天津港發展控股有限公司

Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 03382

ONE STOP NON STOP

Annual Report 2007

Contents

Corporate Profile

Tianjin Port Development Holdings Limited (the "Company") was listed on the Hong Kong Stock Exchange on 24 May 2006 (Stock Code: 03382) and is currently one of the dominant terminal operators in Tianjin, the PRC.

The Company, together with its subsidiaries (collectively known as the "Group") first began operations at the Tianjin port in 1968 as a bulk cargo terminal. The Group later expanded into the container handling business in 1980. Today, the Group's principal business focuses on container handling at the Tianjin port, providing its customers with high quality and efficient port services. Currently, the Group has equity interests at three chief container terminals, namely; wholly-owned Tianjin Port Container Terminal Co., Ltd. ("TCT"), 40% owned Tianjin Port Alliance International Container Terminal Co., Ltd. ("Alliance") and 40% owned Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Euroasia"). At full capacity, these operations are expected to reach a total container handling capacity of over 6 million TEUs by 2010. The Group is also involved in the bulk cargo handling business through Tianjin Harbour Second Stevedoring Co., Ltd. ("Second Company"), a wholly-owned subsidiary of the Company. The Group has also invested in a logistics park, through Tianjin Port HaiFeng Bonded Logistics Co., Ltd. ("HaiFeng"), in the Dongjiang Bonded Free Port ("Dongjiang Port") of the Tianjin port. HaiFeng is expected to become a prominent part of the Group's business in the near future.

The port of Tianjin is strategically located at the locus of the Bohai Bay Rim, the logistics hub of Tianjin Binhai New District. During 2007, the Tianjin port was the fourth largest in China and sixth largest in the world in terms of total throughput. During the same period, the Tianjin port's total container throughput was the sixth highest in China, placing it among the top twenty largest ports in the world. With Tianjin Binhai New District's inclusion in the State's Eleventh Five Year Plan and subsequent approval of the Dongjiang Port's development plan in 2006, the district is designated to become the third pole of Chinese economic growth alongside Shenzhen and Shanghai. The area and neighboring regions benefiting from the development plans will undoubtedly 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 progressive development of China's northern and northwestern hinterlands.

Port Said
Busan
Inchon
Jakarta
Singapore
Hamburg
Rotterdam
Valencia
Long Beach
Los Angeles
Balboa
Buenos Aires
Sydney

	Container				Bulk	Logistics
	TCT	Alliance (Note 1)	Euroasia (Note 2)	Second Company		HaiFeng (Note 2)
Equity holding	100%	40%	40%	100%		51%
Terminal / land area (m²)	464,000	700,000	700,000	340,000		715,000
Quay length (m)	1,292	1,100	1,100	1,757		N/A
No. of berths	4	4	3	1	7	N/A
Design capacity (million TEUs / GFA m²)	1.6	1.7	1.8	0.3	N/A	484,000
Actual throughput (million TEUs / Tonnes)	2.3	0.8	N/A	0.5	13	N/A

Note:
(1) Acquisition completed in January 2008 and not included in 2007 results of the Group
(2) Still under construction

INTERNATIONAL NETWORK

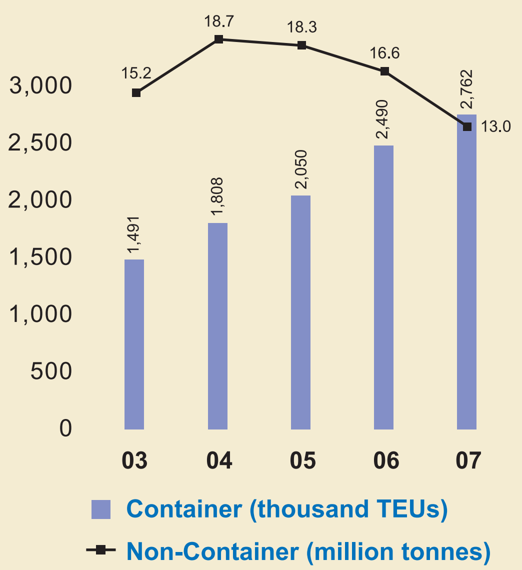
HK$ million **For the year ended 31 December**	**2007**	2006	2005	2004	2003
Throughput					
Container (million TEUs)	**2.76**	2.49	2.05	1.81	1.49
Non-container (million tonnes)	**13.0**	16.6	18.3	18.7	15.2
Revenue	**1,194**	1,036	898	800	724
Operating profit	**290**	348	174	100	88
Profit attributable to equity holders of the Company	**240**	304	147	77	70
Net cash inflow from operations	**322**	291	227	164	170
Basic earnings per share (HK cent)	**13.5**	19.9	13	7	6

Notes:
1. Calculate by dividing equity attributable to equity holders of the Company by number of issued shares of the Company as at year end date.
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 2006 IPO interest income) by average equity attributable to equity holders of the Company.

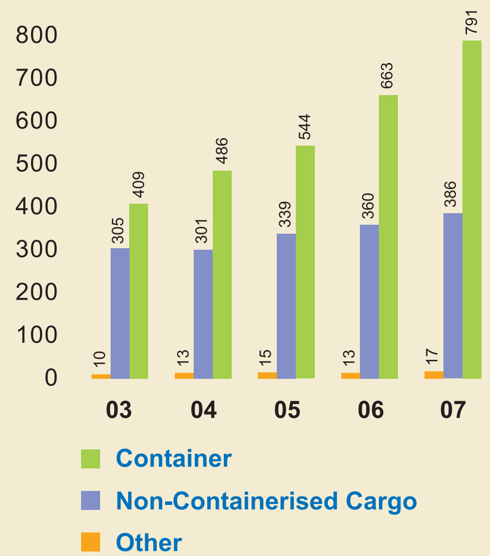
HK$ million **As at 31 December**	**2007**	2006	2005	2004	2003
Equity attributable to equity holders of the Company	**3,390**	2,998	1,426	1,302	1,224
Minority interests	**4.2**	3.8	3.6	3.3	2.9
Total equity	**3,394**	3,002	1,430	1,305	1,227
Total assets	**3,907**	3,527	1,786	1,555	1,526
Net assets per share of the Company					
Book value (HK$) (Note 1):	**1.90**	1.68	1.27	1.16	1.09
Consolidated borrowings	**390**	120	135	132	179

Financial Ratios					
Gearing ratio (Note 2)	**11.5%**	4.0%	9%	10%	15%
Current ratio	**4.80**	1.92	1.07	1.23	1.25
Return on equity (Note 3)	**7.5%**	9.3%	10.8%	6.1%	5.9%

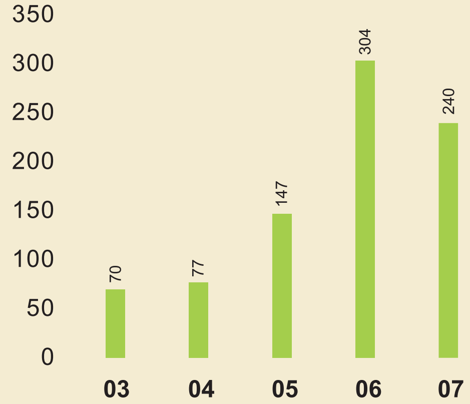
Throughput



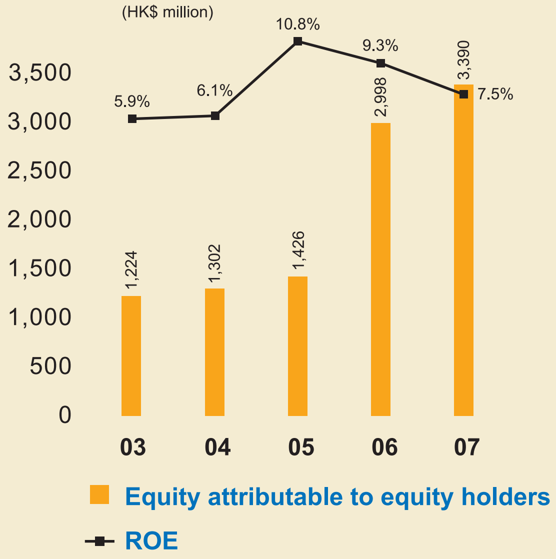
Revenue
(HK$ million)



Profit attributable to equity holders of the Company
(HK$ million)



Equity attributable to equity holders of the Company and return on equity
(HK$ million)



PORT
CONTAINER TERMINAL

Operations are expected to reach a total container handling capacity of over 6 million TEUs by 2010.

LOGISTICS
WAREHOUSING

HaiFeng is the first company engaged in the development of logistics warehousing projects in Dongjiang Port.

STEEL DISTRIBUTION CENTRE

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.

1997

Tianjin Development was listed on the Main Board of the Hong Kong Stock Exchange. The business engaged by the company was one of the principal businesses of the Tianjin Development.

2001

Renovation of container port was completed with designed capacity raised to 1.6 m TEUs, capable of docking and handling container vessels of 10,000 TEUs.

2002

- Started using advanced container terminal production and management software licensed from COSMOS N.V..
- Two berths originally designed for non-containerised cargoes of Second Company were converted into one container berth, with a designed capacity of 320,000 TEUs.

2004

- Installed a new operational system (3C2S) that linked computers, communications control system, global positioning system (GPS) and geographic information system (GIS).
- The second phase of grain terminal construction project was completed, increasing the grain storage capacity to 110,000 tonnes.

2006

- Successfully listed on the Hong Kong Stock Exchange in May 2006 and raised a total of HK$1.26 billion.
- Signed agreement with COSCO and APMT in Euroasia in Tianjin.

2007

- Establishment of HaiFeng in August 2007, the first logistics warehousing company in Dongjiang Port. The project will have a land area of about 715,000 square meters, and will be developed in several phases.

2007

- Entered into agreement in July 2007 to acquire 40% equity interest in Alliance, a container terminal in Tianjin port with quay length of 1,100 meters and designed capacity of 1.7 million TEUs, and the acquisition was completed in January 2008.

GROWING PORT

2007 was a remarkable year for the Company. We completed expansion projects that vitalized the Group's core business with new capacity and invested into new business ventures to tap into the unprecedented growth potential in the northern part of the country, in particular, the Tianjin Binhai New District and Dongjiang Port.

Dear Shareholders,

I am delighted to present the results of Tianjin Port Development Holdings Limited and its subsidiaries (the "Group") for the year 2007. During the year, Tianjin port maintained its momentous growth, achieving a new record total throughput level of 309.6 million tonnes and a container throughput level of 7.1 million TEUs. Tianjin port remains a lively port, ranking fourth largest in China in terms of total throughput, and sixth largest in China in terms of container throughput.

The Group continued to record healthy organic growth, especially in the container business, despite the unstable global economic environment towards the end of 2007. And in spite of the total cessation of the coal business at the beginning of 2007, the revenue of the bulk cargo business still exceeded the prior year by 7%. The Group's revenue and profit attributable to shareholders was HK$1,194 million and HK$240 million respectively, representing an increase of 15% and 16% respectively over last year (excluding IPO interest income). This outstanding performance represents the management's ability to adapt to an ever changing business environment and to form the effective strategies to confront adverse situations.

The board of directors of the Company ("the Board") is also pleased to announce a proposed final dividend of HK2.7 cents. Together with the interim dividend, the total dividend for this year is HK5.4 cents, which represents a payout ratio of 40% and is in line with that of last year.

2007 was a remarkable year for the Company. We completed expansion projects that vitalized the Group's core business with new capacity and invested into new business ventures to tap into the unprecedented growth potential in the northern part of the country, in particular, the Tianjin Binhai New District and Dongjiang Port. The acquisition of Alliance was completed in January 2008, and will become a major contributor to our volume growth in the container business in the coming years.

Phase 1 of the Dongjiang Port, an area of 4 square kilometers, officially commenced operations in December 2007. This allowed HaiFeng, our newly established logistics park, located within the phase 1 area of Dongjiang Port, to also commence operations. HaiFeng represents the beginning of our strategic plan to develop our logistics business into a major growth driver alongside our firmly established container handling business.

Looking forward, we will continue our proven strategy of fostering opportunities for sustainable growth with the aim of enhancing return for our shareholders. Finally, on behalf of the Board, 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, 16 April 2008


08:23


10:40


14:20

TIANJIN PORT
EASY CONVENIENT

RESULTS

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

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

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

DIVIDENDS

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

CLOSURE OF REGISTER

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

REVIEW OF OPERATIONS

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

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

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

A summary of the throughput by segment is as follows:

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

Container Handling Business

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

REVIEW OF OPERATIONS *(Continued)*

Container Handling Business *(Continued)*

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

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

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

On the horizon is Euroasia, a joint venture of which the Group holds 40%, the next rising star of the Group. Its operating capacity will include 3 berths with a total quay length of 1,100 meters and a designed capacity of 1.8 million TEUs. It is still under construction and is expected to commence operations in 2009.

