

Corporate Governance Report 企業管治報告

MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE IN EVERYTHING WE DO

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect rights of shareholders and stakeholders, and enhance shareholder value. Tianjin Development Holdings Limited is committed to high standards of corporate governance with a view to being transparent, open and accountable to our shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

On 1st January 2005, the Code of Best Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") was replaced by the Code on Corporate Governance Practices (the "Code"). The Company has complied with the code provisions as set out in the Code during the year ended 31st December 2006 except that:

1. the non-executive Directors have not been appointed for any specific terms as they 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 Directors have not been required by the Company's Articles of Association to retire by rotation at least once every three years. However, in accordance with the Company's Articles of Association, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation at each annual general meeting.

本公司盡一切努力保持企業管治之高標準

穩健之企業管治常規對於一間公司順利、有效及具透明度的經營是關鍵因素，以便吸引投資、保障股東權益以提升股東價值能力。天津發展控股有限公司致力於保持最高標準之企業管治，以便保持對本公司股東之透明度、開放性及問責性。

企業管治常規守則

於二零零五年一月一日，香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四內之最佳應用守則由企業管治常規守則（「守則」）取代。於截至二零零六年十二月三十一日止年度內，本公司已遵守守則載列之守則條文規定，惟下列情況則除外：

1. 由於非執行董事須遵照本公司組織章程細則在本公司股東週年大會上輪席告退及重選，故彼等並無任何特定任期；及
2. 本公司組織章程細則並無規定董事須至少每三年輪席告退一次。然而，根據本公司組織章程細則，董事會當時三分之一的董事，或倘董事人數並非三或三之倍數，則最接近三分之一的董事人數，須於各屆股東週年大會上輪席告退。

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CODE ON CORPORATE GOVERNANCE PRACTICES (CONTINUED)

As mentioned in the Corporate Governance Report (the “CG Report”) contained in the 2005 Annual Report that although the Directors were not required by the Company’s Articles of Association to retire by rotation at least once every three years, the Board still considered that the principle of the code provision A.4.2 of the Code was followed in practice. Nevertheless, the Board considers to amend certain Articles of the Company’s Articles of Association in order to ensure compliance with the Code. Subject to the passing of the relevant resolution to be proposed at the forthcoming annual general meeting of the Company, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Code provision A.4.1 of the Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. As mentioned in the CG Report contained in the 2005 Annual Report that none of the non-executive Directors has entered into any service contracts with the Company or its subsidiaries. In view of the fact that the non-executive Directors are subject to retirement by rotation at least once every three years though they have no set term of office, the Board considers that sufficient measures have been taken to comply with code provision A.4.1 of the Code. Nevertheless, the Company has entered into a service contract with each non-executive Director of the Company for a term of three years with effect from 1st January 2007 unless terminated by one month’s notice in writing served by either party prior to the expiry of the term. Under the service contract, each non-executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s Articles of Association.

企業管治常規守則(續)

誠如二零零五年年報所載之企業管治報告(「企業管治報告」)所述，儘管本公司組織章程細則並無規定董事須至少每三年輪席告退，董事會仍認為守則之守則條文A.4.2實質上已獲遵守。儘管如此，董事會考慮修訂本公司組織章程細則之若干細則，確保遵守守則之規定。待本公司應屆股東週年大會所提呈之相關決議案獲通過後，每位董事(包括已特定任期委任者)須至少每三年輪席告退。

守則之守則條文A.4.1規定非執行董事應以特定年期委任並須接受重選。誠如二零零五年年報內之企業管治報告所述，非執行董事與本公司或其附屬公司概無訂立任何服務合約。事實上，非執行董事並無設定任期亦須至少每三年輪席告退，董事會認為已採取足夠措施符合守則之守則條文A.4.1。然而，本公司與本公司每位非執行董事已訂立服務合約，由二零零七年一月一日起為期三年，惟任何一方於期限屆滿前以一個月通知終止除外。根據服務合約，每位非執行董事須按照本公司組織章程細則，於本公司之股東週年大會上輪席告退及膺選連任。

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BOARD OF DIRECTORS

Composition

The Board of Directors (the “Board”) of the Company comprises 16 members. Mr. Wang Guanghao acts as the Chairman of the Board, whereas Dr. Ren Xuefeng and Mr. Yu Rumin act as the Vice Chairmen of the Board. Dr. Ren Xuefeng is also the General Manager of the Company. Other executive Directors are Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Hu Chengli, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Zong Guoying and Mr. Zheng Daoquan. The Company has a non-executive Director, Mr. Cheung Wing Yui, and three independent non-executive Directors, Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan, one of whom namely, Mr. Kwong Che Keung, Gordon has appropriate professional accounting experience and expertise.

All directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 23 to 30 of this Annual Report.

Each independent non-executive Director has pursuant to the Rule 3.13 of the Listing Rules, confirmed that he is independent of the Company and the Company also considers that they are independent.

There is no relationship (including financial, business, family or other material relationship) among members of the Board.

Function

The Board, led by the Chairman, is responsible for formulation and approval of the Group’s development and business strategies and policies, approval of business plans, recommendation of dividend and supervision of management in accordance with the rules governing the meeting of the Board, Articles of Association and rules governing the meeting of shareholders.

董事會

組成人員

本公司董事會(「董事會」)有十六名成員。王廣浩先生擔任董事會主席，而任學鋒博士及于汝民先生擔任董事會副主席。任學鋒博士亦為本公司總經理。其他執行董事為聶建生先生、戴延先生、胡成利先生、王建東博士、白智生先生、張文利先生、孫增印先生、宗國英博士及鄭道全先生。本公司之非執行董事張永銳先生，三位獨立非執行董事為鄺志強先生、劉偉傑先生及鄭漢鈞博士，其中鄺志強先生擁有適當專業會計經驗及專門技能。

所有董事均在其業界擁有突出專業技能並具備高標準個人及職業道德及誠信。各位董事之詳細履歷載於本年報第23頁至第30頁。

各位獨立非執行董事已根據上市規則第3.13條規定確認彼於本公司之獨立性，而本公司亦認為彼等為獨立。

董事會各成員間並無關係(包括財務、業務、家屬或其他重大關係)。

職能

董事會由主席領導，負責根據有關董事會會議規則、組織章程細則及股東會議規則以批准本集團發展及業務策略及政策、批准業務計劃、派發股息建議及監察管理層。

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BOARD OF DIRECTORS (CONTINUED)

Function (Continued)

The executive Directors are responsible for day-to-day management of the Company's operations. These executive Directors conduct regular meetings with the senior management of the Company, its subsidiaries and associated companies, at which operational issues and financial performance are evaluated.

The Company views well-developed and timely reporting systems and internal controls are essential, and the Board plays a key role in the implementation and monitoring of internal financial controls.

The Board has established procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Articles of Association of the Company contain description of responsibilities and operation procedures of the Board. The Board holds regular meetings to discuss and consider significant matters relating to existing operations and proposals for new operations and projects. Board meetings include regular meetings and irregular meetings. The Board meets formally at least 4 times a year.

董事會(續)

職能(續)

執行董事負責本公司業務之日常管理，並定期與本公司、其附屬公司及聯營公司高級管理人員會晤，就經營問題及財務業績作出評核。

本公司視完備與適時匯報制度及內部監控為缺一不可之措施，董事會在實施及監控內部財務監控中擔演關鍵角色。

董事會已建立程序，使董事可於提出合理要求時於適當情況下尋求獨立專業意見，費用由本公司負責。

本公司組織章程細則載有董事會責任及運作程序之說明。董事會定期舉行會議以討論及考慮有關現有運作及建議新運作及計劃之重要事項。董事會會議包括定期及不定期會議。董事會每年至少舉行四次會議。

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BOARD OF DIRECTORS (CONTINUED)

Function (Continued)

The Board held 5 board meetings during 2006 on 10th January 2006, 20th April 2006, 10th July 2006, 13th September 2006 and 24th November 2006. Due notice and board papers were given to all Directors prior to the regular meetings in accordance with the Company's Articles of Association and the Code. The attendance records of the board meetings held in 2006 are set out below:

董事會(續)

職能(續)

