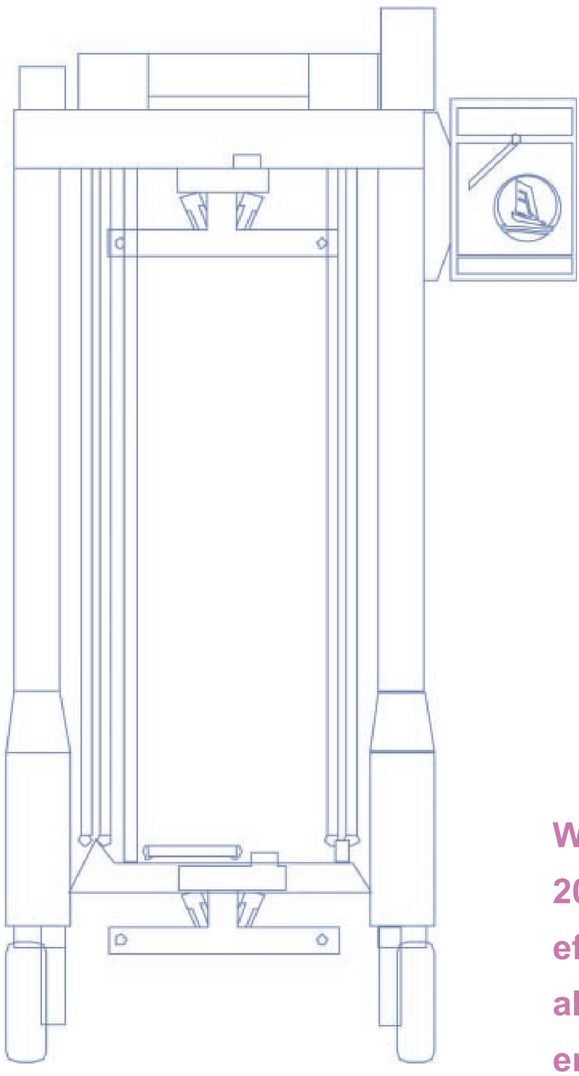
Expansion...



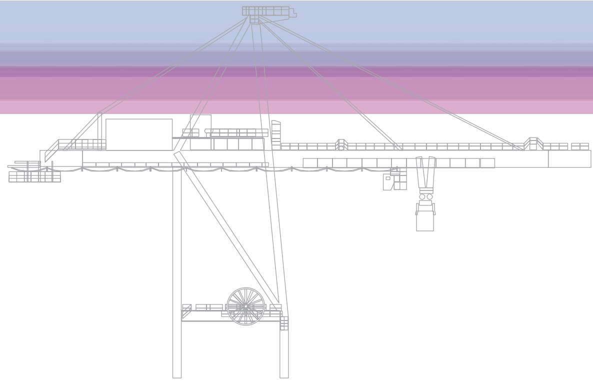
We delivered encouraging performance in 2006, resulted from the synergy of our efforts in improving our internal operations alongside with favourable external market environment

The Group's audited consolidated turnover and profit attributable to the Company's shareholders for the year ended 31 December 2006 amounted to approximately HK$1,036.5 million and HK$304.0 million respectively, representing an increase of 15.4% and 106.4% over that of last year.

106.4%

growth

in profit attributable to the Company's Shareholders



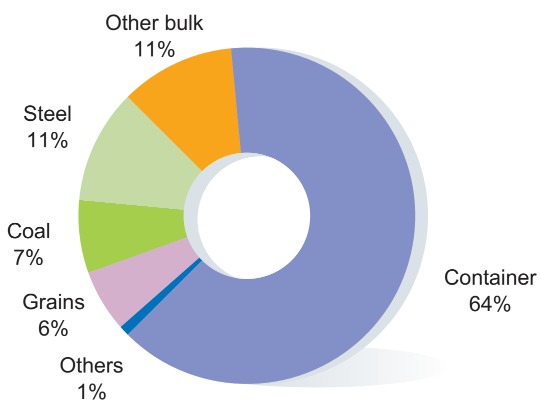
RESULTS

The Group's audited consolidated turnover and profit attributable to the Company's shareholders for the year ended 31 December 2006 amounted to approximately HK$1,036.5 million and HK$304.0 million respectively, representing an increase of 15.4% and 106.4% over that of last year. Basic earnings per share of the Group, on a weighted average basis, were HK 20 cents compared to HK 13 cents in 2005, amounting to a sharp increase of 54%. Excluding the one-off interest income from the subscription proceeds during our Initial Public Offer on 24 May 2006 ("IPO"), the Group's consolidated profit attributable to the Company's shareholders for the year 2006 was HK$206.7 million, exceeding that of the prior year by 40.4%.