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

Bulk Cargo Handling Business

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

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

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

REVIEW OF OPERATIONS *(Continued)*

Bulk Cargo Handling Business *(Continued)*

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

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

Logistics Business

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

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

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

PROSPECTS

Tianjin Binhai New District

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

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

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

Dongjiang Port

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

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

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

PROSPECTS *(Continued)*

Strategic Cooperation with Joint Venture Partners

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

Cost Control

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

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

FINANCIAL REVIEW

Cash Flow

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

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

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

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

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

FINANCIAL REVIEW *(Continued)*

Liquidity and Financial Resources

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

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

Financial Management and Policy

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

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

Capital Structure

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

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

SIGNIFICANT INVESTMENTS

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

1. Acquisition of Alliance

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

2. Establishment of HaiFeng

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

3. Establishment of Euroasia

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

GOING CONCERN

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

CONTINGENT LIABILITIES

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

EMPLOYEES

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

APPRECIATION

On behalf of the Board, 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.

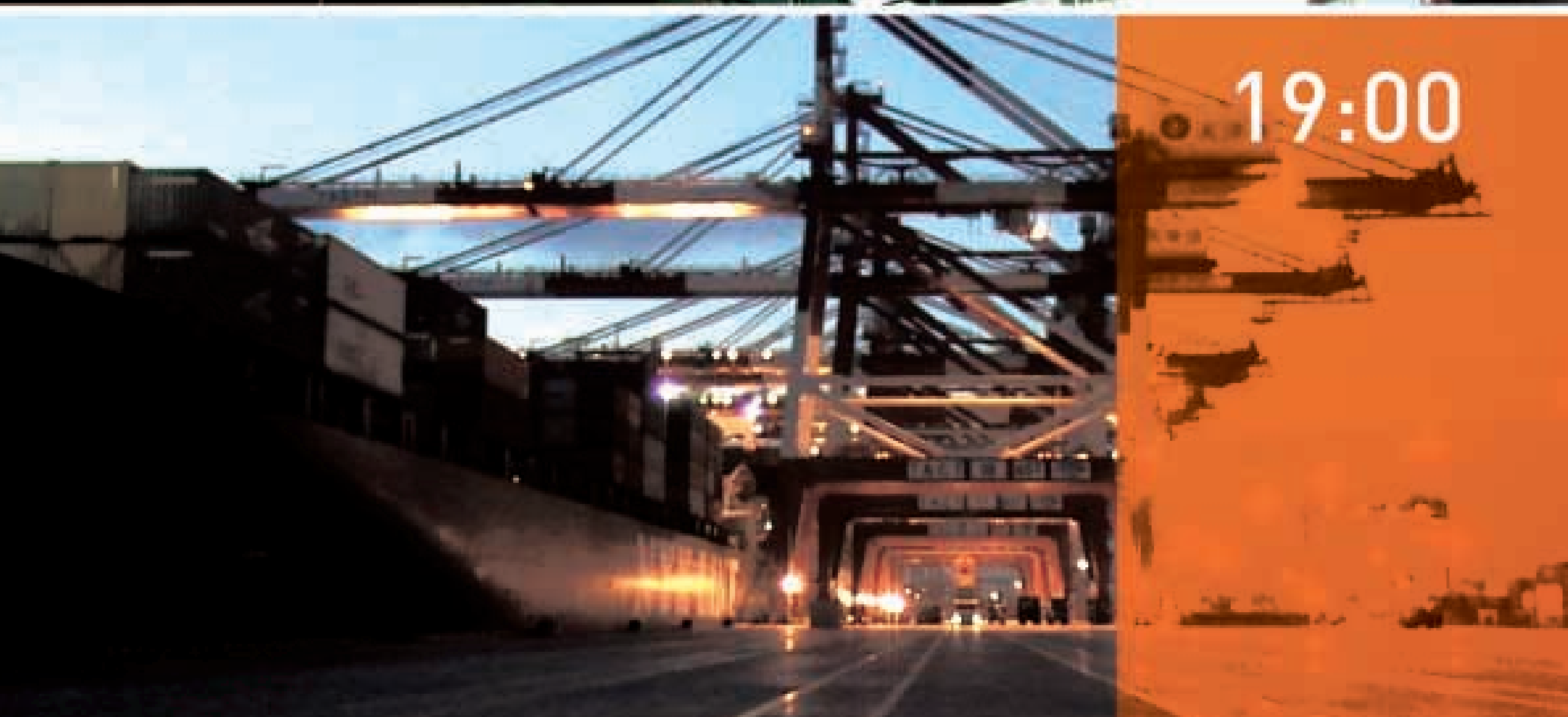
By order of the Board
ZHANG Jinming
Managing Director

Hong Kong, 16 April 2008

EFFICIENT AND FAST


15:00


17:20


19:00

CORPORATE GOVERNANCE PRACTICES

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

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

The following sections set out how the principles in the Code have been complied with by the company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2007.

BOARD OF DIRECTORS

The Board comprises a total of nine Directors, with five executive Directors, namely Mr. Yu Rumin (Chairman), Mr. Nie Jiansheng (Vice Chairman), Mr. Zhang Jinming (Managing Director), Mr. Xue Lingsen and Mr. Jiao Hongxun; one non-executive Director, Mr. Wang Guanghao (Vice Chairman) and three independent non-executive Directors, namely Dr. Cheng Chi Pang, Leslie, Prof. Japhet Sebastian Law and Mr. Kwan Hung Sang, Francis.

Mr. Yu has been the vice chairman and an executive director of Tianjin Development Holdings Limited ("Tianjin Development"), being a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)("SFO"), since November 1997 and was appointed as an acting chairman of Tianjin Development on 31 January 2008. Mr. Nie Jiansheng has been an executive director and deputy general manager of Tianjin Development since February 2004. He is also a director and deputy general manager of Tsinlien Group Company Limited ("Tsinlien"), being a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Wang Guanghao was the chairman and an executive director of Tianjin Development from June 1997 to September 2007. He was re-designated as a non-executive director of Tianjin Development on 21 September 2007 and subsequently resigned on 31 January 2008. Mr. Wang was the chairman and a director of Tsinlien from May 1996 to July 2007.

BOARD OF DIRECTORS *(Continued)*

Save as disclosed above, there is no other relationship (including financial, business, family or other material or relevant relationship(s)) among members of the Board.

The Board held four regular meetings and two additional meetings during the year ended 31 December 2007. All members of the Board attended all meetings, except for the absence of Mr. Yu Rumin from the two additional meetings due to business trip arrangement.

The Board oversees the businesses, overall strategic directions, corporate governance, and operational and financial performances of the Group. Daily operations and administration of the Company are delegated to the management and supervised by the executive Directors.

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of a sufficient number of independent non-executive Directors and an independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Company received annual confirmation of independence from each of the three independent non-executive Directors. The Board is of the view that all independent non-executive Directors are independent within the definition of the Listing Rules.

CHAIRMAN AND MANAGING DIRECTOR

The roles of the chairman and managing director of the Company are segregated and the positions of the chairman and managing director of the Company are held by separate individuals.

Mr. Yu Rumin has been the chairman of the Company since 7 May 2007. Mr. Wang Guanghao was the chairman of the Company from 26 April 2006 to 7 May 2007.

The chairman is responsible for the leading and effective operation of the Board in setting policies and business directions. The chairman ensures that the Board functions and discharges its responsibilities effectively, and that all key and appropriate issues are discussed by the Board in a timely manner.

Mr. Zhang Jinming is the managing director of the Company who provided leadership for effective running of the daily operation of the Group and implementation of approved strategies in pursuit of the overall commercial objectives.

NON-EXECUTIVE DIRECTORS

The non-executive Director is appointed for a specific term with effect from 26 August 2005 to the end of the 2008 annual general meeting of the Company. The independent non-executive Directors are appointed for a specific term of two years.

All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

REMUNERATION OF DIRECTORS

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") comprises one executive Director, Mr. Nie Jiansheng, and two independent non-executive Directors, namely Prof. Japhet Sebastian Law and Mr. Kwan Hung Sang, Francis. Prof. Law is the chairman of the Remuneration Committee.

Written terms of reference of the Remuneration Committee have been adopted by the Board. The principle roles and functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, determining the specific remuneration packages of all executive Directors and senior management, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee held two meetings during the year ended 31 December 2007. All members of the Remuneration Committee attended the meetings.

The Remuneration Committee performed the following work during the year ended 31 December 2007:

– reviewed the remuneration policy for Directors and senior management.

– reviewed and recommended to the Board for approval the annual incentive bonus for Directors and senior management with reference to their performance and the operating results of the Group.

REMUNERATION OF DIRECTORS *(Continued)*

Remuneration Package for Directors and Senior Management

The remuneration package for the Directors and senior management comprises basic salary, annual bonus and pensions. Apart from basic salary, executive Directors and employees are eligible to receive an annual bonus taking into account factors such as market conditions as well as performance of the corporation and the individual employee during the year.

In order to attract, retain and motivate talented eligible staff, including the Directors, the Company has adopted a Share Option Scheme (as defined in the section headed "Share Option Scheme" in the Report of the Directors). The scheme enables eligible persons to obtain ownership interest in the Company and thus serves to motivate continual optimum contributions to the Group.

Details of the amount of Directors' emoluments during the year ended 31 December 2007 are set out in Note 6 to the financial statements and details of the Share Option Scheme and grant of options by the Company during the year are set out in the Report of the Directors and Note 22 to the financial statements.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. The roles and functions of the nomination committee are performed by the Board. The Board considers the suitability of a candidate to act as a Director on the basis of his or her qualification, experience and potential contribution to the Company.

AUDITORS' REMUNERATION

For the year ended 31 December 2007, the remuneration paid to the auditors of the Company in respect of audit services was approximately HK$1,050,000 and non-audit services was approximately HK$95,000.

AUDIT COMMITTEE

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

Written terms of reference of the Audit Committee have been adopted by the Board. The principle roles and functions of the Audit Committee include making recommendations to the Board on the appointment and removal of external auditors and approvals of their terms of engagement, reviewing and monitoring external auditors' independence and effectiveness of audit process, reviewing the financial information of the Group and overseeing the Group's financial reporting system and internal control procedures.

The Audit Committee held two meetings during the year ended 31 December 2007. All members of the Audit Committee attended the meetings.

AUDIT COMMITTEE *(Continued)*

The Audit Committee performed the following work during the year ended 31 December 2007:

– reviewed the annual report for 2006 annual results and the interim report for 2007 interim results.

– reviewed the financial control, internal control and risk management systems of the Group.

– reviewed the auditors' audit findings.

– reviewed the auditors' remuneration.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparing the financial statements for the year ended 31 December 2007. The statement by the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 49 to 50.

INTERNAL CONTROL

The Board has the overall responsibility to maintain a sound and effective internal control system for the Group. The Group's internal control framework covers (i) setting up a defined management structure with limits of authority and clear lines of accountability and (ii) ensuring regular reporting of financial information, in particular, tracking of deviations from budgets and targets.

The Board has conducted, through an external professional internal audit consultant, an annual review of the effectiveness of the system of internal control of the Group which covers all material controls, including financial, operational and compliance controls and risk management functions. The report of the review have been reviewed by the Audit Committee and discussed by the Audit Committee with the Board.

COMMUNICATION WITH SHAREHOLDERS

The Company values effective communication with the shareholders and investors. The Company has been proactive in promoting investor relations and communications by way of meetings, press conferences, presentations and company visits.

The Company maintains a regular dialogue with institutional investors and analysts. During the year, the Company actively participated in investor conferences organised by renowned investment banks, one-on-one meetings with institutional investors and analysts and local and overseas roadshows. The Company also organised port visits for fund managers and analysts to provide them with the opportunity to understand the port operations and the Group's business.

After interim and final results are announced, the Company will hold analyst presentations and press conferences. The Directors and senior management will be available at those meetings to answer questions regarding the Group's operational and financial performances.

The Board endeavours to maintain an on-going dialogue with shareholders. Shareholders are encouraged to attend annual general meeting and other general meetings of the Company and are invited to express their views and raise questions thereat. The respective chairman of the board, the audit and remuneration committees and the auditors of the Company will be available at the annual general meeting to respond to shareholders' questions. The chairman of independent board committee, the independent financial advisor and the legal advisor, as the case may be, will be available at the general meetings to respond to shareholders' questions in relation to proposed resolutions seeking approval at the meetings.


09:00


11:00


02
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ON TIME AT THE TIME

The Directors have pleasure in presenting the annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and that of its principal subsidiaries are provision of port services. Particulars of its principal subsidiaries are set out in Note 33 to the financial statements.

