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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Tianjin Port Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Unaudited	
		Six months ended 30 June	
	Note	**2009**	2008
		HK$'000	*HK$'000*
Revenue	*3*	**571,129**	622,155
Business tax		**(14,298)**	(18,909)
Cost of sales		**(364,920)**	(302,784)
Gross profit		**191,911**	300,462
Other income	*4*	**10,563**	48,626
Administrative expenses		**(197,952)**	(162,957)
Other operating expenses		**(194)**	(2,235)
		4,328	183,896
Finance costs	*5*	**(6,643)**	(10,596)
Share of results of associates		**(1,704)**	126
Share of results of jointly controlled entities		**(1,768)**	7,049
(Loss)/profit before income tax	*6*	**(5,787)**	180,475
Income tax	*7*	**(9,936)**	(39,524)
(Loss)/profit for the period		**(15,723)**	140,951
Attributable to:			
Equity holders of the Company		**(15,854)**	140,676
Minority interests		**131**	275
		(15,723)	140,951
Dividends	*8*	**–**	55,400
(Loss)/earnings per share	*9*		
– Basic *(HK cents)*		**(0.9)**	7.9
– Diluted *(HK cents)*		**N/A**	7.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(15,723)**	140,951
Other comprehensive income		
Fair value gain/(loss) on available-for sale financial assets	**9,200**	(6,653)
Exchange difference	**1,231**	207,853
Other comprehensive income for the period	**10,431**	201,200
Total comprehensive (loss)/income for the period	**(5,292)**	342,151
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(5,424)**	341,615
Minority interests	**132**	536
	(5,292)	342,151

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
ASSETS			
Non-current assets			
Land use rights		**782,476**	792,437
Property, plant and equipment		**1,820,030**	1,842,794
Interests in jointly controlled entities		**1,458,380**	1,430,037
Interests in associates		**26,533**	28,513
Available-for-sale financial assets		**30,075**	20,873
Deferred income tax assets		**9,413**	9,410
		4,126,907	4,124,064
Current assets			
Inventories		**32,442**	5,295
Trade and other receivables	*10*	**194,664**	175,476
Amounts due from jointly controlled entities		**9,336**	6,858
Amounts due from associates		**4,680**	2,552
Cash and cash equivalents		**652,973**	588,866
		894,095	779,047
Total assets		**5,021,002**	4,903,111
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**178,710**	178,710
Reserves		**2,690,537**	2,679,812
Retained earnings		**740,042**	755,896
		3,609,289	3,614,418
Minority interests		**4,565**	4,433
Total equity		**3,613,854**	3,618,851
LIABILITIES			
Non-current liabilities			
Borrowings		**1,199,662**	1,140,250
Current liabilities			
Trade and other payables	*11*	**164,384**	127,900
Amounts due to related companies		**34,721**	12,586
Current income tax liabilities		**8,381**	3,524
		207,486	144,010
Total liabilities		**1,407,148**	1,284,260
Total equity and liabilities		**5,021,002**	4,903,111
Net current assets		**686,609**	635,037
Total assets less current liabilities		**4,813,516**	4,759,101

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as disclosed in those financial statements.

The following standards, amendments and interpretations are mandatory for the financial year beginning 1 January 2009:

HKFRSs (Amendments)	*Improvements to Hong Kong Financial Reporting Standards ("HKFRSs")*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 & HKAS 1 (Amendments)	*Financial Instruments: Presentation & Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HKFRS 1 & HKAS 27 (Amendments)	*First-time Adoption of HKFRSs & Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 (Amendments)	*Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 (Amendments)	*Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	*Reassessment of Embedded Derivatives & Financial Instruments: Recognition and Measurement – Embedded Derivatives*

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

3. REVENUE AND SEGMENT INFORMATION

Segment information has been prepared in a manner consistent with the information used for the purposes of assessing the performance and allocating resources between segments.

The Group has two reportable segments: port cargo handling and sales. The port cargo handling segment is related to container and non-containerised cargo handling and related services. The sales segment is related to sales of materials.

