天津港發展控股有限公司
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03382)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

"SOLID FUNDAMENTALS WITH PROMISING GROWTH POTENTIAL"

- Revenue grew 15% to HK$1,194 million
- Earnings of HK$240 million, representing 16% yoy on ex. IPO interest income basis
- Operating margin continues to improve, achieving 25.7% on ex. non-recurring exchange loss basis
- Proposed final dividend of HK2.7 cents, total dividend for 2007 HK5.4 cents
- Acquisition of 40% interest in Alliance completed in January 2008
- Establishment of HaiFeng and built 4 warehouses

2007 RESULTS

The board of directors (the "Board") of Tianjin Port Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Revenue	*3*	**1,193,777**	1,036,495
Business tax		**(36,347)**	(31,494)
Cost of sales		**(561,701)**	(484,163)
Gross profit		**595,729**	520,838
Other income	*4*	**35,615**	123,077
Administrative expenses		**(309,808)**	(277,812)
Other operating expenses		**(31,204)**	(17,676)
Operating profit	*5*	**290,332**	348,427
Finance costs	*6*	**(3,329)**	(8,199)
Share of results of associates		**790**	983
Profit before income tax		**287,793**	341,211
Income tax	*7*	**(47,151)**	(36,938)
Profit for the year		**240,642**	304,273
Attributable to:			
Equity holders of the Company		**240,394**	304,037
Minority interests		**248**	236
		240,642	304,273
Earnings per share	*8*		
– Basic *(HK cents)*		**13.5**	19.9
– Diluted *(HK cents)*		**13.4**	19.9
Dividends	*9*	**96,504**	41,094

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Land use rights		**768,696**	731,855
Property, plant and equipment		**1,802,656**	1,742,992
Interest in associates		**24,981**	23,847
Interest in jointly controlled entities		**704,467**	–
Available-for-sale financial assets		**5,744**	13,748
Deferred income tax asset		**8,899**	4,960
		3,315,443	2,517,402
Current assets			
Inventories		**4,852**	1,976
Trade and other receivables	10	**145,755**	69,631
Amount due from associates		**2,590**	2,103
Amount due from related companies		**–**	9,682
Cash and cash equivalents		**438,754**	926,395
		591,951	1,009,787
Total assets		**3,907,394**	3,527,189
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**178,710**	178,670
Reserves		**2,442,864**	2,153,431
Retained earnings		**768,224**	666,119
		3,389,798	2,998,220
Minority interests		**4,201**	3,788
Total equity		**3,393,999**	3,002,008

	Note	**2007** *HK$'000*	2006 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**390,000**	–
		390,000	–
Current liabilities			
Other payables		**87,763**	159,655
Amount due to related companies		**22,536**	237,332
Borrowings		**–**	119,522
Current income tax liabilities		**13,096**	8,672
		123,395	525,181
Total liabilities		**513,395**	525,181
Total equity and liabilities		**3,907,394**	3,527,189
Net current assets		**468,556**	484,606
Total assets less current liabilities		**3,783,999**	3,002,008

NOTES:

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its principal address is Suites 3301-3302, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

Pursuant to the reorganisation, as disclosed in the Company's prospectus dated 12 May 2006 prepared for the purpose of listing its shares on the Main Board of Stock Exchange (the "Reorganisation"), the Company became the holding company of Ace Advantage Investments Limited and Shinesun Investments Limited on 8 May 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group resulting from the Reorganisation referred to in Note 1 above is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared on the basis of merger accounting as if the Company had been the holding company of the companies comprising the Group throughout the years presented. In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results, cash flows and state of affairs of the Group as a whole.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention.

(a) Standard, amendment and interpretations effective in 2007 and relevant to the Group:

HKFRS 7	*Financial instruments: Disclosures*
HKAS 1 (Amendment)	*Presentation of financial statements – Capital disclosures*
HK(IFRIC) – Int 8	*Scope of HKFRS 2*
HK(IFRIC) – Int 10	*Interim financial reporting and impairment*

(b) Standard and interpretations effective in 2007 but not relevant to the Group:

HK(IFRIC) – Int 7	*Applying the restatement approach under HKAS 29, Financial reporting in hyper inflationary economies*
HK(IFRIC) – Int 9	*Reassessment of embedded derivatives*

The adoption of the above did not have a material impact on the financial statements of the Group other than disclosure changes.

