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 2008

- Revenue grew 5% to HK$1,259 million
- Operating profit dropped by 23% to HK$223 million
- Profit attributable to equity holders of HK$130 million
- Operating margin 14.5% on ex. non-recurring exchange gain basis
- Equity attributable to equity holders increased by 7% to HK$3,614 million

2008 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 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	**2008**	2007
		HK$'000	*HK$'000*
Revenue	*3*	**1,258,991**	1,193,777
Business tax		**(38,415)**	(36,347)
Cost of sales		**(689,691)**	(561,701)
Gross profit		**530,885**	595,729
Other income	*4*	**57,956**	35,615
Administrative expenses		**(363,600)**	(309,808)
Other operating expenses		**(2,675)**	(31,204)
		222,566	290,332
Provision for impairment losses on available-for-sale financial assets	*5*	**(25,253)**	–
Finance costs	*6*	**(26,529)**	(3,329)
Share of results of associates		**1,495**	790
Share of results of jointly controlled entities		**8,755**	–
Profit before income tax	*7*	**181,034**	287,793
Income tax	*8*	**(50,414)**	(47,151)
Profit for the year		**130,620**	240,642
Attributable to:			
Equity holders of the Company		**130,289**	240,394
Minority interests		**331**	248
		130,620	240,642
Dividends	*9*	**55,400**	96,504
Earnings per share	*10*		
– Basic *(HK cents)*		**7.3**	13.5
– Diluted *(HK cents)*		**7.3**	13.4

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Land use rights		**792,437**	768,696
Property, plant and equipment		**1,842,794**	1,802,656
Interests in associates		**28,513**	24,981
Interests in jointly controlled entities		**1,430,037**	704,467
Available-for-sale financial assets		**20,873**	5,744
Deferred income tax assets		**9,410**	8,899
		4,124,064	3,315,443
Current assets			
Inventories		**5,295**	4,852
Trade and other receivables	*11*	**175,476**	145,755
Amounts due from associates		**2,552**	2,590
Amounts due from jointly controlled entities		**6,858**	–
Cash and cash equivalents		**588,866**	438,754
		779,047	591,951
Total assets		**4,903,111**	3,907,394
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**178,710**	178,710
Reserves		**2,679,812**	2,442,864
Retained earnings		**755,896**	768,224
		3,614,418	3,389,798
Minority interests		**4,433**	4,201
Total equity		**3,618,851**	3,393,999

	Note	**2008** *HK$'000*	2007 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**1,140,250**	390,000
Current liabilities			
Trade and other payables	*12*	**127,900**	87,763
Amounts due to related companies		**12,586**	22,536
Current income tax liabilities		**3,524**	13,096
		144,010	123,395
Total liabilities		**1,284,260**	513,395
Total equity and liabilities		**4,903,111**	3,907,394
Net current assets		**635,037**	468,556
Total assets less current liabilities		**4,759,101**	3,783,999

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, 33/F., One Exchange Square, 8 Connaught Place, Central, Hong Kong.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention, except for certain financial assets which are carried at fair value.

The following amendments and interpretations are mandatory for the financial year ended 31 December 2008:

HKAS 39 & HKFRS 7 (Amendments)	*Financial Instruments: Recognition and Measurement & Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC) – Int 11	*HKFRS 2 – Group and Treasury Share Transactions*
HK(IFRIC) – Int 12	*Service Concession Arrangements*
HK(IFRIC) – Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these amendments and interpretations had no significant impact on the results and financial position of the Group.

The following standards, amendments and interpretations to the existing standards have been issued but not yet effective for the financial year ended 31 December 2008 and have not been early adopted by the Group:

HKFRS (Amendments)	*Improvements to HKFRS (effective from 1 January 2009 unless otherwise specified)*
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)*
HKAS 32 & HKAS 1 (Amendments)	*Financial Instruments: Presentation & Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009)*
HKAS 39 (Amendment)	*Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective from 1 July 2009)*
HKFRS 1 & HKAS 27 (Amendments)	*First-time Adoption of HKFRS & Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective from 1 January 2009)*
HKFRS 1 (Revised)	*First-time Adoption of HKFRS (effective from 1 July 2009)*
HKFRS 2 (Amendments)	*Share-based Payment – Vesting Conditions and Cancellations (effective from 1 January 2009)*
HKFRS 3 (Revised)	*Business Combinations (effective from 1 July 2009)*
HKFRS 7 (Amendments)	*Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (effective from 1 January 2009)*