Revenue information:

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Container handling	**275,804**	393,378
Non-containerised cargo handling	**187,247**	220,422
Storage and agency fees	**7,072**	8,355
Port cargo handling	**470,123**	622,155
Sales	**101,006**	–
	571,129	622,155

Segment information:

	Unaudited					
	Port cargo handling		Sales		Total	
Six months ended 30 June	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**470,123**	622,155	**101,006**	–	**571,129**	622,155
Segment results	**25,551**	123,971	**2,019**	–	**27,570**	123,971
Unallocated income/(expenses):						
– Other income					**2,672**	42,723
– Head office and corporate expenses					**(40,058)**	(15,766)
– Finance costs					**(6,038)**	(10,252)
(Loss)/profit attributable to equity holders of the Company					**(15,854)**	140,676

All segment revenue is from external customers.

	Unaudited					
	Port cargo handling		**Sales**		**Total**	
As at	**30 June 2009**	31 December 2008	**30 June 2009**	31 December 2008	**30 June 2009**	31 December 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**4,942,167**	4,871,002	**26,676**	–	**4,968,843**	4,871,002
Unallocated assets:						
– Available-for-sale financial assets					**24,000**	14,800
– Head office and corporate assets					**28,159**	17,309
Total assets					**5,021,002**	4,903,111

4. OTHER INCOME

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Exchange gain	**176**	42,655
Interest income		
– from bank deposits	**7,274**	4,821
– from loan to a jointly controlled entity	**2,494**	–
Others	**619**	1,150
	10,563	48,626

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Interest expense on bank borrowings wholly repayable within five years	**6,643**	10,596

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is stated after charging:

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**58,290**	56,370
Amortisation of prepaid lease payments	**10,233**	9,829

7. INCOME TAX

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
PRC income tax		
– Current tax	**9,936**	39,524

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits for the period (2008: nil).

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

8. DIVIDENDS

No dividend was paid or proposed during the period (2008: paid 2007 final dividend HK2.7 cents per ordinary share amounting to HK$48,252,000).

The Board does not recommend the payment of an interim dividend for 2009 (2008: HK3.1 cents per ordinary share amounting to HK$55,400,000).

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the following data:

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit attributable to equity holders of the Company	**(15,854)**	140,676

	Unaudited Six months ended 30 June	
	2009	2008
Number of shares (thousands)		
Weighted average number of ordinary shares	**1,787,100**	1,787,100

No diluted loss per share has been presented for the six months ended 30 June 2009 because the potential ordinary shares in issue during the period would result in decrease in loss per share.

For the six months ended 30 June 2008, the exercise of share options would have no material dilutive effect to earnings per share.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables of HK$194,664,000 (31 December 2008: HK$175,476,000) are trade receivables of HK$173,877,000 (31 December 2008: HK$98,800,000). In general, the Group grants a credit period of about 30 to 90 days to its trade customers. The ageing analysis of the trade receivables (net of provision of impairment) is as follows:

	Unaudited 30 June 2009	Audited 31 December 2008
	HK$'000	*HK$'000*
0 – 30 days	**102,717**	78,694
31 – 90 days	**71,160**	20,106
	173,877	98,800

11. **TRADE AND OTHER PAYABLES**

Included in trade and other payables of HK$164,384,000 (31 December 2008: HK$127,900,000) are trade payables of HK$68,252,000 (31 December 2008: HK$56,791,000). The ageing analysis of the trade payables is as follows:

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
0 – 90 days	**68,252**	56,791

REVIEW OF INTERIM RESULTS

The condensed consolidated interim financial statements for the six months ended 30 June 2009 have not been audited but have been reviewed by the independent auditor of the Company. The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2009.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend this year (2008: HK3.1 cents per share).