(c) Standards, amendments and interpretations to the existing standards that are not yet effective and have not been early adopted by the Group:

HKAS 1 (Revised)	*Presentation of financial statements (effective from 1 January 2009)*
HKAS 23 (Revised)	*Borrowing costs (effective from 1 January 2009)*
HKAS 27 (Revised)	*Consolidated and separate financial statements (effective from 1 July 2009)*
HKFRS 2 (Amendment)	*Vesting conditions and cancellations (effective from 1 January 2009)*
HKFRS 3 (Revised)	*Business combinations (effective from 1 July 2009)*
HKFRS 8	*Operating segments (effective from 1 January 2009)*
HK(IFRIC) – Int 11	*HKFRS 2 – Group and treasury share transactions (effective from 1 March 2007)*
HK(IFRIC) – Int 12	*Service concession arrangements (effective from 1 January 2008)*
HK(IFRIC) – Int 13	*Customer loyalty programmes (effective from 1 July 2008)*
HK(IFRIC) – Int 14	*HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008)*

The Group is in the process of making an assessment of the impact of these standards, amendments and interpretations on the financial statements of the Group in the initial application.

3. REVENUE AND SEGMENT INFORMATION

Provision of port services is the Group's only business segment throughout the year and all of its assets, operations and customers are located in the PRC. Accordingly, no separate business or geographical segment information is presented.

The Group's revenue, all of which are related to port services, is analysed below:

	2007	2006
	HK$'000	*HK$'000*
Container handling	**790,960**	663,454
Non-containerised goods stevedoring	**386,198**	359,988
Storage and agency fees	**16,619**	13,053
	1,193,777	1,036,495

4. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Interest income		
– from initial public offer deposits	**–**	97,335
– from bank deposits	**20,373**	20,271
Gain on disposal of available-for-sale financial assets	**10,429**	–
Gain on disposal of an associate	**139**	–
Others	**4,674**	5,471
	35,615	123,077

5. OPERATING PROFIT

Operating profit is stated after (crediting)/charging:

	2007	2006
	HK$'000	*HK$'000*
Auditors' remuneration	**1,330**	1,186
Employee benefits expense, including directors' emoluments	**394,684**	348,775
Depreciation of property, plant and equipment	**102,995**	85,489
Amortisation of prepaid lease payments	**18,468**	11,839
Loss on disposal of property, plant and equipment	**14,680**	11,323
Functional currency translation loss, net	**16,314**	6,520
Reversal of trade receivables provision of impairment	**(5,812)**	(4,349)
Operating lease charges		
– related parties	**–**	10,545
– others	**7,931**	22,668

6. FINANCE COSTS

	2007 *HK$'000*	2006 *HK$'000*
Interest expense on bank borrowings wholly repayable within five years	**3,329**	8,199

7. INCOME TAX

	2007 *HK$'000*	2006 *HK$'000*
PRC income tax		
– Current tax	**50,580**	36,938
– Deferred tax	**(3,429)**	–
	47,151	36,938

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits for the year (2006: Nil).

Provision for the PRC income tax has been calculated based on the estimated assessable profit for the year at the prevailing rates of taxation.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share was based on the following data:

	2007 *HK$'000*	2006 *HK$'000*
Earnings		
Profit attributable to equity holders of the Company	**240,394**	304,037
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for calculating basic earnings per share	**1,786,946**	1,524,145
Effect of dilutive potential ordinary shares:		
– Share options	**6,708**	218
Weighted average number of ordinary shares for calculating diluted earnings per share	**1,793,654**	1,524,363

9. DIVIDENDS

	2007 *HK$'000*	2006 *HK$'000*
Paid interim dividend of HK2.7 cents (2006: Nil) per ordinary share	**48,252**	–
Proposed final dividend of HK2.7 cents (2006: HK2.3 cents) per ordinary share	**48,252**	41,094
	96,504	41,094

The actual final dividend of 2006 paid was HK$41,103,000 due to the additional shares issued for share options exercised after 31 December 2006.

