

CORPORATE GOVERNANCE REPORT

Being the largest independent local bank in Hong Kong, the Bank is committed to maintaining the highest corporate governance standards. The Board considers such commitment essential in balancing the interests of shareholders, customers and employees; and in upholding accountability and transparency.

The Bank has complied with all the Code Provisions set out in Appendix 14 Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting year ended 31st December, 2008, except for a deviation from Code Provision A.2.1 of the Code, and non-compliance with Rules 3.10(2) and 3.21 of the Listing Rules during the period from 15th August, 2008 to 14th December, 2008. Details are explained under "Board Composition" in section A below.

The Bank has also complied with the module on "Corporate Governance of Locally Incorporated Authorized Institutions" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority.

A. DIRECTORS

The Board

The Bank is headed by an effective Board which assumes responsibility for leadership and control of the Bank and is collectively responsible for promoting the success of the Bank by directing and supervising the Bank's affairs.

Board meetings are held at least 6 times a year at approximately bi-monthly intervals. In addition, special Board meetings are held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

Directors are consulted on matters to be included in the agenda for regular Board meetings.

Dates of regular Board meetings are scheduled in the prior year to provide sufficient notice to give all Directors an opportunity to attend. For special Board meetings, reasonable notice is given.

Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

Minutes of the meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee are kept by the Company Secretary. Minutes of the meetings of other Board Committees (as listed under Board Committees under section D) are kept by the appointed secretary of each Committee. Minutes are open for inspection at any reasonable time on reasonable notice by any Director.

Minutes of the meetings of the Board and Board Committees record in sufficient detail the matters considered by the Board and the Committees, decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes of the meetings are sent to Directors for their comment and record respectively, in the case of Board meetings, normally within a week whilst in the case of the Audit Committee, the Remuneration Committee and the Nomination Committee, within a reasonable period, after the meetings are held.

The Bank has established a *Policy on Obtaining Independent Professional Advice by Directors* to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Bank's expense to assist the relevant Director or Directors to discharge his/their duties to the Bank Group.

If 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 shall not be dealt with by way of circulation or by a Committee (except for an appropriate Board Committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting shall be held. Independent Non-executive Directors who, and whose associates, have no material interest in the transaction shall be present at such Board meeting.

The Bank has in place Directors & Officers Liability and Company Reimbursement Insurance to protect the Directors and officers of the Bank and its subsidiaries against claims made against them jointly and severally for any wrongful act committed or alleged to have been committed in their capacity as directors or officers of the Bank.

企業管治報告

本行作為本港最大的獨立本地銀行，致力維持最高的企業管治標準。董事會認為此承諾對於平衡股東、客戶及員工的利益，以及保持問責及透明度，至為重要。

本行於截至2008年12月31日止會計年度內偏離守則條文A.2.1，以及於2008年8月15日至2008年12月14日期間未能符合《香港聯合交易所有限公司證券上市規則》(《上市規則》)第3.10(2)條及第3.21條的規定外，本行已遵守《上市規則》附錄14「企業管治常規守則」(「守則」)中的全部守則條文。該等偏離行為已在下列A項下「董事會組成」一欄作出解釋。

本行亦已遵守香港金融管理局所發出之監管手冊內的《本地註冊認可機構的企業管治》指引。

A. 董事

董事會

本行以一個行之有效的董事會為首；董事會負有領導及監控本行的責任，並集體負責統管並監督本行事務以促使本行成功。

董事會會議每年召開最少6次，大約每兩個月一次。此外，會在有需要時召開董事會特別會議。此等董事會會議均有大部分董事親身出席，或透過其他電子通訊方法積極參與。

董事會定期會議議程之事項，經諮詢董事後釐定。

董事會定期會議的日期在前一年已安排，以讓所有董事皆有機會騰空出席。至於董事會特別會議，則發出合理通知召開。

所有董事都可獲得公司秘書的意見和服務，確保董事會程序及所有適用規則及規例均獲得遵守。

董事會、審核委員會、薪酬委員會及提名委員會的會議記錄由公司秘書備存。其他董事會轄下委員會(列於D段董事會轄下委員會項下)的會議記錄則由各個委員會正式委任的秘書備存。若董事發出合理通知，會公開有關會議記錄供其在任何合理時段查閱。

董事會及其轄下委員會的會議記錄，對會議上各董事所考慮事項及達致的決定作足夠詳細的記錄，其中包括董事提出的任何疑慮或表達的反對意見。會議記錄的初稿及最終定稿會發送董事，初稿供董事表達意見，最後定稿則作其記錄之用。董事會會議的記錄，通常在會議後的一周內發出，而審核委員會、薪酬委員會及提名委員會的會議記錄則通常在會議後的合理期間內發出。

董事會已建立一套董事諮詢獨立專業意見政策，讓董事按合理要求，可在適當的情況下尋求獨立專業意見，以協助有關董事履行其對本集團的責任，費用由本行支付。

若有董事在董事會將予考慮的事項中存有董事會認為重大的利益衝突，有關事項不會以傳閱文件方式處理或交由轄下委員會處理(根據董事會會議上通過的決議而特別就此事項成立的委員會除外)，而董事會會就該事項舉行董事會會議。在交易中本身及其聯繫人均沒有重大利益的獨立非執行董事會出席有關的董事會會議。

本行已購買董事和職員責任及公司償還保險，以保障本行及其附屬公司的董事及員工，因其以本行董事或職員身份觸犯或被指控觸犯行為失當，以集體或個別形式被索償。

Corporate Governance Report (continued)

Directors' attendance records

Attendance records of the Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meeting (RCM), Nomination Committee Meeting (NCM) and Annual General Meeting (AGM) held in 2008 are as follows:

