OPPORTUNITY

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

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

Interim Report 2007 中期報告

stock code 股份代號 : 3382

Contents

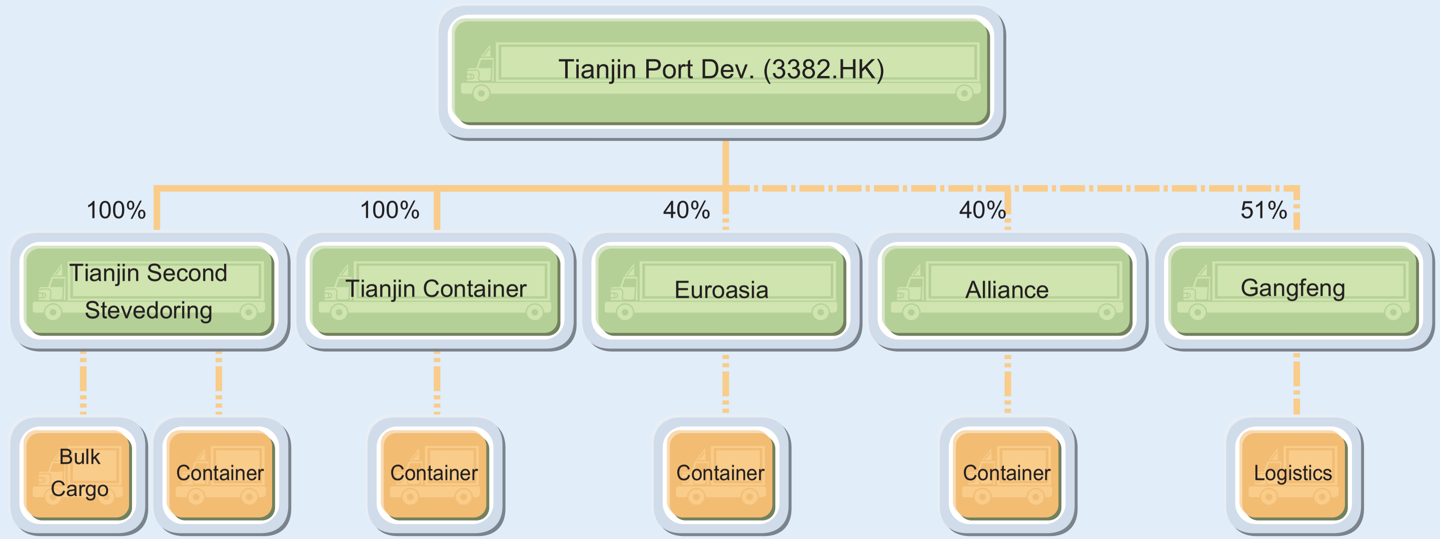
Corporate Profile

Tianjin Port Development Holdings Limited (the "Company") was listed on the Hong Kong Stock Exchange on 24 May 2006 (stock code: 3382) and is currently one of the dominant terminal operators in Tianjin, the PRC. During 2006, the port of Tianjin itself ranked fourth largest in China and sixth largest in the world in terms of total throughput. In terms of total container throughput, the port of Tianjin was the sixth largest in China and among the world's top twenty largest ports in 2006.

The Company together with its subsidiaries (the "Group") first began its non-containerised stevedoring business in 1968 and container handling business in 1980 at the port of Tianjin. We provide our customers with high quality and efficient port services including: the loading and unloading of containerised and non-containerised cargo from shipping vessels, the stacking and warehousing of containers and cargo, as well as various ancillary services. The Group currently operates two wholly-owned terminals, including five containerised and seven non-containerised cargo berths, with a combined quay length of 3,049 metres and an actual annual containerised and non-containerised throughput volume of 2.49 million TEUs and 16.6 million tonnes respectively in 2006. The Group's principle business focuses on container handling at the port of Tianjin. With the acquisition of a 40% interest in Alliance International and commencement of operations at the 40% owned Euroasia International, the Group's total container handling capacity is expected to be well over 6 million TEUs by 2010.

The port of Tianjin is strategically located at the locus of the Bohai Bay Rim and the logistics hub of Tianjin Binhai New District. Since Binhai New District's inclusion in the State's Eleventh Five Year Plan and approval of the Dongjiang Tax Concession Area Development Plan in 2006, the area is designated to become the third pole of Chinese economic growth alongside Shenzhen and Shanghai. The area and neighboring regions benefiting from the plans will see rapid and accelerated growth. Leveraging the management's broad experience and a team of highly skilled and dedicated staff, the Group will continue to effectively capture the rapidly increasing trade activities stimulated by the accelerated development of China's northern and northwestern hinterlands.

Corporate Structure



Number of berths	7	1	4	3	4	N/A
Designed capacity	18m tonnes	0.3m TEUs	1.6m TEUs	1.8m TEUs	1.7m TEUs	GFA 557,000m^2 (Phase 1 191,000m^2)
Actual throughput (Y2006)	16m tonnes	0.4m TEUs	2.1m TEUs	N/A	N/A	N/A

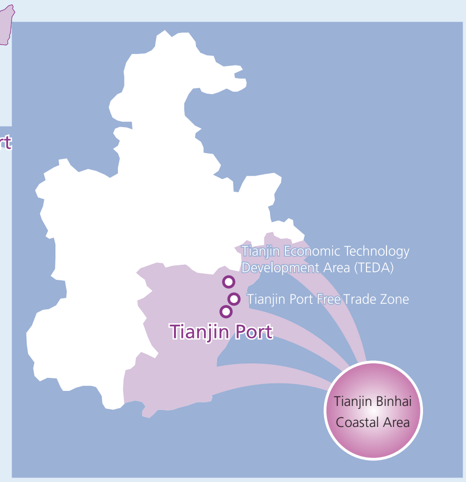
Financial Highlights

HK$ million	1H07	1H06	For the year ended 31 December 2006	2005	2004	2003
Throughput						
Container *(million TEUs)*	**1,353**	1,173	2.49	2.05	1.81	1.49
Non-container *(million tonnes)*	**6.5**	8.1	16.6	18.3	18.7	15.2
Revenue	**573**	487	1,036	898	800	724
Operating profit *(Note 1)*	**144**	129	250	174	100	88
Profit attributable to equity holders of the Company *(Note 1)*	**118**	106	206	147	77	70
Net cash inflow from operations	**157**	139	291	227	164	170
Basic earnings per share *(HK cent) (Note 1)*	**7**	8	14	13	7	6
Financial Ratios						
Gearing ratio *(Note 2)*	**1%**	7%	4%	9%	10%	15%
Current ratio	**3.74**	1.53	1.92	1.07	1.23	1.25
Return on equity *(Note 3)*	**N/A**	N/A	9.3%	10.8%	6.1%	5.9%
Return on invested capital *(Note 4)*	**N/A**	N/A	9.2%	10.0%	6.0%	5.5%

Notes:

1. Excluding one-off IPO interest income in 2006 figures.
2. Gearing ratio represents the ratio of consolidated borrowings to total equity.
3. Calculate by dividing profit attributable to equity holders of the Company (excluding one-off IPO interest of) by average equity attributable to equity holders of the Company.
4. Calculate by dividing after tax operating profits (excluding one-off IPO interest) by average total equity of the Company plus loan and minus interest in associates.

Letter to Shareholders



Areas for which the port of Tianjin is a sea access point

Railway

Dear Shareholders,

It is my pleasure to present Tianjin Port Development Holdings Limited's (the "Group") interim results for the first half of 2007. This is my first letter to our shareholders since my appointment as Chairman on 7 May 2007. During the period, the port of Tianjin continued its robust growth; 22.9% and 20.8% in terms of total throughput and container throughput, respectively. The Tianjin port maintains its position as fourth largest in the PRC in terms of total throughput, and sixth largest in the PRC in terms of container throughput.

"With our strengthened asset base and experienced management, we are uniquely positioned to capture the future development opportunities at the port of Tianjin."

Under this backdrop, the Group has continued to perform well despite the challenges facing the Group; namely the total cessation of the coal business at the beginning of 2007 and no additional new capacity in the container handling business during the period. The Group's revenue and profit attributable to shareholders was HK$572.4 million and HK$117.8 million respectively, representing a 17.5% rise in revenue and 10.7% rise in profit (excluding IPO interest income recorded in May 2006) compared with the same period last year. These encouraging outcomes reflect our management's effort toward improving operational efficiency and in adjusting the product structure towards higher value-added products.