At the meeting of the Board held on 16 April 2008, the directors proposed a final dividend of HK2.7 cents per ordinary share. These financial statements do not reflect this dividend payable.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are net trade receivables and the ageing analysis are as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**113,596**	53,327
31 – 90 days	**11,790**	832
At 31 December	**125,386**	54,159

11. EVENTS AFTER BALANCE SHEET DATE

On 26 July 2007, the Company entered into a conditional equity interest transfer agreement with 天津港（集團）有限公司 (Tianjin Port (Group) Co., Ltd.*) to acquire a 40% equity interest in Tianjin Port Alliance International Container Terminal Co., Ltd. ("Alliance") for a consideration of RMB524,343,000. All the conditions have been fulfilled and final payment was made in January 2008 and the acquisition was completed after year end.

REVIEW OF OPERATIONS AND RESULTS

RESULTS

For the year ended 31 December 2007, the Group's audited consolidated revenue amounted to approximately HK$1,193.8 million, representing an increase of 15.2% over the prior year. The profit attributable to the Company's shareholders amounted to approximately HK$240.4 million, representing an increase of 16.3% over last year on ex-IPO interest income basis. Basic earnings per share, on a weighted average basis, were HK13.5 cents compared to HK13.6 cents (on ex-IPO interest income basis) last year, amounting to a decrease of 0.7%. The decrease was due to the dilution effect as a result of the IPO in May of last year.

The Group recorded a HK$16.3 million exchange loss during the year (2006: HK$6.5 million) in accordance with Hong Kong Financial Reporting Standards as a result of RMB appreciation in the year. The exchange loss arose from HKD cash deposits held during the year, mainly from IPO proceeds. The Group had, according to its plan, utilised most of its remaining HKD cash balance towards the end of the year to pay up investments and capital expenditures. Therefore, the exchange loss on HKD deposits due to appreciation of RMB is non-recurring and non-operational in nature.

The encouraging results of the Group in 2007 was brought about by enhanced handling efficiency, improved product mix and effective cost controls. The synergy of these internal improvements alongside the favorable external market environment of robust GDP growth and expanding trade volumes in China, especially in the Bohai region, have greatly benefited the Company.

DIVIDENDS

The Board recommends a final dividend for the year 2007 of HK2.7 cents. Together with the 2007 interim dividend of HK2.7 cents (2006: nil), total dividend for the year 2007 amounts to HK5.4 cents (2006: HK2.3 cents).

CLOSURE OF REGISTER

The 2007 final dividend will be payable on or about 18 June 2008 to shareholders whose names appear on the register of members of the Company on 30 May 2008. The register of members will be closed from 27 May to 30 May 2008, both days inclusive. In order to be eligible for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 26 May 2008.

REVIEW OF OPERATIONS

In 2007, China continued its rapid economic development, achieving a GDP growth of 11.4%, making it one of the fastest growing countries in the world. The country's total foreign trade value in 2007 was USD2,173 billion, an annual increment of 23.4%. Tianjin port, located in the locus of the Bohai Rim, is well-positioned to tap into the economic growth of the country. In the year 2007, the total throughput achieved by Tianjin port was 309.6 million tonnes, representing a year-on-year growth of 20.0%. This makes Tianjin port the largest in the Bohai Rim and the fourth largest in the country (trailing just behind Shanghai, Ningbo and Guangzhou). In terms of container volume, Tianjin port throughput in the year was 7.1 million TEUs, representing an annual growth rate of 19.3%, making it the sixth largest container port in the country in this regard.

The Group, embracing the fast growing economy and foreign trade activities of the country, achieved a satisfactory 15.2% and 16.3% annual increment in 2007 in terms of revenue and profits attributable to shareholders, respectively. During the year under review, our strategy to focus on the container business allowed the Group's container handling revenue to flourish, now representing 66.3% of the Group's consolidated revenue, a solid increase of 2.3 percentage points over last year. On the other side of our business, steel revenue topped the list of our bulk cargo handling business, also having its fair share of healthy growth. Steel revenue represented 59.4% of bulk cargo handling business (2006: 32.5%) or 19.2% of the Group's total consolidated revenue (2006: 11.3%).