在二零零六年內，董事會於二零零六年一月十日、二零零六年四月二十日、二零零六年七月十日、二零零六年九月十三日及二零零六年十一月二十四日舉行共五次董事會會議。根據本公司組織章程細則及守則規定，本公司於舉行定期會議前已向所有董事寄發正式通知及董事會文件。於二零零六年所舉行董事會會議之出席率載列如下：

		Attended 已出席
Executive Directors		
Mr. Wang Guanghao (Chairman)	王廣浩先生(主席)	5/5
Dr. Ren Xuefeng (Vice Chairman & General Manager)	任學鋒博士(副主席兼總經理)	5/5
Mr. Yu Rumin (Vice Chairman)	于汝民先生(副主席)	3/5
Mr. Nie Jiansheng	聶建生先生	3/5
Mr. Dai Yan (Note 3)	戴延先生(附註3)	2/2
Mr. Hu Chengli (Note 3)	胡成利先生(附註3)	2/2
Dr. Wang Jiandong	王建東博士	5/5
Mr. Bai Zhisheng (Note 1)	白智生先生(附註1)	3/5
Mr. Zhang Wenli (Note 2)	張文利先生(附註2)	4/4
Mr. Sun Zengyin	孫增印先生	2/5
Dr. Zong Guoying (Note 3)	宗國英博士(附註3)	2/2
Mr. Zheng Daoquan (Note 4)	鄭道全先生(附註4)	—
Mr. He Xiuheng (Note 1)	何秀恆先生(附註1)	—
Mr. Yang Liheng (Note 2)	楊力恆先生(附註2)	1/1
Dr. Zhang Hongru (Note 3)	張鴻儒博士(附註3)	1/3
Dr. Pang Jinhua (Note 3)	龐金華博士(附註3)	2/3
Non-Executive Directors		
Mr. Ye Disheng (Note 3)	葉迪生先生(附註3)	0/3
Mr. Cheung Wing Yui	張永銳先生	5/5
Independent Non-Executive Directors		
Mr. Kwong Che Keung, Gordon	鄺志強先生	5/5
Mr. Lau Wai Kit	劉偉傑先生	3/5
Dr. Cheng Hon Kwan	鄭漢鈞博士	5/5

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BOARD OF DIRECTORS (CONTINUED)

Function (Continued)

Notes:

1. On 1st January 2006, Mr. He Xiuheng resigned as an executive Director and Mr. Bai Zhisheng was appointed as an executive Director.
2. On 20th March 2006, Mr. Yang Liheng resigned as an executive Director and Mr. Zhang Wenli was appointed as an executive Director.
3. On 10th July 2006, Dr. Zhang Hongru and Dr. Pang Jinhua resigned as executive Directors; Mr. Ye Disheng resigned as a non-executive Director; Mr. Dai Yan, Mr. Hu Chengli and Dr. Zong Guoying were appointed as executive Directors.
4. On 1st December 2006, Mr. Zheng Daoquan was appointed as an executive Director.

Chairman and General Manager

Mr. Wang Guanghao acts as the Chairman of the Board, whereas Dr. Ren Xuefeng and Mr. Yu Rumin act as the Vice Chairmen of the Board. Dr. Ren Xuefeng was also appointed as General Manager of the Company in place of Dr. Zhang Hongru in July 2006. The role of the Chairman, Mr. Wang Guanghao is separate from that of Dr. Ren Xuefeng as the General Manager of the Company. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures their independence and accountability.

The Chairman is the leader of the Board and he oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. The Chairman has overall responsibility for providing leadership, vision and direction in the development of the business of the Company.

董事會(續)

職能(續)

附註:

1. 於二零零六年一月一日，何秀恆先生辭任執行董事及白智生先生獲委任為執行董事。
2. 於二零零六年三月二十日，楊力恆先生辭任執行董事及張文利先生獲委任為執行董事。
3. 於二零零六年七月十日，張鴻儒博士及龐金華博士辭任執行董事；葉迪生先生辭任非執行董事；戴延先生、胡成利先生及宗國英博士獲委任為執行董事。
4. 於二零零六年十二月一日，鄭道全先生獲委任為執行董事。