An analysis of the Group's revenue by business segments for the year ended 31 December 2007 is set out in Note 3 to the financial statements.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 51.

The Board recommends the payment of a final dividend of HK2.7 cents (2006: HK2.3 cents) per share for the year ended 31 December 2007 which, together with the interim dividend of HK2.7 cents (2006: Nil) per share paid on 1 November 2007, represents a total dividend of HK5.4 cents (2006: HK2.3 cents) per share for the year.

RESERVES

Reserves available for distribution to the shareholders of the Company as at 31 December 2007 amounted to HK$84,612,000 (2006: HK$73,633,000).

Movements in reserves of the Group and the Company during the year are set out in Note 23 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The sales attributable to the Group's five largest customers combined was approximately 43% of the Group's sales for the year and the largest customer included therein accounted for approximately 14%.

The five largest suppliers of the Group combined accounted for approximately 25% of the Group's total purchases and the largest supplier included therein accounted for approximately 11%.

None of the Directors, their associates, or any shareholder of the Company, which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had interests in any of the Group's five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group and the Company during the year are set out in Note 13 to the financial statements.

SHARE CAPITAL

Movements in share capital of the Company are set out in Note 22 to the financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2007 are set out in Note 24 to the financial statements.

LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT

On 10 December 2007, Tianjin Port Development Finance Limited, a wholly-owned subsidiary of the Company as borrower (the "Borrower") entered into a facility agreement (the "Facility Agreement") with six financial institutions as lenders (the "Lenders"), pursuant to which a facility in an aggregate amount of HK$1,000,000,000 (the "Facility") is made available by the Lenders to the Borrower on the terms and conditions stated therein. The Facility is a revolving loan facility with a term of 12 months from the date of the Facility Agreement (which will after the facility termination date be converted into a term loan facility with a term of 60 months from the date of the Facility Agreement). The Facility Agreement includes a condition imposing specific performance obligations on Tianjin Development, the controlling shareholder of the Company. It will be an event of default if Tianjin Development ceases to remain (directly or indirectly) as the single largest shareholder of the Borrower or the Company, or ceases to maintain shareholding interest of at least 35% (directly or indirectly) in the Borrower or the Company and in such event the Lenders may demand immediate repayment of the loans. Such obligation continues to exist as at the date of this annual report.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 98 to 99.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in Note 30 to the financial statements.

SHARE OPTION SCHEME

By a written resolution passed by the sole shareholder of the Company on 26 April 2006, a share option scheme (the "Share Option Scheme") was approved and adopted by the Company. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption, i.e. 26 April 2006.

The purpose of the Share Option Scheme is to provide incentive and recognition to eligible persons for their contribution to the Group. The Board may offer to grant options to any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors of the Company or any of its subsidiaries; any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

Unless approved by the shareholders of the Company in general meeting, the total number of shares in the Company (the "Shares") in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the date on which the Shares commence listing on the Main Board of the Stock Exchange (the "Listing Date"). The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

Unless approved by the shareholders of the Company in general meeting, the maximum entitlement of each participant (including exercised, outstanding and cancelled options) in any 12-month period under the Share Option Scheme shall not exceed 1% of the number of Shares in issue on the offer date.

A total of 155,300,000 Shares are available for issue under the Share Option Scheme, representing approximately 8.69% of the issued share capital of the Company as at the date of this annual report.

HK$1 by way of consideration for the grant of an option is payable by the grantee to the Company on acceptance of the option within 30 days from the offer date.

The exercise period of the options is determinable by the Directors and shall not exceed a period of 10 years commencing on the date upon which the option is deemed to be granted and accepted in accordance with the Share Option Scheme.

Unless otherwise determined by the Board, there is no minimum period for which an option must be held before it can be exercised.

SHARE OPTION SCHEME *(Continued)*

The exercise price in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the offer date; (ii) the average of the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the offer date and (iii) the nominal value of a Share.

Details of the options granted, exercised, lapsed and cancelled during the year ended 31 December 2007 are as follows:

	Date of Grant	Exercise Price *HK$*	As at 1 January 2007	Granted	Exercised	Lapsed	Cancelled	As at 31 December 2007	Exercise Period
Directors									
Mr. Yu Rumin	03/02/2007	2.74	–	1,900,000 *(Note 1)*	–	–	–	1,900,000	03/08/2007-03/02/2017
Mr. Nie Jiansheng	01/08/2006	2.28	2,100,000	–	–	–	–	2,100,000	01/02/2007-01/08/2016
Mr. Zhang Jinming	01/08/2006	2.28	2,000,000	–	–	–	–	2,000,000	01/02/2007-01/08/2016
Mr. Xue Lingsen	01/08/2006	2.28	1,100,000	–	–	–	–	1,100,000	01/02/2007-01/08/2016
Mr. Jiao Hongxun	01/08/2006	2.28	1,100,000	–	–	–	–	1,100,000	01/02/2007-01/08/2016
Mr. Wang Guanghao	01/08/2006	2.28	2,300,000	–	–	–	–	2,300,000	01/02/2007-01/08/2016
Mr. Yuan Baotong	01/08/2006	2.28	1,100,000	–	–	–	(1,100,000) *(Note 3)*	–	01/02/2007-01/08/2016
Employees	01/08/2006	2.28	1,800,000	–	(400,000) *(Note 2)*	–	–	1,400,000	01/02/2007-01/08/2016
Total			**11,500,000**	**1,900,000**	**(400,000)**	**–**	**(1,100,000)**	**11,900,000**	

Notes:

1. The closing prices of the Shares immediately before the date on which the option was granted was HK$2.74.

2. The weighted average closing price of the Shares immediately before the date on which the option to subscribe for 400,000 Shares was exercised was HK$5.68.

3. Option to subscribe for 1,100,000 Shares granted to Mr. Yuan Baotong, a former Director, was cancelled during the year. Mr. Yuan resigned on 31 December 2006.

4. All options granted are subject to a vesting period of six months from the date of grant.

Details of the value of options granted under the Share Option Scheme during the year ended 31 December 2007 and the accounting policy adopted for the options are set out in Note 22 and Note 2 to the financial statements respectively.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year ended 31 December 2007 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors
Mr. YU Rumin *(appointed as Chairman on 7 May 2007)*
Mr. NIE Jiansheng *(Vice Chairman)*
Mr. ZHANG Jinming *(Managing Director)*
Mr. XUE Lingsen
Mr. JIAO Hongxun

Non-executive Director
Mr. WANG Guanghao *(re-designated as Vice Chairman on 7 May 2007)*

Independent Non-executive Directors
Mr. KWAN Hung Sang, Francis
Prof. Japhet Sebastian LAW
Dr. CHENG Chi Pang, Leslie

In accordance with Article 108 of the Articles of Association of the Company, Mr. Nie Jiansheng, Mr. Wang Guanghao and Mr. Kwan Hung Sang, Francis will retire from office by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Director entered into a service contract for a specific term with effect from 26 April 2006 (in the cases of Mr. Nie Jiansheng and Mr. Wang Guanghao, with effect from 26 August 2005 and in the case of Mr. Yu Rumin, with effect from 24 November 2006) to the end of the 2008 annual general meeting. Each of these contracts may be terminated by the executive Directors and non-executive Director giving not less than three months' notice in writing.

The independent non-executive Directors are appointed for a specific term of two years in accordance with their respective appointment letters.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

There were no contracts of significance subsisting during or at the end of the year to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had, either directly or indirectly, a material interest.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or the Group were entered into or existed during the year.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. YU Rumin (于汝民)
Chairman

Aged 58, was appointed as an executive Director on 24 November 2006 and the chairman of the Company on 7 May 2007. Mr. Yu is responsible for the leadership and management of the Board. He graduated from Shanghai Haiyun College (上海海運學院) in 1975 and obtained a Master's degree in international transport engineering management.

Mr. Yu has extensive experience in port management for over 20 years. He was the deputy head of the Regulatory Commission of Tianjin Port Tax Concession from July 1996 to June 2002. He was the assistant to the head of the Tianjin Port Authority from March 1986 to October 1988. He has been the deputy head of the Tianjin Port Authority since October 1988, the executive deputy head since July 1996 and the head of Tianjin Port Authority since June 2002. Subsequent to the reorganisation of Tianjin Port Authority in June 2004, he was the vice chairman and chief executive officer of 天津港(集團)有限公司 (Tianjin Port (Group) Co., Ltd.*)("Tianjin Port Group"). Mr. Yu is currently the chairman of Tianjin Port Group.

Mr. Yu has been the vice chairman and executive director of Tianjin Development since November 1997 and was appointed as an acting chairman of Tianjin Development on 31 January 2008. Mr. Yu is currently the chairman of 天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*) ("Tianjin Port Holdings"), a company whose shares are listed on the Shanghai Stock Exchange, the PRC.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Executive Directors *(Continued)*

Mr. NIE Jiansheng (聶建生)
Vice Chairman

Aged 53, was appointed as a Director on 26 August 2005 and was designated as an executive Director and vice chairman of the Company on 8 September 2005. Mr. Nie is also a member of the Remuneration Committee. Mr. Nie oversees the development strategy of the Group. He graduated from the School of Politics at the Tianjin Normal College (天津師範學院) in 1980, majoring in economics and philosophy and completed a postgraduate course in international trade at the Tianjin Economics and Finance Institute (天津財經學院) in 1999.

Mr. Nie has over 10 years of experience in management and in particular in managing roles within government. Mr. Nie was the deputy department head of the Liaison department of the Foreign Affairs Office of the Tianjin Municipal People's Government from 1991 to 1992, the deputy head of the department of Foreign-invested Enterprises Management of the Tianjin Foreign Economic and Trade Commission from 1992 to 1996 and the head of the Tianjin Foreign Investment Enterprises Management Office and the general secretariat of the Foreign Investment Office of Tianjin Municipal People's Government from 1998 to 2001.

Mr. Nie has been an executive director and the deputy general manager of Tianjin Development since February 2004. He is also a director and deputy general manager of Tsinlien.

Mr. ZHANG Jinming (張金明)
Managing Director

Aged 57, was appointed as an executive Director and managing director of the Company on 8 September 2005. Mr. Zhang oversees the operation of the Group and the implementation of the approved strategies. He is a qualified senior accountant and completed a research and study course in foreign related economics at the Tianjin Economics and Finance University (天津財經大學) in 1992.

Mr. Zhang has over 30 years of experience in accounting and financial management. Mr. Zhang joined Tianjin Port Authority in 1974. He was the deputy head of the accounting department, the deputy head and subsequently the head of budgeting department of Tianjin Port Authority during the period from 1992 to 2004. Subsequent to the reorganisation of Tianjin Port Authority in June 2004, he remained in the position of the head of the budgeting department of Tianjin Port Group until May 2006. He was also the general manager of the budgeting department from July 1998 to July 2004 and a director from April 2001 to March 2006 of Tianjin Port Holdings.

Mr. XUE Lingsen (薛翎森)

Aged 52, was appointed as an executive Director on 8 September 2005. Mr. Xue is responsible for the overall operation and management of TCT. Mr. Xue graduated from the Tianjin Radio and TV University (天津廣播電視大學) in 1983, majoring in mechanics. He completed a professional course in industrial electronic automation at the Tianjin University (天津大學) in 1991. Mr. Xue joined the electro mechanic department of TCT as a chief engineer in 1983 and became the deputy department head in 1991. Mr. Xue was appointed as the assistant to the general manager of TCT in 1993 and held the position of vice general manager from 1994 until 2003. Mr. Xue has been the general manager of TCT since January 2003. Mr. Xue has over 30 years of experience in the container handling and port business.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Executive Directors *(Continued)*

Mr. JIAO Hongxun (焦宏勛)

Aged 56, was appointed as an executive Director on 26 April 2006. Mr. Jiao is responsible for the overall operation and management of Second Company. Mr. Jiao graduated from the Tianjin Radio and TV University (天津廣播電視大學) in 1997, majoring in management of business administration. Mr. Jiao started his career at the port of Tianjin as early as 1968. He worked in the scheduling and coordination office of Tianjin First Stevedoring Company Limited in 1981 and became the head of the office in 1990. Mr. Jiao was appointed the deputy general manager of Tianjin Third Stevedoring Company Limited in December 1994 and general manager in May 2002. Mr. Jiao has over 30 years of experience in the management and administration of stevedoring operation and other port related business.

Non-executive Director

Mr. WANG Guanghao (王廣浩)

Aged 68, was appointed as a Director on 26 August 2005 and was designated as a non-executive Director on 8 September 2005. Mr. Wang was the chairman of the Company from 26 April 2006 to 7 May 2007 and was re-designated as the vice chairman of the Company on 7 May 2007. Mr. Wang graduated from the Tianjin Mechanical Engineering Institute (天津機電工業學院) in 1962. He is a senior engineer and has extensive experience in engineering and corporation management in both government and private sectors for over 30 years.

