

CORPORATE GOVERNANCE REPORT

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on CG Practices”), which has been renamed as Corporate Governance Code (“CG Code”) with effect from 1st April, 2012, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) throughout the year ended 31st December, 2011.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

I. CODE PROVISIONS

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																										
A.	DIRECTORS																																												
A.1	THE BOARD <i>Corporate Governance Principle</i> <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i>																																												
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through other electronic means of communication, of majority of directors.	√	<ul style="list-style-type: none"> The Board meets regularly and held meetings in March, May, July and November of 2011. Details of Directors’ attendance records in 2011: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam (<i>Group Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>FOK Kin Ning, Canning * (<i>Deputy Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>Andrew John HUNTER (<i>Deputy Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>CHAN Loi Shun (<i>Chief Financial Officer</i>)</td> <td>4/4</td> </tr> <tr> <td>CHOW WOO Mo Fong, Susan</td> <td>4/4</td> </tr> <tr> <td>Frank John SIXT *</td> <td>4/4</td> </tr> <tr> <td>TSO Kai Sum</td> <td>4/4</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> <tr> <td>KWOK Eva Lee</td> <td>4/4</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td>4/4</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td>4/4</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td>4/4</td> </tr> <tr> <td>Barrie COOK **</td> <td>4/4</td> </tr> <tr> <td colspan="2">Non-executive Directors</td> </tr> <tr> <td>LEE Pui Ling, Angelina</td> <td>4/4</td> </tr> <tr> <td>George Golin MAGNUS</td> <td>4/4</td> </tr> </tbody> </table> <p>* Attended three meetings in person and one meeting by his alternate, Mrs. Chow Woo Mo Fong, Susan</p> <p>** Re-designated as an Independent Non-executive Director with effect from 1st January, 2012</p> <ul style="list-style-type: none"> The Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors (if applicable) in accordance with the Company’s Bye-laws. An updated and consolidated version of the Company’s Memorandum of Association and Bye-Laws (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited (“HKEx”). 	Members of the Board	Attendance	Executive Directors		LI Tzar Kuoi, Victor (<i>Chairman</i>)	4/4	KAM Hing Lam (<i>Group Managing Director</i>)	4/4	IP Tak Chuen, Edmond (<i>Deputy Chairman</i>)	4/4	FOK Kin Ning, Canning * (<i>Deputy Chairman</i>)	4/4	Andrew John HUNTER (<i>Deputy Managing Director</i>)	4/4	CHAN Loi Shun (<i>Chief Financial Officer</i>)	4/4	CHOW WOO Mo Fong, Susan	4/4	Frank John SIXT *	4/4	TSO Kai Sum	4/4	Independent Non-executive Directors		CHEONG Ying Chew, Henry	4/4	KWOK Eva Lee	4/4	SNG Sow-mei alias POON Sow Mei	4/4	Colin Stevens RUSSEL	4/4	LAN Hong Tsung, David	4/4	Barrie COOK **	4/4	Non-executive Directors		LEE Pui Ling, Angelina	4/4	George Golin MAGNUS	4/4
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A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	√	<ul style="list-style-type: none"> All Directors are consulted as to whether they wish to include any matter in the agenda before the agenda for each regular Board meeting is issued. 																																										
A.1.3	<ul style="list-style-type: none"> At least 14 days notice for regular board meetings 	√	<ul style="list-style-type: none"> Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. 																																										
	<ul style="list-style-type: none"> Reasonable notice for other board meetings 	√	<ul style="list-style-type: none"> At least 14 days formal notice would be given before each regular meeting. According to the Company’s Bye-laws, any Director may waive notice of any meeting. 																																										

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A.1.4	All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.	√	<ul style="list-style-type: none"> Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. Memos are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.
A.1.5	<ul style="list-style-type: none"> Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting. Such minutes should be open for inspection at any reasonable time on reasonable notice by any director. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> The Company Secretary prepares written resolutions or minutes and keeps records of matters discussed and decisions resolved at all Board and Board Committee meetings. Board and Board Committee minutes/resolutions are sent to all Directors/Board Committee members within a reasonable time (generally within 14 days) after each Board and Board Committee meeting. Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.6	<ul style="list-style-type: none"> Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached. Draft and final versions of board minutes for all directors to comment and to keep records within a reasonable time after the board meeting 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. Directors are given an opportunity to comment on draft Board minutes. Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
A.1.7	<ul style="list-style-type: none"> A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the company. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.8	<ul style="list-style-type: none"> If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee but a board meeting should be held. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. Director must declare his/her interest in the matters to be passed in the resolution, if applicable. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.
A.2	CHAIRMAN AND CHIEF EXECUTIVE OFFICER		
	<p><i>Corporate Governance Principle</i> <i>There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.</i></p>		