	Number of meetings attended/held during the Directors' terms of office in 2008				
	BM	ACM	RCM	NCM	AGM
<i>Executive Directors:</i>					
David LI Kwok-po (Chairman & Chief Executive)	8/8	N/A	N/A	1/1	1/1
Joseph PANG Yuk-wing (Deputy Chief Executive)	8/8	N/A	N/A	N/A	1/1
<i>Non-executive Directors:</i>					
LI Fook-wo (retired on 17th April, 2008)	2/2	N/A	N/A	N/A	1/1
Aubrey LI Kwok-sing	8/8	N/A	1/1	1/1	1/1
Arthur LI Kwok-cheung (appointed on 10th January, 2008)	5/8	N/A	N/A	N/A	0/1
William MONG Man-wai	5/8	N/A	N/A	N/A	0/1
KHOO Kay-peng	6/8	N/A	N/A	N/A	1/1
Richard LI Tzar-kai	6/8	N/A	N/A	N/A	0/1
Eric LI Fook-chuen	8/8	N/A	1/1	1/1	1/1
Stephen Charles LI Kwok-sze	7/8	N/A	N/A	N/A	1/1
<i>Independent Non-executive Directors:</i>					
WONG Chung-hin	6/8	2/3	N/A	N/A	1/1
LEE Shau-kee	4/8	N/A	N/A	1/1	0/1
Allan WONG Chi-yun	7/8	3/3	1/1	1/1	1/1
Winston LO Yau-lai	8/8	3/3	0/1	N/A	1/1
Thomas KWOK Ping-kwong	6/8	2/3	0/1	N/A	0/1
TAN Man-kou (passed on 14th August, 2008)	2/5	1/2	N/A	N/A	0/1
Kenneth LO Chin-ming	6/8	1/3	N/A	N/A	0/1
William DOO Wai-hoi (appointed on 10th January, 2008)	6/8	2/3	N/A	N/A	1/1
KUOK Khoon-ean (appointed on 10th January, 2008)	4/8	3/3	N/A	N/A	1/1
Valiant CHEUNG Kin-piu (appointed on 15th December, 2008)	N/A	1/1	N/A	N/A	N/A
Average attendance rate	78%	75%	60%	100%	63%

Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. The Hon. Sir David LI Kwok-po is the Chairman & Chief Executive of the Bank. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Bank. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly

企業管治報告（續）

董事會議出席記錄

各董事於2008年內舉行的董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議及股東周年常會的出席記錄如下：

	董事於2008年在任期間 會議出席次數 / 舉行次數				
	董事會 會議	審核 委員會 會議	薪酬 委員會 會議	提名 委員會 會議	股東周年 常會
執行董事：					
李國寶 (主席兼行政總裁)	8/8	不適用	不適用	1/1	1/1
彭玉榮 (副行政總裁)	8/8	不適用	不適用	不適用	1/1
非執行董事：					
李福和 (於2008年4月17日榮休)	2/2	不適用	不適用	不適用	1/1
李國星	8/8	不適用	1/1	1/1	1/1
李國章 (於2008年1月10日獲委任)	5/8	不適用	不適用	不適用	0/1
蒙民偉	5/8	不適用	不適用	不適用	0/1
邱繼炳	6/8	不適用	不適用	不適用	1/1
李澤楷	6/8	不適用	不適用	不適用	0/1
李福全	8/8	不適用	1/1	1/1	1/1
李國仕	7/8	不適用	不適用	不適用	1/1
獨立非執行董事：					
黃頌顯	6/8	2/3	不適用	不適用	1/1
李兆基	4/8	不適用	不適用	1/1	0/1
黃子欣	7/8	3/3	1/1	1/1	1/1
羅友禮	8/8	3/3	0/1	不適用	1/1
郭炳江	6/8	2/3	0/1	不適用	0/1
陳文裘 (於2008年8月14日離世)	2/5	1/2	不適用	不適用	0/1
駱錦明	6/8	1/3	不適用	不適用	0/1
杜惠愷 (於2008年1月10日獲委任)	6/8	2/3	不適用	不適用	1/1
郭孔演 (於2008年1月10日獲委任)	4/8	3/3	不適用	不適用	1/1
張建標 (於2008年12月15日獲委任)	不適用	1/1	不適用	不適用	不適用
平均出席率	78%	75%	60%	100%	63%

主席及行政總裁

守則條文 A.2.1 規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

李國寶爵士為本行的主席兼行政總裁。董事會認為此架構不會影響董事會與管理層兩者之間的權力和職權的平衡。本行董事會由極具經驗和才幹的成員組成，並定期每兩個月開會，以商討影響本行運作的事項。透過董事會的運作，足以確保權力和職權得到平衡。董

every two months to discuss issues affecting operations of the Bank. There is a strong independent element in the composition of the Board. Out of the 18 Board members, 9 are Independent Non-executive Directors. The Board believes that the current structure is conducive to strong and consistent leadership, enabling the Bank to make and implement decisions promptly and efficiently. The Board believes that Sir David's appointment to the posts of Chairman and Chief Executive is beneficial to the business prospects and management of the Bank.

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings.

The Chairman is responsible for ensuring that Directors receive adequate, complete and reliable information, in a timely manner.

Board composition

The current Board is composed of 2 Executive Directors, 7 Non-executive Directors and 9 Independent Non-executive Directors. It has a balance of skills and experience appropriate for the requirements of the business of the Bank. Changes to its composition can be managed without undue disruption. There is a strong independent element on the Board, which can effectively exercise independent judgement.

Rule 3.10(2) stipulates that at least one of the independent non-executive directors on the board must have appropriate professional qualifications or accounting or related financial management expertise. Rule 3.21 stipulates that at least one of the members of the audit committee must be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2). The late Mr. Tan Man-kou, Independent Non-executive Director and member of the Audit Committee, satisfied the requirements of Rules 3.10(2) and 3.21. Following the passing of Mr. Tan Man-kou on 14th August, 2008, the Bank appointed Mr. Valiant Cheung Kin-piu who satisfies the requirements of Rules 3.10(2) and 3.21 as an Independent Non-executive Director and Member of the Audit Committee on 15th December, 2008 to ensure full compliance with Rules 3.10(2) and 3.21 of the Listing Rules.

The composition of the Board is shown on page 50 under the subject Corporate Information. All Directors are expressly identified by categories of Executive Directors, Non-executive Directors and Independent Non-executive Directors in all corporate communications that disclose the names of Directors of the Bank.

Biographies which include relationships among members of the Board are shown on page 38 under the subject Biographical Details of Directors and Senior Management.

Appointments and re-election of Directors- Nomination Committee

The Bank has set up a procedure for the appointment of new Directors to the Board and has plans in place for the succession for appointments to the Board.

Pursuant to the Articles of Association of the Bank, all Directors are appointed for a term of not more than approximately three years and newly appointed Directors will be subject to re-election by shareholders at the first general meeting after their appointments.

The Bank has established a Nomination Committee with specific written Terms of Reference which deal clearly with its authority and duties. The Terms of Reference of the Nomination Committee have included the specific duties set out in paragraphs A.4.5 (a) to (d) of the Code, with appropriate modifications where necessary.

The Nomination Committee is responsible for recommending to the Board all new appointments and re-election of Directors and Division Heads of the Bank, and for the review of management succession plan for Executive Directors and Division Heads of the Bank.