Mr. Wang was the chairman and director of Tsinlien from May 1996 to July 2007. Before joining Tsinlien in May 1996, he was the deputy manager of Tianjin Petrochemical Machinery and Industrial Company, the deputy commissioner of the Tianjin Mechanic and Industrial Bureau, the commissioner of Tianjin Quality and Technology Supervision Bureau, the deputy director of Tianjin Foreign Trade and Economic Commission and the director of the Foreign Investment Service Centre of the Tianjin Municipal People's Government.

Mr. Wang was the chairman and executive director of Tianjin Development from June 1997 to September 2007. He was re-designated as a non-executive director of Tianjin Development on 21 September 2007 and subsequently resigned on 31 January 2008.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Independent Non-executive Directors

Prof. Japhet Sebastian LAW (羅文鈺)

Aged 56, was appointed as an independent non-executive Director on 8 September 2005. He is also the chairman of Remuneration Committee and a member of Audit Committee. Prof. Law obtained his Doctorate degree of Philosophy in mechanical/industrial engineering from the University of Texas at Austin in 1976. He joined the Chinese University of Hong Kong in 1986 and is currently a Professor in the Department of Decision Sciences and Managerial Economics. He was the Associate Dean and subsequently the Dean of the Faculty of Business Administration from 1993 until 2002. Prior to returning to Hong Kong, Prof. Law was the director of Operations Research at the Cullen College of Engineering and director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U.S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Prof. Law has consulted with various corporations in Hong Kong and overseas. He is also active in public services, having served as a member of the Provisional Regional Council of the Hong Kong SAR Government and various other committees, and is also active on the boards of profit, non-profit, and charitable organisations in Hong Kong and overseas.

Mr. KWAN Hung Sang, Francis (關雄生)

Aged 57, was appointed as an independent non-executive Director on 8 September 2005. He is also a member of Audit Committee and Remuneration Committee. Mr. Kwan obtained a management development certificate from the University of British Columbia in Canada in January 1989. He has over 37 years of experience in exchange operations, commercial banking, investment and risk management in Hong Kong and Canada. He has held senior positions in The Hong Kong Exchanges and Clearing Limited for almost 10 years including senior vice president, responsible for the integration programme office and group risk management division of The Hong Kong Exchanges and Clearing Limited and chief operation officer of The Hong Kong Futures Exchange Limited. Prior to that, he had also worked with a number of international banks and financial institutions. Mr. Kwan is currently the chairman of USP Enterprise Limited, Rise & Shine Enterprise Limited and Hope Marketing Consultant Company Limited, the former two companies are engaging in the distribution of health products and the latter is engaging in the sales and marketing of natural health food products.

Mr. Kwan has been an independent non-executive director of Hembly International Holdings Limited (Stock Code: 03989) since June 2006, a company whose shares are listed on the Main Board of the Stock Exchange.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Independent Non-executive Directors *(Continued)*

Dr. CHENG Chi Pang, Leslie (鄭志鵬)

Aged 50, was appointed as an independent non-executive Director on 8 September 2005. He is also the chairman of Audit Committee. Dr. Cheng obtained his Doctorate Degree in Philosophy in Business Management and a Master's degree in business administration from Burkes University and Heriot-Watt University in the United Kingdom in 2003 and 1997 respectively. He obtained his bachelor's degree in business from Curtin University of Technology, Australia in 1992. Dr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales, the Australia Society of Certified Practising Accountants and the Taxation Institute of Hong Kong and a fellow member of the Hong Kong Institute of Directors. Dr. Cheng is a Certified Public Accountant practising in Hong Kong and has over 25 years of experience in auditing, business advisory and financial management.

Dr. Cheng is currently a senior partner of Leslie Cheng & Co. Certified Public Accountants, the chief executive officer of L&E Consultants Limited and the chairman and a member of the supervisory board of the Macao Water Supply Company Limited.

Dr. Cheng is currently a non-executive director of Wai Kee Holdings Limited (Stock Code: 00610) and Build King Holdings Limited (Stock Code: 00240) and an independent non-executive director of China Ting Group Holdings Limited (Stock Code: 03398), Nine Dragons Paper (Holdings) Limited (Stock Code: 02689) and Fortune Sun (China) Holdings Limited (Stock Code: 00352), companies whose shares are listed on the Stock Exchange.

Dr. Cheng was the chief executive officer and group financial controller of NWS Holdings Limited (Stock Code: 00659), a company whose shares are listed on the Main Board of the Stock Exchange, from February 2003 to March 2005 and a director of over 70 subsidiaries and associated companies of NWS Holdings Limited and New World Development Company Limited (Stock Code: 00017), a company whose shares are listed on the Stock Exchange, from March 1992 to March 2005.

Senior Management

Mr. WANG Xinqiang (王新強)

Aged 38, was appointed as a deputy general manager of the Company in November 2005. Mr. Wang graduated from the Tianjin Institute of Foreign Trade (天津對外貿易學院) in 1992 with a bachelor's degree in economics. He obtained a Master's degree in public administration from Tianjin University (天津大學) in March 2005. He also holds an intermediate economist certificate specialising in water transportation. Before joining the Group, Mr. Wang worked at China Tianjin Ocean Shipping Agency Limited (中國天津外輪代理有公司) which he joined in July 1992 and became the deputy general manager in 2001.

Mr. LAI Chin Man, Daniel (賴展文)

Aged 40, joined the Company in November 2005 as Chief Financial Officer of the Company, responsible for overseeing the group's finance and accounting function, and was appointed as Company Secretary and Qualified Accountant of the Company on 26 April 2006. He has extensive experience in various aspects, including auditing, financial management, business development and corporate finance, mostly gained as senior finance officer in listed companies. Mr. Lai is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He holds a bachelor's degree in accountancy and a Master's degree in corporate finance.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 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 or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	**Capacity**	**Number of shares**	**Number of underlying shares** *(Note)*	**Approximate percentage of issued share capital of the Company**
Mr. Yu Rumin	Beneficial owner		1,900,000 (L)	0.11% (L)
Mr. Nie Jiansheng	Beneficial owner		2,100,000 (L)	0.12% (L)
Mr. Zhang Jinming	Beneficial owner		2,000,000 (L)	0.11% (L)
Mr. Xue Lingsen	Beneficial owner		1,100,000 (L)	0.06% (L)
Mr. Jiao Hongxun	Beneficial owner		1,100,000 (L)	0.06% (L)
Mr. Wang Guanghao	Beneficial owner		2,300,000 (L)	0.13% (L)
Mr. Kwan Hung Sang, Francis	Beneficial owner	520,000 (L)		0.03% (L)

(L) denotes a long position

Note:

The interests in underlying shares of unlisted equity derivatives of the Company represented interests in options granted to the Directors to subscribe for Shares, further details of which are set out in the section headed "Share Option Scheme" above.

Save as disclosed above, as at 31 December 2007, none of the Directors or chief executive or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2007, the following persons, other than the Director or chief executive of the Company who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	*Notes*	**Capacity**	**Number of Shares interested**	**Approximate percentage of issued share capital of the Company**
Leadport Holdings Limited	*1*	Beneficial owner	1,122,000,000 (L)	62.78% (L)
Tianjin Development Holdings Limited ("Tianjin Development")	*1*	Interest of controlled corporation	1,122,000,000 (L)	62.78% (L)
Tsinlien Group Company Limited ("Tsinlien")	*2*	Interest of controlled corporations	1,128,820,000 (L)	63.16% (L)

(L) denotes a long position

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 31 December 2007, Tianjin Investment Holdings Limited was directly interested in 6,820,000 Shares, representing approximately 0.38% 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. As at 31 December 2007, Mr. Yu Rumin, Mr. Wang Guanghao and Mr. Nie Jiansheng were directors of Tianjin Development. As at 31 December 2007, Mr. Nie Jiansheng was a director of Tsinlien.

Save as disclosed above, as at 31 December 2007, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

The Company has entered into a number of connected transactions and continuing connected transactions with certain associates of Tianjin Port Group during the year ended 31 December 2007. The Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem Tianjin Port Group as a connected person of the Company.

(A) Connected Transactions

Details of the connected transactions for the year ended 31 December 2007 are as follows:

1. Disposal of 50% Equity Interest in Tianjin Jinli

On 13 June 2007, TCT, an indirect wholly-owned subsidiary of the Company, and 天津港集裝箱貨運有限公司 (Tianjin Port Container Freight Company Limited*) ("Tianjin Port Container Freight"), a 90.54% owned subsidiary of Tianjin Port Group as at the date of the agreement, entered into an agreement, pursuant to which TCT agreed to sell and Tianjin Port Container Freight agreed to purchase 50% equity interest in 天津津利國際集裝箱貨運代理有限公司 (Tianjin Jinli International Container Freight Agency Company Limited*) ("Tianjin Jinli") at a consideration of RMB1,658,000 (equivalent to approximately HK$1,778,000). The transaction was completed in June 2007. The Group no longer held any equity interest in Tianjin Jinli upon completion of the transaction.

2. Disposal of 9.46% Equity Interest in Tianjin Port Container Freight

On 13 June 2007, TCT, an indirect wholly-owned subsidiary of the Company, and Tianjin Port Group entered into an agreement, pursuant to which TCT agreed to sell and Tianjin Port Group agreed to purchase 9.46% equity interest in Tianjin Port Container Freight at a consideration of RMB18,559,500 (equivalent to approximately HK$19,900,000). The transaction was completed in September 2007. The Group no longer held any equity interest in Tianjin Port Container Freight upon completion of the transaction.

Details of the above connected transactions were disclosed in the joint announcement of the Company and Tianjin Development dated 13 June 2007.

3. Acquisition of 40% Equity Interest in Alliance

On 26 July 2007, the Company and Tianjin Port Group entered into an equity interest transfer agreement, pursuant to which the Company has conditionally agreed to acquire 40% equity interest in Alliance from Tianjin Port Group at a consideration of RMB524,343,480 (equivalent to approximately HK$562,226,000). The transaction was completed in January 2008.

Details of the above connected transaction were disclosed in the joint announcement of the Company and Tianjin Development dated 26 July 2007 and the circular of the Company dated 16 August 2007.

CONNECTED TRANSACTIONS *(Continued)*

(A) Connected Transactions *(Continued)*

4. Acquisition of 33% of Equity Interest in Tianjin Port Labour

On 18 December 2007, Second Company, an indirect wholly-owned subsidiary of the Company, entered into an equity interest transfer agreement with 天津港口職工交流服務中心 (Tianjin Port Labour Exchange Service Centre*), a wholly-owned subsidiary of Tianjin Port Group, in relation to acquisition of 33% interest in Tianjin Port Labour, pursuant to which Second Company agreed to purchase and Tianjin Port Labour Exchange Service Centre agreed to sell 33% equity interest in Tianjin Port Labour at a cash consideration of RMB1,260,000 (equivalent to approximately HK$1,351,000). The transaction was completed in March 2008.

Details of the above connected transaction were disclosed in the joint announcement of the Company and Tianjin Development dated 18 December 2007.

(B) Continuing Connected Transactions

The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the transactions have been entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with paragraph 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain factual finding procedures on the continuing connected transactions set out below on a sample basis in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings for the selected samples based on the agreed procedures to the Board.

The auditors of the Company have confirmed that the continuing connected transactions (i) have received the approval of the Board; (ii) have been entered into in accordance with the relevant agreement governing the transactions and (iii) have not exceed the cap disclosed in previous announcements.

Details of the continuing connected transactions for the year ended 31 December 2007 are as follows:

Non-exempt Continuing Connected Transactions

On 12 April 2007, the Company entered into new framework agreements in relation to water supply, communication and electricity supply services with certain wholly-owned subsidiaries of Tianjin Port Group to revise the existing annual cap and modify the parties for the terminated continuing connected transactions. Further details of the terminated continuing connected transactions are set out in the section headed “Terminated Continuing Connected Transactions”.