REVIEW OF OPERATIONS AND RESULTS

RESULTS OVERVIEW

During the six months ended 30 June 2009, the Group's unaudited consolidated revenue amounted to HK$571.1 million, representing a drop of 8.2% over the same period in prior year. The Group incurred a loss attributable to shareholders of HK$15.9 million as compared to a profit of HK$140.7 million over the prior period. Basic loss per share, on a weighted average basis, was HK0.9 cents.

Consolidated operating profit margin (measured by the recurring operating profit which excluded exchange gain and professional fees related to the acquisition of Tianjin Port Holdings Co., Ltd. ("Tianjin Port Co") divided by revenue) of the Group for the period under review was 4.6%. As compared to 22.7% of prior period, the consolidated operating profit margin decreased by 18.1 percentage points. The drop in operating profit margin was primarily due to a higher proportion of domestic and empty containers as a result of the global economic downturn and decline in China's import and export trade, which reduced substantially the blended average unit price. In addition, the growth in domestic trade as a result of the implementation of the economic stimulus plan by the Chinese government was more than offset by the drop in foreign trade volume which reduced the overall throughput attained during the period. Besides, the Group commenced the sales business in early 2009. The profit margin of the sales business was much less than the port cargo handling business, which lowered the overall operating profit margin of the Group. By excluding the results of the sales business, the consolidated operating profit margin of the Group during the period under review was 5.1%.

In addition to the factors which caused the drop in operating profit margin as mentioned above, during the period under review, the Group had provided for HK$22.0 million in respect of the professional fees incurred for the proposed acquisition of a 56.81% stake in Tianjin Port Co. As a result of these factors, the Group recorded a loss attributable to shareholders of HK$15.9 million for the six months ended 30 June 2009.

The global economic downturn as triggered by the financial crisis last year continued to have a negative impact on China's economy. In such a difficult operating environment, business performance of various industries was adversely affected. The port industry in China was no exception, in particular during the first quarter this year. For the first three months of 2009, the major ports in China recorded total cargo throughput of 1.367 billion tonnes and container throughput of 25.48 million TEUs, representing a decline of 3.3% and 12.8% respectively over the same period last year. The throughput in foreign trade also recorded a 7% negative growth during the same period. Despite overall negative growth in the first half of 2009, the decline had been contracting. During the second quarter, China's 4 trillion Renminbi ("RMB") economic stimulus plan brought positive effects. For the six months ended June 2009, the overall total cargo throughput increased by 2.6% as compared to the same period last year and the container throughput year-on-year decline softened to 11%. The port of Tianjin had demonstrated resilience among the major ports in China in the current challenging environment. Its total cargo throughput and container throughput during the first half of the year increased by 1.2% to 184.57 million tonnes and 1.9% to 4.16 million TEUs respectively. The port of Tianjin continued to stand out as the third largest port in terms of total cargo throughput and the sixth largest container port in the country in this regard.

Alongside with the improvement in the overall economic environment in the second quarter, the performance of the Group was obviously better during the second quarter as compared to the first quarter. The Board will continue its proven strategy of fostering opportunities for sustainable growth with the aim of enhancing return for the Group and for our shareholders as a whole. The Board is confident of the Group's long term development in the forthcoming future.

REVIEW OF OPERATIONS

During the period under review, the Group's terminals (excluding Tianjin Port Alliance International Terminal Co., Ltd ("Alliance")) achieved a container throughput of 1.21 million TEUs and 5.97 million tonnes of non-containerised cargo throughput, representing a drop of 6.7% and 8.4% respectively.

Container Handling Business

The Group's wholly-owned terminals recorded a decline in throughput volume of 6.7% to 1.21 million TEUs, which was primarily due to the drop of foreign trade container throughput could not be offset by the slim growth in domestic trade volume. As China's foreign trade showed signs of bottoming out in the second quarter, and the improving domestic economy would help maintaining China's import, we expect the container handling business will gradually improve in the second half of the year.

The blended average unit price decreased 24.9% to HK$228.9 per TEU as compared to the same period last year. The reduction in blended average unit price was attributable to a higher proportion of domestic and empty containers due to the declining import/export trade in China.