Consolidated operating margin (measured by operating profits divided by revenue) of the Group for the year (excluding non-recurring exchange loss) was 25.7%, compared to 24.9% (excluding IPO interest income and non-recurring exchange loss) in the prior year. In light of the 10% tariff rise effective since 1 January 2008, the Group has redoubled its efforts to improve operational efficiency, maintain continuous volume growth and implement effective cost control measures. With these cohesive efforts in hand, management is confident that the operating margin will continue to improve in the coming years.

A summary of the throughput by segment is as follows:

	2003	2004	2005	2006	**2007**
Throughput					
Container *(thousand TEUs)*	1,491	1,808	2,050	2,490	**2,762**
Non-container *(million tonnes)*	15.2	18.7	18.3	16.6	**13.0**

Container Handling Business

During the year, the Group continued to operate its 5 existing wholly-owned container handling berths. Combined, the berths have a total quay length of 1,590 meters and a designed annual container throughput capacity of roughly 1.9 million TEUs. We estimate our containers are currently capable of handling an average of 36 containers per hour. This competitive rate places the Group among the most efficient port operators in China. Tianjin Port Container Terminal Co., Ltd., our flagship container terminal, also won the China Outstanding Portainer Efficiency prize of the year issued by the China Container Ports Association.

Even without any new additions in berth or terminal capacity in the year under review, the Group's container-handling business still maintained high organic growth of 10.9% in terms of throughput volume, achieving a total throughput volume of 2.76 million TEUs. This growth was, to a large extent, the result of our outstanding operational efficiency and service quality. The growth in container handling volume boosted our revenue to HK$791.0 million, driving our gross profits to increase by about 21.7%. The blended average unit price increased 7.5% to HK$286.4 per TEU compared to that in 2006. Without any tariff changes in the year, the increase was primarily the exchange effect of appreciation of RMB in the year.

Alliance, a joint venture of which the Group holds 40%, has 4 berths with a total quay length of 1,100 metres and a designed capacity of 1.7 million TEUs. The procedures required for acquisition of Alliance were not completed until January 2008 and therefore its number was not included in the books for 2007. Briefly regarding Alliance's operations in its first year, it handled approximately 780,000 TEUs and recorded an operating loss in its first annual financial statements. Definitely, Alliance is going to become a major driver in our volume growth in 2008 and its operating results will bring contribution to the Group.

The Group's market share in Tianjin port for the year 2007 was 38.9%, representing an expected drop from 41.8% market share compared to the prior year. However, this share is expected to increase substantially upon inclusion of Alliance in 2008.

On the horizon is Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Euroasia"), a joint venture of which the Group holds 40%, the next rising star of the Group. Its operating capacity will include 3 berths with a total quay length of 1,100 metres and a designed capacity of 1.8 million TEUs. It is still under construction and is expected to commence operations in 2009.

The Group estimates that, by 2010, its total capacity will increase to over 6 million TEUs and expects to have a market share in Tianjin port of over 50%.

Bulk Cargo Handling Business

Currently, the Group operates its bulk cargo handling business in 7 wholly-owned deep-water berths with a total quay length of 1,459 metres. The largest berth can dock vessels of over 70,000 deadweight tonnes, making us one of the largest single bulk cargo handling companies (in terms of berthing capacity) at Tianjin port. The principal types of bulk cargo we handle are steel, grains, and other general cargo.

As of January 2007, we completely ceased our coal handling business for environmental reason. The significant drop in throughput in the year represents the relocation process. Our strategy to cope with the cessation of the coal handling business is to improve our product mix, push toward higher unit prices, accelerate the introduction of potential products and maintain our dominant position in the steel and grain sectors. Our strategy to date has been very effective in improving the overall profitability of our bulk cargo handling business.

During the year, the Group achieved a throughput volume of 13.0 million tonnes, representing a 21.6% decrease compared to last year. Despite this decline, the revenue for year 2007 reached HK$386.2 million, which is 7.3% above that of last year. The average unit price per tonne rose to HK$29.7, which is HK$8.0 or 36.9% higher than the HK$21.7 unit price in the previous year. These outstanding results reflect the management's ability to adapt to an ever evolving operational environment with effective strategies to combat adverse situation.