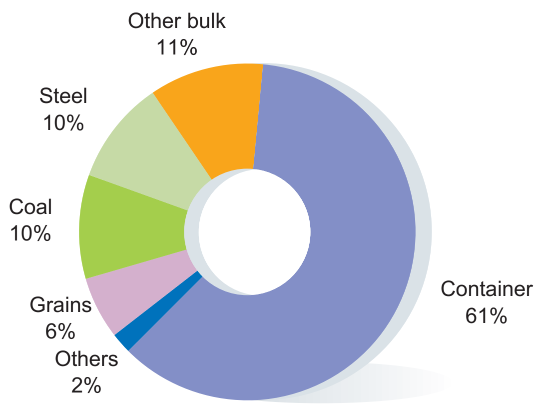
The Company, in its IPO prospectus dated 12 May 2006 ("Prospectus"), estimated profits for the year 2006 to be HK$189 million. The Group's consolidated results in the year 2006 have exceeded this estimation by approximately HK$115.0 million or 61%. This was largely attributed to the one-off interest income from the IPO, and more importantly, the Group's outstanding operational performance.

The Group's encouraging performance was the result of enhanced handling efficiency, improved product mix and effective cost controls. The synergy of these internal improvements alongside the favourable external market environment of robust GDP growth and expanding trade volumes in China, especially in the Bohai region, have greatly benefited the Company.

Revenue for 2006



Revenue for 2005



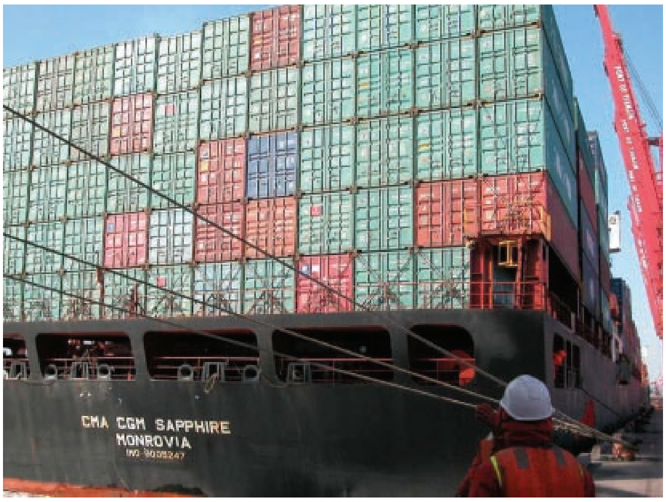
DIVIDENDS

Consistent with the dividend policy stated in the Prospectus, the Board has resolved not to declare an interim dividend for the six months ended 30 June 2006 (six month ended 30 June 2005: nil), but, a final dividend of HK 2.3 cents was recommended by the Board, which on a proforma full year basis represents a payout ratio of 41% of the Groups consolidated profit of the year.

Dividends declared by subsidiaries prior to the Reorganisation were approximately HK$50 million for the year ended 31 December 2005. The aforesaid dividend for the year ended 31 December 2005 was subsequently adjusted to RMB25 million (equivalent to approximately HK$24 million) on 3 March 2006. Such dividends are attributable to the then shareholders of the subsidiaries prior to the Reorganisation.

CLOSURE OF REGISTER

The final dividend will be payable on or about 18 June 2007 to shareholders whose names appear on the register of members of the Company on 21 May 2007. The register of members will be closed from 22 to 25 May 2007, 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 the share registers of the Company, 26/F Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong, and not later then 4:30 p.m. on 21 May 2007.



INITIAL PUBLIC OFFER

On 24 May 2006, the Company was successfully listed on the Hong Kong Stock Exchange. The IPO was very well received by both international placement and the Hong Kong public offer.

The Hong Kong public offer resulted in an over-subscription of 1,703 times, breaking the Hong Kong Stock Exchange record for the number of times over-subscription. The amount locked up by the over-subscription was over HK$187 billion. In aggregate, the Company captured about HK$1.26 billion in terms of cash from the capital market.