A majority of the members of the Nomination Committee are Non-executive Directors. This Committee is chaired by Eric LI Fook-chuen. The other members are David LI Kwok-po, LEE Shau-kee, Allan WONG Chi-yun and Aubrey LI Kwok-sing.

Attendance of individual members at the Nomination Committee meeting in 2008 is recorded on page 58.

企業管治報告（續）

事會的組合具有強大的獨立元素，在 18 位董事會成員當中，9 位是獨立非執行董事。董事會相信現時的架構有助於建立穩健而一致的領導權，使本行能夠迅速及有效地作出及實施各項決定。董事會相信委任李爵士出任主席兼行政總裁之職，會有利於本行的業務發展及管理。

主席確保董事會會議上所有董事均適當知悉當前的事項。

主席負責確保董事及時收到充分、完備及可靠的資訊。

董事會組成

現時的董事會由兩位執行董事，7 位非執行董事及 9 位獨立非執行董事組成。董事會已具備本行業務適當所需的技巧和經驗，其組成人員的變動不會帶來不適當的阻擾。董事會有強大的獨立元素，能夠有效地作出獨立判斷。

《上市規則》第 3.10(2) 條規定董事會中最少 1 名獨立非執行董事必須具備適當的專業資格，或具備適當的會計或相關的財務管理專長；另第 3.21 條亦規定審核委員會中最少 1 名獨立非執行董事必須具備適當的專業資格，或具備適當的會計或相關的財務管理專長。獨立非執行董事及審核委員會成員陳文裘先生符合《上市規則》第 3.10(2) 條及第 3.21 條的規定。繼陳先生不幸於 2008 年 8 月 14 日離世後，本行於 2008 年 12 月 15 日委任符合《上市規則》第 3.10(2) 條及第 3.21 條規定的張建標先生為獨立非執行董事及審核委員會成員，以全面符合《上市規則》第 3.10(2) 條及第 3.21 條的規定。

董事會的成員刊載於第 50 頁公司資料內。所有載有董事姓名的公司通訊中，已按董事類別，包括執行董事、非執行董事及獨立非執行董事，明確說明各董事身份。

各董事的簡介，包括其與其他董事會成員的關係，刊載於第 38 頁董事及高層管理人員的個人資料項下。

委任及重選董事 — 提名委員會

本行已制定一套新董事委任程序，並設定董事繼任計劃。

根據本行組織章程細則規定，全體董事的任期為不超過約 3 年，而新任董事須於獲委任後首次股東大會退任，由股東重選。

本行已設立一個提名委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權和責任。提名委員會的職權範圍已包括載於守則第 A.4.5(a) 至 (d) 段所指明的責任，惟因應需要而作出適當修改。

提名委員會負責就本行委任及重選董事和委任處級主管，以及審議本行執行董事及處級主管的繼任安排。

提名委員會的大部分成員為非執行董事。委員會主席為李福全，其他成員包括李國寶、李兆基、黃子欣及李國星。

2008 年提名委員會會議個別成員的出席率載於第 58 頁。

Corporate Governance Report (continued)

A proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. Candidates to be selected and recommended are experienced, high calibre individuals. All candidates must be able to meet the standards set out in the Listing Rules. In addition, they must be assessed by the Hong Kong Monetary Authority and able to meet the standards of the Authority for being a director of an authorised institution. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

The Nomination Committee considered and reviewed the following proposals or issues and, where appropriate, made recommendation to the Board:

- Assessment of the independence of Independent Non-executive Directors;
- Annual review on Terms of Reference of the Nomination Committee;
- Size, structure and composition of the Board;
- Management Succession Policy;
- Management Succession Plan;
- Appointment of Valiant Cheung Kin-piu as Independent Non-executive Director;
- Re-election of WONG Chung-hin, LEE Shau-kee, William MONG Man-wai, Kenneth LO Chin-ming, Eric LI Fook-chuen and Valiant CHEUNG Kin-piu as Directors of the Bank to be proposed for shareholders' approval at the 2009 Annual General Meeting.

The Nomination Committee has made available its Terms of Reference, on the website of the Bank, explaining its role and the authority delegated to it by the Board.

The Nomination Committee is provided with sufficient resources to discharge its duties.

Responsibilities of Directors

Every Director is required to keep abreast of his responsibilities as a Director of the Bank and of the conduct, business activities and development of the Bank.

Every newly appointed Director of the Bank shall receive an Information Package from the Company Secretary on the first occasion of his appointment. This Information Package is a comprehensive, formal and tailored induction on the responsibilities and on-going obligations to be observed by a director. In addition, the Package includes materials on the operations and business of the Bank. The Executive Directors, Senior Management and the Company Secretary will subsequently conduct such briefing as is necessary, to ensure that the Directors have a proper understanding of the operations and business of the Bank and that they are aware of their responsibilities under the laws and applicable regulations.

The functions of Non-executive Directors, as per the Terms of Reference of the Board of Directors, have included the functions specified in Code Provision A.5.2 (a) to (d) of the Code.

Every Director is aware that he should give sufficient time and attention to the affairs of the Bank.

The Bank has established its own code of securities transactions to be observed by Directors and Chief Executive, i.e. *Policy on Insider Trading - Directors and Chief Executive* ("Bank's Policy") on terms no less exacting than the required standard set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of the Listing Rules.

The Bank has also established a *Policy on Insider Trading – Group Personnel* to be observed by the employees of the Bank or directors or employees of the Bank's subsidiaries, in respect of their dealings in the securities of the Bank.

Specific enquiries have been made on all Directors of the Bank including a retired Director and those who have become Directors during the year. All Directors confirmed that they had complied with the required standard set out in the Model Code and the Bank's Policy at all the applicable times during the year ended 31st December, 2008.