主席及總經理

王廣浩先生擔任董事會主席，而任學鋒博士及于汝民先生擔任董事會副主席。任學鋒博士亦於二零零六年七月獲委任為本公司總經理，以代替張鴻儒博士之職位。主席王廣浩先生與本公司總經理任學鋒博士之角色均有區分。此等責任之劃分使本集團董事會與管理層之間保持權力均衡分佈，並確保其獨立性及問責性。

主席乃董事會之領導者並監察董事會，以便董事會按本集團最佳利益行事。主席負責決定每次董事會會議議程，並考慮(如適當)其他董事提出列入議程之事項。主席在總體上負責領導、籌劃及指導本公司業務發展。

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BOARD OF DIRECTORS (CONTINUED)

Chairman and General Manager (Continued)

The General Manager, assisted by other executive Directors, is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group. Working with the executive management team of each core business division, he ensures smooth operations and development of the Group. He maintains continuing dialogue with the Chairman, and all the other Directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- regular board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

董事會(續)

主席及總經理(續)

總經理在其他執行董事協助下負責本集團日常業務管理，參加制訂及圓滿執行政策，並就本集團之全部業務向董事會保持全面問責性。彼與各個核心業務部門行政管理團隊共同工作，確保本集團之順利經營及發展。彼保持與主席及所有其他董事之持續對話，使其充分瞭解所有重大業務發展及事宜。彼亦負責建立並維持一個有效行政團隊，以便為其角色提供支援。

責任

董事在履行其職責過程中以誠信，盡職及審慎態度，按本公司及其股東之最佳利益行事。彼等之責任包括：

- 定期舉行董事會會議，專注於業務策略、經營問題及財務表現；
- 積極參與附屬公司及聯營公司董事會會議；
- 監控內部及對外匯報之素質、及時性、相關性及可靠性；
- 監控及處理管理層、董事會成員及股東之潛在利益衝突，包括不當使用公司資產及進行關連交易；及
- 確保按程序以保持本公司整體之誠信，包括財務報表、與供應商、客戶及利益相關人士之關係及符合所有法律及道德。

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BOARD OF DIRECTORS (CONTINUED)

Board Committees

A number of Board Committees, including Audit Committee and Remuneration Committee, have been established by the Board to strengthen its functions and to enhance its expertise. These committees have been formed with specific written terms of reference which deal clearly with the committees' authority and duties.

Remuneration Committee

The Company has established a Remuneration Committee in 2005. The Remuneration Committee consists of one executive Director, Dr. Ren Xuefeng and two independent non-executive Directors, Mr. Kwong Che Keung, Gordon and Dr. Cheng Hon Kwan. It is chaired by Dr. Cheng Hon Kwan. A written terms of reference of the Remuneration Committee was adopted with reference to the Code.

The Remuneration Committee's responsibilities are to review and consider the Company's policy for remuneration of Directors and senior management, to determine remuneration packages of executive Directors and senior management including benefits in kind, pension rights and compensation payments, and to recommend to the Board the remuneration of non-executive Directors.

The Remuneration Committee had its first formal meeting on 10th January 2006 at which all committee members were present. At the meeting, the Remuneration Committee reviewed and discussed, inter alia, the remuneration policy for 2005 and also confirmed the remuneration of the Directors and senior management for 2005.

The Remuneration Committee held a meeting on 12th April 2007 at which all committee members were present. At the meeting, the Remuneration Committee reviewed and discussed the remuneration policy for 2006, the remuneration packages and bonus arrangements of the Directors and senior management for 2006.

董事會(續)

董事會轄下的委員會

董事會已成立多個董事會轄下的委員會，包括審核委員會及薪酬委員會，以加強其職能及提高其專門技能。該等委員會之組成訂有具體之書面職權範圍，清楚說明委員會授權及職責。

薪酬委員會

董事會已於二零零五年成立薪酬委員會。薪酬委員會由一名執行董事任學鋒博士及兩名獨立非執行董事鄭志強先生及鄭漢鈞博士組成，並由鄭漢鈞博士擔任主席。薪酬委員會已參考守則採納書面職權範圍。

薪酬委員會之責任為檢討並審議本公司董事及高級管理人員薪酬政策，釐定執行董事及高級管理人員薪酬，包括實物福利、退休金權利及補償款項，並就非執行董事之薪酬向董事會提出建議。

