

Chairman's Statement 主席報告書

This Year is the tenth anniversary of Tianjin Development's listing on the Stock Exchange in Hong Kong. Our company has made significant growth during the past ten years. Looking forward, our staff will altogether devote their best efforts to grasp the business opportunities arose from Tianjin Binhai New Area("TBNA")-the third engine of the Chinese economy development, in order to pursue greater return to shareholders.

今年是天津發展在香港上市十週年，近十年來企業取得了長足的發展。未來我們全體員工將共同努力，抓住中國經濟發展第三極－天津濱海新區的快速發展機遇，為股東贏取更豐碩的回報。

Wang Guanghao Chairman
王廣浩 主席

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PROFIT AND DIVIDEND FOR THE YEAR

I am pleased to present the 2006 annual report of the Group. The audited consolidated profit attributable to shareholders and basic earnings per share for the year ended 31st December 2006 were HK\$552,751,000 and HK57.9 cents respectively, representing respective decrease of 4% and 8% over prior year. The Board of Directors proposed the payment of a final dividend of HK4.6 cents per share at the forthcoming annual general meeting. Together with the interim dividend of HK4.6 cents per share, the total dividend for 2006 will amount to HK9.2 cents per share, representing a 7% increase as compared to 2005.

STRATEGIC DEVELOPMENT

To strengthen our core business, the Group has entered into an agreement to acquire a thermal power supply business in January 2006. The Group bought approximately 90.9421% equity interest in Tianjin TEDA Tsinlien Heat & Power Co., Ltd. ("Heat & Power Company") at a consideration of HK\$380 million. Similar to the Electricity Company and the Water Company, it is also located at the Tianjin Economic-Technological Development Area ("TEDA"), which is one of the fastest growing economic and development zones in the Chinese Mainland. The transaction was completed in April and the Heat & Power Company started to contribute to the results of the Group since then.

In May 2006, the port operation was spun off on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The initial public offering of Tianjin Port Development Holdings Limited ("TPD") was well received among institutional and public investors. The Hong Kong public offer resulted in an over-subscription of about 1,703 times, breaking the Stock Exchange record for number of times of over-subscription. The proceeds being locked up by the public offer was over HK\$187 billion. TPD has raised about HK\$1.2 billion. This was an important step for TPD to further its business development in the fast growing port of Tianjin.

年度溢利及股息

本人欣然向各位提呈本集團二零零六年年報，本集團截至二零零六年十二月三十一日止年度經審核之綜合股東應佔溢利及每股基本盈利分別為552,751,000港元及57.9港仙，較上年分別下降4%及8%。董事會建議在即將召開的股東週年大會上派發期末股息每股4.6港仙，前述股息連同中期股息每股4.6港仙，二零零六年全年合共派息每股為9.2港仙，較二零零五年增長7%。

策略發展

為鞏固核心業務，本集團於二零零六年一月訂立協議，收購一項熱能供應業務。本集團以代價380,000,000港元購入天津泰達津聯熱電有限公司（「熱電公司」）約90.9421%權益。與電力公司及自來水公司相似，該公司同樣位於中國內地增長最迅速的經濟開發區之一——天津經濟及技術開發區（「天津開發區」）。該項交易已於四月完成，而熱電公司亦於此時起為本集團帶來業績貢獻。

二零零六年五月，本公司分拆之港口業務在香港聯合交易所有限公司（「聯交所」）主板上市。天津港發展控股有限公司（「天津港發展」）首次公開售股獲得機構投資者和公眾投資者的熱烈反應。香港公開發售錄得約1,703倍之超額認購，打破了聯交所超額認購記錄。公開發售凍結之所得款項逾1,870億港元。天津港發展集資約12億港元，為天津港發展在快速增長的天津港口中拓展業務，邁出重要的一步。

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FINANCIAL MANAGEMENT

The Group continues to strengthen and improve our financial management, so as to establish a solid foundation for future business development. During the year, a syndication of HK\$2,000 Million Equivalent Dual Currency Syndicated Term/Revolving Credit Facility (the "Facility") was successfully closed with a significant oversubscription. The Facility was fully underwritten and received a very positive response from the loan syndication market. In total, the syndicate consists of 21 banks, reflecting the confidence of the international banking community in Tianjin Development Holdings Limited's excellent management, stable business performance, and leading position in its respective industry sectors. Apart from refinancing its borrowings with more favourable terms, the Group has also better equipped for future business development.

INTERNAL CONTROL

With a view to improving our internal control systems, the Company, TPD and Dynasty Fine Wines Group Limited ("Dynasty"), being the listed subsidiary and associate of the Company, have engaged external audit firms/consultancy firms to review their systems of internal control up to 31 December 2006. The review has covered all material controls, including financial, operational and compliance controls and risk management functions.