As stated in the Prospectus, the proceeds from the IPO are designated to the investment in Tianjin Port Euroasia International Container Terminal Co., Ltd. and for the acquisition of land and berths in existing terminals (please refer to the "Significant Investments" section). As the capital requirement of Euroasia International was reduced by HK$88 million, the Company re-designated the same amount to pay for the land and berths in July 2006. The proceeds used as at the year end date was HK$646.3 million, the entire amount was used to pay for the existing land and berths.

REVIEW OF OPERATIONS

China continues its rapid economic development in 2006, achieving a GDP growth of 10.7%, which is among the highest in the world. China's total foreign trade value in 2006 was USD 1,761 billion, an increased of 24% over the previous year. Tianjin port, located in the locus of the Bohai Rim, is well-positioned to tap with the economic growth of the country. Moreover, given the Eleventh Five Year Plan announced in early 2006, the port of Tianjin has unparalleled potential to develop into one of the major international shipping hubs and logistic centres of China, on par with the outstanding port facilities in Shenzhen and Shanghai Pudong, Tianjin port's positive outlook is further strengthened by the central government's recent endorsement (August, 2006) of the Dongjiang Tax Concession Area ("Dongjiang") to create a free trade zone inside the port of Tianjin.

In this year, the total throughput achieved by Tianjin port was 258 million tonnes, representing a year-on-year growth of 8%, and ranked the largest port in the Bohai Rim and the forth largest port in the country, just after Shanghai, Shenzhen and Guangzhou. In terms of container handling, the total throughput in the year was 5.95 million TEUs, increased by 24% compared to 2005 and remained the fastest growing port in the Bohai Rim, and ranked the sixth largest container port in China.

Under this dynamic backdrop, the Company finished the year with satisfactory results. This was especially evident in regards to the Company's container handling business whose growth rate exceeded most other operators within the Tianjin port, albeit the Company's lack of new capacity in 2006.

The Group achieved consolidated gross profit margin of 50.2% compared to 47.0% of the prior year. The main reason contributing the improvement was the change in product mix in which the proportion of the high margin products rose. During the year, the percentage of container handling revenue to total revenue has reached 64.0%, while the prior year was only 60.6%. In addition, the proportion of steel revenue to total non-containerised handling revenue of the year has increased to 32.5% (2005 : 27.8%).

During the year, the Group's operating margin (excluding one-off interest income in the IPO) was 24.2% and that of the prior year was 19.4%, representing a substantial improvement. Besides, the effect on change of product mix, the improvement in overall profitability of the Group was also resulted from better economies of scale, improvement in operational efficiency and effective cost control measures. The management of the Group is dedicated to continually improving the operating margin of the Group. A summary of the throughput by segments is as follow:

	2002	2003	2004	2005	**2006**
Throughput					
Container (thousand TEUs)	1,139	1,491	1,808	2,050	**2,490**
Non-container (million tonnes)	10.0	15.2	18.7	18.3	**16.6**

Container Handling Business

The Group currently operates five wholly-owned container handling berths with a total quay length of 1,590 meters and a designed annual container throughput capacity of roughly 1.92 million TEUs. With advanced equipment such as the Super-Panama class portainers, we are capable of handling the largest container vessels with capacities of up to 10,000 TEUs. During the year under review, the Group also purchased four transtainers and two new Super-Panama portainers, and made fully operational a previously acquired 90,000 square metres container stacking facility. Taken together, these expansions have played instrumental roles in enhancing the overall container handling efficiency of the Group. We estimate, our portainers are currently capable of handling an average of 36 containers per hour, compared to 34.4 containers per hour in 2004. This competitive rate ranks us among the most efficient port operators in the country.

REVIEW OF OPERATIONS *(Continued)*

Container Handling Business *(Continued)*

In line with the compelling throughput growth at the port of Tianjin in 2006, our container-handling business continued to maintain double-digit percentage organic growth at 21.5% in terms of throughput volume, achieving a total throughput volume of 2.49 million TEUs. The increased throughput resulted in a 21.9% increase in turnover to HK$663.5 million and a 37.3% increase in gross profit in the container handling business. Our market share in Tianjin port for the year was 42%. We are confident that our market share will increase by further streamlining the efficiency at existing terminals and with continued investments into new terminals in the long term.

Non-containerised Cargo Handling Business

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

Owing to environmental reasons, we completely divested from our coal handling business since January 2007. The significant drop in throughput in the year under review 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 effective in improving the overall profitability of our non-containerised cargo handling business.