HKFRS 8	*Operating Segments (effective from 1 January 2009)*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes (effective from 1 July 2008)*
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate (effective from 1 January 2009)*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation (effective from 1 October 2008)*
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners (effective from 1 July 2009)*
HK(IFRIC) – Int 18	*Transfer of Assets from Customers (effective from 1 July 2009)*
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	*Reassessment of Embedded Derivatives & Financial Instruments: Recognition and Measurement – Embedded Derivatives (effective for annual periods ending on or after 30 June 2009)*

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 People's Republic of China ("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:

	2008	2007
	HK$'000	*HK$'000*
Container handling	**773,211**	790,960
Bulk cargo handling	**462,570**	386,198
Storage and agency fees	**23,210**	16,619
	1,258,991	1,193,777

4. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Exchange gain	**40,284**	–
Interest income		
– from bank deposits	**13,057**	20,373
– from loan to a jointly controlled entity	**3,572**	–
Gain on disposal of available-for-sale financial assets	**–**	10,429
Gain on disposal of an associate	**–**	139
Others	**1,043**	4,674
	57,956	35,615

5. PROVISION FOR IMPAIRMENT LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

During the year, the Group acquired listed shares at a cost of approximately HK$40 million. Based on the market price as at 31 December 2008, the Group has recorded an impairment loss of approximately HK$25 million to the income statement.

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest expense on bank borrowings wholly repayable within five years	**26,529**	3,329

7. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after (crediting)/charging:

	2008	2007
	HK$'000	*HK$'000*
Employee benefit expense, including directors' emoluments	**470,626**	394,684
Depreciation of property, plant and equipment	**114,837**	102,995
Amortisation of prepaid lease payments	**20,194**	18,468
Operating lease charges	**9,029**	7,931
Loss on disposal of property, plant and equipment	**2,300**	14,680
Auditors' remuneration	**1,400**	1,330
Exchange loss	**–**	16,314
Reversal of provision of impairment on trade receivables	**–**	(5,812)

8. INCOME TAX

	2008	2007
	HK$'000	*HK$'000*
PRC income tax		
– Current tax	**46,911**	50,580
– Underprovision in prior years	**3,503**	–
	50,414	50,580
Deferred tax	**–**	(3,429)
	50,414	47,151

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits for the year (2007: nil).

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

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law which revised the corporate income tax rate to 25% progressively with effect from 1 January 2008.

9. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Paid interim dividend of HK 3.1 cents (2007: HK 2.7 cents) per ordinary share	**55,400**	48,252
Proposed final dividend: nil (2007: HK 2.7 cents) per ordinary share	**–**	48,252
	55,400	96,504

No final dividend was proposed in respect of the year ended 31 December 2008.

10. EARNINGS PER SHARE

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

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company	**130,289**	240,394

	2008	2007
Number of shares (thousands)		
Weighted average number of ordinary shares for calculating basic earnings per share	**1,787,100**	1,786,946
Effect of dilutive potential ordinary shares:		
– Share options	**2,761**	6,708
Weighted average number of ordinary shares for calculating diluted earnings per share	**1,789,861**	1,793,654

11. TRADE AND OTHER RECEIVABLES

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

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**78,694**	113,596
31 – 90 days	**20,106**	11,790
At 31 December	**98,800**	125,386

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$56,791,000 which are all aged less than 3 months.

13. EVENTS AFTER BALANCE SHEET DATE

On 16 March 2009, the Company, its wholly-owned subsidiary Grand Point Investment Limited ("Grand Point") and Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") entered into a sale and purchase agreement, pursuant to which the Company, through its wholly-owned subsidiary Grand Point, conditionally agreed to acquire from Tianjin Port Group its 56.81% interest in the registered share capital of Tianjin Port Holdings Co., Ltd., ("Tianjin Port Co") which is listed on the Shanghai Stock Exchange (stock code: 600717) for a total consideration of HK$10,961 million (the "Proposed Acquisition").