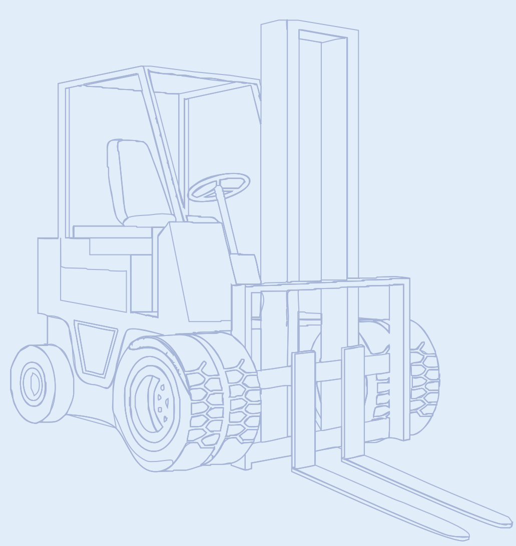
The board is also pleased to announce an interim dividend of HK2.7 cents, which represents a payout ratio of 41% and is in line with that of last year.

The Group's long term strategic plan focuses primarily on expanding its investment into Tianjin port's container terminals and secondarily on opportunities in the logistics related business in the region. We will rely heavily on these two routes as our major growth engines into the future. During July and August of this year, we entered into an agreement to acquire an 40% stake in Alliance International and entered into a joint venture with Mapletree to start our logistics business in Dongjiang. These projects demonstrate our ability to enter into value enhancing deals at the port of Tianjin.

With our continually strengthening asset base and experienced management, we are uniquely positioned to capture future development opportunities in the region, especially in wake of the Eleventh Five Year Plan and the Dongjiang Port Development Plan. Looking ahead, we will maintain our proven strategy of fostering opportunities for sustainable growth with the aim of enhancing return for our shareholders.

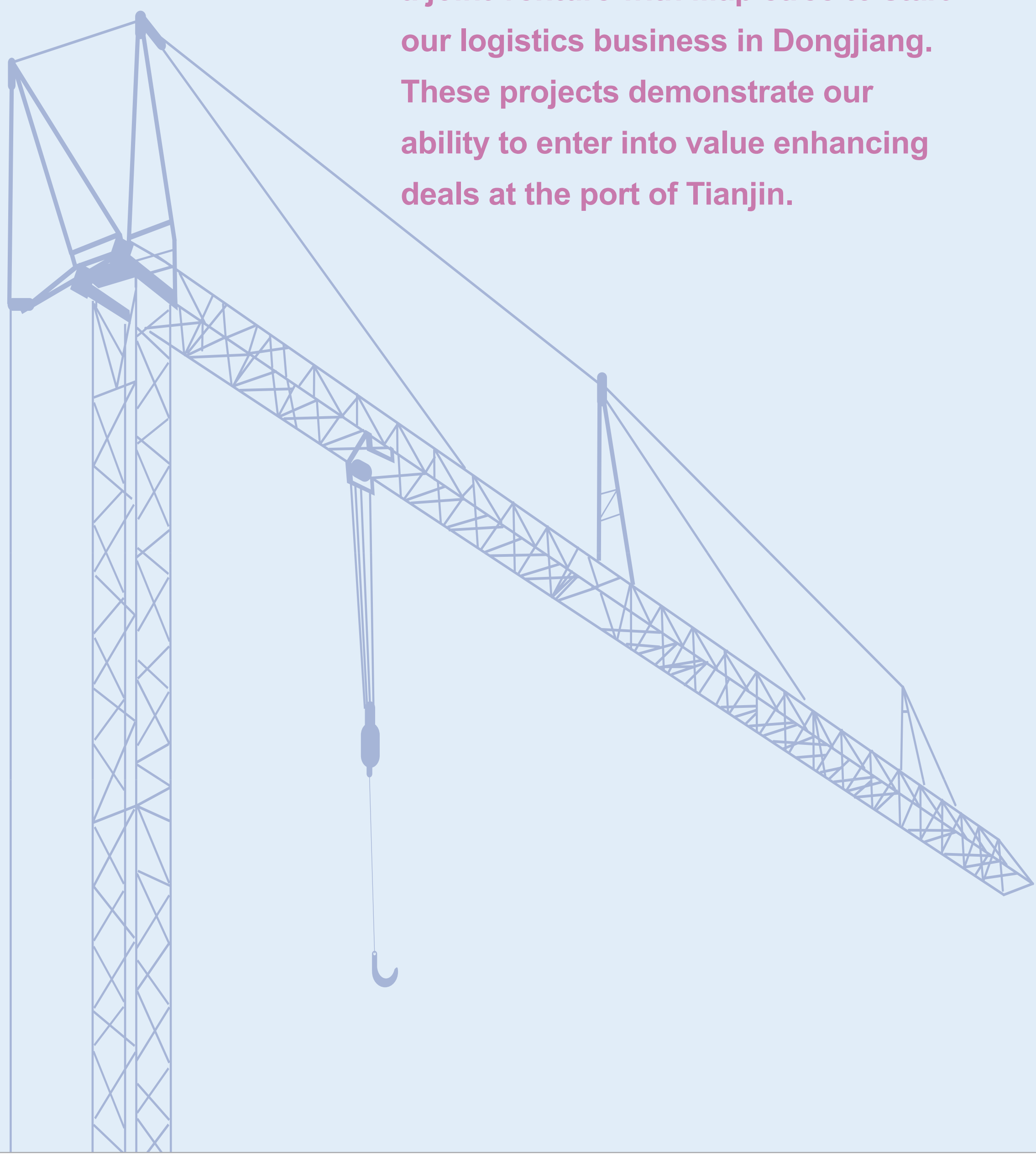
Finally, on behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to a team of devoted staff for their outstanding service and to our shareholders for your continued support.

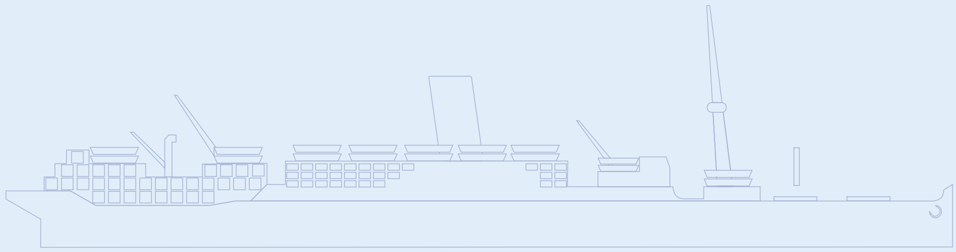
YU Rumin
Chairman
Hong Kong, 19 September 2007



Expansion...

This year, we entered into an agreement to acquire 40% stake in Alliance International and entered into a joint venture with Mapletree to start our logistics business in Dongjiang. These projects demonstrate our ability to enter into value enhancing deals at the port of Tianjin.



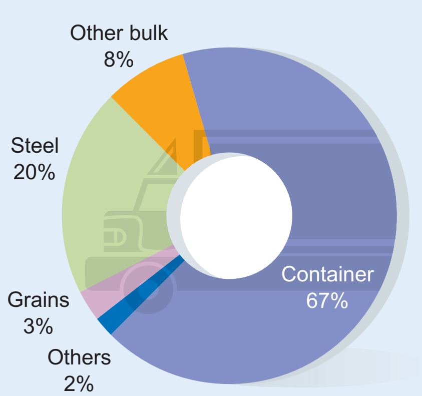


RESULTS

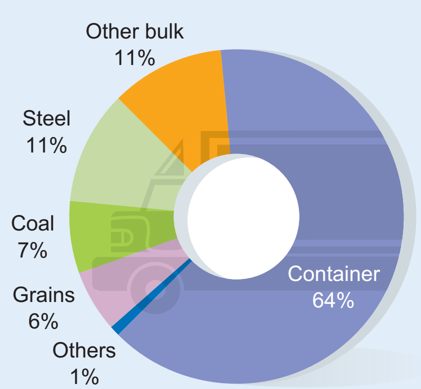
For the period ended 30 June 2007, the Group's unaudited consolidated revenue amounted to approximately HK$572.4 million representing an increase of 17.5% over the prior period. The profit attributable to the Group's shareholders amounted to approximately HK$117.8 million, representing an increase of 10.7% over the prior period on ex-IPO interest income basis. Basic earnings per share of the Group, on a weighted average basis, were HK6.6 cents compared to HK8.5 cents (on ex-IPO interest income basis) of the same period last year, amounting to a decrease of 22.4%. The decrease was due to the dilution effect as a result of the IPO in May last year.