Alliance, a joint venture of the Group, continued to be a key contributor to the Group's container handling business. During the period under review, Alliance achieved 0.96 million TEUs in volume and net profit of HK$21.5 million, of which the Group has a 40% stake. After taking into account Alliance's total volume, the Group's market share in the port of Tianjin was 52.1%.

Tianjin Port Euroasia International Container Terminal Co., Ltd ("Euroasia"), a joint venture of which the Group holds 40% equity, is currently at the final stage of its construction. The facilities are expected to commence operation by end of 2009 or early 2010. Euroasia has 3 berths with a total quay length of 1,100 meters and a designed capacity of 1.8 million TEUs. Upon the completion of Eurosia, the Group is expected to have a total capacity of over 6 million TEUs by 2010 and to maintain over 50% market share in the port of Tianjin.

Non-containerised Cargo Handling Business

During the first half of 2009, the Group's throughput declined by 8.4% to 5.97 million tonnes whereas the blended average unit price dropped 7.1% to HK$31.4 per tonne. The revenue of non-containerised cargo handling was HK$187.2 million, representing a drop of 15.1% over the same period last year.

Grain is our principal non-containerised cargo during the period under review. For the first six months this year, grain handling nearly doubled in throughput over the same period last year. The increase was triggered by the strong domestic demand for importing soya bean as the Chinese government's grain reserve policy drove up the market price of domestic soya bean. Despite the encouraging volume growth in grain handling, the performance of steel handling was unsatisfactory during the period. Due to the weakened overseas demand on steel products, the throughput of steel handling slipped by over 33% on a year-on-year basis.

Logistics Business

Tianjin Port Haifeng Bonded Logistics Co., Ltd ("Haifeng"), a 51% owned joint venture, which possesses 10 warehouse blocks – including 4 single-storey warehouse blocks and 6 double-storey warehouse blocks with a combined GFA of about 191,000 square meters of warehouse space in its phase 1 development plan, commenced operation of its 4 single-storey warehouses last year and achieved an average occupancy rate of 26% in the first half of this year. Haifeng incurred a net loss of HK$4.8 million during the period of which the Group equity accounted for 51% of its equity interest.

The rest of phase 1 is expected to commence operation by end of 2009 or early 2010 and we do not expect Haifeng to have a significant contribution to the Group's results in the near term. However, given our market share of the logistics warehousing business in the Dongjiang Bonded Free Port, Haifeng will be a potential contributor to the Group in future.

Sales Business

With an aim to enhance its value added services in the non-containerised cargo handling operation, the Group commenced its sales business in January this year. Taking advantage of the strong relationship with the major steel suppliers, the Group provided back-to-back sales arrangements to its customers. The arrangement, on one hand, secured the Group with an additional source of income and, on the other hand, enhanced the utilisation rate of its port capacity. During the period under review, the Group achieved a turnover of HK$101 million and earned a profit of HK$2 million. Despite the slim profit margin, the Group believed the sales business would bring positive contribution to the non-containerised cargo handling operation in the long run.

In May 2009, the Group entered into a promoter agreement with various leading nonferrous metal suppliers to establish a joint venture which principally engaged in the provision of a trading platform for metal products and related warehousing and logistics services. The joint venture is expected to enhance the Group's logistics and cargo handling business in metal products as a whole through enhancing its logistic network and channel from its hinterlands to the port of Tianjin.

Cost Control

The management is committed to control its operating costs at an optimal level. During the period under review, cost of sales and administrative expenses of the Group was HK$364.9 million and HK$198.0 million, representing an increase of 20.5% and 21.5% respectively over the same period last year. The increase was primarily due to the inclusion of the direct costs of the sales business which commenced this year and the recognition of the professional fees in relation to the acquisition of the 56.81% stake in Tianjin Port Co. By excluding the direct costs of the sales business and the professional fees, the Group had in fact effectively managed to reduce its cost of sales by 12.2% on a year-on-year basis. The administrative expenses were up by 8.0%, mainly due to the increase in labour related insurance and welfare expenses.