薪酬委員會之首次正式會議於二零零六年一月十日舉行，各位成員均有出席。於會上，薪酬委員會已就二零零五年薪酬政策作出檢討及討論，並確認董事及高級管理人員於二零零五年之薪酬。

薪酬委員會於二零零七年四月十二日舉行會議，各位成員均有出席。於會上，薪酬委員會就二零零六年薪酬政策，董事及高級管理人員於二零零六年之薪酬作出檢討及討論。

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BOARD OF DIRECTORS (CONTINUED)

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan. It is chaired by Mr. Kwong Che Keung, Gordon. It reports directly to the Board and reviews matters relating to the work of the external auditor, financial statements and internal controls. The Audit Committee meets with the Company's external auditor as well as the internal auditors to discuss the audit process and the accounting and internal control issues raised.

A written terms of reference, which describes the authority and duties of the Audit Committee, are regularly reviewed and updated by the Board. During the year, the terms of reference of the Audit Committee have been reviewed, revised and adopted to comply with the code provision C.3.3 of the Code.

Set out below is the summary of work done in 2006:

- reviewed the financial statements for the year ended 31st December 2005 and for the six months ended 30th June 2006;
- reviewed internal control matters with the external auditor;
- reviewed the internal audit plan and internal control matters with the internal auditors;
- reviewed the external auditor's statutory audit plan and letters to the management; and
- considered and approved 2006 audit fees and audit work.

The Audit Committee held 2 meetings during 2006 on 7th April 2006 and 6th September 2006 respectively. All individual members, namely, Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan attended the aforesaid meetings.

董事會(續)

審核委員會

審核委員會由三位獨立非執行董事組成，即鄺志強先生、劉偉傑先生及鄭漢鈞博士，並由鄺志強先生擔任主席。該委員會直接向董事會報告並檢討外部核數、財務報表及內部監控之相關工作。審核委員會與本公司外部核數師及內部核數師會晤，以討論核數程序、會計問題及檢討內部監控問題。

董事會定期檢討及更新界定審核委員會授權及職責之書面職權範圍。年內，審核委員會之書面職權範圍已作檢討、修改及採納，以符合守則之守則條文C.3.3。

於二零零六年所作之工作概要如下：

- 檢討截至二零零五年十二月三十一日止年度及截至二零零六年六月三十日止六個月財務報表；
- 與外部核數師檢討內部監控事項；
- 與內部核數師檢討內部審核計劃及內部監控事宜；
- 審閱外部核數師法定核數計劃及致管理層函件；及
- 審議並批准二零零六年核數費及核數工作。

在二零零六年內，審核委員會分別於二零零六年四月七日及二零零六年九月六日舉行兩次會議。所有成員即鄺志強先生、劉偉傑先生及鄭漢鈞博士均有出席上述會議。

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BOARD OF DIRECTORS (CONTINUED)

Nomination of Directors

The Board has not established a nomination committee. According to the Articles of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new directors, the Board has taken into consideration of the nominee's qualification, ability and potential contributions to the Company.

With effect from 1st January 2006, Mr. He Xiuheng resigned as an executive Director due to his retirement and Mr. Bai Zhisheng was appointed as an executive Director. With effect from 20th March 2006, Mr. Yang Liheng resigned as an executive Director and Mr. Zhang Wenli was appointed as an executive Director. With effect from 10th July 2006, Dr. Zhang Hongru and Dr. Pang Jinhua resigned as executive Directors; Mr. Ye Disheng resigned as a non-executive Director; Mr. Dai Yan, Mr. Hu Chengli and Dr. Zong Guoying were appointed as executive Directors. With effect from 1st December 2006, Mr. Zheng Daoquan was appointed as an executive Director.

The abovementioned resignations and appointments were reviewed and approved by the Board at the respective Board meetings held on 12th December 2005, 10th January 2006, 10th July 2006 and 24th November 2006. All the then Directors were present at each Board meeting, except that Mr. Sun Zengyin, Dr. Pang Jinhua and Mr. Ye Disheng were absent at the Board meeting held on 12th December 2005; Dr. Pang Jinhua, Mr. Ye Disheng and Mr. Lau Wai Kit were absent at the Board meeting held on 10th January 2006; and Dr. Zhang Hongru, Mr. Ye Disheng, Mr. Sun Zengyin were absent at the Board meeting held on 10th July 2006.