Owing to appreciation of RMB, the Group recorded HK$18.0 million exchange loss during the period (2006 interim: nil) in accordance with Hong Kong Financial Reporting Standards. The exchange loss arose from HKD cash deposits held during the period, mainly from IPO proceeds. The Group plans to utilize most of the remaining HKD cash balance in the upcoming months to pay up future investments or capital expenditures. Therefore the onetime exchange effect on HKD deposits due to appreciation of RMB is non-recurring and non-operational in nature.

Revenue for 1H 2007



Revenue for 2006



RESULTS *(Continued)*

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 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 has resolved to declare an interim dividend for the six months ended 30 June 2007 of HK2.7 cents (2006: nil).

CLOSURE OF REGISTER

The interim dividend will be payable on or near 1 November 2007 to shareholders whose names appear on the register of members of the Company on 17 October 2007. The register of members will be closed from 15 October to 17 October 2007, both days inclusive. In order to be eligible for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registers of the Company at 26/F Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong no later then 4:30 p.m. on 12 October 2007.

REVIEW OF OPERATIONS

China continues its rapid economic development in 2007, achieving a GDP growth of 11.5% in the first half of the year, which is among the highest in the world. The country's total foreign trade value in the first half of 2007 was USD981 billion, an increased of 23.3% over the same period last year. Tianjin port, located in the locus of the Bohai Rim, is well-positioned to tap into 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 at Shenzhen and Shanghai Pudong. The Tianjin port's positive outlook is further strengthened by the central government's endorsement of the Dongjiang Tax Concession Area ("Dongjiang") in August 2006 to create the largest free trade zone in the country, located directly inside the port of Tianjin.

REVIEW OF OPERATIONS *(Continued)*

In the first half of the 2007, the total throughput achieved by Tianjin port was 157 million tonnes, representing a year-on-year growth of 22.9%. This makes Tianjin port the largest in the Bohai Rim and the forth largest port in the country, just after Shanghai, Ningbo and Guangzhou, in terms of total throughput. In terms of container handling, the total throughput in the period was 3.36 million TEUs, representing a year-on-year growth of 20.8%. Such healthy growth has allowed Tianjin port to remain the sixth largest container port in China in terms of container handling.

Under this macroeconomic environment, the Group achieved satisfactory results through organic growth of existing capacity. This was especially evident in regards to the Group's container handling business whose growth rate exceeded most other operators within the Tianjin port.

The Group's consolidated gross profit margin for the period was 52.9%, a marginal, but significant, increase of 1.3% over the same period last year. This positive result was achieved by actively shifting the product mix towards a higher proportion of high-margin products. During the period, container handling revenue accounted for 67.3% of total revenue compared to only 63.1% in the same period last year. Steel revenue increased drastically in the period, accounting for 63.4% of total non-containerised handling revenue (2006: 26.7%).

Consolidated operating margin of the Group in the period (excluding non-recurring exchange loss) was 28.2%, compared to 26.6% (excluding IPO interest income) in the prior period, the Group is maintaining its upward trend as expected. The constant improvements in overall operating profitability of the Group is the result of improved revenue structure, better economies of scale, improved 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 segment is as follow:

	2003	2004	2005	2006	6/2006	**6/2007**
Throughput						
Container *(thousand TEUs)*	1,491	1,808	2,050	2,490	1,173	**1,353**
Non-container *(million tonnes)*	15.2	18.7	18.3	16.6	8.1	**6.5**

REVIEW OF OPERATIONS *(Continued)*

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 (whose capacities can range up to 10,000 TEUs). We estimate our portainers are currently capable of handling an average of 36 containers per hour, which is among the best in the region. This competitive rate makes the Group one of the most efficient port operators in Tianjin as well as in the PRC. The Group's total container handling capacity is expected to be well over 6 million TEUs by 2010, contingent upon (1) the acquisition of the 40% interest of Alliance International and (2) commencement of operations at the 40% owned Euroasia International.

Despite zero capacity growth for the period, the Group's container-handling business still maintained high organic growth at 15.3% in terms of throughput volume, achieving a total throughput volume of 1.35 million TEUs. This growth was the result of two driving factors: (1) the compelling growth at the port of Tianjin during the first half of 2007 coupled to (2) the new policy on export tax refund announced by the government which positively impacted growth of export trade volume prior to 30 June 2007. The container handling business showed 15.3% growth in throughput resulting in an increase in revenue to HK$385.4 million and a 36.0% growth in gross profit. The average unit price increased 6.9% to HK$285 per TEUs compared to the average unit price in 2006. The change was primarily driven by the increase in the ratio of outbound to inbound boxes and appreciation of RMB in the period.

Our market share in Tianjin port for the period was 40.3%, representing an anticipated small drop from 42% market share in the same period last year. However, we are confident our market share will substantially increase upon acquisition of Alliance International, commencement of operations at Euroasia International and by further streamlining the efficiency at existing terminals in the short to medium term.

Non-containerised Cargo Handling Business

Currently, the Group 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 steel, grains, and other general cargo.

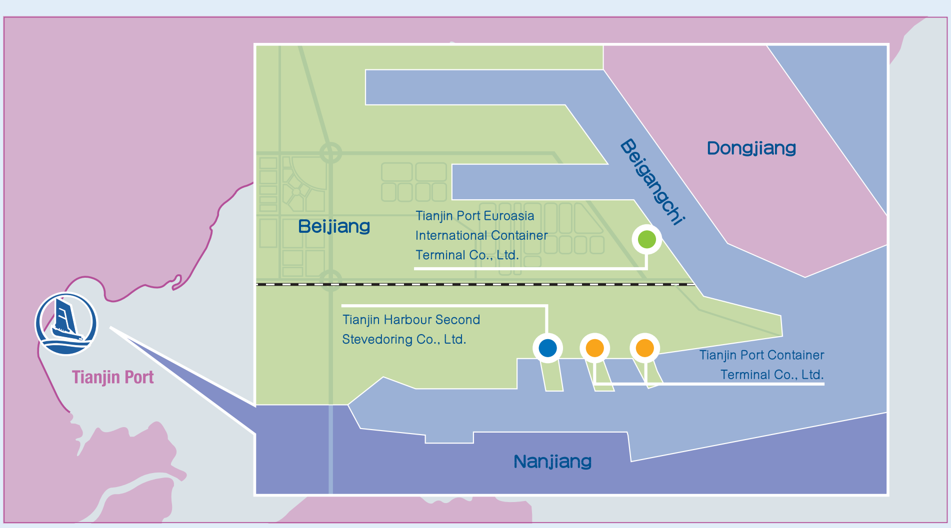
REVIEW OF OPERATIONS *(Continued)*

Non-containerised Cargo Handling Business *(Continued)*

As of January 2007, we completely divested from our coal handling business due to environmental reasons. The significant drop in throughput in the period 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 very effective in improving the overall profitability of our non-containerised cargo handling business.

During the period under review, the Group achieved a throughput volume of 6.5 million tonnes, representing a 20.0% decrease compared to same period last year. However, the revenue for the period under review reached HK$179 million, 3.3% above that of same period last year. The average unit price per tonne was HK$27.7 compared to HK$21.7 in the previous year, representing an increased average unit price of HK$6.0 or 27.6%. These encouraging results reflect the Group's ability to mitigate the impact of the cessation of the coal business.

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 the Tianjin port. The Group achieved a record breaking steel handling volume of 4.4 million tonnes, representing a growth of 137% compared to the same period last year. The outstanding performance was partly the result of significant growth in production output and export volume of steel in the region, but more importantly due to our management's efforts in establishing the Steel Distribution Centre in 2006. The Group also spent roughly HK$20 million to expand facilities in order to increase our steel handling capacity.



REVIEW OF OPERATIONS *(Continued)*

Non-containerised Cargo Handling Business *(Continued)*

Beside steel, grain is our other principal product in the bulk cargo business. However, due to significant drop in import of soya beans in the period, we handled only 0.6 million tonnes of grain, representing a sharp decrease of 51.9% compare to first half of last year. The dissatisfactory result was due to two main factors which discouraged soya bean imports: a good soya bean harvest in the country and the government's temporary incentive for using local soya beans. We expect the situation will improve when the government's temporary policy terminates. 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 included in the State's development strategies. The Binhai New District was designated as the third pole of the PRC's economic growth. Alongside Shenzhen to the south and Shanghai to the middle, the port of Tianjin is to be developed into an international shipping hub and logistics center for northern China.