The Group will continue to actively monitor its operating costs, in particular staff related costs. As at 30 June 2009, the Company and its subsidiaries had 3,076 employees. The Group will maintain its human resources policies to increase the proportion of outsourced labour. The Group's equity stake in the two labour service providers enables the Group to secure a stable source of outsourced labour with high service quality and reliability while at the same time reducing the costs of hiring these workers directly. In addition, the Group will carry out a number of facility improvement plans, including diesel to electricity transformation, with an aim to further reduce the operating costs and thus enhance the profit margin as a whole.

PROSPECTS

Acquisition of Tianjin Port Co

On 16 March 2009, the Company and Grand Point Investment Limited ("Grand Point"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group"), pursuant to which the Company through Grand Point conditionally agrees to acquire a 56.81% stake in Tianjin Port Co, a company listed on the Shanghai Stock Exchange (stock code: 600717), from Tianjin Port Group at a consideration of HK$10.96 billion. The total consideration shall be satisfied as to HK$7.03 billion by the issuing of the new shares of the Company to Tianjin Port Group, and the remaining HK$3.93 billion shall be satisfied by cash which may be financed with internal resources, bank borrowings, proceeds from the placing of new shares of the Company and/or other sources. The acquisition is a key milestone for the Group to participate in the emergence of the port of Tianjin as a comprehensive world-class port. We are confident that the acquisition will greatly enhance the competitiveness of the Group in the Bohai Rim Region as well as in China, and thus improve the overall return to the Group and the shareholders as a whole in the long run.

The acquisition was approved by the independent shareholders of the Company at the extraordinary general meeting on 15 July 2009. Currently the State-owned Assets Supervision and Administration Commission of the State Council has approved the abovementioned transfer of the equity interest in Tianjin Port Co and the Company is expecting other relevant approvals in the near future. We expect that the acquisition will be completed in the fourth quarter this year.

Tianjin Binhai New Area

The port of Tianjin was designated by the Chinese government as the principal gateway to the hinterland of the northern and north western regions of China. According to the Eleventh Five-Year Plan, a total of RMB36.6 billion is to be invested between 2006 and 2010 to enhance the infrastructure, including the transportation network connecting Tianjin to its hinterland. It is anticipated that the container throughput at the port of Tianjin will reach 10 million TEUs by 2010. Furthermore, the Eleventh Five-Year Plan emphasised the acceleration of the development of the Tianjin Binhai New Area. Under the Three-Year Plan for the Infrastructure and Environment Construction, RMB225.7 billion will be invested in 177 significant projects to establish a comprehensive transportation system to further facilitate regional integration and improve the connectivity of the Tianjin Binhai New Area to the hinterland. Encompassing the port of Tianjin, Tianjin Binhai New Area will be a key driver to advance the regional economy. The goal of the Chinese government is to develop the Tianjin Municipality into an international shipping and logistics centre in the northern regions of China.

We are confident that our business strategies take advantage of any opportunities arising at the port of Tianjin via the Chinese government's incentive policies to boost the economic growth at the Bohai Rim region.

Dongjiang Bonded Free Port

Dongjiang port was located at the northeastern part of the port of Tianjin. Under the development plan approved by the central government in 2006, Dongjiang port will have three major zones providing five major types of services including container handling, logistics services, business support services, living accommodation and leisure and travel. Dongjiang port also has one of the largest bonded free port in China. The development of phase 1 of Dongjiang port, which commenced in 2007 with an approximate area of 4 square kilometers comprising container terminals and logistics warehousing, eastern sightseeing costal line and the core blocks of the cruise liner pier and passenger terminal, will be completed by end of this year.