董事會(續)

董事之提名

董事會尚未成立提名委員會。根據本公司組織章程細則，董事會有權不時及於任何時間委任任何人士為董事，以填補一項臨時空缺或增加董事會成員。董事會已於評估新董事之提名時審議被提名人資格、能力及對本公司之潛在貢獻。

於二零零六年一月一日，何秀恆先生因退休為由辭任執行董事，白智生先生獲委任為執行董事。於二零零六年三月二十日，楊力恆先生辭任執行董事，及張文利先生獲委任為執行董事。於二零零六年七月十日，張鴻儒博士及龐金華博士辭任執行董事；葉迪生先生辭任非執行董事；戴延先生、胡成利先生及宗國英博士獲委任為執行董事。於二零零六年十二月一日，鄭道全先生獲委任為執行董事。

就上述辭任及委任事宜，董事會已於二零零五年十二月十二日、二零零六年一月十日、二零零六年七月十日及二零零六年十一月二十四日舉行之董事會會議上審閱及批准。除孫增印先生、龐金華博士及葉迪生先生缺席二零零五年十二月十二日之董事會會議；龐金華博士、葉迪生先生及劉偉傑先生缺席二零零六年一月十日之董事會會議；及張鴻儒博士、葉迪生先生及孫增印先生缺席二零零六年七月十日之董事會會議外，所有當時之董事均有出席各次會議。

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MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year 2006.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of the Model Code for senior management and specific individual who may have access to price sensitive information in relation to the securities of the Company.

EXTERNAL AUDITOR

The Audit Committee reviews each year a letter from the external auditor of the Company, PricewaterhouseCoopers, confirming their independence, approves their appointment, discusses the scope of their audit and approves their fees.

PricewaterhouseCoopers provided annual statutory audit services in respect of the Company's financial statements prepared under Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKFRSs") and the Hong Kong Companies Ordinance for the year 2006. PricewaterhouseCoopers also reviewed the 2006 unaudited interim financial report of the Company, prepared under HKFRSs.

During the year, the fees paid and payable to PricewaterhouseCoopers in respect of audit and audit related services amounted to approximately HK\$5,000,000. In respect of non-audit services, the fees paid and payable to PricewaterhouseCoopers relating to tax services amounted to approximately HK\$24,000.

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載有關上市發行人董事進行證券交易的標準守則(「標準守則」)。本公司作出具體查詢後，全體董事已確認，彼等已於二零零六年整年遵守標準守則所載列之所須準則。

本公司亦已為可能接觸本公司證券價格敏感資料之高級管理人員及特定個人，確立其嚴格程度不低於標準守則之證券交易書面指引。

外部核數師

審核委員會每年均會審閱本公司外部核數師羅兵咸永道會計師事務所(「羅兵咸永道」)之信函，確認其獨立性，批准其委任，討論其核數範圍並批准其費用。

羅兵咸永道提供年度法定審核服務，審核二零零六年度根據香港財務報告準則及香港會計準則(「香港財務報告準則」)及香港公司條例編制之本公司財務報表。羅兵咸永道亦審閱根據香港財務報告準則編制之本公司二零零六年度未經審核中期財務報告。

年內，已支付及應付羅兵咸永道審核及審核相關服務之費用約為5,000,000港元。已支付及應付羅兵咸永道有關稅務服務之非審核服務費用約為24,000港元。

Corporate Governance Report 企業管治報告

INTERNAL CONTROL

The Board is responsible for maintaining an adequate system of internal controls within the Group and for reviewing their effectiveness. The system of internal controls is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimize risks of failure in operation systems. As mentioned in the CG Report contained in the 2005 Annual Report that the Company committed to implement a stricter and more regulated internal control procedures in the new financial year.

Tianjin Port Development Holdings Limited ("TPD") and Dynasty Fine Wines Group Limited ("Dynasty"), being the listed subsidiary and associate of the Company respectively, engaged external audit firms to assess and evaluate the risk and effectiveness of their system of internal controls up to 31st December 2006. For businesses other than TPD and Dynasty, the Board engaged a consultancy firm to review their internal control systems and assess the effectiveness of the Group's fundamental operating controls.