The Plan indicates that over the next few years, a total investment of RMB36.6 billion will be spent on enhancing the infrastructure of the port. The port of Tianjin will have a navigation channel for 250,000 tonne vessels, expected to be completed by year's end. 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 values growth in the region and subsequently spur further throughput growth in the port area.

PROSPECTS *(Continued)*

Dongjiang Port

The Dongjiang Tax Concession Area (the “Dongjiang Port”), located in the northern part of Tianjin port, was officially approved by the central government on 31 August 2006. Once completed, the Dongjiang Port, with estimate total area of 33 square km, will be the largest free 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 Port 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 Dongjiang Port, an estimated area of about 10 square km in the central part of the peninsula will be designated to provide port logistics services.

The Group 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 possible outcome in the development and planning stages of the Dongjiang Port. Beside our traditional cargo handing business, we are actively exploring the possibility of entering the port logistics business. Our long term strategic goal is to integrate container handling and port logistics as drivers of future growth.

Establishment of Logistics Joint Venture

On 6 August 2007, the Group, through a wholly owned subsidiary, entered into a joint venture agreement with a subsidiary of the Mapletree Investment Pte Ltd (“Mapletree”), a leading real estate and logistics business operator based in Singapore. The joint venture established Tianjin Port Gangfeng Bonded Logistics Co. Ltd (“Gangfeng”) with the intent of developing a logistics park in the Dongjiang Port. The total investment into Gangfeng is RMB750 million in which RMB300 million will be contributed by joint venture partners as capital. The Group owns 51% of Gangfeng while Mapletree owns the remainder.

The logistics park will have a land area of approximately 643,000 square metres, yielding a total Gross Floor Area (“GFA”) of approximately 577,000 square metres. The logistics park will be developed in several phases. Phase 1 will yield a total GFA of about 191,000 square metres of warehouse space, targeted for completion between end 2007 and first quarter 2008. The establishment of Gangfeng marks another milestone for the Group and is a crucial step towards our long term development.

PROSPECTS *(Continued)*

Acquisition of Alliance International

The Group entered into an agreement with Tianjin Port Group to acquire a 40% equity interest in Alliance International on 26 July 2007. OOCL, APMT and PSA each hold a 20% interest in Alliance International. Alliance International was established in 2005, with current registered and paid up capital and total investment of US$160 million and US$400 million respectively. The Group's consideration of HK$535 million for the 40% equity stake represents only a 8.5% premium to the audited HK$1,233 million net asset value of Alliance International, determined with reference to an independent valuation report as at 30 April 2007.

Alliance International owns and operates a container terminal in Beigangchi area at the port of Tianjin with 4 berths, a total quay length of 1,100 meter and a designed handling capacity of 1.7 million TEUs. The construction has been completed and the terminal commenced operations in early 2007.

The Group's long term strategy has always focused on further developing container terminal operations and to increase its market share in the port of Tianjin. Following the Alliance International acquisition, the Group's capacity instantly expanded by another 1.7 million TEUs. Given the Group's existing facilities, the formation of Euroasia International and completion of the acquisition of Alliance International, the Group's total handling capacity will exceed 6 million TEUs by 2010, 140% greater than the actual annual throughput of the Group in 2006. The substantial increase in capacity will strengthen the economies of scale and enhance operating margin; both working together to improve overall profitability.

Construction of Euroasia International

The Company entered into an agreement with COSCO Ports and APMT in July 2006 to build a new container terminal in the Beigangchi area. Euroasia International terminal is planned to have three berths with 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. All the major approvals by the government have been obtained and the overall progress of the project is satisfactory and in line with the original plan and timetable.

Given the proximity of the location of Alliance International with Euroasia International, the management believes that it will be able to better utilize the quay lengths of the two terminals and therefore enhance the combined handling capacity.

PROSPECTS *(Continued)*

Strategic Cooperation with Joint Venture Partners

The Group will have three new joint ventures since our listing in May of last year, namely Gangfeng, Euroasia International and Alliance International (which include internationally renowned companies such as APMT, COSCO, OOCL, PSA, and Mapletree). The 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.

Enhancement of Existing Terminals

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

Cost Control

We are committed to maintaining costs and expenses, particularly salaries and wages, at a reasonable level, 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 two-fold by (1) reducing the number of new recruits and (2) expediting the ramp up process of the new terminals. 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 period amounted to HK$157.0 million, 12.9% higher than the same period last year. The increase was attributed to improved revenue and operating margins offset by a net increase in working capital mainly as a result of extending the credit period to a few select customers.

Non-operation spending amounted to HK$400.9 million, largely attributed to capital expenditure and loan repayment. Approximately HK$192.8 million was used for payments for the acquisition of land and berths at existing terminals. Approximately HK$82.1 million was used to repay short term bank borrowings in order to optimize the use of cash on hand.

The IPO proceeds, netting underwriting commission and professional fees, were approximately HK$1.16 billion. Since the IPO to the period end date, approximately HK$845.3 million has been used for the acquisition of land and berths at existing terminals. The remaining HK$300 million is intended to be used as capital injection in Euroasia International.

During the period, the net cash outflow of the Group was HK$243.9 million (2006: net cash inflow of HK$1,117.1 million).

Liquidity and Financial Resources

As at period end, the Group's cash on hand was lowered to HK$692.0 million, compared to HK$926.4 million at the beginning of the year. The Group's total borrowings (all from banks) at the period end has been reduced to HK$41.1 million (beginning of the year: HK$119.5 million), which represents a gearing ratio (total borrowings divided by total equity) of only 1.3%. 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 3.74 compared to 1.92 at the beginning of the year. At period 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. Given the low gearing ratio and committed expansion plans, such as acquisition of Alliance International, the management is considering the possibility of increasing the proportion of bank borrowings to shareholders' equity. This is done in order to lower the weighted average cost of capital of the Company, and hence, improve return to shareholders.

FINANCIAL REVIEW *(Continued)*

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 period end date, most of the Group's assets and liabilities were denominated in RMB, except for the HKD cash deposits of approximately HK$374.6 million. Owing to appreciation of RMB, the Group recorded HK$18.0 million exchange loss during the period (2006 interim: nil), based on Hong Kong Financial Reporting Standards. The exchange loss arose from HKD cash deposits held during the period. To mitigate the exchange rate risk of potential RMB appreciation, the Group remitted, in aggregate, HK$845.3 million to repay the installments of the land and berths earlier in for the period from July 2006 to June 2007. This arrangement significantly reduced the potential exchange loss resulting from the appreciation of RMB. The Group plans to utilize the remaining HKD cash balance, mainly from IPO proceeds, in the coming months to pay up future investments or capital expenditures. The onetime exchange effect on HKD deposits due to appreciation of RMB is non-recurring and non-operational in nature. As at the period 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 period under review, the capital and reserves attributable to the equity holders of the Company was HK$3,172.1 million, representing an increase of HK$173.9 million or 5.8% compared to the end of last year. During the period, a final dividend for the year 2006 of HK$41.1 million was paid to shareholders of the Company.

The market capitalisation of the Company as at 29 June 2007 (the last trading day in period) was HK$10,026 million (issued share capital: 1,787,100,000 shares at closing market price: HK$5.61 per share).

SIGNIFICANT INVESTMENTS

During the period and subsequent to the reporting date, the Group has the following significant investments:

1. Acquisition of Alliance International

For details of the transaction, please refer to the section "Prospect" under the same heading within this report.

2. Establishment of Logistics Joint Venture

For details of the transaction, please refer to the section "Prospect" under the same heading within this report.

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 30 June 2007.

EMPLOYEES

As at 30 June 2007, the Group, excluding its associated companies, had a staff size of approximately 3,054 (2006: 3,195). Remuneration packages are assessed in accordance to 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.