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																										
A.2.1	<ul style="list-style-type: none"> – Separate roles of chairman and chief executive officer not to be performed by the same individual – Division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • The positions of the Chairman of the Board and the Group Managing Director are currently held by separate individuals. • The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Group Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group. 																										
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	√	<ul style="list-style-type: none"> • With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis. • In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2011. Details of the attendance records of the meetings are as follows: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Chairman</td> </tr> <tr> <td>LI Tzar Kuoi, Victor</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWOK Eva Lee</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Barrie COOK *</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2">Non-executive Directors</td> </tr> <tr> <td>LEE Pui Ling, Angelina</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>* Re-designated as an Independent Non-executive Director with effect from 1st January, 2012</p> <p>Note: The Chairman and the Non-executive Directors (including the Independent Non-executive Directors) may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors (if applicable) in accordance with the Company's Bye-laws.</p>		Attendance	Chairman		LI Tzar Kuoi, Victor	2/2	Independent Non-executive Directors		CHEONG Ying Chew, Henry	2/2	KWOK Eva Lee	2/2	SNG Sow-mei alias POON Sow Mei	2/2	Colin Stevens RUSSEL	2/2	LAN Hong Tsung, David	2/2	Barrie COOK *	2/2	Non-executive Directors		LEE Pui Ling, Angelina	2/2	George Colin MAGNUS	2/2
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A.2.3	The chairman should be responsible for ensuring that directors receive clear, adequate information, which must be complete, accurate and reliable, in a timely manner.	√	<ul style="list-style-type: none"> • The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. • Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate. 																										
A.3	BOARD COMPOSITION																												
	<p><i>Corporate Governance Principle</i></p> <p><i>The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>																												
A.3.1	Independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.	√	<ul style="list-style-type: none"> • The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. • The Board consists of a total of seventeen Directors, comprising nine Executive Directors, two Non-executive Directors and six Independent Non-executive Directors. One of the Executive Directors also acts as Alternate Director to two Executive Directors and two Alternate Directors were appointed. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. • Details of the composition of the Board are set out on page 162. • The Directors' biographical information and the relationships among the Directors are set out on pages 36 to 43. • Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. 																										

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Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.4	APPOINTMENTS, RE-ELECTION AND REMOVAL <i>Corporate Governance Principle</i> <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals.</i>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	√	<ul style="list-style-type: none"> All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the Code on CG Practices.
A.4.2	<ul style="list-style-type: none"> All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> In accordance with the Company's Bye-laws, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the existing Board) following their appointment. The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the Code on CG Practices. The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company has published the procedures for shareholders to propose a person for election as a Director on its website.
A.5	RESPONSIBILITIES OF DIRECTORS <i>Corporate Governance Principle</i> <i>Every Director is required to keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.</i>		
A.5.1	<ul style="list-style-type: none"> Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary. To ensure that he has a proper understanding of the operations and business of the company and that he is fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the company 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint the newly appointed Directors with the duties and responsibilities as a Director of the Company and the business operation of the Company. A package compiled and reviewed by the Company's legal advisers setting out such duties and responsibilities under the Listing Rules, Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. A revised information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors issued by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors have been forwarded to each Director for his/her information and ready reference. During the year, the Company had arranged at the cost of the Company for Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. In addition, the Company had from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.

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A.5.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> – bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings – take the lead on potential conflicts of interests – serve on the audit, remuneration, nomination and other governance committees, if invited – scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance 	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<ul style="list-style-type: none"> • The Non-executive Directors exercise their independent judgment and advise on the future business direction and strategic plans of the Company. • The Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • The Independent Non-executive Directors are invited to serve on the Audit Committee and Remuneration Committee of the Company.
A.5.3	<p>Every director should ensure that he can give sufficient time and attention to the affairs of the company and should not accept the appointment if he cannot do so.</p>	<p>√</p>	<ul style="list-style-type: none"> • There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 of Part I above for details of attendance records. • Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise.
A.5.4	<ul style="list-style-type: none"> – Directors must comply with the Model Code. – Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. A revised Model Code has been adopted by the Company to comply with the new requirements set out in Appendix 10 to the Listing Rules effective from 1st April, 2009. • Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31st December, 2011. • Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company. • The Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. In November 2011, such policy has been posted on the Company's Intranet.
A.6	<p>SUPPLY OF AND ACCESS TO INFORMATION</p> <p><i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.</i></p>		
A.6.1	<ul style="list-style-type: none"> – Send agenda and full board papers to all directors at least 3 days before regular board or board committee meeting – So far as practicable for other board or board committee meetings 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.
A.6.2	<ul style="list-style-type: none"> – Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and each director should have separate and independent access to the company's senior management for making further enquiries where necessary. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.

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A.6.3	<ul style="list-style-type: none"> – All directors are entitled to have access to board papers and related materials. – Steps must be taken to respond as promptly and fully as possible to queries raised by directors. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Please see A.6.1 and A.6.2 of Part I above. 								
B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT											
B.1 THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE											
<p><i>Corporate Governance Principle</i> <i>There should be a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors.</i></p>											
B.1.1	Establish a remuneration committee with specific written terms of reference comprising a majority of independent non-executive directors	√	<ul style="list-style-type: none"> • In accordance with the Code on CG Practices, the Company has set up a remuneration committee ("Remuneration Committee") with a majority of the members being Independent Non-executive Directors. • The Company established its Remuneration Committee on 1st January, 2005. • The Remuneration Committee comprises the Chairman of the Board, Mr. Li Tzar Kuoi, Victor, and two Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel. • Since the publication of the Company's 2010 annual report in April 2011, meetings of the Remuneration Committee were held in November 2011 and January 2012. Details of the attendance records of the members of the Remuneration Committee are as follows: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Remuneration Committee</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>LI Tzar Kuoi, Victor</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry * (Chairman of the Remuneration Committee)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>* Appointed as Chairman of the Remuneration Committee with effect from 1st January, 2012 in place of Mr. Li Tzar Kuoi, Victor</p> <p>Note: The members of the Remuneration Committee may attend meetings in person, by phone or through other means of electronic communication or by their alternates (if applicable) in accordance with the Company's Bye-laws.</p> <ul style="list-style-type: none"> • The following is a summary of the work for the Remuneration Committee during the said meetings: <ol style="list-style-type: none"> (1) Review of the remuneration policy for 2011/2012; (2) Review and approval of the remuneration of Non-executive Directors; (3) Review of the annual performance bonus policy; and (4) Review and approval of remuneration packages of Executive Directors. 	Members of the Remuneration Committee	Attendance	LI Tzar Kuoi, Victor	2/2	CHEONG Ying Chew, Henry * (Chairman of the Remuneration Committee)	2/2	Colin Stevens RUSSEL	2/2
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B.1.2	The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.	√	<ul style="list-style-type: none"> • The Remuneration Committee has consulted the Chairman and/or the Group Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel. • The emoluments of Directors are based on the skills, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company and prevailing market conditions. • To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information. • The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application. 								

