

CORPORATE GOVERNANCE REPORT

Corporate governance practices

The Company is committed to the establishment of good standards of corporate governance practices by emphasising transparency, accountability and responsibility to our shareholders.

During the year under review, the Company was in compliance with the Code Provisions set out in the “Code on Corporate Governance Practices” contained in Appendix 14 of the Listing Rules which came into effect on 1 January 2005 (the “New Code”), with the following exceptions:

- (1) The Non-Executive Directors were not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company’s Annual General Meeting in accordance with the Company’s articles of association; and
- (2) The past Chairman of the Board had not attended the annual general meeting of the Company held on 28 April 2005. The present Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

Directors’ securities transactions

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year under review.

Board of directors

The Board is collectively responsible to oversee the management of business and affairs of the Group. The Board currently is comprised of a total of eleven Directors, with seven Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors.

The names of the Directors are detailed in the Company’s 2005 Annual Report under the section headed “Corporate Information”.

During the period from 1 January 2005 to the date of this annual report, the Board held seven meetings, the particulars of which are as follows:

Date of meeting	Attendees
24 February 2005	Mr. Yang Chao, Mr. Lin Fan, Mr. Miao Jianmin, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Ng Yu Lam, Kenneth, Dr. Dong Ming, Mr. Shen Koping, Michael, Mr. Zheng Changyong, Dr. Wu Jiesi and Mr. Lau Wai Kit.
23 March 2005	Mr. Yang Chao, Mr. Lin Fan, Mr. Miao Jianmin, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Ng Yu Lam, Kenneth, Dr. Dong Ming, Mr. Shen Koping, Michael, Mr. Lau Siu Mun, Sammy, Mr. Zheng Changyong, Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lau Wai Kit.
15 June 2005	Mr. Yang Chao, Mr. Feng Xiaozeng, Mr. Lin Fan, Mr. Miao Jianmin, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Ng Yu Lam, Kenneth, Dr. Dong Ming, Mr. Shen Koping, Michael, Mr. Zheng Changyong, Dr. Wu Jiesi and Mr. Lau Wai Kit.

企業管治報告書

企業管治常規

本公司致力於透過著重對全體股東的透明度、問責性及負責任制訂良好的企業管治常規。

於本年度內，本公司已遵守從二零零五年一月一日起生效的上市規則附錄14所載之企業管治常規守則（「新守則」）的守則規定，惟下列除外：

- (1) 非執行董事是沒有指定的任期，惟須根據本公司組織章程細則於本公司的股東周年大會上輪值告退及膺選連任；及
- (2) 本公司前任董事長未有出席於二零零五年四月二十八日舉行的股東周年大會。現任董事長將會出席本公司日後的股東周年大會，除非出現不可預見或特殊的情況，引致他未能出席。

董事進行證券交易

本公司已採納上市規則附錄10所載的標準守則作為有關董事進行證券交易的守則。在向所有董事作出特定查詢後，所有董事確認於年內已遵守標準守則規定所載的要求標準。

董事會

董事會共同負責監察本集團的業務及各事務的管理工作。董事會現時由十一位董事組成，包括七位執行董事、一位非執行董事及三位獨立非執行董事。

董事名單詳載於本公司二零零五年度年報「公司資料」標題下之內文。

由二零零五年一月一日起至本年報日期，董事會曾舉行以下七次會議：

會議日期	出席者
二零零五年二月二十四日	楊超先生、林帆先生、繆建民先生、宋曙光先生、謝一群先生、吳俞霖先生、董明博士、沈可平先生、鄭常勇先生、武捷思博士及劉偉傑先生。
二零零五年三月二十三日	楊超先生、林帆先生、繆建民先生、宋曙光先生、謝一群先生、吳俞霖先生、董明博士、沈可平先生、劉少文先生、鄭常勇先生、武捷思博士、車書劍先生及劉偉傑先生。
二零零五年六月十五日	楊超先生、馮曉增先生、林帆先生、繆建民先生、宋曙光先生、謝一群先生、吳俞霖先生、董明博士、沈可平先生、鄭常勇先生、武捷思博士及劉偉傑先生。