CONNECTED TRANSACTIONS *(Continued)*

(B) Continuing Connected Transactions *(Continued)*

Non-exempt Continuing Connected Transactions *(Continued)*

1. *Water Supply Services*

Date of agreement:	12 April 2007 ("Water Services Framework Agreement")
Parties:	(i) the Company; (ii) 天津港設施管理服務公司 (Tianjin Port Facilities Management Company*) (formerly known as 天津港修建工程公司 (Tianjin Port Construction and Engineering Company*) ("Tianjin Port Facilities"), a wholly-owned subsidiary of Tianjin Port Group
Term:	12 April 2007 to 31 December 2009 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of water supply services by Tianjin Port Facilities to the Group
Annual cap for the year ended 31 December 2007:	RMB6,900,000 (equivalent to approximately HK$7,127,000)
Actual amount for the year ended 31 December 2007:	RMB4,713,000 (equivalent to approximately HK$4,868,000)

2. *Communication Services*

Date of agreement:	12 April 2007 ("Communications Services Framework Agreement")
Parties:	(i) the Company; (ii) 天津港通訊導航公司 (Tianjin Communications Navigation Company Limited*) ("Tianjin Communications"), a wholly-owned subsidiary of Tianjin Port Group
Term:	12 April 2007 to 31 December 2009 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of various communications services by Tianjin Communications to the Group
Annual cap for the year ended 31 December 2007:	RMB2,090,000 (equivalent to approximately HK$2,159,000)
Actual amount for the year ended 31 December 2007:	RMB1,120,000 (equivalent to approximately HK$1,156,000)

CONNECTED TRANSACTIONS *(Continued)*

(B) Continuing Connected Transactions *(Continued)*

Non-exempt Continuing Connected Transactions *(Continued)*

3. Electricity Supply Services

Date of agreement:	12 April 2007 ("Electricity Services Framework Agreement")
Parties:	(i) the Company;
	(ii) 天津港電力有限公司 (Tianjin Port Electricity Company Limited*)(formerly known as 天津港電力公司 (Tianjin Port Electricity Company*) ("Tianjin Port Electricity"), a wholly-owned subsidiary of Tianjin Port Group
Term:	12 April 2007 to 31 December 2009 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of electricity supply services by Tianjin Port Electricity to the Group
Annual cap for the year ended 31 December 2007:	RMB37,850,000 (equivalent to approximately HK$39,093,000)
Actual amount for the year ended 31 December 2007:	RMB26,495,000 (equivalent to approximately HK$27,365,000)

New Non-exempt Continuing Connected Transactions

On 12 April 2007, the Company entered into framework agreements in relation to EDI, container reconfiguration storage and labour services with certain subsidiaries or associate of Tianjin Port Group.

1. EDI Services

Date of agreement:	12 April 2007
Parties:	(i) the Company;
	(ii) 天津港信息中心 (Tianjin Port Information Centre*) ("Tianjin Port Information"), a department under Tianjin Port Group
Term:	12 April 2007 to 31 December 2009 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of services relating to electronic data information, software utility, computer maintenance and repair, electronic transmission and similar services by Tianjin Port Information to the Group
Annual cap for the year ended 31 December 2007:	RMB2,810,000 (equivalent to approximately HK$2,902,000)
Actual amount for the year ended 31 December 2007:	RMB1,305,000 (equivalent to approximately HK$1,348,000)

CONNECTED TRANSACTIONS *(Continued)*

(B) Continuing Connected Transactions *(Continued)*

New Non-exempt Continuing Connected Transactions *(Continued)*

2. Container Reconfiguration Storage Services

Date of agreement:	12 April 2007
Parties:	(i) the Company;
	(ii) Tianjin Port Container Freight, a 90.54% owned subsidiary of Tianjin Port Group as at the date of the agreement;
	(iii) 天津港股份有限公司儲運分公司 (Tianjin Port Limited Storage and Transportation Branch Company*), a subsidiary of Tianjin Port Group;
	(iv) 華韓(天津)貨箱有限公司 (Huahan (Tianjin) Container Company Limited*), an associate of Tianjin Port Group
	((ii), (iii) and (iv), together the "Service Companies")
Term:	12 April 2007 to 31 December 2009 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of stacking yards and warehouses located at Tianjin Port Area for temporary storage of containers by the Services Companies to the Group
Annual cap for the year ended 31 December 2007:	RMB18,590,000 (equivalent to approximately HK$19,200,000)
Actual amount for the year ended 31 December 2007:	RMB8,152,000 (equivalent to approximately HK$8,420,000)

CONNECTED TRANSACTIONS *(Continued)*

(B) Continuing Connected Transactions *(Continued)*

New Non-exempt Continuing Connected Transactions *(Continued)*

3. Labour Services

(a) Tianjin Port Labour

Date of agreement:	12 April 2007 ("Existing Labour Services Framework Agreement")
Parties:	(i) the Company;
	(ii) Tianjin Port Labour, a subsidiary of Tianjin Port Group as at the date of agreement *(Note)*
Term:	12 April 2007 to 31 December 2009 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of labour of various positions to perform various services by Tianjin Port Labour to the Group
Annual cap for the year ended 31 December 2007:	RMB4,900,000 (equivalent to approximately HK$5,061,000)
Actual amount for the year ended 31 December 2007:	RMB4,546,000 (equivalent to approximately HK$4,695,000)

Note: Tianjin Port Labour becomes a 33% owned associate of Tianjin Port Group and a 33% owned associate of the Company upon completion of the acquisition of 33% equity interest in which by the Group, further details are set out in the section headed "Connected Transactions"

Details of the above continuing connected transactions were disclosed in the joint announcement of the Company and Tianjin Development dated 12 April 2007 and the circular of the Company dated 2 May 2007.

On 12 March 2008, the Company and Tianjin Port Labour entered into a new labour services framework agreement on exactly the same terms as the Existing Labour Services Framework Agreement to revise the existing caps for the Existing Labour Services Framework Agreement for a term commencing from 12 March 2008 and ending on 31 December 2010, further details of which are set out in the joint announcement of the Company and Tianjin Development dated 12 March 2008 and the circular of the Company dated 2 April 2008.

CONNECTED TRANSACTIONS *(Continued)*

(B) Continuing Connected Transactions *(Continued)*

New Non-exempt Continuing Connected Transactions *(Continued)*

3. Labour Services *(Continued)*

(b) 天津盛港集裝箱技術開發服務有限公司 (Tianjin ShengGang Container Technology Development & Services Co., Ltd.) ("Tianjin Shenggang Container")*

On 12 March 2008, the Company and Tianjin Shenggang Container, a 33% owned associate of Tianjin Port Group and a 33% owned associate of the Company entered into a labour services framework agreement in relation to the provision of labour services by Tianjin Shenggang Container to the Group for a term commencing from 12 March 2008 and ending on 31 December 2010, further details of which are set out in the joint announcement of the Company and Tianjin Development dated 12 March 2008 and the circular of the Company dated 2 April 2008.

Terminated Continuing Connected Transactions

The following transactions constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules. Conditional waivers have been granted by the Stock Exchange from strict compliance by the Company with the disclosure requirement for the three years ended 31 December 2008. The transactions had been terminated and superseded by the relevant continuing connected transactions mentioned in the section headed "Non-exempt continuing connected transactions" during the year ended 31 December 2007.

1. Water Supply Services

On 8 May 2006, each of TCT and Second Company entered into an agreement with Tianjin Port Facilities, a wholly-owned subsidiary of Tianjin Port Group, pursuant to which Tianjin Port Facilities agreed to supply water to TCT and Second Company and their subsidiaries nominated by them from time to time. The agreements were superseded by the Water Services Framework Agreement.

2. Communications Services

On 8 May 2006, each of TCT and Second Company entered into an agreement with Tianjin Communications, a wholly-owned subsidiary of Tianjin Port Group, pursuant to which Tianjin Communications agreed to provide communication services to TCT and Second Company and their subsidiaries nominated by them from time to time. The agreements were superseded by the Communications Services Framework Agreement.

3. Electricity Supply Services

On 8 May 2006, each of TCT and Second Company entered into an agreement with Tianjin Port Electricity, a wholly-owned subsidiary of Tianjin Port Group, pursuant to which Tianjin Port Electricity agreed to supply electricity to TCT and Second Company and their subsidiaries nominated by them from time to time. The agreements were superseded by the Electricity Services Framework Agreement.

CONNECTED TRANSACTIONS *(Continued)*

(B) Continuing Connected Transactions *(Continued)*

Exempt Continuing Connected Transaction

During the year ended 31 December 2007, the Group had entered into the following continuing connected transaction which is exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules, the disclosure of which is on a voluntary basis in order to enhance the transparency of the Group's transactions with Tianjin Port Group:

Fee Collection Services

On 8 May 2006, each of TCT and Second Company entered into an agreement with Tianjin Port Group for a term from 8 May 2006 to 31 December 2008, pursuant to which TCT and Second Company agreed to collect various fees, including but not limited to port construction fees and port management fees, from their customers and forward the fees to Tianjin Port Group. No service fee will be paid by Tianjin Port Group to TCT and Second Company. For the year ended 31 December 2007, the fee collected on behalf of Tianjin Port Group amounted to RMB286,154,000 (equivalent to approximately HK$295,550,000).

RELATED PARTY TRANSACTIONS

The Group also entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these transactions are set out in Note 29 to the financial statements.

INTERESTS IN COMPETITORS

Mr. Yu Rumin is the chairman and a director of Tianjin Port Group, as well as the chairman and a director of Tianjin Port Holdings, which is a subsidiary of Tianjin Port Group. Tianjin Port Group operates the businesses of handling containerised and non-containerised cargo through its various subsidiaries and associated companies.

As the board of the Company is independent of the board of Tianjin Port Group (save for Mr. Yu, who is the chairman and a director of Tianjin Port Group, is the only common director in both of these companies) and Mr. Yu has no control over the board of the Company, the Group is capable of carrying on its businesses independently of the businesses of Tianjin Port Group.

Save as disclosed above and within the knowledge of the Directors, as at the date of this report, none of the Directors and their respective associates had any interest in a business which competes or may compete with the business of the Group.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2007. A report on the principal corporate governance practices adopted by the Company is set out on pages 18 to 25.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained during the year the amount of public float as required under the Listing Rules.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board
YU Rumin
Chairman

Hong Kong, 16 April 2008

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

* *For identification purpose only*

To the shareholders of Tianjin Port Development Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 97, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 April 2008

	Note	2007 HK$'000	2006 HK$'000
Revenue	3	**1,193,777**	1,036,495
Business tax		**(36,347)**	(31,494)
Cost of sales		**(561,701)**	(484,163)
Gross profit		**595,729**	520,838
Other income	4	**35,615**	123,077
Administrative expenses		**(309,808)**	(277,812)
Other operating expenses		**(31,204)**	(17,676)
Operating profit	5	**290,332**	348,427
Finance costs	7	**(3,329)**	(8,199)
Share of results of associates	15	**790**	983
Profit before income tax		**287,793**	341,211
Income tax	8	**(47,151)**	(36,938)
Profit for the year		**240,642**	304,273
Attributable to:			
Equity holders of the Company		**240,394**	304,037
Minority interests		**248**	236
		240,642	304,273
Earnings per share	10		
– Basic *(HK cents)*		**13.5**	19.9
– Diluted *(HK cents)*		**13.4**	19.9
Dividends	11	**96,504**	41,094

The notes on pages 57 to 97 are an integral part of these consolidated financial statements.

	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Land use rights	12	**768,696**	731,855
Property, plant and equipment	13	**1,802,656**	1,742,992
Interest in associates	15	**24,981**	23,847
Interest in jointly controlled entities	16	**704,467**	–
Available-for-sale financial assets	17	**5,744**	13,748
Deferred income tax asset	18	**8,899**	4,960
		3,315,443	2,517,402
Current assets			
Inventories		**4,852**	1,976
Trade and other receivables	19	**145,755**	69,631
Amount due from associates		**2,590**	2,103
Amount due from related companies	20	**–**	9,682
Cash and cash equivalents	21	**438,754**	926,395
		591,951	1,009,787
Total assets		**3,907,394**	3,527,189
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**178,710**	178,670
Reserves	23	**2,442,864**	2,153,431
Retained earnings		**768,224**	666,119
		3,389,798	2,998,220
Minority interests		**4,201**	3,788
Total equity		**3,393,999**	3,002,008

The notes on pages 57 to 97 are an integral part of these consolidated financial statements.

	Note	**2007**	2006
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*24*	**390,000**	–
		390,000	–
Current liabilities			
Other payables	*25*	**87,763**	159,655
Amount due to related companies	*20*	**22,536**	237,332
Borrowings	*24*	**–**	119,522
Current income tax liabilities		**13,096**	8,672
		123,395	525,181
Total liabilities		**513,395**	525,181
Total equity and liabilities		**3,907,394**	3,527,189
Net current assets		**468,556**	484,606
Total assets less current liabilities		**3,783,999**	3,002,008

YU Rumin
Director

ZHANG Jinming
Director

The notes on pages 57 to 97 are an integral part of these consolidated financial statements.