企業管治報告（續）

委任新董事的建議會由提名委員會考慮及審議。獲甄選及獲推薦的候選人皆為具有豐富經驗及有才幹的人士。所有候選人必須符合《上市規則》所載的標準。此外，他們亦須經香港金融管理局評核，以符合作為一間認可機構董事的標準。如候選人會獲委任為獨立非執行董事，亦須符合《上市規則》第3.13條所列的獨立性準則。

提名委員會已就下列的提議或事項作出考慮及檢討，並（在適當情況下）向董事會提出建議：

- 評核本行獨立非執行董事的獨立性；
- 就提名委員會的職權範圍進行年度檢討；
- 董事會的人數、架構及組合；
- 管理層繼任政策；
- 管理層繼任安排；
- 委任張建標為獨立非執行董事；
- 在2009股東周年常會上向股東提呈批准重選黃頌顯、李兆基、蒙民偉、駱錦明、李福全及張建標為本行董事。

提名委員會的職權範圍登載於本行的網站上，解釋其角色，以及董事會轉授予其的權力。

提名委員會獲供給充足資源以履行其職責。

董事責任

每名董事須不時瞭解其作為本行董事的職責，以及本行的經營方式、業務活動及發展。

每名新委任的董事均會在首次接受委任時由公司秘書獲得一份資料套件。此資料套件為一份全面、正式兼特為其而設的董事責任及持續職責須知。此外，該套件亦包括本行的運作及業務資料。其後，執行董事、高層管理人員及公司秘書會向董事提供所需介紹，以確保各董事對本行的運作及業務均有適當的理解，以及知道本身在法律及適用的規定下的職責。

非執行董事的職責（已載列於董事會的職權範圍內）包括守則條文A.5.2(a)至(d)指明的職能。

每名董事知悉其應付出足夠時間及精神以處理本行的事務。

本行已自行訂立一套與《上市規則》附錄10「上市發行人董事進行證券交易的標準守則」（「標準守則」）所訂標準同樣嚴格的董事及行政總裁證券交易政策，即內幕交易政策 — 董事及行政總裁（「本行政策」）。

本行亦已訂立一份內幕交易政策 — 集團人士以供本行僱員，或本行附屬公司的董事或僱員，遵照規定買賣本行證券。

本行經向所有董事（包括年內榮休的一名董事及獲委任的董事）明確查詢，彼等已確認於截至2008年12月31日止年度內之所有適用期間，均已遵守標準守則及本行政策中所要求的標準。

Corporate Governance Report (continued)

Supply of and access to information

Directors are provided in a timely manner with appropriate information that enables them to make an informed decision and to discharge their duties and responsibilities as Directors of the Bank.

In respect of regular Board meetings, and as far as practicable in all other cases, an agenda and accompanying Board papers are sent in full to all Directors in a timely manner and at least 3 days before the intended date of a Board meeting or a Board Committee meeting.

Management are aware that they have an obligation to supply the Board and its Committees with adequate information in a timely manner to enable it to make informed decisions. The information supplied must be complete and reliable. The Board and each Director have separate and independent access to the Bank's Senior Management.

All Directors are entitled to have access to Board papers, minutes and related materials.

B. REMUNERATION OF DIRECTORS AND DIVISION HEADS

The level and make-up of remuneration and disclosure – Remuneration Committee

The Bank has established a Remuneration Committee with specific written Terms of Reference which deal clearly with its authority and duties. The Terms of Reference of the Remuneration Committee have included the specific duties set out in Code Provision B.1.3 (a) to (f) of the Code, with appropriate modifications where necessary.

The Remuneration Committee is responsible for making recommendations to the Board regarding the Bank's remuneration policy, and for the formulation and review of the specific remuneration packages of all Executive Directors and Division Heads of the Bank.

A majority of the members of the Remuneration Committee are Independent Non-executive Directors. This Committee is chaired by Allan WONG Chi-yun. The other members are Aubrey LI Kwok-sing, Winston LO Yau-lai, Thomas KWOK Ping-kwong and Eric LI Fook-chuen.

Attendance of individual members at the Remuneration Committee meeting in 2008 is recorded on page 58.

The Remuneration Committee considered and reviewed the following proposals or issues and, where appropriate, made recommendation to the Board:

- Annual salary review for 2008;
- Remuneration for Senior Executives 2008;
- Offer and grant of share options under the Bank's Staff Share Option Scheme to eligible employees including the Executive Directors;
- 2008 & 2009 Staff Costs Budgets;
- Departmental Bonus Scheme;
- Senior Executive Bonus Plan for 2008;
- Annual review on Terms of Reference of the Remuneration Committee;
- Annual review on Remuneration Policy.

The Remuneration Committee has made available its Terms of Reference, on the website of the Bank, explaining its role and the authority delegated to it by the Board.

企業管治報告（續）

資料提供及使用

董事獲提供適時的適當資料，使其能夠在掌握有關資料的情況下作出決定，並能履行其作為本行董事的職務及責任。

董事會定期會議的議程及相關會議文件會全部適時送交全體董事，並最少在計劃舉行董事會會議日期或其轄下委員會會議日期的3天前送出。

管理層知悉其有責任向董事會及其轄下委員會適時提供足夠資料，以使董事能夠在掌握有關資料的情況下作出決定。管理層所提供的資料均屬完整可靠。董事會及每名董事有自行接觸本行高級管理人員的獨立途徑。

所有董事均有權查閱董事會文件、會議記錄及相關資料。

B. 董事及處級主管的薪酬

薪酬及披露的水平及組成 — 薪酬委員會

本行已設立一個薪酬委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權和責任。薪酬委員會的權責範圍已包括守則條文第B.1.3(a)至(f)段所載的特定職責，惟因應需要而作出適當修改。

薪酬委員會負責就本行的薪酬政策，以及就訂立及審議本行的執行董事及處級主管的特定薪酬待遇，向董事會提出建議。

薪酬委員會的大部分成員為獨立非執行董事。該委員會的主席為黃子欣。其他成員包括李國星、羅友禮、郭炳江及李福全。

2008年薪酬委員會會議個別成員的出席率載於第58頁。

薪酬委員會就下列的提議或事項作出考慮及檢討，並（在適當的情況下）向董事會提出建議：

- 2008年度薪酬檢討；
- 2008年高級行政人員薪酬；
- 根據本行的僱員認股計劃，給予及授出認股權予合資格僱員，包括執行董事；
- 2008年及2009年員工成本預算；
- 部門賞金計劃；
- 2008年度高級行政人員賞金計劃；
- 就薪酬委員會職權範圍進行年度檢討；
- 就薪酬政策進行年度檢討。

薪酬委員會職權範圍登載於本行的網站上，解釋其角色及董事會轉授予其的權力。

Corporate Governance Report (continued)

The Remuneration Committee is provided with sufficient resources, including the advice of professional firms, to discharge its duties, if necessary.

The scales of Director's fees, and fees for membership of the Audit Committee, Nomination Committee and Remuneration Committee are outlined below:

	Amount per annum
<i>Board of Directors:</i>	
Chairman	HK\$300,000
Other Directors	HK\$200,000
<i>Audit Committee:</i>	
Chairman	HK\$100,000
Other members	HK\$60,000
<i>Nomination Committee:</i>	
Chairman	HK\$50,000
Other members	HK\$30,000
<i>Remuneration Committee:</i>	
Chairman	HK\$50,000
Other members	HK\$30,000

Information relating to the remuneration of each Director for 2008 is set out in Note 16 on the accounts.