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9 September 2005	Mr. Feng Xiaozeng, Mr. Lin Fan, Mr. Miao Jianmin, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Ng Yu Lam, Kenneth, Dr. Dong Ming, Mr. Shen Koping, Michael, Mr. Lau Siu Mun, Sammy, Mr. Zheng Changyong, Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lau Wai Kit.
28 December 2005	Mr. Feng Xiaozeng, Mr. Miao Jianmin, Mr. Xie Yiqun, Mr. Ng Yu Lam, Kenneth, Mr. Shen Koping, Michael, Mr. Lau Siu Mun, Sammy, Mr. Zheng Changyong, Dr. Wu Jiesi and Mr. Lau Wai Kit.
25 January 2006	Mr. Feng Xiaozeng, Mr. Lin Fan, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Ng Yu Lam, Kenneth, Mr. Shen Koping, Michael, Mr. Lau Siu Mun, Sammy, Mr. Zheng Changyong and Dr. Wu Jiesi.
7 April 2006	Mr. Feng Xiaozeng, Mr. Lin Fan, Mr. Song Shuguang, Mr. Xie Yiqun, Mr. Ng Yu Lam, Kenneth, Mr. Shen Koping, Michael, Mr. Lau Siu Mun, Sammy, Mr. Zheng Changyong, Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lau Wai Kit.

Chairman and chief executive officer

Mr. Feng Xiaozeng was appointed as the Chairman on 15 June 2005 to take over from Mr. Yang Chao, who resigned on the same date. Mr. Ng Yu Lam, Kenneth was appointed as the Chief Executive Officer on 4 January 2006 to take over from Mr. Miao Jianmin, who resigned on the same date. The roles of the Chairman and Chief Executive Officer are clearly defined and segregated and are not exercised by the same individual.

Nomination of director

The Company has not established a nomination committee. The appointment of a director is the responsibility of the Board.

During the year under review, Mr. Yang Chao resigned as the Chairman and an Executive Director of the Company due to another assignment. Mr. Feng Xiaozeng was nominated to fill the vacancy. Mr. Feng has strong insurance expertise, possesses vast experience in the regulation of the insurance industry as well as in the operational management of insurance companies. He is held in high regard and reputation in the insurance field. The Board unanimously approved the appointment of Mr. Feng as the Chairman and an Executive Director of the Company during the board meeting held on 15 June 2005.

According to the Listing Rules, Mr. Feng, being appointed to fill a casual vacancy, is subject to election by the shareholders at the first general meeting of the Company after his appointment. The Company held an extraordinary general meeting on 23 February 2006. During the meeting, a resolution to re-elect Mr. Feng as a director of the Company was proposed and was duly passed as an ordinary resolution of the Company by the shareholders present in person or by duly authorised corporate representatives on a show of hands.

Remuneration committee

A Remuneration Committee with specific written terms of reference was established by the Company on 24 February 2005.

The principal duties of the Remuneration Committee include the making of recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management; the establishment of a formal and transparent procedure for developing the policy on such remuneration and to determine the specific remunerations packages of all executive directors and senior management.

企業管治報告書

二零零五年九月九日	馮曉增先生、林帆先生、繆建民先生、宋曙光先生、謝一群先生、吳俞霖先生、董明博士、沈可平先生、劉少文先生、鄭常勇先生、武捷思博士、車書劍先生及劉偉傑先生。
二零零五年十二月二十八日	馮曉增先生、繆建民先生、謝一群先生、吳俞霖先生、沈可平先生、劉少文先生、鄭常勇先生、武捷思博士及劉偉傑先生。
二零零六年一月二十五日	馮曉增先生、林帆先生、宋曙光先生、謝一群先生、吳俞霖先生、沈可平先生、劉少文先生、鄭常勇先生及武捷思博士。
二零零六年四月七日	馮曉增先生、林帆先生、宋曙光先生、謝一群先生、吳俞霖先生、沈可平先生、劉少文先生、鄭常勇先生、武捷思博士、車書劍先生及劉偉傑先生。