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.

INVESTOR RELATIONS

In addition to arranging site visits and attending luncheons and conferences, the top management took an initiative to meet the investment community by performing a non-deal global roadshow in September and October 2006. The global roadshow provided an excellent opportunity for the top and senior management of the Group to communicate with worldwide investors from London, Continental Europe, Japan and Singapore. The management team including the Vice Chairman and the Group Financial Controller of the Company as well as the top management of TPD and Dynasty were able to meet fund managers and analysts to explain the 11th Five Year Plan and the strategy of the Group.

財務管理

本集團不斷加強及完善財務管理，為本集團業務的未來發展提供重要基礎。年內，本公司成功完成一項20億港元等值的雙貨幣銀團有期／循環信貸（「融資」），獲得重大超額認購。融資獲全數包銷及獲得銀行貸款市場十分良好的反應。該銀團總共包括二十一家銀行，反映國際銀行業界對天津發展控股有限公司卓越的管理、穩定的業務表現和在其各行業建立的領導地位充滿信心。除取得更有利的貸款條款外，本集團亦為日後的業務發展做好更充分的準備。

內部監控

為改善內部監控體系，本公司、天津港發展及王朝酒業集團有限公司（「王朝」）（本公司之上市附屬公司及聯營公司）已委聘外部核數師行／顧問公司檢討其直至二零零六年十二月三十一日止的內部監控體系。此項檢討涵蓋所有重大監控，包括財務、營運及合規控制及風險管理職能。

本集團日後將定期檢討本集團的內部監控體系及其有效性，確保股東利益得到保障。

投資者關係

除安排現場參觀及出席午餐會及會議外，最高領導層亦於二零零六年九月及十月進行全球非融資路演，主動與投資者接觸。全球路演為本集團最高領導層及高級管理層提供與來自倫敦、歐洲大陸、日本及新加坡的全球投資者進行溝通的良機。管理層團隊（包括本公司副主席及集團財務總監以及天津港發展和王朝的最高領導層）可與基金經理及分析員會面，闡述第十一個五年計劃及本集團的策略。

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We believe that regular communication with the investment community is extremely important and our goal is to create sustainable growth to shareholders' value in the long term.

OUTLOOK

As the State Council has approved the "11th Five Year Plan (2006-2010)", which positions Tianjin as the economic centre in northern China, there are definitely immense opportunities for investment and development. The government will devote full support to transform the Tianjin Binhai New Area ("TBNA") into a modern manufacturing and R&D base, international shipping hub and international logistics centre in northern China.

Having considered the future development of TBNA, the Group will continue to expand its port operations through TPD. TPD's strategy is three-fold. Firstly, it will increase investment in container handling business. Secondly, it will rationalise its non-containerised cargo handling business by improving sales mix and profitability. In addition, TPD is actively exploring the possibility of entering the port logistic business.

TEDA, being one of the key districts in TBNA and having enjoyed double digit annual growth since 1998, has huge development potential. The Group will increase investment in our core utilities operations to capture the robust economic growth of TEDA.

Last but not least, the Group is actively exploring the opportunities in property development business with focus to be put on hotel projects.

APPRECIATION

I would also like to take this opportunity to express our gratitude to our employees for their contributions and hard work and to our shareholders for their strong support.

Wang Guanghao
Chairman

Hong Kong SAR, 19th April 2007

我們相信與投資者的定期溝通極為重要，而且我們的目標是實現股東價值的長期可持續增長。

展望

隨著國務院批准《第十一個五年計劃(二零零六年至二零一零年)》，該規劃將天津定位為中國北方經濟中心，肯定將帶來無限投資和發展機會。政府將努力把天津濱海新區建設成為現代化製造和研發轉化基地、中國北方的國際航運中心和國際物流中心。

考慮到天津濱海新區的未來發展，本集團將繼續透過天津港發展擴展其港口業務，力圖實行天津港發展的三重策略。首先，它將加大於集裝箱處理業務的投資。然後，它會通過改善銷售結構及盈利能力以優化其非集裝箱處理業務。此外，天津港發展正積極研究申延其業務範疇至港口物流服務業。

作為天津濱海新區的重點區域之一，並且自一九九八年以來錄得雙位數的年增長率，天津開發區具備巨大的發展潛力。本集團將加大於核心公用設施業務的投資，從而在天津開發區的強勁經濟增長中受惠。

最後，本集團正積極研究以酒店行業為中心的房地產業務的商機。

致謝

本人亦藉此對員工之奉獻及辛勤工作以及股東之鼎力支持表示感謝。

王廣浩
主席

香港特別行政區，二零零七年四月十九日