C. ACCOUNTABILITY AND AUDIT

Financial reporting

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the Bank's performance, position and prospects.

Management shall provide such explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information presented before the Board for approval.

The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31st December, 2008, the Directors have:

- consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable;
- prepared the accounts on the going concern basis.

The Bank has announced its annual and interim results within two months after the end of the relevant periods, which is earlier than the limits of four months and three months as required by Rule 13.49(1) and (6) of the Listing Rules respectively.

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on page 112.

The Board will present a balanced, clear and understandable assessment of annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to statutory requirements.

企業管治報告（續）

薪酬委員會獲供給充足資源，包括專業公司的意見（如需要），以履行其職責。

董事袍金，以及審核委員會、提名委員會和薪酬委員會委員的酬金摘錄如下：

	年度金額
董事會：	
主席	港幣 30 萬元
其他董事	港幣 20 萬元
審核委員會：	
主席	港幣 10 萬元
其他成員	港幣 6 萬元
提名委員會：	
主席	港幣 5 萬元
其他成員	港幣 3 萬元
薪酬委員會：	
主席	港幣 5 萬元
其他成員	港幣 3 萬元

有關各董事 2008 年的薪酬資料載於賬項附註 16。

C. 問責及稽核

財務匯報

董事會有責任對本行的表現、狀況及前景作出一個平衡、清晰及全面的評核。

管理層須向董事會提供解釋及資料，讓董事會可以就提交予他們批核的財務及其他資料，作出有根據的評審。

董事負責備存適當的會計記錄及編製每個財政期間的賬項，使這些賬項能真實和公平地反映本集團在該段期間的財政狀況、業績及現金流量表現。在編製截至 2008 年 12 月 31 日止年度的賬項時，董事已：

- 貫徹地應用適當的會計政策；
- 作出審慎及合理的判斷及估計；
- 按持續經營基準編製賬項。

本行一向在有關財政期間結束後兩個月內公佈年度及中期業績，較《上市規則》第 13.49(1) 及 (6) 條所規定分別為 4 個月及 3 個月的期限為早。

核數師的申報責任聲明載於第 112 頁的獨立核數師報告內。

董事會在各方面將作出平衡、清晰及可理解的評審，包括：年度報告及中期報告、其他涉及股價敏感資料的通告及根據《上市規則》規定須予披露的其他財務資料，以及向監管者提交的報告書，以至根據法例規定須予披露的資料。

Corporate Governance Report (continued)

Internal controls

It is the responsibility of the Board to ensure that the Bank maintains sound and effective internal controls to safeguard the shareholders' investment and the Bank's assets.

The internal control system of the Bank comprises a well-established organisational structure and comprehensive policies and standards. Areas of responsibilities of each business and operational unit are clearly defined to ensure effective checks and balances.

The key procedures that the Board established to provide effective internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and control responsibilities.
- A comprehensive management accounting system is in place to provide financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purpose.
- Policies and procedures are designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.
- Systems and procedures are also in place to identify, measure, manage and control risks including reputation, strategic, legal, credit, market, liquidity, interest rate and operational risks. Exposure to these risks is monitored by Risk Management Committee, together with Credit Committee, Asset and Liability Management Committee and Operational Risk Management Committee. In addition, procedures are designed to ensure compliance with applicable laws, rules and regulations.
- Audit Committee reviews reports (including management letter) submitted by external auditors to the Group's management in connection with the annual audit and internal audit reports submitted by the Group Chief Auditor.
- A *Policy on Handling and Dissemination of Price-Sensitive Information* is established, setting out the guiding principles, procedures and internal controls for the handling and dissemination of price-sensitive information in a timely manner in such a way that it does not place any person in a privileged dealing position and allows time for the market to price the shares of the Bank to reflect the latest available information.

The Board, through the Audit Committee, assesses the effectiveness of the Group's internal control system which covers all material controls, including financial, operational and compliance controls as well as risk management functions, on an annual basis. Pursuant to a risk-based approach, the Group's Internal Audit Department conducts independent reviews of risks associated with and controls over various operations and activities. Significant findings on internal controls are reported to the Audit Committee twice each year. During the year 2008, no major issues occurred but areas for improvement have been identified and appropriate measures taken. The Audit Committee reports its work to the Board on a semi-annual basis.

Case on Equity Derivatives Portfolio Manipulation

As announced by the Bank on 18th September, 2008, during the course of a regular independent control review performed by the Bank, it was revealed that one of the employees in the Bank's equity derivatives desk had manipulated the valuation of certain equity derivatives held by the Bank without authorisation and in violation of the prescribed operation procedures of the Bank. The Bank immediately reported its findings to the Hong Kong Monetary Authority ("HKMA") and the police. It is suspected that such unauthorised manipulation was made to conceal losses incurred as a result of certain equity derivatives trades executed by the trader. The effect of the unauthorised manipulation was to reduce the profit before tax for the year by a total amount of HK\$131 million. No further adverse financial impact is anticipated in the future.

企業管治報告（續）

內部監控

董事會負責確保本行的內部監控系統穩健妥善而且有效，以保障股東的投資及本行的資產。

本行的內部監控系統包含一個完善的公司架構以及全面的政策及標準。各業務及營運單位的職責範圍清晰劃分，以確保有效監察和制衡。

以下為董事會為提供有效的內部監控而建立的主要程序：

- 組織架構權責清晰，監控層次分明。
- 設立一個全面的管理會計系統，為管理層提供財務及營運表現的指標，以及用作匯報和披露的財務資料。
- 政策及程序的設計為保障資產不致被非授權挪用或處置；保存恰當的會計記錄；以及確保用作業務及公告上的財務資料的可靠性。有關程序提供合理（而非絕對）的保證，以防出現嚴重的錯誤、損失或舞弊。
- 設有系統及程序去辨別、量度、處理及控制風險，包括商譽、策略、法律、信貸、市場、流動資金、利率以及營運風險。風險管理委員會，聯同信貸委員會、資產及負債管理委員會和營運及其他風險管理委員會，負責監察本集團面對風險的程度。此外，程序的設計均為確保遵守適用法例、規則及規例。
- 審核委員會審閱由外聘核數師提交予本集團管理層涉及年度核數的報告（包括致管理層的審核情況說明函件），及由集團總稽核呈交的內部稽核報告。
- 建立一套處理及發佈股價敏感資料政策，列出指導性原則、程序及內部監控，使股價敏感資料得以適時處理及發佈，而不會導致任何人士在證券買賣上處於有利地位；讓市場有時間消化最新資料，使市場定出能反映實況的本行股份價格。