The Proposed Acquisition constitutes a very substantial acquisition and connected transaction for the Company subject to the approval of the independent shareholders of the Company.

REVIEW OF OPERATIONS AND RESULTS

RESULTS

For the year ended 31 December 2008, the Group's audited consolidated revenue amounted to approximately HK$1,259.0 million, representing an increase of 5.5% over the prior year. The profit attributable to the Company's shareholders amounted to approximately HK$130.3 million, representing a decrease of 45.8% over the prior year. Basic earnings per share, on a weighted average basis, were HK7.3 cents compared to HK13.5 cents of last year, amounting to a decrease of 45.9%.

The Group has continued its efforts to normalise its capital structure in order to lower the Group's weighted average cost of capital. As at the year end, the Group has total borrowings of HK$1,140.3 million. As a direct result of Renminbi appreciation against Hong Kong Dollar, the Group recorded an exchange gain of HK$40.3 million. The Group also enjoys lower finance costs by borrowing in Hong Kong Dollar ("HK$") or United States Dollar ("US$") rather than in Renminbi ("RMB").

Consolidated operating margin (measured by operating profits divided by revenue) of the Group for the year (excluding exchange gain) was 14.5%, compared to 25.7% (excluding exchange loss) of last year. Despite the 10% tariff rise in container handling fees which has become effective since 1 January 2008, the drop in operating margin was the result of various factors. Firstly, the growth of the Group's throughput slowed down as a result of the global economy downturn. Secondly, higher proportion of domestic and empty boxes reduced the average container handling fee. Finally, cost increases due to general inflationary pressure and in particular the implementation of New Labour contract Law in China, lowered the overall margins of the Group.

During the year, the Group made a strategic investment in 5% in the equity of Tianjin Binhai Teda Logistics (Group) Corporation Limited ("Teda Logistics") at a total cost of approximately HK$40 million. Teda Logistics, listed on the Growth Enterprise Market of the Stock Exchange (stock code: 08348), is a logistics services provider with good potential in Tianjin, which is consistent with the Group's strategy of exploring the development in logistics business at Tianjin. However, as affected by the financial tsunami in the second half of 2008, there was a substantial drop in the share price of Teda Logistics by the end of the year. Although the Group is confident to the future business of Teda Logistics, the Company is required to record a one-off provision for the reduction in fair value of Teda Logistics in accordance with the Hong Kong accounting standards. Accordingly, the Company made a provision of HK$25.25 million for the impairment. The provision for impairment has no effect on the cash flow of the Company.

Faced with the slowdown of the economy in China triggered by the global financial and economic turmoil, the revenue of the Group did not meet the internal target anticipated by the management. In addition to the increase in operating cost, the overall performance of the Group in 2008 is unsatisfactory. We expect the operating environment in 2009 will continue to give great challenges to the port business. Leveraged on the competitive advantages of the port of Tianjin, the Group will continue to optimise its business model and implement appropriate measures to weather this short term difficult situation.

DIVIDENDS

The board of directors of the Company (the "Board") does not recommend payment of a final dividend for the year ended 31 December 2008. The total dividend for this year is HK3.1 cents per share, which represents a payout ratio of approximately 42%.

REVIEW OF OPERATIONS

The downturn in global economy as triggered by the financial crisis adversely affected China's economic growth and imports/exports trade. In 2008, China recorded a GDP growth of 9.0%, and total foreign trade value of US$2,561.6 billion, a year-on-year growth of 17.8%, with exports and imports continuing to grow at 17.2% and 18.5% respectively. The port of Tianjin, located in the locus of the Bohai Bay Rim, is well-positioned to tap into the economic growth of the country. In the year under review, the total throughput achieved by the port of Tianjin was 355.9 million tonnes, representing a year-on-year growth of 15.0%. This makes the port of Tianjin the largest in the Bohai Bay Rim and the third largest in the country (trailing just behind Shanghai and Ningbo). In terms of container volume, the throughput of port of Tianjin for the year was 8.5 million TEUs, representing a growth rate of 19.7% and making it the sixth largest container port in the country in this regard. The overall results of the port of Tianjin for the year implies that it is fairly resilient to the impact from the global economy, particularly the slowdown of the growth in foreign trade in China, as compared with other ports in China. It also demonstrates that the port of Tianjin will be recovered at a much faster pace from the global economy crisis than any other major ports in China.