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.3	<p>Terms of reference of the remuneration committee should include:</p> <ul style="list-style-type: none"> – determine the specific remuneration packages of all executive directors and senior management – review and approve performance-based remuneration and the compensation payable on loss or termination of office or appointment – recommend to the board on the remuneration of non-executive directors – ensure that no director or any of his associates is involved in deciding his own remuneration 	√	<ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee (both English and Chinese versions), which follow closely the requirements of the Code Provisions and have been modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx. • The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Non-executive Directors.
B.1.4	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	√	<ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.
B.1.5	The remuneration committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> • The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.
C. ACCOUNTABILITY AND AUDIT			
C.1 FINANCIAL REPORTING			
<p><i>Corporate Governance Principle</i> <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i></p>			
C.1.1	Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval.	√	<ul style="list-style-type: none"> • Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	<ul style="list-style-type: none"> – The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. – There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements. – Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. – When the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern, such uncertainties should be clearly and prominently set out and discussed at length in the Corporate Governance Report. 	<p>√</p> <p>√</p> <p>√</p> <p>N/A</p>	<ul style="list-style-type: none"> • The Directors annually acknowledge in writing their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.2 of the Code on CG Practices. • With the assistance of the Company's Finance and Accounting Department which is under the supervision of the Chief Financial Officer who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. • The Directors also ensure the publication of the financial statements of the Group is in a timely manner. • The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 66.

CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.1.3	The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.	√	<ul style="list-style-type: none"> The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. The Board is aware of the requirements under the applicable rules and regulations about timely disclosure of price-sensitive information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.
C.2	INTERNAL CONTROLS		
	<p><i>Corporate Governance Principle</i> <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.</i></p>		
C.2.1	<ul style="list-style-type: none"> Directors to review the effectiveness of system of internal control of the company and its subsidiaries at least annually and to report that they have done so in the Corporate Governance Report The review should cover all material controls, including financial, operational and compliance controls and risk management functions. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> The Board is ultimately responsible for the Group's internal control system and for review of its effectiveness. The internal control system is designed to help the achievement of business objectives in the following categories: <ol style="list-style-type: none"> Effectiveness and efficiency of operations which include safeguarding assets against unauthorised user or disposition; Reliability of financial and operational reporting; and Compliance with applicable laws, regulations, and internal policies and procedures. The system is formulated to manage risk that may impede the achievement of the Group's business objectives rather than to eliminate that risk, and can only provide reasonable, not absolute, assurance against material errors, losses or fraud. The concept of reasonable assurance recognises that the cost of control procedure should not exceed the expected benefits. <p><i>Internal Control System</i></p> <ul style="list-style-type: none"> The Board has overall responsibility for monitoring the operations of the businesses within the Group. Executive Directors and senior officials are appointed to the boards and board committees of all significant operating subsidiaries and associates to attend the board meetings and to oversee the operations. Monitoring activities include the review and approval of business strategies, budgets and plans, and setting of key performance indicators. There are defined organisational structures and authority to operate various business units is delegated to respective managements within limits set by the Executive Directors. The Head Office management has established operating and management reporting standards for use by all business units. Each business unit also has its own operating policies and procedures that are tailor-made to specific operational environment. Individual business unit needs to prepare five-year plans which form the foundation of annual budgets and plans. All these plans/budgets have to be approved by the Executive Directors. Monitoring the actual results against the budgets are done monthly via the Executives' and management meetings at the Group and business unit levels, and appropriate actions are taken, if necessary. Each business unit has to perform risk assessment half-yearly where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanism for each risk and action plan is put in place to address the areas for improvement. The Chief Executive Officer and Chief Financial Officer of each business unit need to provide a formal half-yearly confirmation to acknowledge review of their control systems and highlight any weaknesses. The Group Internal Audit, reporting directly to the Audit Committee and the Group Managing Director, performs independent assessment of the internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with greatest perceived risks. Ad hoc review will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business unit will be informed of the areas for improvement, and Internal Audit is responsible for monitoring the corrective actions. Reports from the external auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), on internal controls and relevant financial reporting matters, are presented to the Audit Committee and management.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices												
C.2.1 (Cont'd)			<p><i>Controls on Price-sensitive Information</i></p> <ul style="list-style-type: none"> Regarding the procedures and internal controls for handling and dissemination of price-sensitive information, the Group: <ol style="list-style-type: none"> is well aware of its obligations under the Listing Rules to announce any information that is considered to be price-sensitive; makes reference to the "Guide on Disclosure of Price-sensitive Information" and "Recent Economic Developments and the Disclosure Obligations of Listed Issuers" issued by the Stock Exchange in 2002 and 2008 respectively; has implemented policy and procedure which strictly prohibit unauthorised use of confidential and sensitive information, and has communicated to all staff; and requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs. <p><i>Effectiveness of Internal Control System</i></p> <ul style="list-style-type: none"> The Board, through the Audit Committee of the Company, has conducted an annual review of the effectiveness of the internal control system operating in the Group and considers it is adequate and effective. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Group has fully complied with the code provisions on internal controls as set forth in the Code on CG Practices. 												
C.2.2	The board's annual review should, in particular, consider the adequacy of resources, qualifications and experience of staff of the company's accounting and financial reporting function, and their training programmes and budget.	√	<ul style="list-style-type: none"> The Board, through the Audit Committee and with the appraisal performed by the Internal Audit Department, reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget at the Board meeting held in March 2012 and noted that the Company has been in compliance with the Code Provision for the year 2011. Please also refer to the Code Provision C.3.3 of Part I. 												
C.3	AUDIT COMMITTEE <i>Corporate Governance Principle</i> <i>The Board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.</i>														
C.3.1	<ul style="list-style-type: none"> Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes for all members of the audit committee to comment and to keep records within a reasonable time after the meeting 	√ √	<ul style="list-style-type: none"> Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. Audit Committee meetings were held in March and July of 2011. Details of the attendance records of the members of the Audit Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Audit Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Colin Stevens RUSSEL (<i>Chairman of the Audit Committee</i>)</td> <td>2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>2/2</td> </tr> <tr> <td>KWOK Eva Lee</td> <td>2/2</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td>2/2</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td>2/2</td> </tr> </tbody> </table> <p>Note: The members of the Audit Committee may attend meetings in person, by phone or through other means of electronic communication or by their alternates (if applicable) in accordance with the Company's Bye-laws.</p> <ul style="list-style-type: none"> The following is a summary of the work of the Audit Committee during 2011: <ol style="list-style-type: none"> Review of the financial reports for 2010 annual results and 2011 interim results; Review of the findings and recommendations of the Group Internal Audit on the work of various divisions/departments and related companies; Review of the effectiveness of the internal control system; Review of the external auditor's audit findings; Review of the auditor's remuneration; Review of risks of different business units and analysis thereof provided by the relevant business units; and Review of the control mechanisms for such risks and advising on action plans for improvement of the situations. After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 6th March, 2012 that the system of internal controls was adequate and effective. 	Members of the Audit Committee	Attendance	Colin Stevens RUSSEL (<i>Chairman of the Audit Committee</i>)	2/2	CHEONG Ying Chew, Henry	2/2	KWOK Eva Lee	2/2	SNG Sow-mei alias POON Sow Mei	2/2	LAN Hong Tsung, David	2/2
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CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.1 (Cont'd)			<ul style="list-style-type: none"> On 6th March, 2012, the Audit Committee met to review the Group's 2011 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the 2011 Annual Report complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31st December, 2011. The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2012 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2012 annual general meeting. The Group's Annual Report for the year ended 31st December, 2011 has been reviewed by the Audit Committee.
C.3.2	A former partner of existing auditing firm shall not act as a member of the committee for 1 year after he ceases to be a partner of or to have any financial interest in, the firm, whichever is the later.	√	<ul style="list-style-type: none"> No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.
C.3.3	<p>Terms of reference of the audit committee should include:</p> <ul style="list-style-type: none"> – recommendation to the board on the appointment and removal of external auditor and approval of their terms of engagement – review and monitor external auditor's independence and effectiveness of audit process – review of financial information of the company – oversight of the company's financial reporting system and internal control procedures, including the adequacy of resources, qualifications and experience of staff of the company's accounting and financial reporting function, and their training programmes and budget 	√	<ul style="list-style-type: none"> The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the Code Provisions and have been modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	√	<ul style="list-style-type: none"> The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in December 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the Code on CG Practices, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the Code on CG Practices. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The Audit Committee held two meetings in 2011.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.4 (Cont'd)			<ul style="list-style-type: none"> The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the following corporate governance functions delegated by the Board: <ol style="list-style-type: none"> Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; Review and monitor the training and continuous professional development of Directors and senior management; Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2012. For the year ended 31st December, 2011, the external auditor of the Company received approximately HK\$4.9 million for annual audit service, approximately HK\$0.3 million for audit-related services rendered in connection with preparation of regulatory report of a subsidiary and approximately HK\$0.6 million for tax and other services.
C.3.6	The audit committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
D. DELEGATION BY THE BOARD			
D.1 MANAGEMENT FUNCTIONS			
<i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.</i>			
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the board before making decisions or entering into any commitments on behalf of the company.	√	<ul style="list-style-type: none"> Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. Please refer to the Management Structure Chart set out on page 148. For matters or transactions of a material nature, the same will be referred to the Board for approval. For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations. Specifically, the Board has had in place Guidelines For Treasury Investments stating the authority limits of treasury investments under different scenarios beyond which Board approval will be required.
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the company.	√	<ul style="list-style-type: none"> The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Under the leadership of the Group Managing Director, management is responsible for the day-to-day operations of the Group.
D.2 BOARD COMMITTEES			
<i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.</i>			
D.2.1	Where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly.	√	<ul style="list-style-type: none"> Three Board Committees, namely, Audit Committee, Remuneration Committee and Executive Committee, have been established with specific terms of reference.

CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																																															
D.2.2	The terms of reference of board committees should require such committees to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	√	<ul style="list-style-type: none"> Board Committees report to the Board of their decisions and recommendations at the Board meetings. 																																																															
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<p><i>Corporate Governance Principle</i> <i>The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.</i></p>																																																																		
E.1.1	In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting.	√	<ul style="list-style-type: none"> Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual directors. 																																																															
E.1.2	<ul style="list-style-type: none"> The chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> In 2011, the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting and were available to answer questions. Details of Directors' attendance records of the 2011 annual general meeting are as follows: <table border="1"> <thead> <tr> <th colspan="2">Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="3">Executive Directors</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Chairman of the Board</i>)</td> <td></td> <td>1/1</td> </tr> <tr> <td>KAM Hing Lam</td> <td></td> <td>1/1</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td></td> <td>1/1</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td></td> <td>1/1</td> </tr> <tr> <td>Andrew John HUNTER</td> <td></td> <td>1/1</td> </tr> <tr> <td>CHAN Loi Shun</td> <td></td> <td>1/1</td> </tr> <tr> <td>CHOW WOO Mo Fong, Susan</td> <td></td> <td>1/1</td> </tr> <tr> <td>Frank John SIXT</td> <td></td> <td>1/1</td> </tr> <tr> <td>TSO Kai Sum</td> <td></td> <td>1/1</td> </tr> <tr> <td colspan="3">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry * (<i>Chairman of the Remuneration Committee</i>)</td> <td></td> <td>1/1</td> </tr> <tr> <td>KWOK Eva Lee</td> <td></td> <td>1/1</td> </tr> <tr> <td>SNG Sow-mei alias POON Sow Mei</td> <td></td> <td>1/1</td> </tr> <tr> <td>Colin Stevens RUSSEL (<i>Chairman of the Audit Committee</i>)</td> <td></td> <td>1/1</td> </tr> <tr> <td>LAN Hong Tsung, David</td> <td></td> <td>1/1</td> </tr> <tr> <td>Barrie COOK **</td> <td></td> <td>1/1</td> </tr> <tr> <td colspan="3">Non-executive Directors</td> </tr> <tr> <td>LEE Pui Ling, Angelina</td> <td></td> <td>1/1</td> </tr> <tr> <td>George Golin MAGNUS</td> <td></td> <td>1/1</td> </tr> </tbody> </table> <p>* Appointed as Chairman of the Remuneration Committee with effect from 1st January, 2012 in place of Mr. Li Tzar Kuoi, Victor</p> <p>** Re-designated as an Independent Non-executive Director with effect from 1st January, 2012</p> <ul style="list-style-type: none"> In 2011, the Company's external auditor attended the annual general meeting and was available to answer questions. 	Members of the Board		Attendance	Executive Directors			LI Tzar Kuoi, Victor (<i>Chairman of the Board</i>)		1/1	KAM Hing Lam		1/1	IP Tak Chuen, Edmond		1/1	FOK Kin Ning, Canning		1/1	Andrew John HUNTER		1/1	CHAN Loi Shun		1/1	CHOW WOO Mo Fong, Susan		1/1	Frank John SIXT		1/1	TSO Kai Sum		1/1	Independent Non-executive Directors			CHEONG Ying Chew, Henry * (<i>Chairman of the Remuneration Committee</i>)		1/1	KWOK Eva Lee		1/1	SNG Sow-mei alias POON Sow Mei		1/1	Colin Stevens RUSSEL (<i>Chairman of the Audit Committee</i>)		1/1	LAN Hong Tsung, David		1/1	Barrie COOK **		1/1	Non-executive Directors			LEE Pui Ling, Angelina		1/1	George Golin MAGNUS		1/1
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Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.1.2 (Cont'd)			<ul style="list-style-type: none"> • The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose (or are deemed to have consented) to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) regular press conferences and briefing meetings with analysts are arranged from time to time to update interested parties on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders, and investors generally. • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of special general meetings and making enquiries to the Company are as follows: <ol style="list-style-type: none"> (1) The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Company's Bye-laws set out the rights of shareholders. (2) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Companies Act of Bermuda, request the Board to convene a special general meeting pursuant to Bye-law 58 of the Company's Bye-laws. The objects of the meeting must be stated in the related requisition which must be signed by the requisitioner(s) and deposited at the registered office of the Company. (3) (a) Shareholder(s) holding not less than one-twentieth of the total voting rights or (b) not less than 100 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under the Companies Act of Bermuda. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at Clarendon House, Church Street, Hamilton HM11, Bermuda (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. (4) Pursuant to Bye-law 88 of the Company's Bye-laws, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including the annual general meeting), the shareholder should lodge a written notice at the registered office or the head office of the Company provided that the minimum length of the period, during which such written notice may be given, shall be at least seven days and that the period for lodgment of such written notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. (5) In conducting a poll, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Company's Bye-laws, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way. (6) Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Bye-law 160 of the Company's Bye-laws. (7) Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. (8) Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.1.3	The company should arrange for the notice to shareholders to be sent in the case of annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings.	√	<ul style="list-style-type: none"> The Company's notice to shareholders for the 2011 annual general meeting of the Company was sent at least 20 clear business days before the meeting.
E.2	VOTING BY POLL		
	<p><i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i></p>		
E.2.1	The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.	√	<ul style="list-style-type: none"> At the 2011 annual general meeting, the Chairman of the meeting explain (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. At the 2011 annual general meeting, the Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notice to be voted by way of a poll. Representatives of the Branch Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2011 annual general meeting. Since the Company's 2003 annual general meeting, all the resolutions put to vote at the Company's general meetings were taken by poll. Poll results were posted on the websites of the Company and HKEx.