董事會透過審核委員會每年一次評核本集團內部監控系統的效能。該系統涵蓋所有重要監控，包括財務、營運及遵守法規的監控，以及風險管理的功能。本集團稽核部採用風險為本的評估方法，針對與各項運作和活動有關的風險及監控進行獨立審閱。有關內部監控的重要審閱結果，每年兩次向審核委員會匯報。2008年內並無發現重大事項，惟需要改進的地方已予確認並已作出相應措施。審核委員會每半年向董事會匯報其工作。

操控衍生工具組合事件

據本行於2008年9月18日宣佈，本行於其所定期進行的獨立監控評估過程中，揭露其一名股本衍生工具櫃台的僱員在未得到授權及違反本行規定的運作程序的情況下，操控本行所持若干股本衍生工具的值。本行立即將有關發現向香港金融管理局（「金管局」）及警方匯報。該等未經授權的操控懷疑是該交易員用作隱瞞他進行的若干股本衍生工具買賣所產生的虧損。未經授權操控的結果是該年度的除稅後溢利總額減少港幣1億3,100萬元。預期將不會對財務狀況構成進一步的負面影響。

Corporate Governance Report (continued)

The Bank considered that this was an isolated incident involving possible fraudulent conduct of one of its employees. The Bank has a sound and comprehensive internal review and control system which is regularly reviewed both internally and by external professional advisers for improvement. In view of this incident, the Bank engaged KPMG to conduct a special review on its internal control system and procedures and advise on any existing deficiency, as well as ways to strengthen its internal control measures in relation to equity derivatives trading. Following receipt of the final report, the Bank formed a working group to review KPMG's findings and take any necessary follow-up action. Upon completion, the Bank reported the steps taken to further strengthen the Bank's internal control systems to the HKMA.

Audit Committee

It is the responsibility of the Board to establish formal and transparent systems to consider the way in which it will apply the financial reporting and internal control principles and maintain an appropriate working relationship with the Bank's auditors.

The Bank has established an Audit Committee with specific written Terms of Reference which deal with its authority and duties. The Terms of Reference of the Audit Committee include the duties set out in Code Provision C.3.3 (a) to (n) of the Code, with appropriate modifications where necessary.

As laid down in the Terms of Reference, the Audit Committee is responsible for reviewing financial controls, internal control and risk management systems, annual report and accounts, and half-year interim report.

All the members of the Audit Committee are Independent Non-executive Directors. This Committee is chaired by Winston LO Yau-lai. The other members are WONG Chung-hin, Allan WONG Chi-yun, Thomas KWOK Ping-kwong, Kenneth LO Chin-ming, William DOO Wai-hoi (appointed on 10th January, 2008), KUOK Khoon-ean (appointed on 10th January, 2008) and Valiant CHEUNG Kin-piu (appointed on 15th December, 2008). The composition of the Audit Committee fell short of the requirement of Rule 3.21 of the Listing Rules during the period between 15th August, 2008 and 14th December, 2008. Please refer to the paragraph under "Board Composition" in Section A for details.

Attendance of individual members at Audit Committee meetings in 2008 is recorded on page 58.

The following is a summary of the work performed by the Audit Committee during the year:

- Met with the external auditors to discuss the general scope of their audit work;
- Reviewed external auditor's management letter and management's response;
- Reviewed and approved the appointment of external auditors for providing non-audit services to the Group;
- Reviewed and recommended to the Board for approval of the audit fee proposal for the Group for 2008;
- Recommended to the Board that the shareholders be asked to re-appoint KPMG as the Bank's Group external auditors for 2008;
- Reviewed the Group Internal Audit Policy;
- Reviewed and approved internal audit plan for 2009;
- Reviewed the internal audit reports covering the evaluation of internal controls;
- Noted Internal Control Report prepared by external consultants;
- Reviewed the Auditor's Report regarding the internal control systems for the year 2007 prepared under the Banking Ordinance;
- Reviewed the audited accounts and final results announcement for the year 2007;
- Reviewed the Interim Report and the interim results announcement for the six months ended 30th June, 2008; and
- Reviewed the Terms of Reference of the Audit Committee.

企業管治報告（續）

本行認為本事件屬個別事件，當中涉及其中一名懷疑欺詐的僱員。本行一直具備有效及全面的內部審查及監控體系，該體系一直定期由內部及外聘專業顧問檢查，並作出有效的改善工作。鑒於揭發本事件，本行委聘畢馬威會計師事務所就其內部監控體系及程序進行特別審閱，並就任何現有不足之處提出建議，以及就股本衍生工具買賣加強內部監控措施。本行於收到最後的報告後成立工作小組以檢討畢馬威會計師事務所的調查結果及採取任何需要採取的跟進行動。有關工作完成後，本行已向金管局匯報就加強本行內部監管程序所採取的行動。

審核委員會

董事會負責就如何應用財務匯報及內部監控原則，及如何維持與本行核數師適當的關係，作出正規及具透明度的安排。

本行已設立一個審核委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權及責任。審核委員會的職權範圍已包括守則條文第C.3.3 (a)至(n)段所載的職責，惟因應需要而作適當修改。

根據其職權範圍，審核委員會負責檢討財務監控、內部監控及風險管理系統；審閱年度報告及賬目，以及半年中期報告。

審核委員會的所有成員均為獨立非執行董事。委員會主席為羅友禮，其他成員包括黃頌顯、黃子欣、郭炳江、駱錦明、杜惠愷（於2008年1月10日獲委任）、郭孔演（於2008年1月10日獲委任）及張建標（於2008年12月15日獲委任）。審核委員會的成員組合於2008年8月15日至2008年12月14日未能符合《上市規則》第3.21條的規定，詳情請參閱「董事會組成」一欄。

2008年審核委員會會議個別成員的出席率載於第58頁。

審核委員會在年內所做的工作，摘要如下：

- 會見外聘核數師以商討其核數工作的一般範圍；
- 審閱外聘核數師致管理層的審核情況說明函件及管理層的回應；
- 審議及批准聘用外聘核數師提供非核數服務；
- 審議及向董事會推薦批准2008年集團的核數費用建議；
- 向董事會建議向股東提呈續聘畢馬威會計師事務所為本集團2008年度的外聘核數師；
- 審核集團內部稽核政策；
- 審核及批准2009年內部稽核計劃；
- 審議內部稽核報告，包括內部監控評估；
- 審閱外聘顧問擬備的內部監控報告；
- 審閱《銀行條例》下2007年度內部監控系統核數師報告；
- 審閱2007年度已審核賬目及年度業績通告；
- 審閱截至2008年6月30日止6個月的中期報告及中期業績通告；及
- 檢討審核委員會的職權範圍。

Corporate Governance Report (continued)

All matters raised by the Audit Committee have been addressed by Management. The work and findings of the Audit Committee have been reported to the Board. During the year, no issues brought to the attention of the Board were of sufficient importance to require disclosure in the Annual Report.