	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**2,515**	2,930
Interest in subsidiaries	14	**3,327,925**	2,337,709
		3,330,440	2,340,639
Current assets			
Other receivables	19	**3,195**	4,139
Amount due from subsidiaries	14	**126,268**	–
Cash and cash equivalents	21	**20,758**	510,259
		150,221	514,398
Total assets		**3,480,661**	2,855,037
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**178,710**	178,670
Reserves	23	**2,815,205**	2,594,097
Retained earnings		**84,612**	73,633
		3,078,527	2,846,400
Current liabilities			
Other payables	25	**16,257**	8,637
Amount due to a subsidiary	14	**385,877**	–
		402,134	8,637
Total equity and liabilities		**3,480,661**	2,855,037
Net current (liabilities)/assets		**(251,913)**	505,761
Total assets less current liabilities		**3,078,527**	2,846,400

YU Rumin
Director

ZHANG Jinming
Director

The notes on pages 57 to 97 are an integral part of these consolidated financial statements.

	Attributable to equity holders of the Company				
	Share capital	**Reserves**	**Retained earnings**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2006	112,200	943,239	370,886	3,635	1,429,960
Exchange differences	–	75,532	–	131	75,663
Profit for the year	–	–	304,037	236	304,273
Issue of shares	66,470	1,095,962	–	–	1,162,432
Transfers	–	34,912	(34,912)	–	–
Adjustment to prior year dividends	–	–	26,108	–	26,108
Dividends paid to minority interests	–	–	–	(214)	(214)
Share-based compensation	–	3,786	–	–	3,786
Balance at 31 December 2006	178,670	2,153,431	666,119	3,788	3,002,008
Exchange differences	–	236,703	–	300	237,003
Profit for the year	–	–	240,394	248	240,642
Issue of shares upon exercise of share option	40	872	–	–	912
Transfers	–	48,934	(48,934)	–	–
Dividends paid	–	–	(89,355)	(135)	(89,490)
Share-based compensation	–	2,924	–	–	2,924
Balance at 31 December 2007	178,710	2,442,864	768,224	4,201	3,393,999

The notes on pages 57 to 97 are an integral part of these consolidated financial statements.

	Note	2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Cash generated from operations	26	**377,420**	336,335
Interest paid		**(6,774)**	(8,199)
PRC Income tax paid		**(48,750)**	(37,395)
Net cash generated from operating activities		**321,896**	290,741
Cash flows from investing activities			
Purchase of land use rights		**–**	(518,416)
Purchase of property, plant and equipment		**(364,350)**	(289,864)
Purchase of available-for-sale financial assets		**(345)**	–
Investment in associates		**(890)**	(6,602)
Investment in jointly controlled entities		**(704,467)**	–
Decrease in amount due from associates		**(487)**	(853)
Proceeds from disposal of property, plant and equipment		**715**	656
Proceeds from disposal of an associate		**1,778**	–
Proceeds from disposal of available-for-sale financial assets		**20,229**	3,817
Interest received		**20,373**	116,881
Dividends received from associates		**725**	1,714
Net cash used in investing activities		**(1,026,719)**	(692,667)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**912**	1,162,432
Proceeds from borrowings		**497,901**	189,243
Repayments of borrowings		**(236,571)**	(209,163)
Dividends paid to equity holders		**(89,355)**	(96,601)
Dividends paid to minority interests		**(135)**	(214)
Net cash from financing activities		**172,752**	1,045,697
Net (decrease)/increase in cash and cash equivalents		**(532,071)**	643,771
Cash and cash equivalents at beginning of the year		**926,395**	256,617
Effects of changes in exchange rates		**44,430**	26,007
Cash and cash equivalents at end of the year		**438,754**	926,395

The notes on pages 57 to 97 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

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

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

The principal activity of the Company is investment holding and the activities of its principal subsidiaries, associates and jointly controlled entities are disclosed in Note 33.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

2.1 Basis of Preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 32.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of Preparation *(Continued)*

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.6). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(c) Associates

Associates are all entities over which the Group has significant influence but not control and generally accompanying a shareholding of between 20% and 50% of the voting rights. Interest in associates are incorporated in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's interest in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties having unilateral control over the economic activity of the jointly controlled entity. Interest in jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting and are initially recognised at cost.

The Group's share of the post-acquisition results in jointly controlled entities are recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries in PRC is Renminbi. The consolidated financial statements are presented in Hong Kong Dollars. The directors consider that presentation of these consolidated financial statements in Hong Kong Dollars will facilitate analysis of financial information of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates; and

– all resulting exchange differences are recognised as a separate component of equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign Currency Translation *(Continued)*

(c) Group companies *(Continued)*

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, Plant and Equipment

Buildings comprise mainly office premises and warehouses. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate costs to their residual values over their estimated useful lives, as follows:

– Buildings	25 – 40 years
– Port facilities	35 – 41 years
– Plant and machinery	8 – 35 years
– Leasehold improvement, furniture and equipment	5 – 10 years
– Motor vehicles	5 – 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Impairment of Non-financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.7 Financial Assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" (Notes 2.9), "Amount due from associates", "Amount due from related companies", "Amount due from subsidiaries" and "cash and cash equivalents" (Note 2.10) in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial Assets *(Continued)*

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value. Changes in fair value are recognised in equity until the available-for-sale financial assets is sold or impaired. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

For available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are carried at cost less any accumulated impairment loss at balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.9.

2.8 Inventories

Inventories mainly comprises of consumable stock and are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and represents purchase costs. Net realisable value is the estimated selling price in the ordinary course of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

2.10 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits with banks held at call or with maturities three months or less.

2.11 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.14 Employee Benefits

(a) Pension obligations

The employees of the Group's subsidiaries in the People's Republic of China (the "PRC") are members of a state-managed employee pension scheme operated by the Tianjin Municipal People's Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees. The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligation once the contributions have been paid.

In addition, the Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. All these contributions are based on a certain percentage of the employee's salary and are charged to the income statement as incurred.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.16 Financial Guarantee Contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary holder of the guarantee (i.e. the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are initially recognised at their fair values, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the balance sheet date.

2.17 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and after eliminating sales within the Group and is recognised as follows:

(a) Sale of services

Sale of services is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.19 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

2.20 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

4. OTHER INCOME

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

5. OPERATING PROFIT

Operating profit is stated after (crediting)/charging:

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

6. EMPLOYEE BENEFIT EXPENSE

	2007 HK$'000	2006 HK$'000
Wages and salaries, social security costs and other benefits	347,977	313,407
Share-based payment	2,924	3,786
Employer's contribution to pension schemes	43,783	31,582
	394,684	348,775

6. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' Emoluments

	2007	2006
	HK$'000	HK$'000
Fees	**6,990**	4,167
Salaries, share-based payment and other benefits	**6,665**	6,287
Employer's contribution to pension schemes	**422**	173
	14,077	10,627

The remuneration of the directors is set out below:

	For the year ended 31 December 2007				
	Fees	**Salaries, share-based payment and other benefits**	**Discretionary bonus**	**Employer's contribution to pension schemes**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Executive directors					
Mr. Yu Rumin	**1,300**	**1,045**	**600**	**85**	**3,030**
Mr. Nie Jiansheng	**1,400**	**442**	**550**	**90**	**2,482**
Mr. Zhang Jinming	**1,350**	**442**	**500**	**92**	**2,384**
Mr. Xue Lingsen	**360**	**952**	**300**	**30**	**1,642**
Mr. Jiao Hongxun	**360**	**746**	**300**	**30**	**1,436**
Non-executive director					
Wang Guanghao	**1,500**	**338**	**450**	**95**	**2,383**
Independent non-executive directors					
Mr. Kwan Hung Sang, Francis	**240**	**–**	**–**	**–**	**240**
Prof. Japhet Sebastian Law	**240**	**–**	**–**	**–**	**240**
Dr. Cheng Chi Pang, Leslie	**240**	**–**	**–**	**–**	**240**
	6,990	**3,965**	**2,700**	**422**	**14,077**

6. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' Emoluments *(Continued)*

	For the year ended 31 December 2006				
	Fees	Salaries, share-based payment and other benefits	Discretionary bonus	Employer's contribution to pension schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Yu Rumin	134	–	410	7	551
Mr. Nie Jiansheng	933	834	390	47	2,204
Mr. Zhang Jinming	900	794	495	45	2,234
Mr. Xue Lingsen	240	994	230	12	1,476
Mr. Jiao Hongxun	240	847	230	12	1,329
Mr. Yuan Baotang	240	3	–	–	243
Non-executive director					
Wang Guanghao	1,000	650	410	50	2,110
Independent non-executive directors					
Mr. Kwan Hung Sang, Francis	160	–	–	–	160
Prof. Japhet Sebastian Law	160	–	–	–	160
Dr. Cheng Chi Pang, Leslie	160	–	–	–	160
	4,167	4,122	2,165	173	10,627

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2006: four) directors whose emoluments are reflected in the analysis presented above. In 2006, the emolument of the remaining individual is as follows:

	2006
	HK$'000
Salaries, share-based payment and other benefits	1,717
Employer's contribution to pension schemes	45
	1,762

7. FINANCE COSTS

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

8. INCOME TAX

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

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

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

The Group's two principal subsidiaries are currently subjected to a concessionary income tax rate of 15%. The income tax rates of the Group's other subsidiaries range from 15% to 33%.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT Law revised the corporate income tax rate which ranges from 15% to 33% to 25% with effect from 1 January 2008.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average income tax rate applicable to profits of the consolidated entities as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before income tax	**287,793**	341,211
Calculated at weighted average tax rate	**48,047**	53,291
Income not subject to income tax	**(7,777)**	(21,837)
Expenses not deductible for tax purposes	**10,310**	5,484
Deferred tax credit due to changes in corporate income tax rate	**(3,429)**	–
Income tax	**47,151**	36,938

9. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$100,334,000 (2006: HK$74,059,000).

10. EARNINGS PER SHARE

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

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

11. DIVIDENDS

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

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

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

12. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid lease payments analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
The Group		
At 1 January	**731,855**	40,351
Exchange differences	**55,309**	1,234
Additions	**–**	702,109
Amortisation of prepaid lease payments	**(18,468)**	(11,839)
Net book values		
At 31 December	**768,696**	731,855

All land use rights are located in Tianjin, the PRC and are held under lease terms ranging from 41 to 50 years.

The Group is in the process of applying to obtain title to certain land use rights with carrying value of approximately RMB677 million. The directors believe that title documents will be obtained in due course without significant additional costs.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leased berth improvements	Port facilities	Plant and machinery	Leasehold improvements, furniture and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The Group								
Cost								
At 1 January 2006	283,045	377,757	–	1,036,257	45,282	17,323	61,575	1,821,239
Exchange differences	11,461	–	14,579	34,811	1,623	621	2,208	65,303
Additions	31,225	–	–	–	4,609	2,187	435,721	473,742
Disposals	(14,845)	–	(696)	(1,320)	(871)	(2,824)	–	(20,556)
Transfers	157,669	(377,757)	611,081	106,759	1,157	43	(498,952)	–
At 1 January 2007	468,555	–	624,964	1,176,507	51,800	17,350	552	2,339,728
Exchange differences	35,862	–	47,833	90,046	3,964	1,328	42	179,075
Additions	2,543	–	6,670	28,101	9,919	470	1,438	49,141
Disposals	(17,364)	–	(4,534)	(4,496)	(697)	(2,105)	–	(29,196)
Transfers	52	–	–	–	542	–	(594)	–
At 31 December 2007	489,648	–	674,933	1,290,158	65,528	17,043	1,438	2,538,748
Accumulated depreciation								
At 1 January 2006	69,243	46,958	–	361,050	14,985	8,114	–	500,350
Exchange differences	3,340	–	2,345	12,826	643	320	–	19,474
Charge for the year	13,080	–	12,132	52,768	5,927	1,582	–	85,489
Disposals	(5,450)	–	(151)	(896)	(726)	(1,354)	–	(8,577)
Transfers	17,359	(46,958)	59,342	(29,743)	–	–	–	–
At 1 January 2007	97,572	–	73,668	396,005	20,829	8,662	–	596,736
Exchange differences	8,078	–	6,170	32,783	1,848	723	–	49,602
Charge for the year	15,985	–	13,937	64,839	6,653	1,581	–	102,995
Disposals	(5,884)	–	(2,217)	(2,707)	(612)	(1,821)	–	(13,241)
At 31 December 2007	115,751	–	91,558	490,920	28,718	9,145	–	736,092
Net book values								
At 31 December 2006	370,983	–	551,296	780,502	30,971	8,688	552	1,742,992
At 31 December 2007	373,897	–	583,375	799,238	36,810	7,898	1,438	1,802,656

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements, furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
The Company			
Cost			
At 1 January 2006	1,295	–	1,295
Exchange differences	45	–	45
Additions	818	1,624	2,442
At 1 January 2007	2,158	1,624	3,782
Exchange differences	166	124	290
Additions	490	–	490
	2,814	1,748	4,562
Accumulative depreciation			
At 1 January 2006	–	–	–
Exchange differences	10	4	14
Charge for the year	624	214	838
At 1 January 2007	634	218	852
Exchange differences	79	29	108
Charge for the year	768	319	1,087
	1,481	566	2,047
Net book values			
At 31 December 2006	1,524	1,406	2,930
At 31 December 2007	1,333	1,182	2,515

14. SUBSIDIARIES

	2007 HK$'000	2006 HK$'000
The Company		
Non-current assets		
Unlisted shares, at cost	**1,708,721**	1,587,238
Amount due from subsidiaries	**1,619,204**	750,471
At 31 December	**3,327,925**	2,337,709

	2007 HK$'000	2006 HK$'000
The Company		
Current assets		
Amount due from subsidiaries	**126,268**	–
Current liabilities		
Amount due to a subsidiary	**(385,877)**	–

Amount due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms. Particulars of principal subsidiaries are set out in Note 33(a).