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, 19 September 2007

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF
TIANJIN PORT DEVELOPMENT HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 20 to 34, which comprises the consolidated balance sheet of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2007 and the related consolidated income statement, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 September 2007

Consolidated Income Statement

For the six months ended 30 June 2007

		Unaudited	
		Six months ended 30 June	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**572,418**	486,988
Business tax		**(17,471)**	(14,770)
Cost of sales		**(252,037)**	(221,105)
Gross profit		**302,910**	251,113
Other income	*6*	**14,669**	105,928
Administration expenses		**(145,800)**	(125,477)
Other operating expenses		**(28,186)**	(4,649)
Operating profit	*7*	**143,593**	226,915
Finance costs	*8*	**(1,963)**	(4,077)
Share of profits of associated companies		**570**	551
Profit before income tax		**142,200**	223,389
Income tax	*9*	**(24,215)**	(19,524)
Profit for the period		**117,985**	203,865
Attributable to:			
Equity holders of the Company		**117,839**	203,982
Minority interests		**146**	(117)
		117,985	203,865
Earnings per share	*10*		
– Basic		**HK6.6 cents**	HK16.2 cents
– Diluted		**HK6.6 cents**	HK16.2 cents
Dividends	*11*	**48,252**	–

The notes on pages 24 to 34 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 June 2007

	Notes	Unaudited 30 June 2007 HK$'000	Audited 31 December 2006 HK$'000
ASSETS			
Non-current assets			
Land use rights	12	**745,266**	731,855
Property, plant and equipment	12	**1,764,033**	1,742,992
Interest in associated companies		**27,796**	25,950
Deferred income tax assets		**5,113**	4,960
Available-for-sale financial assets		**14,172**	13,748
		2,556,380	2,519,505
Current assets			
Inventories		**2,394**	1,976
Trade and other receivables	13	**141,216**	69,631
Amount due from related companies		**9,981**	9,682
Cash and cash equivalents		**692,002**	926,395
		845,593	1,007,684
Total assets		**3,401,973**	3,527,189
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	**178,710**	178,670
Other reserves		**2,250,501**	2,153,431
Retained earnings		**742,855**	666,119
		3,172,066	2,998,220
Minority interests		**3,935**	3,788
Total equity		**3,176,001**	3,002,008
LIABILITIES			
Current liabilities			
Other payables		**99,135**	159,655
Amount due to related companies		**71,435**	237,332
Borrowings, unsecured	15	**41,068**	119,522
Current income tax liabilities		**14,334**	8,672
		225,972	525,181
Total equity and liabilities		**3,401,973**	3,527,189
Net current assets		**619,621**	482,503
Total assets less current liabilities		**3,176,001**	3,002,008

The notes on pages 24 to 34 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

	Unaudited								
	Attributable to equity holders of the Company								
	Share Capital	Share Premium	Merger Reserve	Exchange Reserve	Employee Share-based Compensation Reserve	Statutory Reserve	Retained Earnings	Minority Interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2006	112,200	–	820,962	27,204	–	95,073	370,886	3,635	1,429,960
Issue of shares on initial public offering	66,470	1,095,962	–	–	–	–	–	–	1,162,432
Profit for the period	–	–	–	–	–	–	203,982	(117)	203,865
Dividends	–	–	–	–	–	–	–	(212)	(212)
Adjustment to prior year dividends	–	–	–	–	–	–	25,961	–	25,961
Translation difference	–	–	–	15,092	–	–	–	35	15,127
Balance at 30 June 2006	178,670	1,095,962	820,962	42,296	–	95,073	600,829	3,341	2,837,133
Balance at 1 January 2007	178,670	1,095,962	820,962	102,736	3,786	129,985	666,119	3,788	3,002,008
Issue of shares on exercise of share option	40	872	–	–	–	–	–	–	912
Profit for the period	–	–	–	–	–	–	117,839	146	117,985
Share based compensation	–	–	–	–	2,617	–	–	–	2,617
Dividends	–	–	–	–	–	–	(41,103)	(115)	(41,218)
Translation difference	–	–	–	93,581	–	–	–	116	93,697
Balance at 30 June 2007	178,710	1,096,834	820,962	196,317	6,403	129,985	742,855	3,935	3,176,001

The notes on pages 24 to 34 are an integral part of these consolidated financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	Unaudited 2007 HK$'000	2006 HK$'000
Net cash generated from operating activities	**156,984**	139,047
Net cash used in investing activities	**(278,435)**	(152,995)
Net cash (used in)/generated from financing activities	**(122,442)**	1,131,093
Net (decrease)/increase in cash and cash equivalents	**(243,893)**	1,117,145
Cash and cash equivalents at 1 January	**926,395**	256,617
Exchange difference on cash and cash equivalents	**9,500**	3,320
Cash and cash equivalents at 30 June	**692,002**	1,377,082
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**692,002**	1,377,082

The notes on pages 24 to 34 are an integral part of these consolidated financial statements.

1 GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 26 August 2005 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Pursuant to the reorganisation, as disclosed in the Company's prospectus dated 12 May 2006 (the "Prospectus"), prepared for the purpose of listing its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Reorganisation"), the Company became the holding Company of Ace Advantage Investments Limited ("Ace Advantage") and Shinesun Investments Limited ("Shinesun") on 8 May 2006.

The Company together with its subsidiaries is hereafter collectively referred to as the Group.

The shares of the Company were listed on the Main Board of the Stock Exchange on 24 May 2006. Details of movements in the Company's share capital are set out in note 14 to the unaudited condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated income statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

The Group resulting from the Reorganisation referred to in Note 1 above is regarded as a continuing entity. Accordingly, the unaudited condensed 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 periods presented. In the opinion of the Directors, the unaudited condensed 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 unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2006 annual report.

The accounting policies and methods of computation used in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006, except that the Group adopted the following new/revised standards and interpretations that are effective for accounting periods beginning on or after 1 January 2007:

HKAS 1	Amendments to Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2, Share-based Payment
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The adoption of these new standards, amendments and interpretations do not have a significant impact on the Group's results and financial position. Full disclosure as required by HKAS 1 and HKFRS 7 will be disclosed in the year-end financial statements.

The Group has not adopted the following new/revised standards and interpretations that have been issued but are not effective for 2007. The Group is in the process of assessing the impact of these changes and they do not expect these changes to have a significant impact on the Group's results and financial position.

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

3 FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2006.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal to the related actual results.

The estimates and assumptions applied in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006.

5 SEGMENT INFORMATION AND REVENUE

Provision of port services is the Group's only business segment throughout the period. All operating assets, operations and customers of the Group for the period 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:

	Unaudited Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Container handling	**385,437**	307,313
Non-containerised goods stevedoring	**179,209**	173,486
Storage and agency fees	**7,772**	6,189
	572,418	486,988

6 OTHER INCOME

	Unaudited Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Interest income		
– from initial public offer deposits	**–**	97,574
– from bank deposits	**13,383**	6,060
Others	**1,286**	2,294
	14,669	105,928

7 OPERATING PROFIT

	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
Operating profit is stated after (crediting)/charging:		
Depreciation	**50,219**	40,492
Amortisation of lease payments on land use rights	**8,983**	3,129
Reversal of doubtful debts provision	**(3,312)**	(4,286)
Operating lease charges		
– related parties	**–**	10,412
– others	**13,504**	12,848
Functional currency translation losses	**18,003**	–

8 FINANCE COSTS

	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
Interest expense on bank borrowings	**1,963**	4,077

9 INCOME TAX

	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
PRC enterprise income tax		
– Current	**24,215**	19,524

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the period (six months ended 30 June 2006: Nil). Provision for the PRC income tax has been made at the applicable rate of taxation on the estimated assessable profit for the period for each of the Group's subsidiaries.

The Group's two principal subsidiaries are currently subject to a concessionary enterprise income tax rate of 15%.

10 EARNINGS PER SHARE

	Unaudited Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
The calculation of the basic earnings per share is based on the following data:		
Earnings		
Profit attributable to shareholders of the Company	**117,839**	203,982
	2007	2006
Number of shares *(thousands)*		
Weighted average number of ordinary shares	**1,786,791**	1,257,239

The exercise of share options would have no material dilutive effect of earnings per share for the periods 30 June 2007 and 2006.

11 DIVIDENDS

	Unaudited Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
2006 final, paid, of HK2.3 cents per share	**41,103**	–
2007 interim, declared, of HK2.7 cents per share	**48,252**	–

At a meeting held on 19 September 2007, the directors declared an interim dividend of HK2.7 cents per ordinary share. This declared dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2007.

12 CAPITAL EXPENDITURE

During the six months ended 30 June 2007, the Group acquired plant and equipment amounted to HK$29 million (2006: HK$985 million) whilst disposals amounted to HK$11 million (2006: HK$4 million).

The Group is in the process of applying for the land use right certificates in respect of the land use rights acquired in 2006. The Directors consider that the title of the land use rights will be obtained in due course upon full settlement of the remaining installments and related tax, with no additional cost to the Group.