The consultancy firm adopted the "Internal Control and Risk Management - A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants in June 2005 as a guidance. An evaluation was carried out to assess the risks at all levels of the Group. Based on its findings, it formulated a detailed audit plan covering all aspects including financial, operational and compliance controls and risk management functions.

At an earlier meeting of the Audit Committee, the consultancy firm reported their review work done for the year ended 31st December 2006. The Audit Committee members, together with the senior management, have reviewed, considered and discussed all the findings relating to the internal control system that operates within the Group and recommendations made by the consultancy firm.

In the future, the Group will conduct regular review of the Group's internal control system and its effectiveness to ensure the interest of shareholders are safeguarded.

內部監控

董事會負責為本集團維持一個充份有效之內部控制系統，以及審查其效率。內部控制系統乃為推動營運之效能及效率、保護資產、確保內部及外部報告之質素，以及確保遵守適用之法例及規例而設。內部監控系統旨在合理(而非絕對)保證能夠避免出現嚴重誤報或損失的情況，並管理及減低運作系統上的風險。誠如二零零五年年報內所載之企業管治報告內所述，本公司於新財政年度內將採用更加嚴格及具有更多監管措施之內部監控程序。

分別為本公司上市附屬公司及上市聯營公司之天津港發展控股有限公司(「天津港發展」)及王朝酒業集團有限公司(「王朝」)已委聘外部核數公司就直至二零零六年十二月三十一日，對其內部監控系統之風險及效率進行評估。就天津港發展及王朝以外之業務，董事會已委聘顧問公司檢閱內部監控系統及就本集團基礎的運作監控之效率進行評估。

顧問公司採用香港會計師公會於二零零五年六月制訂的《內部監控與風險管理的基本架構》作為指引，就本集團各個層面作出風險評估。顧問公司根據其調查結果，規劃了一個詳盡的審核計劃，包括財務監控、運作監控及合規監控及風險管理功能等所有方面。

就審核委員會於較早時舉行之會議，顧問公司就截至二零零六年十二月三十一日止年度所進行的檢閱工作向審核委員會匯報。審核委員會成員以及高級管理層已檢閱、考慮及對有關於本集團內運作之內部監控系統之調查結果及由顧問公司所提供之建議作出討論。

本集團於未來將定期檢閱本集團之內部監控系統及其效率，以保障股東之利益。

Corporate Governance Report 企業管治報告

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

COMMUNICATION WITH SHAREHOLDERS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meeting, annual report, various notices, announcements and circulars. Procedure for demanding voting by poll has been included in all circulars accompanying notice convening general meeting and the detailed procedures for conducting a poll has been read out by the chairman at general meetings.

The general meetings provide with shareholders a useful forum and encourage the shareholders to attend the general meetings of the Company to raise comments and exchange views with the Board. The Chairman, Directors, Board Committees' Chairman/Members and external auditor, where appropriate, are available to answer questions at the meeting.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities in preparing the financial statements. The responsibilities of the external auditor with respect to financial reporting are set out in the Report of the Independent Auditor on page 66 and 67.

持續經營

董事會在作出適當查詢後認為，本公司擁有充分資源以在可預見將來繼續經營，故編制財務報表時採用持續經營之基準為適當。

與股東之溝通

與股東溝通之目的乃向本公司股東提供有關本公司之詳細資料，以便彼等可在知情情況下行使其作為股東之權利。

本公司使用各種溝通工具，以確保其股東充分瞭解關鍵業務需要。該等工具包括股東大會、年報、各種通知、公告及通函。要求以投票方式表決之程序已載入隨附召集股東大會通知之所有通函，而主席已於股東大會上宣讀進行投票表決程序之詳細程序。

股東大會為股東提供一個平台並鼓勵股東出席及於會上提出意見及與董事會交流見解。主席、董事、董事委員會主席／成員及外部核數師（倘適用）均出席會議，回答股東之提問。

董事編制財務報表之責任

董事確認，編制財務報表乃彼等之責任。外部核數師在有關財務報告之責任載於第66及67頁獨立核數師報告內。