II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	DIRECTORS		
A.1	THE BOARD <i>Corporate Governance Principle</i> <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i>		
A.1.9	Arrange appropriate insurance cover in respect of legal action against the directors	C	<ul style="list-style-type: none"> The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since its listing in 1996 including the year 2011/2012.
A.1.10	<p>Board committees should adopt, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8.</p> <p>A.1.1 Regular board meetings should be held at least four times a year involving active participation, either in person or through other electronic means of communication, of majority of directors.</p> <p>A.1.2 All directors are given an opportunity to include matters in the agenda for regular board meetings.</p> <p>A.1.3 – At least 14 days notice for regular board meetings – Reasonable notice for other board meetings</p> <p>A.1.4 All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.</p> <p>A.1.5 – Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting. – Such minutes should be open for inspection at any reasonable time on reasonable notice by any director.</p>	<p>E</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> The Company has an Audit Committee, a Remuneration Committee and an Executive Committee. Based on available data and information, the Company is not satisfied that quarterly review by the Audit Committee would bring meaningful benefit to the shareholders. Meetings between the Chairman of the Board and the Non-executive Directors (including the Independent Non-executive Directors) without the presence of Executive Directors were usually held two times a year at which ample opportunity was provided for reflection of their views and comments to the Board. Apart from the Audit Committee, the Company has a Remuneration Committee. The principal responsibility of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for the remuneration of its Directors and senior management, which, in line with normal market practice, are only subject to review on an annual basis. It is therefore not necessary for the Remuneration Committee to have four meetings a year as recommended. The Remuneration Committee held two meetings in respect of the year of 2011. The Meeting held in November 2011 was to provide the Remuneration Committee with an overview of the job market conditions and trends for the year, and the meeting held in January 2012 was to review, consider and endorse the remuneration packages proposed for the Executive Directors of the Company. All members of the Board Committees are consulted as to whether they wish to include any matter in the agenda before the agenda for each Board Committee meeting is issued. Regular Board Committee meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Board Committee members adequate time to plan their schedules to attend the meetings. At least 14 days formal notice would be given before each Board Committee meeting. According to the Company's Bye-laws, the Board Committee member may waive notice of the relevant Board Committee meeting. Board Committee members have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board Committees for ensuring that Board Committee procedures, and all applicable rules and regulations, are followed. The Company Secretary prepares minutes/written resolutions and keeps records of substantive matters discussed and decisions resolved at Board Committee meetings. Board Committee minutes/written resolutions are sent to all Board Committee members within a reasonable time (generally within 14 days) after each Board Committee meeting. Board Committee minutes/written resolutions are available for inspection by Board Committee members.

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Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.10 (Cont'd)	<p>A.1.6</p> <ul style="list-style-type: none"> – Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached. – Draft and final versions of board minutes for all directors to comment and to keep records within a reasonable time after the board meeting <p>A.1.7</p> <ul style="list-style-type: none"> – A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense – The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/her duties to the company. <p>A.1.8</p> <ul style="list-style-type: none"> – If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee but a board meeting should be held. – Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting. 	<p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The minutes of the Board Committees record in sufficient detail the matters considered by the Board Committees and decisions reached. • Board Committee members are given an opportunity to comment on the draft Board Committee minutes. • Final version of Board Committee minutes is placed on record within a reasonable time after the Board Committee meeting. • Board Committee members have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Board Committee member. • Board Committee members must declare his/her interest in the matters to be considered by the Board Committee, if applicable. • In case of conflict of interests, relevant Directors will refrain from voting. The relevant Directors, who have been members of the Remuneration Committee, refrained from voting at decisions made in respect of his own remuneration package. • The Company has an Executive Committee which comprises Executive Directors and certain key personnel of the Company. The major function of the Executive Committee is to review the ongoing operations of the Group and consider potential acquisition opportunities. In the event that conflict of interest was to arise in respect of a substantial shareholder or a director, the matter will be referred to the Board, ensuring the involvement of Independent Non-executive Directors, for consideration and decision.
A.2	CHAIRMAN AND CHIEF EXECUTIVE OFFICER		
	<p><i>Corporate Governance Principle</i> <i>There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.</i></p>		
A.2.4	<ul style="list-style-type: none"> – Chairman is to provide leadership for the board – The chairman should ensure that the board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the board in a timely manner. – The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate such responsibility to a designated director or the company secretary. 	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Board meets regularly and held meetings in March, May, July and November of 2011. • With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues on a timely manner. • The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.5	The chairman should take responsibility for ensuring that good corporate governance practices and procedures are established.	C	<ul style="list-style-type: none"> The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.
A.2.6	The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that the board acts in the best interests of the company.	C	<ul style="list-style-type: none"> Please refer to A.2.4 and A.2.5 of Part II above for the details.
A.2.7	The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	C	<ul style="list-style-type: none"> In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2011. Please refer to A.2.2 of Part I above for details of attendance records.
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that views of shareholders are communicated to the board as a whole.	C	<ul style="list-style-type: none"> The Company establishes different communication channels with shareholders and investors as set out in E.1.2 of Part I above.
A.2.9	The chairman should facilitate the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors.	C	<ul style="list-style-type: none"> Please refer to A.2.4 and A.2.5 of Part II above for the details.
A.3	BOARD COMPOSITION <i>Corporate Governance Principle</i> <i>The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i>		
A.3.2	The company should appoint independent non-executive directors representing at least one-third of the board.	E	<ul style="list-style-type: none"> In 2011, the Board consists of a total of seventeen Directors, comprising nine Executive Directors, three Non-executive Directors and five Independent Non-executive Directors. One of the Executive Directors also acts as Alternate Director to two Executive Directors and two Alternate Directors were appointed. Following the re-designation of a Non-executive Director to Independent Non-executive Director with effect from 1st January, 2012, at least one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise.
A.3.3	The company should maintain on its website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	<ul style="list-style-type: none"> The Company maintains on its website an updated list of its Directors identifying their role and function together with their biographical information, and whether they are independent non-executive directors. In March 2012, the updated list of Directors has been posted on the website of HKEx. The Company has also posted on its website and the website of HKEx the Terms of Reference of the Board Committees to enable the shareholders to understand the role played by those Independent Non-executive Directors who serve on the relevant Board Committees.