13 TRADE AND OTHER RECEIVABLES

In general, the Group grants a credit period of about 30 to 180 days to its customers. Included in trade and other receivables are trade receivables (net of provisions) of HK$124,231,000 (2006: HK$54,159,000) aged as follows:

	Unaudited 30 June 2007 *HK$'000*	Audited 31 December 2006 *HK$'000*
0 to 30 days	**101,746**	53,327
31 to 90 days	**22,102**	832
91 to 180 days	**383**	–
	124,231	54,159

14 SHARE CAPITAL

	Number of shares	**HK$**
Authorised, at HK$0.10 each		
At 31 December 2006 and 30 June 2007	5,000,000,000	500,000,000
Issued and fully paid up, at HK$0.10 each		
At 31 December 2006	1,786,700,000	178,670,000
Exercise of share options	400,000	40,000
At 30 June 2007	1,787,100,000	178,710,000

Notes:

(i) Pursuant to written resolutions of the then sole shareholder of the Company passed on 26 April 2006, the issued and unissued share capital of HK$1.00 each was subdivided into 10 shares of HK$0.10 each and the authorised share capital of the Company was increased from HK$50,000 to HK$500,000,000 by the creation of an additional 4,999,500,000 ordinary shares of HK$0.10 each ranking pari passu in all respects with the existing shares.

(ii) On 8 May 2006, as part of the Reorganisation, the Company issued 1,121,999,990 ordinary shares of HK$0.10 each to Leadport Holdings Limited as part of a share swap transaction to acquire the entire issued share capital of Ace Advantage and Shinesun.

(iii) On 24 May 2006 and 2 June 2006, 578,000,000 ordinary shares of HK$0.10 each were issued to the public and 86,700,000 ordinary shares of HK$0.10 each were issued upon the exercise of the over allotment options, both at a price of HK$1.88 per share. The total issue of 664,700,000 shares raised HK$1,250 million share proceeds. These shares rank pari passu with the then existing shares.

14 SHARE CAPITAL *(Continued)*

Pursuant to the written resolutions passed by the sole shareholder of the Company on 26 April 2006, a share option scheme was approved and adopted.

Particulars and movements of the share option during the period are as follows:

	Date of grant	Exercise price	Outstanding as at 1 January 2007	Options granted	Options lapsed	Options exercised	Outstanding as at 30 June 2007
Directors, other than the independent non-executive directors	1 August 2006	HK$2.28	9,700,000	–	(1,100,000)	–	8,600,000
	3 February 2007	HK$2.74	–	1,900,000	–	–	1,900,000
Employees	1 August 2006	HK$2.28	1,800,000	–	–	(400,000)	1,400,000
			11,500,000	1,900,000	(1,100,000)	(400,000)	11,900,000

Based on the share option valuation report prepared by Vigers Appraisal & Consulting Limited ("Vigers") on 24 August 2007, the fair market value of 1,900,000 options granted to a director on 3 February 2007 determined using the Binomial valuation model was HK$0.5446 per option.

The significant inputs into the model were share price of HK$2.74 per share, at the grant date, exercise price of HK$2.74 per option, standard deviation of expected share price returns of 34.0%, expected life of options 2 years, expected dividend pay out rate of 40% and annual risk-free interest rate 4.06%. According to Vigers' report, the volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the period since the Company's listing on the Stock Exchange.

15 BORROWINGS

The maturity of bank borrowings is as follows:

	Unaudited 30 June 2007 *HK$'000*	Audited 31 December 2006 *HK$'000*
Within 1 year	**41,068**	119,522

16 OPERATING LEASE COMMITMENTS

At 30 June 2007, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and building as follows:

	Unaudited 30 June 2007 *HK$'000*	Audited 31 December 2006 *HK$'000*
Not later than 1 year	**2,155**	2,155
Later than 1 year and not later than 5 years	**718**	1,795
	2,873	3,950

17 CAPITAL COMMITMENT

	Unaudited 30 June 2007 *HK$'000*	Audited 31 December 2006 *HK$'000*
Contracted but not provided for		
– Injection in a joint venture	**517,454**	501,992
– Improvement on plant and machinery	**6,906**	2,846
	524,360	504,838

18 RELATED PARTY TRANSACTIONS

The Group is controlled by Tsinlien Group Company Limited, the ultimate holding company. The parent of the ultimate holding company is a state-owned enterprise ("SOE"). All SOEs and their subsidiaries, directly or indirectly controlled by the PRC government are also deemed as related to the Group.

There are business activities of the Group which are conducted with SOEs. The Group has established procedures to determine, to the extent possible, the identification of the ownership structure of its customers and suppliers as to whether they are SOEs. Management believes that all material related party balances and transactions have been adequately disclosed.

Other than mentioned elsewhere in this report, the following are the significant related party transactions and balances for the period ended and as at 30 June 2007, all of which are continuing related party transactions which, in the opinion of the Directors, were conducted in the normal course of the Group's business.

18 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Associated companies

	Unaudited Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Non-containerised cargo stevedoring income received from associated companies *(note (i))*	**25,617**	18,237
Wharf cargo handling service charges paid to associated companies *(note (ii))*	**7,101**	5,969

	Unaudited	Audited
	30 June	31 December
	2007	2006
	HK$'000	*HK$'000*
Amount due from associated companies	**4,241**	2,103

Notes:

(i) Non-containerised cargo stevedoring income is calculated based on contracted unit price and volume of goods handled.

(ii) Wharf cargo handling service charges are calculated based on contracted monthly/annual rates.

18 RELATED PARTY TRANSACTIONS *(Continued)*

(b) SOE

	Unaudited	
	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
(i) Transactions with SOEs		
Income		
Container handling and non-containerised stevedoring income	**174,199**	359,921
Interest income	**692**	811
Expenses		
Electricity supply services	**12,817**	11,957
Labour services	**3,973**	–
Water supply services	**2,640**	2,073
Interest expenses	**1,856**	3,971
Dredging fees paid	**1,820**	–
Communication services	**633**	576
EDI services	**315**	–
Temporary storage fees	**249**	4,399
Rental		
– Berths, railway and storage spaces	**–**	6,907
– Land	**–**	2,198
– Equipment	**–**	1,307
Service fees for port related supporting services and auxiliary services	**–**	7,500
Purchases	**–**	908

18 RELATED PARTY TRANSACTIONS *(Continued)*

(b) SOE *(Continued)*

	Unaudited 30 June 2007 HK$'000	Audited 31 December 2006 HK$'000
(ii) Balances with SOEs		
Assets		
Trade receivables	**98,347**	42,770
Amount due from related companies	**9,981**	9,682
Deposits with state-owned banks	**317,126**	314,571
Liabilities		
Amount due to related companies	**71,435**	237,332
Loans obtained from state-owned banks	**41,068**	119,522
(iii) Acquisition from SOEs		
Land use rights	–	680,339
Berths and railways	–	210,211
Other assets	–	35,345
(iv) Disposal of an associated company to a SOE		
An associated company	**1,702**	–

19 SUBSEQUENT EVENT

On 26 July 2007, the Company entered into a conditional Equity Interest Transfer Agreement to acquire 40% equity interest in Tianjin Port Alliance International Container Terminal Co., Ltd from Tianjin Port (Group) Co., Ltd for a cash consideration of RMB524,343,480 (equivalent to approximately HK$535 million).

This constitutes a major and connected transaction subject to independent shareholders' approval at an extraordinary general meeting. Details of this transaction are set out in the circular issued by the Company on 16 August 2007.

20 APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board on 19 September 2007.

SHARE OPTION SCHEME

Details of the Company's Share Option Scheme are set out in the published annual report of the Company for the year ended 31 December 2006. Share options are granted to Directors, other than the independent non-executive directors, and employees of the Group to provide incentive and/or reward for their contribution to, and continuing efforts to promote the interest of the Group.