The Board agrees with the Audit Committee's proposal for the re-appointment of KPMG as the Bank's Group external auditor for 2009. The recommendation will be presented for the approval of shareholders at the Annual General Meeting to be held on 16th April, 2009.

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Audit Committee meetings will be sent to all members of the Audit Committee for their comment and record respectively, in both cases within a reasonable period after the meeting.

The Bank's Audit Committee does not have a member who is an existing partner or has within one year immediately prior to the date of his appointment been a partner with the Bank's existing auditing firm.

The Bank has established the *Policy on Appointment of External Auditor in Providing Non-Audit Services*, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

During 2008, the fees paid or payable to KPMG, the Bank's external auditor, and its associates for providing non-audit services amounted to HK\$8.4 million, which included the following items:

- Ad hoc projects (including service for conducting due diligence exercise and independent review on controls and procedures for derivative trading activities): HK\$4.1 million;
- Taxation services: HK\$0.8 million;
- Services made at the request of regulators: HK\$0.5 million;
- Other services: HK\$3.0 million.

The fee paid or payable to KPMG for providing audit service of the group is HK\$8 million. In addition, the fee paid or payable to KPMG in relation to local audit of other entities is HK\$3 million.

The Audit Committee has made available its Terms of Reference, on the website of the Bank, explaining its role and the authority delegated to it by the Board.

The Audit Committee is provided with sufficient resources, including the advice of external auditors and Internal Audit Department, to discharge its duties.

D. DELEGATION BY THE BOARD

Management functions

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group. Management of the Group's business is the responsibility of the Management.

When the Board delegates aspects of its management and administration functions to Management, it has given clear directions as to the powers of Management, in particular, with respect to the circumstances where Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Bank.

企業管治報告（續）

審核委員會所提出的事項已交回管理層處理。審核委員會的工作情況及審閱結果已向董事會報告。在年內，已提交董事會所需留意的事項，其重要性不足以需在年報內披露。

董事會同意審核委員會續聘畢馬威會計師事務所為本集團2009年度外聘核數師的建議。推薦建議將在2009年4月16日舉行的股東周年常會上提呈予股東批准。

審核委員會的完整會議記錄由公司秘書保存。審核委員會會議記錄的初稿及最後定稿通常在會議後合理期間內先後發送予委員會全體成員，初稿供成員表達意見，最後定稿作記錄之用。

本行審核委員會並無任何成員為本行核數師現任合夥人或於其獲委任前一年內曾任該核數師行的合夥人。

本行已訂立委任外聘核數師提供非核數服務政策，訂明委任外聘核數師提供非核數服務的原則，以確保外聘核數師的獨立性。

2008年內支付或須支付予本行的外聘核數師 — 畢馬威會計師事務所 — 及其聯營公司提供非核數服務的費用為港幣840萬元，其中包括以下事項：

- 非經常性項目（包括盡職審查及就衍生交易活動的監控及程序進行獨立檢討）：港幣410萬元；
- 稅務服務：港幣80萬元；
- 就監管者要求所作的服務：港幣50萬元；
- 其他服務：港幣300萬元。

為本集團提供核數服務的已支付或須支付予畢馬威會計師事務所的費用為港幣800萬元。此外，就有關其他實體的當地審核已支付或須支付予畢馬威會計師事務所的費用為港幣300萬元。

審核委員會的職權範圍登載於本行的網站上，解釋其角色及董事會轉授予其的權力。

審核委員會獲供給充足資源，包括外聘核數師及稽核部的意見，以履行其職責。

D. 董事會權力的轉授

管理功能

董事會負責制訂整體策略，監察及控制集團的表現，而管理集團業務則是管理層的責任。

當董事會將其管理及行政功能方面的權力轉授予管理層時，已同時就管理層的權力，給予清晰的指引，特別是在何種情況下管理層應向董事會匯報，以及在代表本行作出任何決定或訂立任何承諾前應取得董事會批准等事宜方面。

Corporate Governance Report (continued)

The Bank has established a Schedule of Matters Reserved for the Board for Decision to formalise the functions reserved for the Board and for those delegated to Management. The Board reviews those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Bank.

Matters reserved for decision by the Board include:

- Appointment of directors and senior executives;
- Business plans of the Bank;
- Proposal for selection of external auditors;
- Financial statements and budgets;
- Substantial investments in assets other than those arising in the ordinary course of banking businesses;
- Proposals for opening overseas branches or establishment or acquisition of China and overseas subsidiaries or associates;
- Formation of policies and codes as required by regulators;
- Formation of board committees.

Board Committees

Where Board Committees are established to deal with matters, the Board shall prescribe sufficiently clear terms of reference to enable such Committees to discharge their functions properly.

Apart from the Audit Committee (particulars are disclosed under section C), Remuneration Committee (particulars are disclosed under section B) and the Nomination Committee (particulars are disclosed under section A), the Board has also established the following 10 specialised committees which comprise Directors and where appropriate, other senior executives from relevant areas:

1. Sealing Committee, which is responsible for directing the usage and custody of the Bank's common seal;
2. Executive Committee, which is responsible for reviewing all major functions and critical issues relating to the businesses and operations of the Group;
3. Policy Committee, which is responsible for discussing and formulating various strategies and policies for managing businesses and operations of the Group;
4. Risk Management Committee, which is responsible for dealing with risk management related issues of the Group;
5. Credit Committee, which is responsible for dealing with all credit risk related issues of the Group;
6. Operational Risk Management Committee, which is responsible for dealing with all issues related to operational, legal and reputation risks of the Group;
7. Asset and Liability Management Committee, which is responsible for dealing with all issues related to market, interest rate, liquidity, strategic risks and capital management of the Group;
8. Crisis Management Committee, which is responsible for developing and reviewing the Group's strategy for managing crisis scenarios and taking charge of crisis situations which jeopardise or have the potential to jeopardise the Group in its reputation, liquidity/financial position and business continuity;