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Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4	APPOINTMENTS, RE-ELECTION AND REMOVAL		
	<p><i>Corporate Governance Principle</i> <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals.</i></p>		
A.4.3	<ul style="list-style-type: none"> – If an independent non-executive director serves more than 9 years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by shareholders. – The board should set out to shareholders in the papers accompanying a resolution to elect such an independent non-executive director the reasons they believe that the individual continues to be independent and why he should be re-elected. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. • The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. In respect of an independent non-executive director who has served more than 9 years, the Company had expressed its view in the circular as regards such director independence. While in accordance with the recommended best practices, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected, as their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.
A.4.4 – A.4.8	<ul style="list-style-type: none"> – The company should establish a nomination committee. A majority of the members of the nomination committee should be independent non-executive directors. – The nomination committee should be established with specific written terms of reference which deal clearly with the committee's authority and duties. – It is recommended that the nomination committee should discharge the following duties: <ul style="list-style-type: none"> (a) review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes; (b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of, individuals nominated for directorships; (c) assess the independence of independent non-executive directors; and (d) make recommendations to the board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer. 	E	<ul style="list-style-type: none"> • The Company does not have a nomination committee. The Board as a whole is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. • At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Group Managing Director. • Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision. • The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.4 – A.4.8 (Cont'd)	<ul style="list-style-type: none"> – The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board. – The nomination committee should be provided with sufficient resources to discharge its duties. – Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent. 		<ul style="list-style-type: none"> • Please refer to A.4.3 of Part II above for the details.
<p>A.5 RESPONSIBILITIES OF DIRECTORS</p> <p><i>Corporate Governance Principle</i> Every Director is required to keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.</p>			
A.5.5	<p>All directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to help ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding a suitable development programme.</p>	C	<ul style="list-style-type: none"> • The Company regularly reminds all Directors of their functions and responsibilities. Through regular Board meetings and the circulation of written resolutions, memos and board papers, all Directors are kept abreast of the conduct, business activities and development of the Company. • A package compiled and reviewed by the Company's legal advisers setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. A revised information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors issued by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors have been forwarded to each Director for his/her information and ready reference. • During the year, the Company had arranged at the cost of the Company for Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. • In addition, the Company had from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. • The Directors have provided to the Company their records of training received during the year 2011.
A.5.6	<p>Each director should disclose to the company at the time of his appointment, and on a periodic basis, the number and nature of offices held in public companies or organisations and other significant commitments, with the identity of the public companies or organisation and an indication of the time involved. The board should determine for itself how frequently such disclosure should be made.</p>	C	<ul style="list-style-type: none"> • The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.

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Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.7	Non-executive directors, as equal board members, should give the board and any committees on which they serve such as the audit, remuneration or nomination committees the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meeting during the year. Please refer to A.1.1, A.2.2, B.1.1, C.3.1 and E.1.2 of Part I above for details of attendance records. Extent of participation and contribution should be viewed both quantitatively and qualitatively.
A.5.8	Non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meeting during the year. Please refer to A.1.1, A.2.2, B.1.1, C.3.1 and E.1.2 of Part I above for details of attendance records.
A.6	SUPPLY OF AND ACCESS TO INFORMATION		
	<p><i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.</i></p>		
	There is no recommended best practice under Section A.6 in the Code on CG practices.		
B.	REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT		
B.1	THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE		
	<p><i>Corporate Governance Principle</i> <i>There should be a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors.</i></p>		
B.1.6	A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.	C	<ul style="list-style-type: none"> A significant proportion of Executive Directors' remuneration has been structured so as to link rewards to corporate and individual performance in 2011. Please refer to note 32 in the Notes to the Consolidated Financial Statements for details of discretionary bonus.
B.1.7	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports and accounts.	C	<ul style="list-style-type: none"> The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 32 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to senior management.
B.1.8	Where the board resolves to approve any remuneration or compensation arrangements which the remuneration committee has previously resolved not to approve, the board must disclose the reasons for its resolution in its next annual report.	N/A	<ul style="list-style-type: none"> The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
C.	ACCOUNTABILITY AND AUDIT		
C.1	FINANCIAL REPORTING		
	<p><i>Corporate Governance Principle</i> <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i></p>		