During the year, the Group achieved a throughput volume of 16.6 million tonnes, representing a 9.4% decrease compared to last year. However, the turnover for the year under review reached HK$360 million, 6.2% above that of last year. The average unit price per tonne was HK$21.7 compared to HK$18.5 in the previous year, increasing the average unit price by HK$3.2 or 17.3%. This increase was due to the drop in percentage weighting of our coal business, which garnered the lowest per unit tonne handling charge. On average, the unit price of grains and steel is approximately 3 times and 2 times of that of coal, respectively.

One of the Company's long term goals is to develop steel into a flagship product. To this end, we established the Steel Distribution Centre in August 2006, of which we hold a 39% share. The centre is the first and only steel logistic company within the Tianjin port. Since the logistic centre began operating during the forth quarter in 2006, steel handling volume bloomed to 4.8 million tonnes, increasing 12.7% compare to that of last year. We expect the impact will be more obvious in 2007.

Beside steel, grain is our other principal product within the bulk cargo business. During the year, we handled 2.1 million tonnes of grain, representing an annual growth rate of 7.0%. The relatively low growth rate was mainly due to good harvest year for soya bean in 2006, displacing grain import volume. Since we have the exclusive grain cargo handling facilities in the Tianjin port, we will continue to attract new grain imports through a variety of marketing mechanisms.

PROSPECTS

The Eleventh Five Year Plan

The vibrant growth of the Chinese economy in the past two decades has significantly boosted the development of major ports in the country. The favourable market conditions have largely driven the success of major ports around the Pearl River Delta, Yangtze River Delta and Bohai Bay Areas. In March 2006, the PRC government announced its Eleventh Five Year Plan (the "Plan"), under which the Binhai New District was being included in the State's development strategies and was designated as the third pole of the PRC's economic growth alongside Shenzhen and Shanghai, and the port of Tianjin to be developed into an international shipping hub and a logistics center for the northern China.

The Plan indicates that over the next five years, a total investment of RMB 36.6 billion will be spent on enhancing the infrastructure of the port. It is anticipated that by 2010, the port of Tianjin will have a navigation channel for 250,000 tonnes vessels. The container and non-containerised throughput are targeted to reach 10 million TEUs and 300 million tonnes respectively. At the same time, the Plan will also accelerate 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 values growth in the region and subsequently spur further throughput growth in the port area.

Dongjiang Port

The Dongjiang Tax Concession Area, situated inside the port of Tianjin, was officially approved by the central government on 31 August 2006. Once completed, the Dongjiang Port, with an estimated area of 33 square km in the northeastern part of the port of Tianjin, will be the largest and freest tax concession area in China. The Dongjiang Port is planned to have three major zones; namely (1) terminal operation, (2) logistics processing and (3) integrated ancillary service. The Dongjiang is also expected to provide at least five major types of services, covering (1) container handling, (2) logistics, (3) business support service, (4) accommodation and (5) leisure and travel. According to the master development plan of the Donjiang Area, an estimated area of about 10 square km in the central part of the peninsula will be designated to provide port logistic service.

The Company is the longest established operator in the port of Tianjin and possesses significant market share, especially in the container handling business. We will leverage our experience and seniority to negotiate for the best outcome in the development planning stages of the Dongjiang Port. Beside our traditional cargo handing business, we are actively exploring the possibility of entering the port logistic business. Our long term strategic goal is to integrate container handling and port logistics as drivers of future growth.

Investment in Dongjiang Logistic Project

The Board of the Company has agreed to invest in Dongjiang Port logistic project with a total area of approximately 710,000 square metres. The Company is now negotiating with a renowned international logistics operator to form a joint venture company (the "Proposed Joint Venture") in a final stage, but no binding agreement has been signed in this connection. Therefore, the first phase of the project may be commenced by the Company itself and the total investment is about RMB700 million.

As the Proposed Joint Venture may or may not materialize, shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.

PROSPECTS *(Continued)*

Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Euroasia International") ("Beigangchi Phase B Project")

With increasingly attractive margins and investment return in the container handling business and the rising rate of containerisation in China and abroad, the Group plans to focus future investment in container terminal. In order to tap into the growth potential of the Tianjin port, the Company entered into an agreement with COSCO Ports and APMT (please refer to "Significant Investments" section for details) in July 2006 to build a new container terminal in the Beigangchi area. Euroasia International terminal is planned to have three berths and a total quay length of 1,100 metres and a design capacity of 1.8 million TEUs. The target completion date is late 2008 or early 2009. The progress of the project is satisfactory and in line with the original plan and timetable.