Details of the share options granted, exercised, lapsed and cancelled under the Scheme upto the reporting date are as follows:

	No. of options outstanding at the beginning of the period	Granted	Exercised	Lapsed	Cancelled	Outstanding options held as at the reporting date	Approximate percentage of issued share capital of the Company *(%)*
Executive Directors							
Yu Rumin *(note ii)*	–	1,900,000	–	–	–	1,900,000	0.11
Nie Jiansheng *(note i)*	2,100,000	–	–	–	–	2,100,000	0.12
Zhang Jinming *(note i)*	2,000,000	–	–	–	–	2,000,000	0.11
Xue Lingsen *(note i)*	1,100,000	–	–	–	–	1,100,000	0.06
Jiao Hongxun *(note i)*	1,100,000	–	–	–	–	1,100,000	0.06
Yuan Baotong *(note i)*	1,100,000	–	–	–	1,100,000	–	–
Non-executive Directors							
Wang Guanghao *(note i)*	2,300,000	–	–	–	–	2,300,000	0.13
Other employees *(note i)*	1,800,000	–	400,000	–	–	1,400,000	0.08
Total	**11,500,000**	**1,900,000**	**400,000**	**–**	**1,100,000**	**11,900,000**	**0.67**

Notes:

i. Share options were granted on 1 August 2006, with an exercise price of HK$2.28 and are exercisable from 1 February 2007 to 1 August 2016.

ii. Share options were granted on 3 February 2007, with an exercise price of HK$2.74 and are exercisable from 3 August 2007 to 3 February 2017.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2007, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company, and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Directors	Long position/ Short position	Number of shares	Number of share options outstanding	Exercise price *HK$*	Date of grant	Aggregate percentage of interest
Wang Guanghao	Long position	–	2,300,000	2.28	01/08/2006	0.13%
Yu Rumin	Long position	–	1,900,000	2.74	03/02/2007	0.11%
Nie Jiansheng	Long position	–	2,100,000	2.28	01/08/2006	0.12%
Zhang Jinming	Long position	–	2,000,000	2.28	01/08/2006	0.11%
Xue Lingsen	Long position	–	1,100,000	2.28	01/08/2006	0.06%
Jiao Hongxun	Long position	–	1,100,000	2.28	01/08/2006	0.06%
Kwan Hung Sang, Francis*	Long position	520,000	–	–	–	0.03%

* *The above interests are held in the capacity as a beneficial owner.*

INTEREST IN ISSUED ORDINARY SHARES AND UNDERLYING SHARES OF ASSOCIATED CORPORATIONS

As at 30 June 2007, certain directors of the Company had interests in the issued ordinary shares and underlying shares covered by options granted under the share opinion schemes of associated corporations (within the meaning of SFO), Tianjin Development Holdings Limited ("Tianjin Development") as follow:

Name of Directors	Long position/ Short position	Number of shares	Number of share options outstanding	Exercise Price *HK$*	Date of grant	Exercise Period	Aggregate percentage of interest
Yu Rumin	Long position	–	900,000	3.10	23/12/2004	28/12/2004– 21/11/2007	0.09%
Nie Jiansheng	Long position	–	700,000	3.10	23/12/2004	28/12/2004– 21/11/2007	0.07%

INTEREST IN ISSUED ORDINARY SHARES AND UNDERLYING SHARES OF ASSOCIATED CORPORATIONS *(Continued)*

Save as disclosed above, as at 30 June 2007, there were no other interests or short positions of the directors nor chief executive of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 30 June 2007, other than the interests and short positions held by directors and chief executive of the Company as disclosed above, the following persons have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	**Capacity**	**Number of shares in which the shareholder has deemed to have interests**	**Percentage of shareholding** *(%)*
Leadport Holdings Limited	Beneficial owner	1,122,000,000	62.8%
Tianjin Development *(Note 1)*	Interest of controlled corporations	1,122,000,000	62.8%
Tsinlien Group Company Limited ("Tsinlien") *(Note 2)*	Interest of controlled corporations	1,128,820,000	63.2%

Notes:

1. Leadport Holdings Limited is a wholly-owned subsidiary of Tianjin Development. By virtue of the SFO, Tianjin Development is deemed to be interested in all the shares held by Leadport Holdings Limited.

2. Tianjin Development is a subsidiary of Tianjin Investment Holdings Limited which in turn is a wholly-owned subsidiary of Tsinlien. As at 30 June 2007, Tianjin Investment Holdings Limited is directly interested in 6,820,000 shares, representing approximately 0.4% of the issued share capital of the Company. Tsinlien Venture Capital Company Limited is a wholly-owned subsidiary of Tsinlien and a shareholder of Tianjin Development. By virtue of the SFO, Tsinlien is deemed to be interested in all the Shares held by or deemed to be interested in by each of Tianjin Development, Tianjin Investment Holdings Limited and Tsinlien Venture Capital Company Limited.

Save as disclosed above, as at 30 June 2007, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in the shares and underlying shares of the Company.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2007.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a sound and effective system of corporate governance, a monitoring framework to ensure transparency and accountability in its operational processes, management processes, and decision-making processes. These measures are designed to protect and enhance shareholders' interest.

The Company has complied with the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing The Listing of Securities on the Stock Exchange during the six months ended 30 June 2007.

The interim financial report of the Group for the six months ended 30 June 2007 has been reviewed by the audit committee.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to Listing Rules as the code of conduct regarding securities transactions by the Directors (the "Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Code during the six months period ended 30 June 2007.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.7 cents per share in cash for the six months ended 30 June 2007 to shareholders whose names appear on the Register of Members of the Company on 17 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 15 October 2007 to 17 October 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrar, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 12 October 2007.

CONSOLIDATED INCOME STATEMENT

					Six months ended 30 June	
	2003	2004	2005	2006	2006	**2007**
					(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	723,926	799,837	898,223	1,036,495	486,988	**572,418**
Business tax	(21,921)	(24,237)	(27,295)	(31,494)	(14,770)	**(17,471)**
Cost of sales	(381,885)	(431,624)	(448,891)	(484,163)	(221,105)	**(252,037)**
Gross profit	320,120	343,976	422,037	520,838	251,113	**302,910**
Other income	1,376	1,586	3,465	123,077	105,928	**14,669**
Administration expenses	(228,052)	(239,344)	(242,916)	(277,812)	(125,477)	**(145,800)**
Other operating expenses	(5,259)	(6,266)	(8,676)	(17,676)	(4,649)	**(28,186)**
Operating profit	88,185	99,952	173,910	348,427	226,915	**143,593**
Finance costs	(9,989)	(8,912)	(7,095)	(8,199)	(4,077)	**(1,963)**
Share of profits of associated companies	3,545	2,226	1,020	983	551	**570**
Gain on disposal of an associated company	–	–	4,986	–	–	**–**
Profit before income tax	81,741	93,266	172,821	341,211	223,389	**142,200**
Income tax	(11,313)	(15,412)	(25,056)	(36,938)	(19,524)	**(24,215)**
Profit for the year/period	70,428	77,854	147,765	304,273	203,865	**117,985**
Attributable to:						
Equity holders of the Company	69,678	77,465	147,275	304,037	203,982	**117,839**
Minority interest	750	389	490	236	(117)	**146**
	70,428	77,854	147,765	304,273	203,865	**117,985**

CONSOLIDATED BALANCE SHEET

	2003	2004	2005	2006	30 June 2006 (Unaudited)	**30 June 2007 (Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Land use rights	–	–	40,351	731,855	711,391	**745,266**
Property, plant and equipment	1,255,942	1,262,353	1,320,889	1,742,992	1,599,842	**1,764,033**
Interest in associated companies	19,905	19,450	18,571	25,950	20,586	**27,796**
Deferred income tax assets	4,554	4,695	4,788	4,960	4,835	**5,113**
Available-for-sales financial assets	16,622	16,381	16,706	13,748	16,344	**14,172**
Other long term assets	8,915	14,154	34,962	–	–	**–**
Net current assets	43,950	44,711	22,539	482,503	514,561	**619,621**
Employment of capital	1,349,888	1,361,744	1,458,806	3,002,008	2,867,559	**3,176,001**
Share capital	112,200	112,200	112,200	178,670	178,670	**178,710**
Other reserves	882,032	894,725	943,239	2,153,431	2,054,293	**2,250,501**
Retained earnings	230,149	294,921	370,886	666,119	600,829	**742,855**
Shareholders funds	1,224,381	1,301,846	1,426,325	2,998,220	2,833,792	**3,172,066**
Minority interests	2,935	3,326	3,635	3,788	3,341	**3,935**
Long term liabilities	122,572	56,572	28,846	–	30,426	**–**
Capital employed	1,349,888	1,361,744	1,458,806	3,002,008	2,867,559	**3,176,001**

The financial summary of the Group for the year ended 31 December 2003, 2004, 2005 and 2006 have been prepared on the basis that the structure and business activities of the Group immediately after a reorganisation took place in May 2006 had been in existence throughout the years presented.