15. INTEREST IN ASSOCIATES

	2007	2006
	HK$'000	*HK$'000*
The Group		
At 1 January	**23,847**	17,363
Exchange differences	**1,812**	613
Increase in investments	**890**	6,602
Disposal of investments	**(1,633)**	–
Dividend received	**(725)**	(1,714)
Share of results of associates		
– share of profits less losses before taxation	**1,126**	1,434
– share of taxation	**(336)**	(451)
At 31 December	**24,981**	23,847

The Group's share of assets, liabilities, revenue and results of the Group's associates are as follows:

	2007	2006
	HK$'000	*HK$'000*
Total assets	**32,337**	34,388
Total liabilities	**(7,356)**	(10,541)
Net assets	**24,981**	23,847
Revenue	**33,319**	37,619
Profit for the year	**790**	983

Particulars of principal associates are set out in Note 33(b).

16. INTEREST IN JOINTLY CONTROLLED ENTITIES

	2007	2006
	HK$'000	*HK$'000*
The Group		
Share of net assets	**704,467**	–

The Group's share of assets and liabilities of the Group's jointly controlled entities are as follows:

	2007	2006
	HK$'000	*HK$'000*
Assets		
Non-current assets	**703,999**	–
Current assets	**123,574**	–
	827,573	–
Liabilities		
Current liabilities	**(123,106)**	–
Net assets	**704,467**	–

As at 31 December 2007, the Group had equity interest in two entities operating in Tianjin, the PRC. Although the Group holds 51% equity interest in one and 40% in the other, no investors in these entities have unilateral control of their respective economic activities, resulting in joint control over these entities by the respective investors. Both entities are at their pre-operating stage and have no revenue or expense to be recognised during the year.

There are no contingent liabilities relating to the Group's interests in jointly controlled entities, and no contingent liabilities of the ventures themselves.

Particulars of jointly controlled entities are set out in Note 33(c).

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2007	2006
	HK$'000	*HK$'000*
The Group		
Unlisted investments	**5,744**	13,748

These unlisted equity investments are stated at cost less any accumulated impairment losses rather than fair value as they do not have quoted market prices in an active market and hence their fair values cannot be reliably measured.

18. DEFERRED INCOME TAX ASSET

Movements of the deferred income tax account, which is principally in relation to provision for assets realisable more than 12 months after the respective balance sheet date, are as follows:

	2007	2006
	HK$'000	*HK$'000*
The Group		
At 1 January	**4,960**	4,788
Exchange differences	**510**	172
Effect of changes in tax rate *(Note 8)*	**3,429**	–
At 31 December	**8,899**	4,960

19. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**126,764**	61,044	**–**	–
Less: Provision for impairment	**(1,378)**	(6,885)	**–**	–
Trade receivables, net	**125,386**	54,159	**–**	–
Other receivables	**20,369**	15,472	**3,195**	4,139
	145,755	69,631	**3,195**	4,139

The carrying amounts of trade and other receivables approximate their fair values and are mainly denominated in Renminbi.

19. TRADE AND OTHER RECEIVABLES *(Continued)*

In general, the Group grants a credit period of about 30 to 90 days to its trade customers. The ageing analysis of the net trade receivables are as follows:

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

The ageing analysis of the trade receivables that are impaired are as follows:

	2007	2006
	HK$'000	*HK$'000*
The Group		
3 to 6 months	**–**	179
Over 6 months	**1,378**	6,706
	1,378	6,885

Movements on the provision for impairment of trade receivables are as follows:

	2007	2006
	HK$'000	*HK$'000*
The Group		
At 1 January	**6,885**	10,972
Exchange differences	**305**	262
Reversal of provision	**(5,812)**	(4,349)
At 31 December	**1,378**	6,885

20. AMOUNT DUE FROM/(TO) RELATED COMPANIES

The balances are unsecured, interest free, have no fixed repayment terms and are denominated in Renminbi.

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and in hand	**438,754**	926,395	**20,758**	510,259

The effective interest rates on bank deposits ranged from 0.7% to 5.2% (2006: 0.7% to 4.0%).

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Renminbi	**415,475**	314,686	**–**	–
HK dollars	**23,279**	611,709	**20,758**	510,259
	438,754	926,395	**20,758**	510,259

The maximum exposure to credit risk at the reporting date is the fair value of each class of bank deposits mentioned above.

The conversion of Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

22. SHARE CAPITAL

	Number of shares	HK$
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 January 2006	50,000	50,000
At 26 April 2006 *(Note i)*	500,000	50,000
Increased on 26 April 2006 *(Note i)*	4,999,500,000	499,950,000
At 31 December 2006 and 2007	5,000,000,000	500,000,000
Issued and fully paid:		
At 1 January 2006	1	1
At 26 April 2006 *(Note i)*	10	1
At 8 May 2006 *(Note ii)*	1,121,999,990	112,199,999
Proforma share capital at 1 January 2006	1,122,000,000	112,200,000
Issue of new shares *(Note iii)*	664,700,000	66,470,000
At 31 December 2006	1,786,700,000	178,670,000
Exercise of share options	400,000	40,000
At 31 December 2007	1,787,100,000	178,710,000

Notes:

i. Pursuant to written resolutions of the then sole shareholders 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 a share swap transaction to acquire the entire issued share capital of Ace Advantage and Shinesun.

iii. On 24 May 2006 and 2 Jun 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, respectively. These shares rank pari passu with the then existing shares.

22. SHARE CAPITAL *(Continued)*

Share Option

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

Under the Scheme, the directors may, at their discretion, grant to any eligible person as defined under the Scheme to take up options to subscribe for shares of the Company at a subscription price to be determined by the directors pursuant to the relevant Listing Rules. The maximum number of shares issuable upon the exercise of all outstanding options to be granted under the Scheme must not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date of listing of the Company's shares, unless separate approval is obtained. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

(a) Movements in share options and their related weighted average exercise price are as follows:

	2007		2006	
	Average exercise price ***HK$***	**Share options** ***'000***	Average exercise price *HK$*	Share options *'000*
At 1 January	**2.28**	**11,500**	–	–
Granted	**2.74**	**1,900**	2.28	11,500
Exercised	**2.28**	**(400)**	–	–
Cancelled	**2.28**	**(1,100)**	–	–
At 31 December	**2.35**	**11,900**	2.28	11,500
Exercisable at 31 December		**11,900**		–

The weighted average share price on the dates which the share options are exercised in 2007 was HK$5.95.

(b) Share options at the end of the year and their remaining contractual lives are as follows:

	2007		2006	
	Remaining contractual life ***No. of years***	**Share options** ***'000***	Remaining contractual life *No. of years*	Share options *'000*
Exercise price				
HK$2.28	**8.59**	**10,000**	9.59	11,500
HK$2.74	**9.10**	**1,900**	–	–
At 31 December	**8.68**	**11,900**	9.59	11,500

22. SHARE CAPITAL *(Continued)*

Share Option *(Continued)*

(c) The estimated fair value of share options granted is based on the Binomial model. The significant inputs into the models are as follows:

	2007	2006
Date of grant	**3 Feb 2007**	1 Aug 2006
Exercise price	**HK$2.74**	HK$2.28
Standard deviation of expected share price return	**34.0%**	32.4%
Expected option life	**2 years**	2 & 10 years
Annual risk free interest rate	**4.06%**	4.235% & 4.607%
Dividend pay out rate	**40%**	40%
Fair value	**HK$0.54**	HK$0.43 & HK$0.60

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share price of the Company.

23. RESERVES

	Share premium HK$'000	Merger reserve HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Statutory reserve HK$'000	Total HK$'000
The Group						
At 1 January 2006	–	820,962	–	27,204	95,073	943,239
Exchange differences	–	–	–	75,532	–	75,532
Issue of shares, net of share issue expenses	1,095,962	–	–	–	–	1,095,962
Transfers	–	–	–	–	34,912	34,912
Share-based compensation	–	–	3,786	–	–	3,786
At 31 December 2006	1,095,962	820,962	3,786	102,736	129,985	2,153,431
Exchange differences	–	–	–	236,703	–	236,703
Issue of shares upon exercise of share options	872	–	–	–	–	872
Transfers	–	–	–	–	48,934	48,934
Share-based compensation	–	–	2,924	–	–	2,924
At 31 December 2007	1,096,834	820,962	6,710	339,439	178,919	2,442,864

	Share premium HK$'000	Capital reserve HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
The Company					
At 1 January 2006	–	–	–	(4)	(4)
Exchange differences	–	–	–	43,444	43,444
Issue of shares, net of share issue expenses	1,095,962	–	–	–	1,095,962
Reserve arising from reorganisation	–	1,450,909	–	–	1,450,909
Share-based compensation	–	–	3,786	–	3,786
At 31 December 2006	1,095,962	1,450,909	3,786	43,440	2,594,097
Exchange differences	–	–	–	217,312	217,312
Issue of shares upon exercise of share options	872	–	–	–	872
Share-based compensation	–	–	2,924	–	2,924
At 31 December 2007	1,096,834	1,450,909	6,710	260,752	2,815,205

24. BORROWINGS

Details of the Group's unsecured bank borrowings are as follows:

	2007	2006
	HK$'000	*HK$'000*
(a) Balance at 31 December:		
Non-current	**390,000**	–
Current	**–**	119,522
	390,000	119,522
(b) Maturity of bank borrowings:		
Within one year	**–**	119,522
Between 1 and 2 years	**–**	–
Between 2 and 5 years	**390,000**	–
	390,000	119,522
(c) Carrying amounts are denominated in following currencies:		
Renminbi	**–**	119,522
HK dollars	**390,000**	–
	390,000	119,522
(d) Effective interest rates:		
Renminbi	**5.4%**	5.1%
HK dollars	**4.4%**	–

All bank borrowings are exposed to interest-rate changes and the contractual repricing dates are within 6 months or less (2006: 6-12 months).

The carrying amounts of bank borrowings approximate their fair values.

25. OTHER PAYABLES

	The Group		**The Company**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Construction fee payables	**46,170**	135,032	**–**	–
Other non-trade payables	**41,593**	24,623	**16,257**	8,637
	87,763	159,655	**16,257**	8,637

26. CASH FLOWS FROM OPERATING ACTIVITIES

	2007	2006
	HK$'000	*HK$'000*
Profit before income tax	**287,793**	341,211
Adjustments for:		
– Interest income	**(20,373)**	(117,606)
– Finance costs	**3,329**	8,199
– Share of results of associates	**(790)**	(983)
– Gain on disposal of an associate	**(139)**	–
– Gain on disposal of available-for-sale financial assets	**(10,429)**	(333)
– Loss on disposal of property, plant and equipment	**14,680**	11,323
– Amortisation	**18,468**	11,839
– Depreciation	**102,995**	85,489
– Share-based payment	**2,924**	3,786
– Exchange difference	**16,314**	6,520
Changes in working capital:		
– Inventories	**(2,876)**	(878)
– Trade and other receivables	**(72,005)**	10,479
– Amount due from related companies	**9,682**	2,873
– Other payables	**16,296**	(28,832)
– Amount due to related companies	**11,551**	3,248
Cash generated from operations	**377,420**	336,335

27. COMMITMENTS

(a) Capital Commitments

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Contracted but not provided for				
– Property, plant and equipment	**3,247**	2,846	**–**	–
– Investment in joint ventures *(Note 30)*	**562,226**	501,992	**562,226**	–
	565,473	504,838	**562,226**	–
Authorised but not contracted for				
– Property, plant and equipment	**12,569**	–	**–**	–

27. COMMITMENTS *(Continued)*

(b) Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**2,239**	2,155	**1,795**	2,155
In the second to fifth year inclusive	**407**	1,795	**–**	1,795
	2,646	3,950	**1,795**	3,950

The operating lease rentals of certain office premises under non-cancellable operating lease agreements. The average lease terms are two years.