One of the Group's long term goals is to develop steel into a flagship product. To this end, we established the Steel Distribution Centre in August 2006 and partnered with influential steel distributors in the region. The centre is the first and only steel logistics company within Tianjin port. The Group achieved a record breaking steel handling volume of 8.6 million tonnes, representing a growth of 78.2% compared to last year. This outstanding performance is partially attributable to significant growth in production output and export volume of steel in the region, but more importantly was due to our management's efforts in establishing the Steel Distribution Centre in 2006.

Aside from steel, grain is our other principal product in the bulk cargo handling business. However, due to a significant drop in imports of soya beans in the year, we handled only 1.4 million tonnes of grain, representing a sharp decrease of 30.5% compared to prior year. The dissatisfactory result was due to two main factors which discouraged soya bean imports: (1) a good soya bean harvest within the country and (2) the government's temporary incentive for using local soya beans. We expect the situation will improve when the government's temporary policy terminates. The Group's exclusive grain cargo handling facilities at the Tianjin port will continue to attract new grain imports through a variety of marketing mechanisms.

Logistics Business

On 6 August 2007, the Group entered into an agreement with a subsidiary of the Mapletree Investments Pte Ltd ("Mapletree", a wholly owned subsidiary of Temasek Holdings), a leading Singapore real estate and logistics business operator with an Asian focus. Tianjin Port HaiFeng Bonded Logistics Co., Ltd. ("HaiFeng") was established with the intent of developing a logistics park in the Dongjiang Bonded Free Port ("Dongjiang Port"). HaiFeng is the first company engaged in the development of logistics warehousing projects in Dongjiang Port.

According to the latest blueprint, HaiFeng will have a land area of approximately 715,000 square metres, yielding a total Gross Floor Area ("GFA") of approximately 484,000 square metres or 37 blocks of warehouse space. The logistics park will be developed in several phases. Phase 1 entails the building of 10 warehouse blocks; 4 single-storey warehouse blocks and 6 double-storey warehouse blocks with a combined GFA of about 191,000 square metres of warehouse space. The construction of the 4 single-storey warehouses with GFA of about 46,000 square meters has been completed and operation is expected to begin before June 2008. The rest of phase 1 is expected to be completed before the third quarter of 2008. The total investment into phase 1 is RMB750 million, of which RMB300 million was contributed by the joint venture partners as capital. All necessary procedures regarding the establishment of HaiFeng had been completed, including the capital contribution for phase 1 prior to the end of 2007.

In the year under review, no operational figures of HaiFeng were included because it is still in a pre-operational stage. In the long term, we strongly believe that our logistics business will benefit from the advantages of Dongjiang Port in terms of geographical location, economies of scale and government policies. More importantly, our investment in Dongjiang Port has elevated our strategic position in the course of the development of Tianjin port, and will have significant impact on the Company's long term development.

PROSPECTS

Tianjin Binhai New District

In 2006, the PRC government announced its Eleventh Five Year Plan (the "Plan") under which the Tianjin Binhai New District was included in the State's development strategies. The Tianjin Binhai New District was designated as the third pole of the PRC's economic growth. Alongside Shenzhen to the south and Shanghai to the east, Tianjin port is to be developed into an international shipping hub and logistics center for northern China.

The Plan will infuse a total investment of RMB36.6 billion over the next few years to enhance the infrastructure of the port. It is anticipated that container throughputs will reach 12 million TEUs by 2010. At the same time, the Plan accelerates the enhancement of the transportation networks connecting Tianjin to its hinterland, which includes plans for the construction of new railroads and highways. The Plan will spark robust GDP and trade value growth in the region and subsequently spur further throughput growth in the Tianjin port.

Being one of major players in port-related business in Tianjin, the Group will embrace any opportunities arising from the growth of the Binhai New District to enhance value to our shareholders. We are also confident that our business strategies at the Binhai New District region will benefit, directly and indirectly, from the government's incentive policies to boost the economic growth within the Binhai New District.