Corporate Information

Executive Directors

Mr. YU Rumin *(Chairman)*
Mr. NIE Jiansheng *(Deputy Chairman)*+
Mr. ZHANG Jinming *(Managing Director)*
Mr. XUE Lingsen
Mr. JIAO Hongxun

Non-Executive Director

Mr. WANG Guanghao *(Deputy Chairman)*

Independent Non-Executive Directors

Mr. KWAN Hung Sang, Francis*+
Professor Japhet Sebastian LAW*+
Dr. CHENG Chi Pang, Leslie*

Chief Financial Officer and Company Secretary

Mr. LAI Chin Man, Daniel

Auditors

PricewaterhouseCoopers
Certified Public Accountants

Principal Legal Advisors

Woo Kwan Lee & Lo,
as to Hong Kong law
Appleby Hunter Bailhache,
as to Cayman Islands law

Compliance Advisor

WAG Worldsec Corporate
Finance Limited

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
Industrial and Commercial
Bank of China Limited
China Construction Bank Corporation

Principal Share Registrar

Appleby Corporate Services
(Cayman) Limited
P.O. Box 1350 GT
Clifton House
75 Fort Street
George Town
Grand Cayman
Cayman Islands

Hong Kong Share Registrar

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Registered Office

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Cayman Islands

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Website

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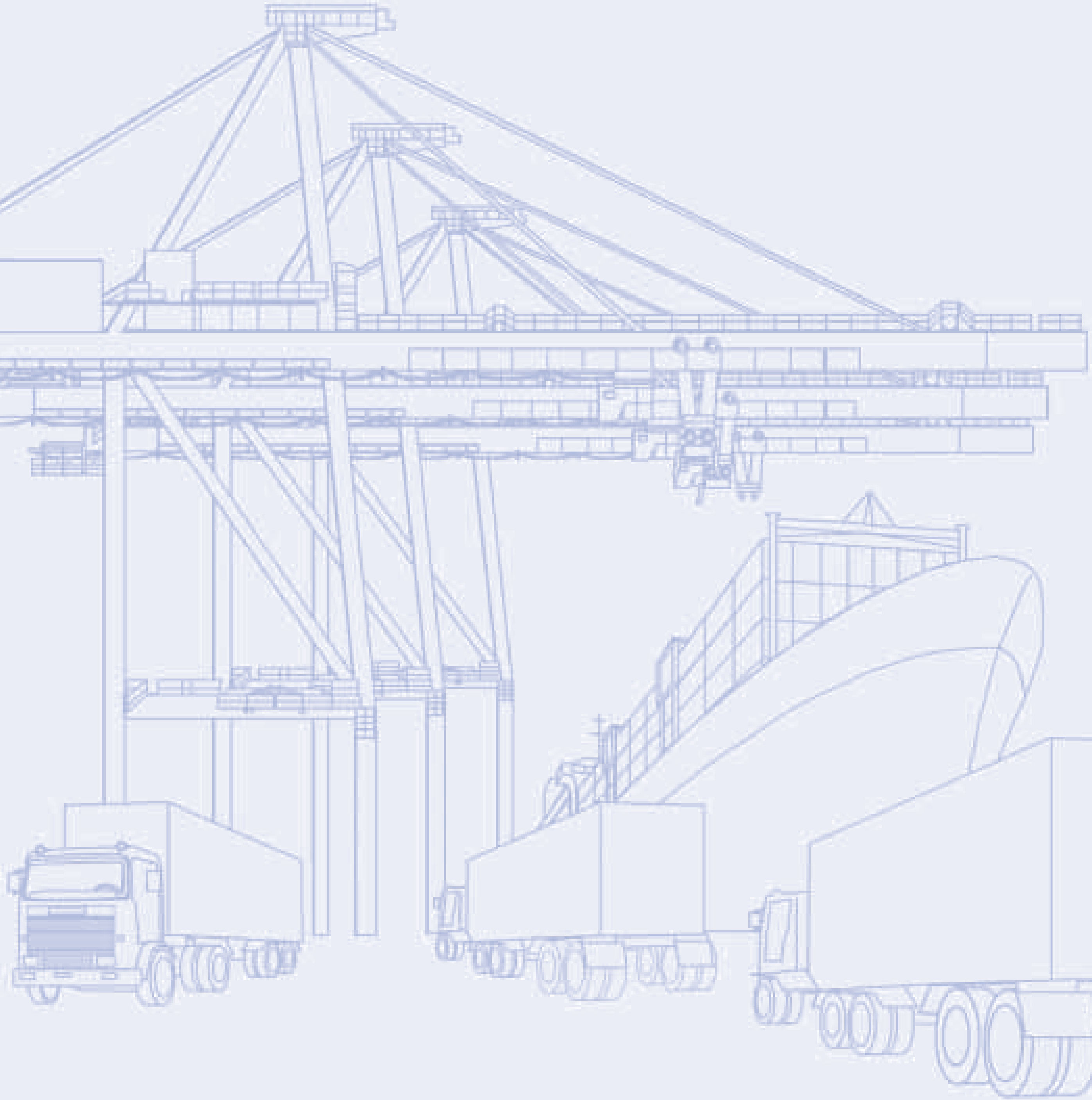
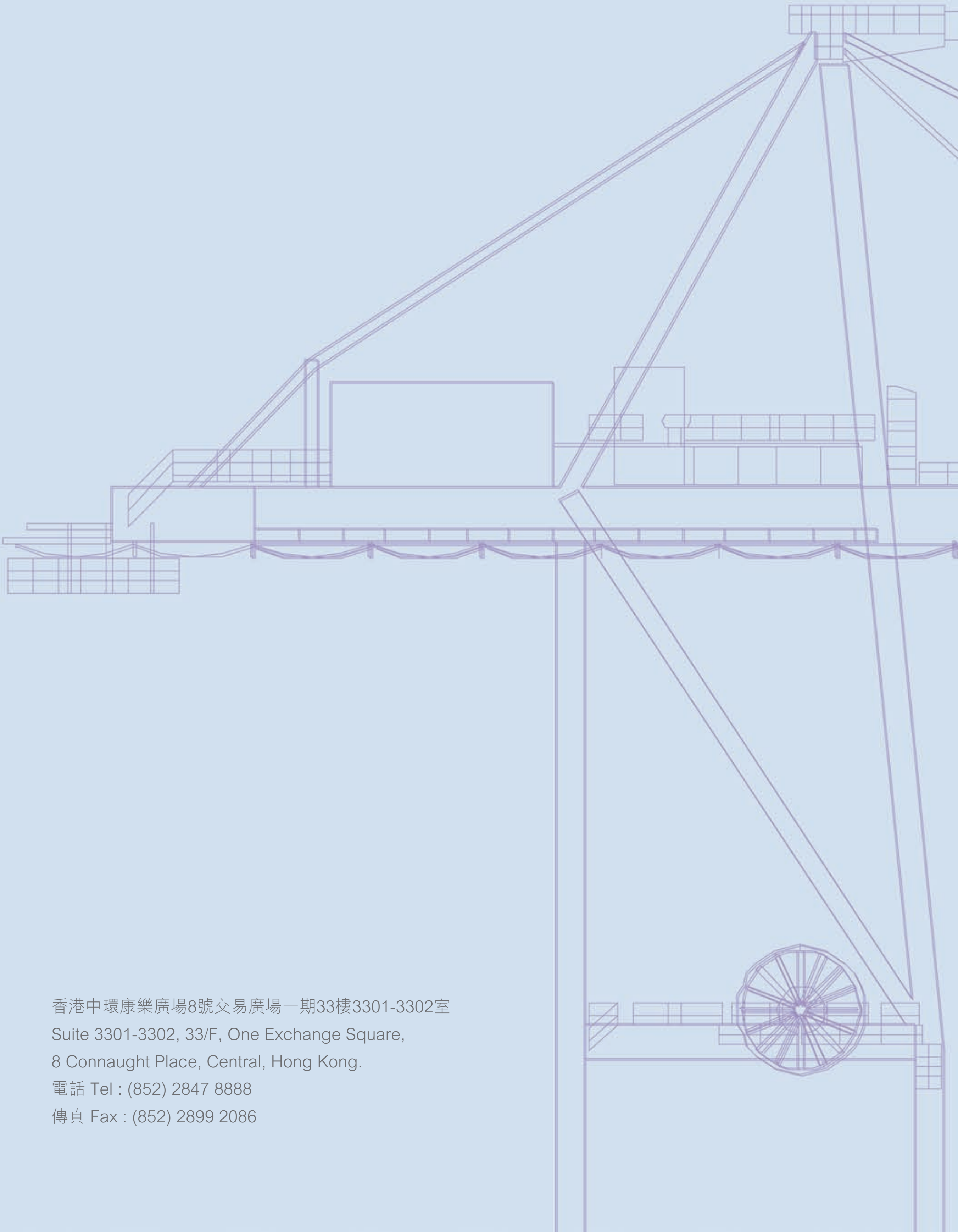
Stock Code

Hong Kong Stock Exchange: 3382

+ Members of Remuneration Committee, Prof. Law is the Chairman of the committee
* Members of Audit Committee, Dr. Cheng is the Chairman of the committee





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