董事長及總裁

馮曉增先生於二零零五年六月十五日接替楊超先生為董事長，於同日楊超先生辭任為董事長。吳俞霖先生於二零零六年一月四日接替繆建民先生為總裁，於同日繆建民先生辭任為總裁。董事長及總裁的角色是清晰界定及分開的，並非由同一人士擔任。

董事的任命

本公司並未有成立提名委員會。董事的任命由董事會負責。

在年度內，楊超先生因工作另有安排，辭去本公司董事長及執行董事職位，馮曉增先生被提名接任其空缺。馮先生擁有豐富保險專業知識，有很豐富的保險業監管和公司經營管理經驗。彼於保險界享有很高的成就及聲望。於二零零五年六月十五日舉行的董事會會議上，董事會一致通過委任馮先生為本公司的董事長及執行董事。

由於馮先生的委任是接任臨時空缺，根據上市規則，在其委任後的首個公司股東大會便要經由股東選舉。本公司於二零零六年二月二十三日舉行了股東特別大會。在大會上，建議重選馮先生為本公司的董事的提議，經過有權出席的股東或正式授權的人士以舉手方式表決通過，正式成為本公司的普通決議案。

薪酬委員會

本公司於二零零五年二月二十四日成立具有特定成文權責範圍的薪酬委員會。

薪酬委員會的主要職責包括就所有董事及高級職員的薪酬向董事會提交建議的公司政策及架構；設立正式及富透明度的程序去制定該等薪酬的政策及訂定全體執行董事及高級職員的特定薪酬待遇。

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The main principles of the Group's remuneration policies are:

- (a) Remuneration should be determined by taken into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, employment conditions elsewhere in the Group and the desirability of performance-based remuneration;
- (b) Performance-based remuneration should be reviewed and approved by reference to the corporate goals and objectives resolved by the Board from time to time; and
- (c) No Director should be involved in deciding his or her own remuneration.

The Remuneration Committee currently is comprised of the three Independent Non-Executive Directors, namely Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lau Wai Kit, the Chairman, Mr. Feng Xiaozeng, and the Chief Executive Officer, Mr. Ng Yu Lam, Kenneth. Mr. Feng Xiaozeng was appointed as the Chairman of the Remuneration Committee on 15 June 2005 to take over from Mr. Yang Chao, who resigned as the Chairman of the Remuneration Committee on the same date. Mr. Ng Yu Lam, Kenneth was appointed as a committee member on 4 January 2006 to take over from Mr. Miao Jianmin, who resigned as a member of the Remuneration Committee on the same date.

The first meeting was held on 12 April 2005 to consider and approve the payment of directors' bonus for the year 2004. The meeting was attended by all the prevailing committee members, namely Mr. Yang Chao, Mr. Miao Jianmin, Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lau Wai Kit. During the period from 1 January 2005 to the date of this annual report, the Remuneration Committee has also had on three occasions approved the granting of share options and discretionary bonuses to the directors and senior members of the Group by means of written resolutions.

Auditors' remuneration

KPMG are the auditors of the Company. The services provided by them include audit and taxation. During the financial year 2005, the fees for the Group's statutory audit and taxation services were HK\$2,504,000 and HK\$293,000 respectively.

Audit committee

The Board has adopted the new written terms of reference for the Audit Committee, which are in accordance with the New Code. The Audit Committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal controls system and the interim and annual results of the Group.

The Audit Committee is comprised of the three Independent non-Executive Directors, namely Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lau Wai Kit, and a Non-Executive Director, Mr. Zheng Changyong. Dr. Wu Jiesi is the Chairman of the Audit Committee.