企業管治報告（續）

本行已訂立一份保留予董事會決定的事項表，將那些保留予董事會的職能及轉授予管理層的職能分別確定。董事會定期檢討該等安排，以確保有關安排符合本行的需要。

保留予董事會決定的事項包括：

- 委任董事及高級行政人員；
- 本行的業務計劃；
- 甄選外聘核數師的建議；
- 財務報表及預算；
- 重大的資產投資，但不包括在銀行日常業務上所作的投資；
- 設立海外分行的建議或設立或收購中國及海外的附屬公司或聯營公司；
- 訂立由監管人規定的政策及守則；
- 成立董事會轄下的委員會。

董事會轄下的委員會

若要成立委員會處理事宜，董事會會充分清楚的訂明該等委員會的職權範圍，讓有關委員會能適當地履行其職能。

除審核委員會（詳情在C項下披露）、薪酬委員會（詳情在B項下披露）及提名委員會（詳情在A項下披露）外，董事會亦設立以下10個專責委員會，該等委員會的成員包括董事及（在適當的情況下）其他有關方面的高級行政人員：

1. 印章委員會負責監督本行之法定印章的使用及保管；
2. 執行委員會負責檢討集團各項有關業務及運作的主要功能和重大事宜；
3. 政策委員會負責商討及制訂策略和政策以管理集團各類業務及運作；
4. 風險管理委員會負責處理集團各項有關風險管理的事宜；
5. 信貸委員會負責處理集團所有與信貸風險有關的事宜；
6. 營運風險管理委員會負責處理集團各項有關營運、法律及信譽風險的事宜；
7. 資產負債管理委員會負責處理集團所有與市場、利率、流動資金、策略風險及資本管理的事宜；
8. 危機管理委員會負責建立和檢討集團監控各類危機事故的策略，以及當發生或有可能發生危害集團聲譽、流動資金/財政狀況及持續業務運作的事故時負責危機處理；

Corporate Governance Report (continued)

9. Investment Committee, which is responsible for making investment decisions for the proprietary positions of the Bank, East Asia Investment Holdings Limited, and both BEA and UCB Employees Provident Funds in respect of global listed equities, convertible bonds/instruments, private equities and other equity-related investment instruments;
10. Steering Committee for the Basel Project, which is responsible for dealing with all issues related to the implementation of the New Basel Capital Accord for the Group.

The Terms of Reference of the Audit Committee, the Remuneration Committee and the Nomination Committee require such Committees to report back to the Board on their decisions or recommendations. Material matters will be reported to the Board by the other Board committees according to their respective Terms of Reference.

E. COMMUNICATION WITH SHAREHOLDERS

Annual General Meetings

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, to use annual general meetings or other general meetings to communicate with shareholders directly.

At the 2008 Annual General Meeting:

- (i) A separate resolution was proposed by the Chairman in respect of each separate issue, including the re-election of Directors.
- (ii) The Chairman of the Board, the chairmen of the Audit, Remuneration and Nomination Committees attended to answer questions of shareholders.
- (iii) The Chairman demanded a poll on all resolutions. The procedures for demanding a poll by the shareholders were incorporated in the Annual General Meeting circular. KPMG, the Bank's external auditor, was engaged as scrutineer to ensure the votes were properly counted.

For the 2009 Annual General Meeting which will be held on 16th April, 2009, please refer to the 2009 Annual General Meeting Circular which will be despatched to the shareholders on or around 13th March, 2009 for further details.

Shareholders' rights and investor relations

The Articles of Association of the Bank contain the rights of shareholders to demand a poll and the procedures for a poll voting on resolutions at shareholders' meetings. The poll results will be posted on the websites of the Stock Exchange and the Bank on the same day following the shareholders' meeting.

It is the policy of the Bank to maintain an open and regular dialogue with institutional and individual shareholders, fund managers, analysts and the media through an effective corporate communication system which provides transparent, regular and timely public disclosures on the Group's latest developments and strategies through different means. Apart from annual general meetings as mentioned above, other communication channels include:

- the Group's website at <http://www.hkbea.com> where the Bank's announcements, shareholders corporate communications, business developments and operations, financial information, corporate governance practices and other information are posted;
- annual and interim reports, and press releases;
- press conferences after the announcement of interim and final results for media and analysts;
- meetings with analysts; and
- roadshows.

企業管治報告（續）

9. 投資委員會負責制訂本行、東亞投資控股有限公司，以及東亞銀行有限公司僱員公積金及UCB僱員公積金就有關其環球股票（包括上市及非上市股票）、可換股債券/票據，以及其他股票相關投資工具的投資作決策；
10. 巴塞爾項目督導委員會負責處理集團各項有關實施巴塞爾委員會新資本協議的事宜。

審核委員會、薪酬委員會及提名委員會的職權範圍規定該等委員會要向董事會匯報其決定或建議。而其他董事會轄下的委員會亦會根據其職權範圍向董事會匯報重要事項。

E. 與股東的溝通

股東周年常會

董事會盡力與股東持續保持對話，尤其是藉股東周年常會或其他股東大會與股東直接溝通。

在2008股東周年常會上：

- (i) 會議主席就每項實際獨立的事宜，包括重選董事，個別提出決議案。
- (ii) 董事會主席、審核委員會、薪酬委員會及提名委員會的主席，均已出席回應股東提問。
- (iii) 主席已就所有議案要求以投票方式表決。要求以投票方式表決的程序載列於股東周年常會通函內。本行的外聘核數師——畢馬威會計師事務所——受聘擔任監察員以確保票數正確地點算。

在2009年4月16日舉行的股東周年常會上，主席亦將就所有議案要求以投票方式表決。詳情請參閱約於2009年3月13日寄發予股東之2009股東周年常會通函。

股東權利及投資者關係

本行組織章程細則訂明股東於股東大會上就決議案要求以投票方式表決之權利及程序。投票結果會於股東大會後即日在聯交所網站和本行網站刊登。

本行的政策是透過一個有效的企業傳訊系統與機構及個人股東、基金經理、分析員及傳媒維持開放及定期對話；利用不同渠道提供透明、定期及適時的集團最新發展及策略的公開披露。除上述的股東大會外，其他傳訊渠道包括：

- 本集團網址 <http://www.hkbea.com>，提供本行通告、致股東的企業通訊、業務發展及運作、財務資料、企業管治常規及其他資料；
- 年度及中期報告，以及新聞稿；
- 在中期及年度業績公告後舉行傳媒及分析員新聞發佈會；
- 與分析員會面；及
- 巡迴推介。