Dongjiang Port

The establishment of the Dongjiang Port, located in the northeastern part of the Tianjin port, was officially approved by the central government on 31 August 2006. The Dongjiang Port is planned to have three major zones; namely (1) port operation, (2) logistics processing and (3) integrated ancillary services. The Dongjiang Port is also expected to provide at least five major types of services covering; (1) container handling, (2) logistics, (3) business support services, (4) accommodations and (5) leisure and travel. According to the master development plan of the Dongjiang Port, an estimated area of about 10 square kilometers in the central part of the peninsula will be designated to provide port logistics services.

On 11 December 2007, the Dongjiang Port officially opened phase 1 of its development, mobilizing an area about 4 square kilometers that includes container terminals, logistics warehousing and integrated inspection and custom centre etc. HaiFeng, our investment with Mapletree in logistics warehousing, is located inside the Dongjiang Port area.

The Group is the longest established operator at the port of Tianjin. The Group primary focuses on its container handling business and possesses significant market share in this arena. From this vantage, we will leverage our experience and ability to negotiate for the best possible outcome in the development and planning stages of the Dongjiang Port. Besides our cargo handling business and logistics business, we will also actively explore the possibility of participating in other opportunities during the course of development of the Dongjiang Port. In addition, the Group is in a prime position to benefit (directly and/or indirectly) from future government incentives in the Dongjiang Port.

Strategic Cooperation with Joint Venture Partners

The Group has had three new joint ventures since our listing in May 2006, namely HaiFeng, Euroasia and Alliance (which include internationally renowned companies such as APMT, COSCO, OOCL, PSA, and Mapletree). In the long run, management believes that such broad partnerships will have a positive synergistic effect towards the Group's future development, both in terms of business growth and management expertise.

Cost Control

China's year-on-year Consumer Price Index ("CPI") of 2007 was 4.8%. General inflationary pressure has become more and more apparent, especially in regard to labour costs. We are committed to maintaining costs and expenses, especially salaries and wages, at a reasonable, yet competitive, level. We will proceed cautiously in head count changes and no increase in head count is expected in the near future aside from those required to staff new projects. We are actively exploring the possibility of transferring experienced staff members to new projects and investments in the future. This will benefit the Group in two-fold; (1) by reducing the number of new recruits and (2) expediting the ramp up process of the new terminals.

We are re-engineering our human resources policies by increasing the portion of outsourced labour to replace retiring staff. In addition, the Group had acquired a 33% equity stake in Tianjin Port Labour Services Company Limited, a major labour provider in bulk cargo handling. This move enables the Group to secure a stable source of outsourced labour with high service quality while at the same time reducing the cost of hiring these workers directly.

FINANCIAL REVIEW

Cash Flow

The net cash inflow from operations during the year amounted to HK$321.9 million, which is 10.7% higher than the prior year. The increase was attributed to improved revenue offset by a net increase in working capital mainly as a result of extending the credit period to a few selected customers.

The net cash spending in investing activities amounted to HK$1,026.7 million. Approximately HK$364.4 million was used for payments for the acquisition of land and berths at existing terminals. Approximately HK$540.4 million was paid for the capital contribution in Euroasia in full and HK$164.1 million for the capital contribution in HaiFeng.

To facilitate the Group's expansion plans, the Group has arranged a HK$1.0 billion borrowings facility with several banks in Hong Kong. As at the end of year 2007, HK$390.0 million was drawn, and up to the date of this announcement, HK$840.0 million has been utilised.

The IPO proceeds, netting underwriting commission and professional fees, were approximately HK$1.2 billion. Up to the year end date, these have been used partly for the acquisition of land and berths at existing terminals, and the remaining was used as part of the capital contribution to Euroasia as intended.

During the year under review, the net cash outflow of the Group was HK$532.1 million (2006: net cash inflow of HK$643.8 million).

Liquidity and Financial Resources

As at year end, the Group's cash on hand was lowered to HK$438.8 million, compared to HK$926.4 million at the beginning of the year. The Group's total borrowings at the year end increased to HK$390.0 million (up from HK$119.5 million at the beginning of the year), which represents a gearing ratio (total borrowings divided by total equity) of 11.5%. All borrowings are denominated in HKD with a floating interest rate and repayable within five years. In addition, the current ratio (ratio of current assets to current liabilities) was 4.8 compared to 1.9 at the beginning of the year. At the year end date, all assets of the Group were free of any charge.

