風險管理政策和程序，並由特定的委員會及單位負責識別、評估、監察及管理本集團所面對的各種風險。風險管理政策及藉以控制主要風險的規限由董事會擬定及批准。有關管理主要風險(包括信貸、市場及流動資金)的政策及程序，詳列在財務報表註釋(二)「金融風險管理」一欄。

內部稽核為本集團內部監控架構重要的一環，向董事會提供客觀保證，透過對所有業務及營運部門的定期全面審查以確保完善的內部監控系統得以維持及依循既定的程序和標準。所有內部稽核報告均會提交審核委員會審閱。外聘

## Internal Control

The Board and senior management are responsible for establishing, maintaining and operating an effective system of internal control. The internal control system of the Group comprises a well-established organisational structure and comprehensive policies and standards. The Board's expectations regarding duty, responsibility and integrity are clearly spelled out in formal policy statements, which include Code of Conduct, Internal Control Policy Statement and Compliance Policy Statement, etc. The Board has clearly defined the lines of authority and responsibilities of each business and operational unit to ensure adequate checks and balances.

Our internal control system covers every business and operational function of the Group. Our system is designed to safeguard the Group's assets against loss and misappropriation; to maintain proper accounting records for producing reliable financial information; to provide reasonable, but not absolute, assurance against material fraud and errors. Policies and procedures are established to ensure compliance with applicable laws, regulations and industry standards.

The Group has had in place various risk management policies and procedures. There are specific committees and unit that are responsible for identifying, assessing, monitoring and managing the risks that the Group faces. Risk management policies and major risk control limits are established and approved by the Board. A more detailed discussion of the policies and procedures for management of each of the major types of risk the Group is facing, including credit, market and liquidity, is included in note 2 to the financial statements "Financial Risk Management" section.

The Group's internal audit function plays an important role in the Group's internal control framework. It provides objective assurance to the Board that a sound internal control system is maintained and operated in compliance with the established processes and standards through regular and comprehensive audits on all business and operational functions. All internal audit reports will

核數師致管理層函件及監管機構報告內的重要事項均提呈審核委員會審閱，確保能及時採取補救行動，並跟進所有建議，確保能在合理時間內執行。稽核部每年根據風險為本之原則，將稽核資源重點擺放於較高風險之範疇上，去制訂其內部稽核時間表。稽核計劃會提交常務董事會及審核委員會批核。為確保稽核之獨立性，本行內部稽核主管會直接向常務董事會及審核委員會報告。

董事會負責本集團之內部監控系統，並對有關系統之有效性作出檢討。本集團之內部監控系統涵蓋所有重要的監控範圍，包括財務、營運及合規風險之監控，而內部稽核及管理人員會就此等系統之有效性作出檢討。透過常務董事會和審核委員會，董事會每年均檢討內部稽核及管理人員的報告和意見，從而評估本集團內部監控系統之有效性。

截至二〇〇六年十二月三十一日止之年度內，董事會認為上述之內部監控系統有效而充足，並無發現任何可能影響股東之重大內部監控缺失、懷疑欺詐及不正當行為。

## 問責及稽核

董事負責監督編製每個財政期間的財務報表，使賬目能真實和公平地反映集團在該段期間的業務狀況、業績及現金流量表現。於編製截至二〇〇六年十二月三十一日止年度之財務報表時，董事已採用適當之會計政策並貫徹應用，已批准採納符合國際財務報告準則的全部香港財務報告準則，及作出審慎合理判斷及估計，並按持續經營之基準編製財務報表。

本行已按照上市規則的規定，在有關期間完結後的四個月及三個月限期內，分別適時地發表全年業績公佈及中期業績公佈。

## 核數師酬金

羅兵咸永道會計師事務所在二〇〇六年股東年會獲繼續委任為本行外聘核數師，直至下屆股東年會為止。

be submitted to the Audit Committee for review. Significant issues in the management letters from external auditors and reports from regulatory authorities will be brought to the attention of the Audit Committee to ensure that prompt remedial action is taken. All recommendations will be properly followed up to ensure they are implemented within a reasonable period of time. Pursuant to a risk-based methodology, the Internal Audit Department plans its internal audit schedules annually with audit resources being focused on higher risk areas. The Internal Audit Plan is submitted to the Executive Committee and Audit Committee for review and approval. To preserve the audit independence, the Head of Internal Audit Department of the Bank reports directly to the Executive Committee and Audit Committee.