During the year under review, the Group's existing terminals (excluding Alliance) achieved a container throughput of 2.77 million TEUs and 13.1 million tonnes of bulk cargo, both were on par with last year.

A summary of the throughput of our existing terminals (excluding Alliance) by segment is as follows:

	2008	2007	2006	2005	2004
Throughput					
Container *(million TEUs)*	**2.77**	2.76	2.49	2.05	1.81
Bulk cargo *(million tonnes)*	**13.1**	13.0	16.6	18.3	18.7

Container Handling Business

During the year under review, the Group's wholly-owned berths, run by Tianjin Port Container Terminal Co., Ltd. ("TCT") and Tianjin Harbour Second Stevedoring Co., Ltd. ("Second Company"), recorded only a minimal growth in throughput volume at 2.77 million TEUs. The reason was due to the growth of the Group's throughput slowed down as a result of the global economy downturn.

The blended average unit price decreased 2.6% to HK$279.0 per TEU as compared to that of last year. Despite a tariff increase in container handling fee and the RMB appreciation during the year, the average unit price dropped as a result of a higher proportion of domestic and empty boxes due to the slowing imports/exports trade in China.

For Tianjin Port Alliance International Container Terminal Co. Ltd. ("Alliance"), a joint venture in which the Group holds a 40% equity interest, it has 4 berths with a total quay length of 1,100 meters and a designed capacity of 1.7 million TEUs. The acquisition of Alliance was completed in January 2008. In terms of accounting treatment, the results of Alliance were reported as jointly controlled entity in the Group's consolidated financial statements. Alliance is a key contributor to the Group's container throughput. In the year of 2008, Alliance achieved about 1.62 million TEUs in volume and net profit of HK$34.9 million, of which the Group has a 40% stake.

The Group's throughput, taking into account 100% of Alliance's volume, in the port of Tianjin during the year under review grew by 59% to 4.39 million TEUs. The market share was 51.7%, representing a tremendous growth of 12.8 percentage points compared to 2007.

On the horizon is Tianjin Port Euroasia International Container Terminal Co., Ltd. (Euroasia), a joint venture in which the Group holds a 40% equity interest. Its operating capacity will include 3 berths with a total quay length of 1,100 meters and a designed capacity of 1.8 million TEUs. The facilities of Euroasia is still under construction and is expected to commence operations by the end of 2009 or early 2010.

By 2010, the Group is expected to have a total capacity of over 6 million TEUs and maintain over 50% in the market share in the port of Tianjin.

Bulk Cargo Handling Business

During the year, the Group achieved a throughput volume of 13.1 million tonnes, which is on par with last year. However, the revenue for the year increased to HK$462.6 million, 19.8% above that of last year. The key driver was the encouraging volume growth in imported soya beans. In addition to the appreciation in RMB, the average unit price per tonne rise to HK$35.3, which is HK$5.6 or 18.9% higher than last year's average.

Steel handling remained the Group's flagship product in bulk cargo handling. However, the abolishment of the export rebate for certain steel products has negatively impacted the growth of our steel handling business. In the year under review, the Group recorded a drop in volume of 16.3% compared to last year. Benefitting from the increase in the average unit price, the revenue generated by steel handling was HK$234.4 million, representing a slight increase of 2.2% compared to prior year.

Aside from steel, grain is our other principal product in the bulk cargo handling business. In 2008 grain handling achieved strong growth of 88.6% in throughput volume over last year. The increase was triggered by strong domestic demand for importing soya bean due to lowering of import duties by the government since January 2008.