28. FINANCIAL GUARANTEE

During the year, the Company has given guarantee of approximately HK$1,000 million for one of its wholly-owned subsidiaries in respect of its bank borrowings. As at 31 December 2007, HK$390 million of the borrowings has been drawn by the subsidiary.

29. 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 and 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, all of which are continuing related party transactions which, in the option of the directors, were conducted in the normal course of the Group's business.

29. RELATED-PARTY TRANSACTIONS *(Continued)*

(a) Associates

	2007	2006
	HK$'000	*HK$'000*
Non-containerised cargo stevedoring income received from associates *(Note i)*	**43,597**	37,901
Wharf cargo handling service charges paid to associates *(Note ii)*	**20,529**	13,669
Amount due from associates *(Note iii)*	**2,590**	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 services charges are calculated based on contracted monthly/annual rates.

iii. The receivables from associates arises mainly from sale transactions with normal business terms. The receivables are unsecured and interest free.

(b) SOE

(i) Transactions with SOEs

	2007	2006
	HK$'000	*HK$'000*
Income		
Container handling and non-containerised stevedoring income	**374,575**	424,241
Interest income	**3,579**	2,062
Expenses		
Dredging fees paid	**2,555**	6,491
Interest expenses	**2,407**	8,043
Rental		
– Berths, railway and storage spaces	**–**	6,995
– Land	**–**	2,226
– Equipment	**–**	1,324
	–	10,545
Temporary storage fees	**–**	5,241
Service fees for port related supporting services and auxiliary services	**–**	7,595
Purchases of inventories	**–**	920
Water supply services	**4,868**	4,741
Electricity supply services	**27,365**	25,631
Communications services	**1,156**	853
EDI services	**1,348**	–
Container reconfiguration storage services	**8,420**	–
Labour services	**4,695**	–

29. RELATED-PARTY TRANSACTIONS *(Continued)*

(b) SOE *(Continued)*

(ii) Balances with SOEs

	2007	2006
	HK$'000	*HK$'000*
Assets		
Trade receivables	**96,587**	42,770
Amount due from related companies	**–**	9,682
Deposits with state-owned banks	**415,317**	314,571
Liabilities		
Amount due to related companies	**22,536**	237,332
Loan obtained from state-owned banks	**–**	119,522

(iii) Acquisition from SOEs

	2007	2006
	HK$'000	*HK$'000*
Land use rights	**–**	680,339
Berths and railways	**–**	210,211
Other assets	**–**	35,345

(c) Key Management Compensation

The key management of the Group comprises solely the directors, details of their remuneration are disclosed in Note 6.

30. EVENTS AFTER BALANCE SHEET DATE

On 26 July 2007, the Company entered into a conditional equity interest transfer agreement with Tianjin Port (Group) Co., Ltd. to acquire a 40% equity interest in Tianjin Port Alliance International Container Terminal Co., Ltd. for a consideration of RMB524,343,000. All the conditions were fulfilled in January 2008 and the acquisition was completed after year end.

31. FINANCIAL RISK MANAGEMENT

31.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. As at 31 December 2007, the Group does not use any derivative financial instruments to hedge against its financial risk exposures.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in currency that is not the functional currency of the entity.

The operations and customers of the Group's subsidiaries are located in the PRC with most of the operating assets and transactions denominated and settled in Renminbi.

At 31 December 2007, if Renminbi had weakened/strengthened by 5% against the Hong Kong Dollars with all other variables held constant, profit for the year and equity would have been approximately HK$18 million lower/higher, mainly as a result of foreign exchange losses/gains on translation of the outstanding HK dollar-denominated monetary items including cash and cash equivalent and bank borrowings of the Group (2006: HK$30 million higher/lower, mainly as a result of foreign exchange gains/losses). Profit and equity are both more sensitive to movement in Renminbi/Hong Kong Dollars exchange rate in 2006 than 2007 because of a relatively large HK dollar-denominated bank balances in 2006.

(ii) Cash flow interest rate risk

As the Group has no significant interest-bearing assets and liabilities, other than bank deposits and borrowings, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

During 2006 and 2007, all the Group's borrowings were at variable rate which exposes the Group to cash flow interest-rate risk.

31. FINANCIAL RISK MANAGEMENT *(Continued)*

31.1 Financial Risk Factors *(Continued)*

(b) Credit risk

Credit risk arises from cash and cash equivalents, and credit exposures to trade customers, including outstanding trade receivables. The credit risk for cash and cash equivalents is limited because majority of its bank deposits are placed with high credit rating banks in Hong Kong and top tier state-owned/listed banks in the PRC. For trade customers, the Group has no significant concentrations of credit risk. The Group assesses the credit quality of the customer, taking into account its financial position, past settlement history and trading relationships. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and availability of funding from an adequate amount of committed credit facilities. The Group maintains flexibility in funding by keeping credit lines available.

Management monitors the Group's liquidity reserve which comprises undrawn borrowing facility and cash and cash equivalents.

The Group's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the respective balance sheet dates to the contractual maturity dates, using the contractual undiscounted cash flows, as follows:

	Less than 1 year	**Between 2 and 5 years**
	HK$'000	*HK$'000*
The Group		
At 31 December 2007		
Other payables	87,763	–
Amounts due to related companies	22,536	–
Borrowings	–	390,000
	110,299	390,000
At 31 December 2006		
Other payables	159,655	–
Amounts due to related companies	237,332	–
Borrowings	119,522	–
	516,509	–

31. FINANCIAL RISK MANAGEMENT *(Continued)*

31.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of borrowings, cash and cash equivalents and equity attributable to equity holders of the Company.

The Group monitors the capital structure using the gearing ratio (consolidated total borrowings to total equity). The Group's gearing ratio at 31 December 2007 was 11.5% (2006: 4.0%).

Management reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. In order to maintain or balance the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, issue of new debts and redemption of existing debts.

31.3 Fair Value Estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables, amount due from associates and amount due from related companies; and financial liabilities including other payables and amount due to related companies, are assumed to approximate their fair values. The fair values of long-term bank borrowings approximates their carrying values because they are contracted at variable market rates throughout the period of the loan.

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(a) The following are principal subsidiaries in which the Company has direct and indirect interest at 31 December 2007:

Name	Date of incorporation	Issued share capital	Interest held (%)	Principal activities
Incorporated in the British Virgin Islands and directly held:				
Ace Advantage Investments Limited ("Ace Advantage")	26 July 2005	USD100	100	Investment holding
Shinesun Investments Limited ("Shinesun")	5 July 2005	USD100	100	Investment holding
High Reach Investments Limited	10 May 2006	USD100	100	Investment holding
Tianjin Port Development International Limited	30 June 2006	USD1	100	Investment holding
Win Many Investments Limited	16 May 2007	USD1	100	Investment holding
Tianjin Port Development Finance Limited	23 October 2007	USD1	100	Investment holding
Incorporated and operating in the PRC and indirectly held:				
Tianjin Port Container Terminal Co., Ltd. ("TCT")*	25 October 1997	RMB672,890,000	100	Container transportation and storage services
Tianjin Harbour Second Stevedoring Co., Ltd. ("Second Company")*	25 October 1997	RMB481,821,700	100	Non-containerised goods stevedoring and storage services

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES *(Continued)*

(a) The following are principal subsidiaries in which the Company has direct and indirect interest at 31 December 2007: *(Continued)*

Name	Date of incorporation	Issued share capital	Interest held (%)	Principal activities
Held by TCT and Second Company:				
Tianjin Gangkai Container Service Co., Ltd. **	31 May 2000	USD200,000	75	Cargo transportation and container handling and trucking services
Tianjin Gangshi Container Service Co., Ltd. **	9 October 1998	USD200,000	55	Cargo and container handling services
Tianjin Gangxin Container Logistics Co., Ltd. **	23 November 2004	USD200,000	75	Container transhipment and stevedoring services
Tianjin Port Free Trade Zone Chang Hao International Trade Co., Ltd. ***	22 November 1999	RMB1,000,000	90	Shipping agency service

(b) The following are principal associates at 31 December 2007, all of which are unlisted, incorporated and operating in the PRC:

Name	Date of incorporation	Issued share capital	Interest held (%)	Principal activities
Tianjin Jin Hai Enterprise Co., Ltd.	15 December 1992	USD1,500,000	41	Shipping agency service
Tianjin Japan Container Service Co., Ltd.	29 July 1985	USD1,132,000	40	Freight forwarding agency service
Tianjin Port Steel Logistics Co., Ltd.	27 July 2006	RMB17,000,000	39	Steel storage, logistics service

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES *(Continued)*

(c) The following are jointly controlled entities at 31 December 2007, all of which are unlisted, incorporated and operating in the PRC:

Name	Date of incorporation	Issued share capital	Interest held (%)	Principal activities
Tianjin Port Euroasia International Container Terminal Co., Ltd.	4 September 2007	RMB1,260,000,000	40	Container and cargo handling services, (pre-operating as at 31 Dec 2007)
Tianjin Port Haifeng Bonded Logistics Co., Ltd.	28 August 2007	RMB300,000,000	51	Logistics related services, (pre-operating as at 31 Dec 2007)

Notes:

* Wholly-foreign owned enterprise
** Sino-foreign joint venture
*** Limited liability company

34. HOLDING COMPANY

The directors of the Company considered Tsinlien Group Company Limited, a company incorporated in Hong Kong, as the ultimate holding company.

35. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 16 April 2008.

CONSOLIDATED INCOME STATEMENT

	2003	2004	2005	2006	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	723,926	799,837	898,223	1,036,495	**1,193,777**
Business tax	(21,921)	(24,237)	(27,295)	(31,494)	**(36,347)**
Cost of sales	(381,885)	(431,624)	(448,891)	(484,163)	**(561,701)**
Gross profit	320,120	343,976	422,037	520,838	**595,729**
Other income	1,376	1,586	3,465	123,077	**35,615**
Administrative expenses	(228,052)	(239,344)	(242,916)	(277,812)	**(309,808)**
Other operating expenses	(5,259)	(6,266)	(8,676)	(17,676)	**(31,204)**
Operating profit	88,185	99,952	173,910	348,427	**290,332**
Finance costs	(9,989)	(8,912)	(7,095)	(8,199)	**(3,329)**
Share of results of associates	3,545	2,226	1,020	983	**790**
Gain on disposal of associates	–	–	4,986	–	**–**
Profit before income tax	81,741	93,266	172,821	341,211	**287,793**
Income tax	(11,313)	(15,412)	(25,056)	(36,938)	**(47,151)**
Profit for the year	70,428	77,854	147,765	304,273	**240,642**
Attributable to:					
Equity holders of the Company	69,678	77,465	147,275	304,037	**240,394**
Minority interests	750	389	490	236	**248**
	70,428	77,854	147,765	304,273	**240,642**

CONSOLIDATED BALANCE SHEET

	2003 *HK$'000*	2004 *HK$'000*	2005 *HK$'000*	2006 *HK$'000*	**2007** ***HK$'000***
Land use rights	–	–	40,351	731,855	**768,696**
Property, plant and equipment	1,255,942	1,262,353	1,320,889	1,742,992	**1,802,656**
Interest in associates	19,905	19,450	18,571	23,847	**24,981**
Interest in jointly controlled entities	–	–	–	–	**704,467**
Available-for-sale financial assets	16,622	16,381	16,706	13,748	**5,744**
Deferred income tax asset	4,554	4,695	4,788	4,960	**8,899**
Other long term assets	8,915	14,154	34,962	–	**–**
Net current assets	43,950	44,711	22,539	484,606	**468,556**
Employment of capital	1,349,888	1,361,744	1,458,806	3,002,008	**3,783,999**
Share capital	112,200	112,200	112,200	178,670	**178,710**
Reserves	882,032	894,725	943,239	2,153,431	**2,442,864**
Retained earnings	230,149	294,921	370,886	666,119	**768,224**
Shareholders funds	1,224,381	1,301,846	1,426,325	2,998,220	**3,389,798**
Minority interests	2,935	3,326	3,635	3,788	**4,201**
Long term liabilities	122,572	56,572	28,846	–	**390,000**
Capital employed	1,349,888	1,361,744	1,458,806	3,002,008	**3,783,999**

The financial summary of the Group for the year ended 31 December 2003, 2004 and 2005 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.

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Mr. WANG Guanghao *(Vice Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KWAN Hung Sang, Francis*+
Prof. 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, as to Cayman Islands law

COMPLIANCE ADVISOR

WAG Worldsec Corporate Finance Limited

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Barclays Bank PLC
China Development Bank
The Hongkong and Shanghai Banking Corporation Limited
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* Members of Audit Committee, Dr. Cheng is the chairman of the committee

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