Enhancement of Existing Terminals

Besides building a new terminal, the Group is committed to continually improving the operating efficiency of existing terminals. We acquired two new Super-Panama portainers in May 2006, which are fully operational in December 2006. We anticipate organic throughput growth of the container handling business (excluding the Euroasia International) to maintain at least double-digit growth until 2009.

On the non-containerised cargo business side, we are dedicated to continually improving our product structure to achieve higher per tonne unit price and larger profit margins. The steel distribution centre became operational in late 2006, and will steadily increase our market share of the steel business in the port as a whole. Given our competitive edge on import grains, we will continue our marketing and sales activities to boost throughput volume.

Signing of memorandum of understanding on the acquisition of 40% interest in Tianjin Port Alliance International Container Terminal Co., Ltd. ("Beigangchi Phase A Project")

The Company has entered into a non-binding memorandum of understanding with Tianjin Port Group to acquire 40% interest (the "Proposed Acquisition") in Tianjin Port Alliance International Container Terminal Co., Ltd. ("Beigangchi Phase A"), whose principal business is the operation of container terminal in Tianjin Port. The terminal consists of four berths with quay length of 1,100 metres and design capacity of 1.7 million TEUs, which has just started operation in April 2007. Provided that the acquisition of Beigangchi Phase A is successful and Euroasia International ("Beigangchi Phase B") becomes fully operational, it is expected that the Group's total capacity will reach 6 million TEUs by 2010.

Detailed terms of the Proposed Acquisition are still subject to negotiation and finalization and as at the date of this report, no binding agreements in relation to the Proposed Acquisition have been entered into. Since Tianjin Port Group is a deemed connected person of the Company, the Proposed Acquisition will, if materialized, constitute a connected transaction for the Company under the Listing Rules. Further announcement will be made by the Company as and when appropriate.

As the Proposed Acquisition may or may not materialize, shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.

PROSPECTS *(Continued)*

Cost Control

We are committed to maintaining costs and expenses, particularly salaries and wages, at a reasonable level. We will proceed cautiously in head count changes and no increase in head count is expected in the near future aside those required for new project. We are actively exploring the possibility of transferring experienced staff members to new project, or other new investments in the future. This will benefit the Group in two-fold by reducing the number of new recruits and expediting the ramp up process of the new terminal. Moreover, we are re-engineering our human resource policies by increasing the portion of outsourced labor to replace retired staff.

FINANCIAL REVIEW

Cash Flow

The net cash inflow from operations during the year amounted to HK$290.7 million which was 27.9 % higher than the last year. The significant increase was brought about by the improved revenue and operating margins.

The proceeds from the IPO, netting underwriting commission and professional fees, were approximately HK$1.16 billion. The Company also received a special interest income from the funds lock-up in the public offer amounting to nearly HK$97.3 million. The net cash inflow to the Group in the IPO amounted to approximately HK$1.26 billion.

Non-operation spending amounted to HK$808.3 million, largely attributed to capital expenditure. This was mainly used for payments for the acquisition costs of land and berths of approximately HK$664.2 million. The remaining amount was mostly used for the purchase of equipment to enhance efficiency.

During the year, the net cash inflow of the Group was HK$643.8 million (2005: HK$96.3 million).

Liquidity and Financial Resources

As at year end, the Group's cash on hand was HK$926.4 million, representing a significant increase of HK$669.8 million compared to the beginning of the year. The Group's total borrowings, all from banks, at the year end was HK$119.5 million, which represents a gearing ratio (interest-bearing debts divided by net assets) of 4.0%. All borrowings are denominated in RMB with a fixed interest rate and repayable within one year. In addition, the current ratio (ratio of current assets to current liabilities) was 1.92 compared to 1.07 at the end of last year. The significant improvement was mainly due to the IPO proceeds. At year end date, all assets of the Group are free of any charge.

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.

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 end of the year, most of the Group's assets and liabilities were denominated in RMB, except for the HK dollar cash deposits of about HK$611.7 million. To mitigate the exchange rate risk of potential RMB appreciation, the Group remitted HK$ 646.3 million to repay the installments of the land and berths earlier in July 2006. This arrangement significantly reduced the potential exchange loss resulting from the appreciation of RMB. The remaining HK dollar deposit at the year end date is mainly designated for the capital requirements of the Euroasia International project. As at the year end date, the Group assessed its foreign exchange rate risk exposure and has not entered into any forex hedging arrangements. During the year under review, RMB appreciation has led to a net exchange loss of HK$6.5 million.