Logistics Business

Tianjin Port Haifeng Bonded Logistics Co., Ltd. ("HaiFeng"), a 51% owned joint venture with the Mapletree Group ("Mapletree"), was established in August 2007 to develop a logistics warehouse in the Dongjiang Bonded Free Port. HaiFeng is the first company engaged in logistics warehousing project in Dongjiang Bonded Free Port. According to the latest blueprint, HaiFeng will have a land area of approximately 715,000 square meters, yielding a total Gross Floor Area ("GFA") of approximately 484,000 square meters or 37 blocks of warehouse space. The logistics park will be developed in several phases. Phase 1, with total investment of RMB750 million, of which RMB300 million was contributed by each of the joint venture partners as capital, entails the building of 10 warehouse blocks; including 4 single-storey warehouse blocks and 6 double-storey warehouse blocks with a combined GFA of about 191,000 square meters of warehouse space.

The construction of the 4 single-storey warehouses with GFA of about 46,000 square meters has been completed and operations commenced in April 2008. The rest of phase 1 is expected to commence operation by mid of 2009. For the year ended 31 December 2008, HaiFeng recorded revenue of HK$3.9 million and a net loss of HK$10.2 million, including one-off pre-operating expenses, which was equity accounted for as jointly controlled entity in the Group's consolidated financial statements.

We do not expect HaiFeng to have a significant impact on or contribution to the Group's results in the near term. However, given our market share of the logistics warehousing business in the Dongjiang Bonded Free Port, we expect HaiFeng to be a potential contributor to the Group in the expected future. The timing of Phases 2 to 4 of the project will be in line with the actual demand and development of the Dongjiang Bonded Free Port.

PROSPECTS

Acquisition of Tianjin Port Co

On 16 March 2009, the Company entered into a sale and purchase agreement with Tianjin Port Group, pursuant to which the Company conditionally agreed to acquire a 56.81% stake in Tianjin Port Co, a company listed on the Shanghai Stock Exchange, from Tianjin Port Group at a consideration of HK$10.96 billion.

Tianjin Port Co and the Group are the two main port terminal operators at the port of Tianjin with different business focuses. The Group focuses on container business whereas Tianjin Port Co focuses on bulk cargo business. After the acquisition, the enlarged portfolio of the Group will consist principally all the commercially operating assets within the port of Tianjin. This long term strategic integration will result to a significant increase in scale of operations, improvement in resource integration and allocation, and more centralised management and better coordination of project planning and construction, which would help to create meaningful synergies and strengthen the overall competitiveness of the Group. In addition, the acquisition will significantly increase the container business which is complemented by the significantly increased exposure to bulk cargo, resulting in a more diversified business structure for the Group.

The acquisition is an important landmark for the Group to participate in the emergence of the port of Tianjin to a world-class diversified port. We are confident that the acquisition will greatly enhance the competitiveness of the Company in the Bohai Bay Rim and in China, and thus enhance the overall return to the Company and the shareholders as a whole in the long run.

Tianjin Binhai New District

In 2006, under the Eleventh Five-Year Plan of the Chinese central government, Tianjin Binhai New District has been included as part of the State's developmental strategy and is designated to become the third major driver of China's economic growth alongside Shenzhen special zone and Pudong new district in Shanghai. According to the Plan, Tianjin is to be developed into an international shipping hub and logistics center for northern China.

The Plan will invest a total of RMB36.6 billion over the next few years to enhance the infrastructure of the port. It is anticipated that the container throughput 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 GDP and trade value growth in Tianjin and the neighboring region and subsequently spur further throughput growth in the port of Tianjin.

We are confident that our business strategies at the Binhai New District region will benefit, directly and indirectly, via the government's incentive policies to boost the economic growth within the Binhai New District. As one of the major operators at the port of Tianjin, the Group will endeavour to take advantage of any opportunities arising from the growth of the Binhai New District to continuously enhance value to our shareholders.

Dongjiang Bonded Free Port

The establishment of the Dongjiang Port, located at the northeastern part of the port of Tianjin, was officially approved by the central government on 31 August 2006. The Dongjiang Port is planned to have 3 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. The Dongjiang Bonded Free Port has an estimated area of about 10 square kilometers, was approved by the central government to establish as a bonded free port in the Dongjiang Port. Currently, it is the largest bonded free port in the country.