Haifeng, our logistics warehousing joint venture, is located inside this area. As one of the longest established operator at the port of Tianjin, the Group will leverage on our experience to strive for the best outcome in the upcoming development of Dongjiang port. Besides our cargo handling business and logistics business, we will also proactively explore to participate in other opportunities during the course of development of the Dongjiang port. We are confident that the Group will materialise the benefits arising directly and indirectly from future government incentives in the Dongjiang port.

Strategic Cooperation with Joint Venture Partners

The Group has partnered with internationally renowned companies such as APMT, COSCO, OOCL, PSA and Mapletree to establish various joint ventures. Management believes that such broad partnerships will have a positive synergistic effect towards the Group's future development in the long run both in terms of business growth and management expertise.

FINANCIAL REVIEW

Cash Flow

The net cash inflow from operations during the period amounted to HK$75.0 million, 56.3% lower than same period last year, primarily due to the decrease of revenue for the period.

The net cash spending in investing activities amounted to HK$64.2 million. Out of which HK$29.6 million was for loan to a jointly controlled entity. The remainder was mainly used for general replacement and upgrading of facilities and equipment.

During the period under review, the net cash inflow of the Group was HK$64.3 million (2008: HK$91.2 million).

Liquidity and Financial Resources

As at 30 June 2009, the Group's cash and bank balances was HK$653.0 million, compared to HK$588.9 million as at 31 December 2008. The Group's total borrowings as at 30 June 2009 increased to HK$1,199.7 million (up from HK$1,140.3 million as at 31 December 2008), which represents a gearing ratio (total borrowings divided by total equity) of 33.2%. All borrowings are denominated in Hong Kong Dollar and US Dollar with a floating interest rate and repayable within 5 years. In addition, the current ratio (ratio of current assets to current liabilities) was 4.3 compared to 5.4 as at 31 December 2008. As at 30 June 2009, all assets of the Group are free of any charge.

For day-to-day liquidity management, the Group maintains flexibility in funding by obtaining sufficient short-term facilities from banks. Given the low gearing ratio, management will consider increasing the proportion of debt to equity if and when demand for additional funds arises. This may be done to lower the weighted average cost of capital of the Company, and hence, improve return to shareholders.

Financial Management and Policy

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

As at 30 June 2009, most of the Group's assets and liabilities were denominated in RMB, except for the bank borrowings of HK$1,199.7 million. The foreign exchange fluctuation in RMB had no significant impact to the Group's results for the six months ended 30 June 2009 (2008: HK$42.7 million exchange gain). As at 30 June 2009, the Group assessed its foreign exchange rate and interest rate risk exposure and has not entered into any hedging arrangements.

Capital Structure

As at 30 June 2009, the capital and reserves attributable to the equity holders of the Company was HK$3,609.3 million. This represents a slight decrease of HK$5.1 million or 0.1% compared to 31 December 2008. During the period, no dividend was paid to shareholders of the Company.

The market capitalisation of the Company as at 30 June 2009 (the last trading day of the period) was HK$6,058.3 million (issued share capital: 1,787,100,000 shares at closing market price: HK$3.39 per share).

Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 15 July 2009, the authorised capital of the Company increased from 5,000,000,000 shares to 12,000,000,000 shares by the creation of an additional 7,000,000,000 shares of HK$0.10 each, ranking pari passu in all respects with the existing shares.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2009.

SIGNIFICANT INVESTMENTS

Save for the proposed acquisition of a 56.81% stake in Tianjin Port Co as disclosed under the section headed "PROSPECTS" above, the Group had not made any significant investment during the period.

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.

EMPLOYEES

As at 30 June 2009, the Company and its subsidiaries had approximately 3,076 staff. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends. Incentives in the management's remuneration package are paid in the form of cash bonuses in addition to share options.

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

The Company had not redeemed any of its securities during the six months ended 30 June 2009. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the six months ended 30 June 2009.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2009.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had 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 set out in the Model Code throughout the six months ended 30 June 2009.

PUBLICATION OF INTERIM RESULTS

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

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

Hong Kong, 26 August 2009

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