FINANCIAL REVIEW *(Continued)*

Capital Structure

At the end of the year under review, the shareholders' fund of the Group was HK$2,998.2 million, representing an increase of HK$1,571.9 million or 110.2% compared at the end of last year. During the year, a special dividend of HK$24 million was paid to Tianjin Development Holdings Limited before the IPO.

The market capitalisation of the Company as at 29 December 2006, the last trading day in 2006, was HK$4,395 million (issued share capital: 1,786,700,000 shares at closing market price: HK$2.46 per share).

SIGNIFICANT INVESTMENTS

During the year, the Group has the following significant investments:

1. Land and Berths

On 8 May 2006, the Group entered into agreements with Tianjin Port (Group) Co., Ltd and the Tianjin Land Bureau to acquire the land, berths and railways of our existing two terminals. The total consideration was approximately RMB894 million (HK$860 million) and payable in three installments by 31 May 2007. The first installment was settled in May 2006 and the second installment was settled in July 2006. The third installment is expected to be settled on or before 31 May 2007. The payments made were funded using IPO proceeds.

2. Acquisition of Super-Panama Portainers

On 10 May 2006, the Group entered into an agreement with 上海振華港口機械(集團)股份有限公司 to purchase two Super-Panama portainers. The total consideration was approximately RMB88 million. The acquisition will optimise the operational efficiency when handling large containerships. The new Super-Panama portainers have become fully operational in December 2006.

3. Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Euroasia International")

On 26 July 2006, Tianjin Port Development International Limited (a wholly owned subsidiary of the Company) entered into a joint venture agreement with APMT (a wholly owned subsidiary of A.P. Møller-Mærsk A/S) and COSCO Ports (a wholly owned subsidiary of the COSCO Pacific Limited) to establish Tianjin Port Euroasia International Container Terminal Co., Ltd in Tianjin, the PRC, to develop a new container terminal in the Beigangchi area at the port of Tianjin.

We will take a 40% of equity interest in the Euroasia International project, with APMT and COSCO each taking a 30% equity stake. The new terminal is proposed to have a total quay length of approximately 1,100 meters with three container handling berths and a container stacking yard in excess of 700,000 square meters with a design capacity of 1.8 million TEUs. The total investment in this new facility will be RMB 3.6 billion, of which RMB 1.26 billion will be in the form of registered capital. The balance of the total investment is expected to be financed by the joint venture through commercial bank loans. We will contribute RMB 504 million (equivalent to HK$489 million) to the registered capital of Euroasia International for the 40% equity stake using funds. The project is expected to be completed in late 2008 or early 2009.

4. Steel Distribution Centre

To facilitate and improve the product mix in the non-containerised cargo business, the Group entered into an agreement with various parties in June 2006 to invest in a steel distribution centre. This expansion is expected to establish the Group as one of the premiere steel-handling operators at the port of Tianjin. The total investment in the steel distribution centre was RMB6.63 million of which the Group owns a 39% equity stake. The steel distribution centre commenced operation in 2006.

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 2006.

CHANGE OF CHAIRMAN AND APPOINTMENT OF VICE-CHAIRMAN

The Board is pleased to announce that (i) Mr. Wang Guanghao has relinquished his role as Chairman of the Board and was appointed as the Vice-Chairman of the Board; and (ii) Mr. Yu Rumin was appointed as the Chairman of the Board, both with effect from 7 May 2007.

The Board would like to take this opportunity to thank Mr. Wang for his valuable contributions as the Chairman of the Board during the past year and welcome him to the new position and also welcome Mr. Yu to the new position as Chairman of the Board.

EMPLOYEES

As at 31 December 2006, the Group, excluding its associated companies, had a staff size of approximately 3,195 (May 2006: 3,269). Remuneration packages are assessed in accordance to the nature of job duties, individual performance and market trends with incentives paid in the form of cash bonuses. In addition, the Group has adopted a share option scheme as part of the management's remuneration package after the IPO.

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to a team of dedicated staff for their unfailing service and to our shareholders for their continuous support to the Company.

By order of the Board
ZHANG Jinming
Managing Director

Hong Kong, 18 April 2007