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.4 – C.1.5	<ul style="list-style-type: none"> – The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter, disclosing such information as would enable shareholders to assess the performance, financial position and prospects of the company. Any such quarterly financial reports should be prepared using the accounting policies applied to the company's half-year and annual accounts. – Once the company decides to announce and publish its quarterly financial results, it should continue to adopt quarterly reporting for each of the first 3 and 9 months periods of subsequent financial years. Where the company decides not to announce and publish its financial results for a particular quarter, it should publish an announcement to disclose the reason(s) for such decision. 	E	<ul style="list-style-type: none"> • The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant and price-sensitive transactions have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. • Please refer to C.1.4 of Part II above for the details.
<p>C.2 INTERNAL CONTROLS</p> <p><i>Corporate Governance Principle</i> <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.</i></p>			
C.2.3	<p>The board's annual review should, in particular, consider:</p> <ul style="list-style-type: none"> – the changes since the last annual review in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment; – the scope and quality of management's ongoing monitoring of risks and of the system of internal control, and where applicable, the work of its internal audit function and other providers of assurance; – the extent and frequency of the communication of the results of the monitoring to the board (or board committee(s)) which enables it to build up a cumulative assessment of the state of control in the company and the effectiveness with which risk is being managed; – the incidence of significant control failings or weakness that has been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or conditions; and – the effectiveness of the company's processes relating to financial reporting and Listing Rule compliance. 	<p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p>	<p>In the review of the effectiveness of internal control system, the Board, through the Audit Committee, considers:</p> <ul style="list-style-type: none"> • the changes in the significant risks since the last review, and the Company's ability to respond to changes in its business and the external environment; • the management's ongoing monitoring of risks and the system of internal control, and the work of the internal audit function; • the communication of the monitoring results to the Board that enables it to build up a cumulative assessment of the state of control in the Company and the effectiveness of the risk management; • any incidence of significant control failings or weaknesses identified and the extent to which they have caused unforeseeable outcomes or contingencies that had or might have material impact on the Company's financial performance or condition; and • the effectiveness of the Company's processes relating to financial reporting and Listing Rules compliance.

CORPORATE GOVERNANCE REPORT

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4	<p>The company should disclose as part of the Corporate Governance Report a narrative statement how they have complied with the code provisions on internal control during the reporting period. The disclosures should also include the following items:</p> <ul style="list-style-type: none"> – the process that the company has applied for identifying, evaluating and managing the significant risks faced by it; – any additional information to assist understanding of the company's risk management processes and system of internal control; – an acknowledgement by the board that it is responsible for the company's system of internal control and for reviewing its effectiveness; – the process that the company has applied in reviewing the effectiveness of the system of internal control; and – the process that the company has applied to deal with material internal control aspects of any significant problems disclosed in its annual reports and accounts. 	<p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p>	<p>In this Corporate Governance Report, the Company, in particular item C.2.1 of Part I above, discloses:</p> <ul style="list-style-type: none"> • the process of identifying, evaluating and managing the significant risks; • any additional information to assist understanding of the risk management processes and internal control system; • an acknowledgement by the Board that it is responsible for the internal control system and for reviewing its effectiveness; • the process applied in reviewing the effectiveness of internal control system, and • the process applied to deal with material internal control aspects of any significant problems disclosed in its Annual Reports and Financial Statements.
C.2.5	The company should ensure that their disclosures provide meaningful information and do not give a misleading impression.	C	<ul style="list-style-type: none"> • The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.
C.2.6	The company without an internal audit function should review the need for one on an annual basis and should disclose the outcome of such review in the company's Corporate Governance Report.	N/A	<ul style="list-style-type: none"> • Please refer to C.2 of Part I above for the details.
C.3	<p>AUDIT COMMITTEE</p> <p><i>Corporate Governance Principle</i> <i>The Board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.</i></p>		
C.3.7	<p>The terms of reference of the audit committee should also require the audit committee:</p> <ul style="list-style-type: none"> – to review arrangements by which employees of the company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and – to act as the key representative body for overseeing the company's relation with the external auditor. 	<p>E</p> <p>C</p>	<ul style="list-style-type: none"> • The Company has issued an employee's handbook to its staff, which contains the mechanism for employees to raise any questions they may have to their department head and to the human resources department for necessary action (whether these relate to their career development or any other grievances and complaints they may have). The Company considers such mechanisms to be sufficient to ensure that there is a channel for employees to have a direct communication with the management of the Company. • The Company has established a whistleblowing policy and system for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such policy and procedures will be included into the Company's employees handbook and posted on the Company's website. • The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D. DELEGATION BY THE BOARD			
D.1 MANAGEMENT FUNCTIONS			
<i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.</i>			
D.1.3	The company should disclose the division of responsibility between the board and management to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the board and management.	C	<ul style="list-style-type: none"> Please refer to the Management Structure Chart set out on page 148.
D.1.4	Directors should clearly understand delegation arrangements in place. To that end, the company should have formal letters of appointment for directors setting out the key terms and conditions relative to their appointment.	E	<ul style="list-style-type: none"> In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment.
D.2 BOARD COMMITTEES			
<i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.</i>			
There is no recommended best practice under Section D.2 in the Code on CG Practices.			
E. COMMUNICATION WITH SHAREHOLDERS			
E.1 EFFECTIVE COMMUNICATION			
<i>Corporate Governance Principle</i> <i>The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.</i>			
There is no recommended best practice under Section E.1 in the Code on CG Practices.			
E.2 VOTING BY POLL			
<i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i>			
There is no recommended best practice under Section E.2 in the Code on CG Practices.			

CORPORATE GOVERNANCE REPORT

MANAGEMENT STRUCTURE CHART