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Internal Audit and Management conduct reviews of the effectiveness of the Group's system of internal control which covers all material controls including financial, operational and compliance controls and risk management function. The Board, through the Executive Committee and Audit Committee, reviews the findings and opinion of Internal Audit and management on the effectiveness of the Group's system of internal control each year.

In respect of the year ended 31 December 2006, the Board considered the internal control system effective and adequate. No significant internal control deficiencies, suspected fraud and irregularities which might affect shareholders were identified.

## Accountability and Audit

The directors are responsible for overseeing the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2006, the directors have selected suitable accounting policies and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that are prudent, and prepared the financial statements on the going concern basis.

The Bank has announced its annual and interim results in a timely manner within the limits of 4 months and 3 months respectively after the end of the relevant period, as laid down in the Listing Rules.

## Auditors' Remuneration

PricewaterhouseCoopers has been reappointed as the Bank's external auditors at the 2006 Annual General Meeting until the conclusion of the next Annual General Meeting.

本行給予羅兵咸永道會計師事務所作為二〇〇六年度提供審核服務的酬金為港幣3,109,000元。同年度，羅兵咸永道會計師事務所向本集團提供其他服務，所得酬金如下：

A remuneration of HK\$3,109,000 was paid to PricewaterhouseCoopers for the provision of audit services in 2006. During the same period, the following remunerations were paid to PricewaterhouseCoopers for the provision of non-audit related services to the Group.

		酬金 Remuneration HK\$'000
稅務合規	Taxation compliance fee	347
內部監控及系統審閱	Internal controls and system reviews	322
合規報告	Regulatory reporting	469
其他	Others	224
總計	Total	<u>1,362</u>

## 與股東溝通

本行設立不同渠道保持與股東溝通，包括刊印年報、中期報告及新聞稿，該等資料亦上載於本行的網頁。本行亦在網頁設有「投資者通訊」欄上載有關本行資訊。

股東年會是一個良好的平台讓股東與董事會交流意見。二〇〇六年股東年會時，董事會主席及審核委員會主席兼薪酬委員會主席均有在場回答股東的提問。

股東大會上亦會就每一獨立重大事項提呈決議案，包括選舉董事。

附於年報寄予股東之通函，詳載了投票表決的程序和股東可要求以投票方式表決之權利，亦詳述了提呈決議案的有關詳情，包括每位候選董事及再應選連任董事的個人簡歷。

於本行二〇〇六年股東年會上，所有決議案均以舉手方式表決。當中除了一項決議案乃關於授權董事會發行及處理為數不超過已發行股本百分之二十之新股有一票反對之外，全部決議案均無異議通過。每項決議案舉手表決後，主席均有向與會股東宣佈每一決議案所收到投票代表書的贊成票和反對票的票數。

根據本行從公開途徑所取得的資訊及就各董事所知，本行於二〇〇六年內及至本年報刊登日期間，有維持上市規則所定的公眾持股量。

## Communication with Shareholders

The Bank establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports and press release. Such information is also available on the Bank's website. The Bank has also set up on its website an "Investor Communication" section containing useful information about the Bank.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. At the Bank's 2006 Annual General Meeting, Chairman of the Board as well as Chairman of the Audit Committee and Remuneration Committee were present to answer shareholders' questions.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of directors.

Details of the poll voting procedures and the rights of shareholders to demand a poll were included in the circular to shareholders dispatched together with the annual report. The circular also included relevant details of proposed resolutions, including biography of each candidate standing for election and re-election.

At the Bank's 2006 Annual General Meeting, all the resolutions were dealt with on a show of hands. All resolutions were unanimously passed, with the exception of one resolution, which is related to the granting of a general mandate to the directors to issue and dispose of additional shares not exceeding 20% of the aggregate nominal amount of the share capital, and one opposition vote was recorded. The Chairman also indicated to the meeting the level of proxies lodged on each resolution after it had been dealt with on a show of hands.

Based on the information that is publicly available to the Bank and within the knowledge of the directors, the Bank has maintained the prescribed amount of public float during the year 2006 and up to the date of this Annual Report as required by the Listing Rules.