The interim results, annual results and the system of internal controls of the Company and its subsidiaries for the year 2005 have been reviewed by the Audit Committee.

企業管治報告書

本集團薪酬政策之主要原則包括下列各項：

- (a) 薪酬應考慮如同類公司支付的薪酬，付出時間、職責、集團內其他職位的僱用條件及應否按表現釐定薪酬等因素而釐定；
- (b) 在審閱及批准按表現而釐定的薪酬時，應參照董事會不時已通過的公司目標；及
- (c) 董事不應參與釐定其自身的薪酬。

薪酬委員會的成員包括三位獨立非執行董事，分別為武捷思博士、車書劍先生及劉偉傑先生、董事長馮曉增先生及總裁吳俞霖先生。馮曉增先生於二零零五年六月十五日接替楊超先生為薪酬委員會的主席，於同日楊超先生辭任為薪酬委員會的主席。吳俞霖先生於二零零六年一月四日接替繆建民先生為薪酬委員會的成員，於同日繆建民先生辭任為薪酬委員會的成員。

第一次會議於二零零五年四月十二日舉行，當時的全體委員會成員，分別為楊超先生、繆建民先生、武捷思博士、車書劍先生及劉偉傑先生皆有列席會議審閱及批准董事二零零四年度的花紅。由二零零五年一月一日起至本年報日期，薪酬委員會曾三次以書面通過決議案方式批准授出認股權及酌情花紅給予集團的董事及高級職員。

核數師酬金

畢馬威會計師事務所為本公司的核數師。彼等所提供的服務包括審計及稅務服務。有關審計的服務費及稅務服務費分別為2,504,000港元及293,000港元。

審核委員會

董事會已根據新守則採納新的審核委員會書面權責範圍。審核委員會經常與本集團高級管理層及外間核數師舉行會議，檢討本集團的內部監控系統的成效並中期及年度報告。

審核委員會的成員包括三位獨立非執行董事，分別為武捷思博士、車書劍先生及劉偉傑先生，及一位非執行董事鄭常勇先生。審核委員會的主席由武捷思博士擔任。

審核委員會曾審查本公司及其附屬公司二零零五年度的中期及年度業績，與及內部監控系統。

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During the period from 1 January 2005 to the date of this annual report, the Audit committee held three meetings, the particulars of which are as follows:

Date of meeting	Attendees
18 March 2005	Dr. Wu Jiesi, Mr. Che Shujian, Mr. Lau Wai Kit and Mr. Zheng Changyong
30 August 2005	Dr. Wu Jiesi, Mr. Che Shujian and Mr. Lau Wai Kit
4 April 2006	Dr. Wu Jiesi, Mr. Che Shujian and Mr. Zheng Changyong

Directors' responsibility for preparing the financial statements

The Directors acknowledge that it is their responsibility for preparing financial statements which give a true and fair view.

The statement of the Auditors of the Company about their responsibilities on the financial statements is set out in the Report of the Auditors on page 84.

Internal control review

The Board had conducted a review of the system of internal controls of the Group in accordance with the New Code. The Board considers that all material internal controls of the Group are proper and effective.

企業管治報告書

二零零五年一月一日起至本年報日期，審核委員會曾舉行以下三次會議：

會議日期	出席者
二零零五年三月十八日	武捷思博士、車書劍先生、劉偉傑先生及鄭常勇先生。
二零零五年八月三十日	武捷思博士、車書劍先生及劉偉傑先生。
二零零六年四月四日	武捷思博士、車書劍先生及鄭常勇先生。

董事負責編製財務報表

董事確認編製真實與公允的財務報表是彼等的責任。

有關核數師就財務報表應承擔的責任聲明，詳列於第84頁核數師報告書內。

內部監控系統審查

董事會已根據新守則對本集團的內部監控系統進行審查。董事會認為本集團所有重要的內部監控均為適當及有效。