Except for the HK$1.0 billion banking facilities mentioned above, the Group has no other committed borrowing facilities. For day-to-day liquidity management, the Group maintains flexibility in funding by obtaining sufficient uncommitted short-term facilities from banks. Given the low gearing ratio, management will consider increasing the proportion of bank borrowings to shareholders' equity if and when demand for additional funds arise. This may be done to lower the weighted average cost of capital of the Company, and hence, improve return to shareholders.

Financial Management and Policy

The financial risk management of the Group is the responsibility of the Group's treasury function at the head office in Hong Kong. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuations in foreign currency exchange rates. It is the Group's policy not to engage in speculative activities.

As at the year end date, most of the Group's assets and liabilities were denominated in RMB, except for the HKD bank borrowings of approximately HK$390.0 million. Owing to appreciation of RMB, the Group recorded HK$16.3 million exchange loss during the year (2006: HK$6.5 million), based on Hong Kong Financial Reporting Standards. The exchange loss arose from HKD cash deposits held during the year. To mitigate the exchange rate loss on HKD cash deposits due to potential RMB appreciation, the Group has utilised nearly all of its HKD cash balance, attained mainly from IPO proceeds, before the end of 2007. As at the year end date, the Group assessed its foreign exchange rate risk exposure and has not entered into any forex hedging arrangements.

Capital Structure

At the end of the year under review, the capital and reserves attributable to the equity holders of the Company was HK$3,389.8 million, representing an increase of HK$391.6 million or 13.1% compared to the beginning of the year. During the year, a final dividend for the year 2006 of HK$41.1 million and interim dividend for the year 2007 of HK$48.3 million were paid to shareholders of the Company.

The market capitalisation of the Company as at 31 December 2007 (the last trading day of the year) was HK$10,633.2 million (issued share capital: 1,787,100,000 shares at closing market price: HK$5.95 per share).

SIGNIFICANT INVESTMENTS

During the year and subsequent to the year end date, the Group has the following significant investments:

1. **Acquisition of Alliance**

   The acquisition was completed in January 2008. A consideration of RMB524.3 million was paid as agreed in the equity interest transfer agreement signed on 26 July 2007.

2. **Establishment of HaiFeng**

   For details of the transaction, please refer to the section "Review of Operations" under the heading "Logistics Business" within this announcement.

3. **Establishment of Euroasia**

   Euroasia was established in September 2007. The Group paid RMB504.0 million as its share of capital contribution.

GOING CONCERN

On the basis of current financial projections and facilities available, the Group has adequate financial resources to continue its operation in the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing financial statements.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2007.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EMPLOYEES

As at 31 December 2007, the Group, excluding its associated companies, had a staff size of approximately 3,131 (2006: 3,272). Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends. Incentives in the management's remuneration package are paid in the form of cash bonuses in addition to share options.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any of its securities during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance. The Board believes practising sound corporate governance can enhance transparency of the Company's business, making sure the Company is accountable to and meet the expectations of shareholders and other stakeholders, and ultimately be successful.

The Company applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. In the opinion of the directors of the Company (the "Directors"), the Company had complied with all the code provisions of the Code throughout the year ended 31 December 2007.

COMPLIANCE WITH 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") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2007.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Dr. Cheng Chi Pang, Leslie, Professor Japhet Sebastian Law and Mr. Kwan Hung Sang, Francis. Dr. Cheng is the chairman of the Audit Committee.

The annual results for the year ended 31 December 2007 have been reviewed by the Audit Committee.

PUBLICATION OF FINAL RESULTS

This results announcement is published on the website of the Company at www.tianjinportdev.com and the HKExnews website at www.hkexnews.hk.

By Order of the Board
Tianjin Port Development Holdings Limited
Yu Rumin
Chairman

Hong Kong, 16 April 2008

As at the date of this announcement, the Board consists of Mr. Yu Rumin, Mr. Nie Jiansheng, Mr. Zhang Jinming, Mr. Xue Lingsen and Mr. Jiao Hongxun as executive directors; Mr. Wang Guanghao as non-executive director and Mr. Kwan Hung Sang, Francis, Professor Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie as independent non-executive directors.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

* *For identification purpose only*