On 11 December 2007, the Dongjiang Bonded Free 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 this 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 will benefit directly and 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. The joint venture partners include internationally renowned companies such as APMT, COSCO, OOCL, PSA and Mapletree. Management believes that, in the long run 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 recorded a Consumer Price Index growth of 5.9% in 2008. Moreover, additional costs arising from the implementation of the New Labour Contract Law in China imposed cost pressure to every company operating in China. The management is committed to monitor head count and control employee costs as well as other costs at an optimal level. As at the year end, the Group's headcount, excluding associates and jointly controlled entities, has been effectively lowered by 8% to 2,883 as compared to previous year.

We will continue our policy to re-engineer our human resources policies by increasing the portion of outsourced labour. The Group had acquired an equity stake in two labour service providers, one specialising in bulk cargo handling and the other in container handling. This move enables the Group to secure a stable source of outsourced labour with high service quality and reliability while at the same time reducing the costs of hiring these workers directly.

FINANCIAL REVIEW

Cash Flow

The net cash inflow from operations during the year amounted to HK$259.1 million, 21.1% lower than last year. The decrease was due to the increase of operation cost and income tax paid for the year.

The net cash spending in investing activities amounted to HK$752.9 million. Out of which approximately HK$570.2 million was paid for the acquisition of 40% stake in Alliance, HK$40.0 million for the strategic investment in Teda Logistics, HK$80.3 million for loan to a jointly controlled entity. The remainder was mainly used for general replacement and upgrading of facilities and equipment.

To facilitate the Group's expansion plans, the Group has arranged HK$1.2 billion banking facilities with several banks in Hong Kong. As at the end of year 2008, HK$1,140.3 million was utilised, and up to the date of this report, the facilities has been fully drawn.

During the year under review, the net cash inflow of the Group was HK$125.9 million (2007: net cash outflow HK$532.1 million).

Liquidity and Financial Resources

As at year end, the Group's cash on hand was HK$588.9 million, compared to HK$438.8 million at the end of last year. The Group's total borrowings at the year end increased to HK$1,140.3 million (up from HK$390.0 million at the end of last year), which represents a gearing ratio (total borrowings divided by total equity) of 31.5% (2007: 11.5%). All borrowings are denominated in HK$/US$ with a floating interest rate and repayable within 5 years. In addition, the current ratio (ratio of current assets to current liabilities) was 5.4 compared to 4.8 at the end of last year. At the year end date, all assets of the Group are free of any charge.

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 debt to equity if and when demand for additional funds arises. 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 our head office in Hong Kong. One of the major objectives of the Group's treasury is to manage its exposure to fluctuations in foreign currency exchange rates and interest 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 bank borrowings of HK$1,140.3 million. Owing to appreciation of RMB, the Group recorded HK$40.3 million exchange gain during the year (2007: HK$16.3 million exchange loss). As at the year end date, the Group assessed its foreign exchange rate and interest rate risk exposure and has not entered into any 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$3,614.4 million. This represents an increase of HK$224.6 million, 6.6% higher compared to the end of last year. During the year, a final dividend for the year 2007 of HK$48.3 million and interim dividend for the year 2008 of HK$55.4 million were paid to shareholders of the Company.

The market capitalisation of the Company as at 31 December 2008 (the last trading day of the year) was HK$3,270.4 million (issued share capital: 1,787,100,000 shares at closing market price: HK$1.83 per share).

SIGNIFICANT INVESTMENTS

The Group has completed the acquisition of Alliance in January 2008. A consideration of RMB524.3 million was paid as agreed in the equity interest transfer agreement signed on 26 July 2007. There was no other significant investment in the year.

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 2008.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2008 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 this preliminary announcement.

EMPLOYEES

As at 31 December 2008, the Group, excluding its associates and jointly controlled entities, had a staff size of approximately 2,883 (31 December 2007: 3,131). 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 SECURTIES

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 practicing sound corporate governance can enhance transparency of the Company's business, ensuring the Company is accountable to meet the expectations of the shareholders and other stakeholders, and lead the Company to ultimate success.

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 2008.

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 2008.

AUDIT COMMITTEE

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

The annual results for the year ended 31 December 2008 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 at www.hkexnews.hk.

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

Hong Kong, 23 April 2009

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. Liu Qingshan 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.