天津港發展控股有限公司

Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03382)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

2009 RESULTS

The board of directors (the "Board") of Tianjin Port Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*2, 3*	**1,402,780**	1,258,991
Business tax		**(32,647)**	(38,415)
Cost of sales		**(953,254)**	(689,691)
Gross profit		**416,879**	530,885
Other income	*4*	**29,966**	57,956
Administrative expenses		**(450,323)**	(363,600)
Other operating expenses		**(894)**	(2,675)
		(4,372)	222,566
Provision for impairment losses on available-for-sale financial assets		**–**	(25,253)
Finance costs	*5*	**(12,623)**	(26,529)
Share of results of associates		**(1,549)**	1,495
Share of results of jointly controlled entities		**764**	8,755
(Loss)/profit before income tax	*6*	**(17,780)**	181,034
Income tax	*7*	**(29,929)**	(50,414)
(Loss)/profit for the year		**(47,709)**	130,620
Attributable to:			
Equity holders of the Company		**(47,814)**	130,289
Minority interests		**105**	331
		(47,709)	130,620
Dividends	*8*	**–**	55,400
(Loss)/earnings per share	*9*		
– Basic and diluted *(HK cents)*		**(2.7)**	7.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(47,709)**	130,620
Other comprehensive income		
Fair value gain on available-for sale financial assets	**9,800**	–
Exchange difference	**7,379**	196,231
Other comprehensive income for the year	**17,179**	196,231
Total comprehensive (loss)/income for the year	**(30,530)**	326,851
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(30,644)**	326,229
Minority interests	**114**	622
	(30,530)	326,851

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Land use rights		**773,588**	792,437
Property, plant and equipment		**1,813,182**	1,842,794
Interests in jointly controlled entities		**1,494,323**	1,430,037
Interests in associates		**25,936**	28,513
Available-for-sale financial assets		**42,046**	20,873
Deferred income tax assets		**9,429**	9,410
		4,158,504	4,124,064
Current assets			
Inventories		**145,297**	5,295
Trade and other receivables	*10*	**390,762**	175,476
Amounts due from associates		**29,419**	2,552
Amounts due from jointly controlled entities		**13,318**	6,858
Cash and cash equivalents		**707,492**	588,866
		1,286,288	779,047
Total assets		**5,444,792**	4,903,111
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**178,710**	178,710
Reserves		**2,711,785**	2,679,812
Retained earnings		**695,875**	755,896
		3,586,370	3,614,418
Minority interests		**4,405**	4,433
Total equity		**3,590,775**	3,618,851

	Note	**2009** *HK$'000*	2008 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**1,199,693**	1,140,250
Deferred income tax liabilities		**11,709**	–
		1,211,402	1,140,250
Current liabilities			
Trade and other payables	*11*	**459,144**	127,900
Amounts due to related companies		**26,661**	12,586
Current income tax liabilities		**7,226**	3,524
Borrowings		**149,584**	–
		642,615	144,010
Total liabilities		**1,854,017**	1,284,260
Total equity and liabilities		**5,444,792**	4,903,111
Net current assets		**643,673**	635,037
Total assets less current liabilities		**4,802,177**	4,759,101

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

(i) The following standards, amendments and interpretations are mandatory for the accounting periods beginning 1 January 2009:

HKFRS (Amendments)	*Improvements to HKFRS issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009*
HKFRS (Amendments)	*Improvements to HKFRS issued in 2009, in relation to the amendment to paragraph 80 of HKAS 39*
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 18	*Transfer of Assets from Customers*
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.

(ii) The following amendment that are not yet effective have been early adopted by the Group:

The Group has early adopted HKAS 24 (Revised), Related Party Disclosures which is effective for annual periods beginning on or after 1 January 2011. The early adoption of HKAS 24 (Revised) had no significant impact of the results and financial position of the Group.

(iii) The following standards, amendments and interpretations which have been issued and are not yet effective have not been early adopted by the Group:

HKFRS (Amendments)	*Improvements to HKFRS issued in 2008 for the amendment to HKFRS 5*
HKFRS (Amendments)	*Improvements to HKFRS issued in 2009*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 (Amendment)	*Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 (Amendment)	*Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HKFRS 1 (Revised)	*First-time adoption of HKFRS*
HKFRS 1 (Amendments)	*First-time adoption of HKFRS – Additional Exemptions for First-time Adopters*
HKFRS 1 (Amendments)	*First-time adoption of HKFRS – Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKFRS 2 (Amendments)	*Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKFRS 9	*Financial Instruments*
HK Int 4 (Amendment)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK(IFRIC) – Int 14 (Amendment)	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement*
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

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. REVENUE

	2009	2008
	HK$'000	*HK$'000*
Container handling	**591,301**	773,211
Non-containerised cargo handling	**450,654**	462,570
Storage and agency fees	**23,376**	23,210
Port cargo handling	**1,065,331**	1,258,991
Sales	**337,449**	–
	1,402,780	1,258,991

3. 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 sale of materials.

The segment revenue is from external customers and derived in the PRC.

The segment information for the reportable segments as follows:

	Port cargo handling		**Sales**		**Total**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**1,065,331**	1,258,991	**337,449**	–	**1,402,780**	1,258,991
Profit before income tax for reportable segment	**79,478**	225,498	**8,224**	–	**87,702**	225,498
Unallocated income/(expenses):						
– Other income					**2,416**	40,608
– Head office and corporate expenses					**(96,548)**	(33,678)
– Provision for impairment losses on available-for-sale financial assets					**–**	(25,253)
– Finance costs					**(11,350)**	(26,141)
(Loss)/profit before income tax					**(17,780)**	181,034
Other information for reportable segments:						
Depreciation and amortisation	**(136,502)**	(133,748)	**–**	–	**(136,502)**	(133,748)
Interest income	**20,053**	16,305	**–**	–	**20,053**	16,305
Finance costs	**(1,273)**	(388)	**–**	–	**(1,273)**	(388)
Share of results of associates	**(1,549)**	1,495	**–**	–	**(1,549)**	1,495
Share of results of jointly controlled entities	**764**	8,755	**–**	–	**764**	8,755

4. OTHER INCOME

	2009 HK$'000	2008 HK$'000
Exchange gain	**2,088**	40,284
Interest income		
– from bank deposits	**12,847**	13,057
– from loan to a jointly controlled entity	**7,208**	3,572
Reversal of provision of impairment on trade receivables	**217**	–
Others	**7,606**	1,043
	29,966	57,956

5. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest expense on bank borrowings wholly repayable within five years	**12,623**	26,529

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2009 HK$'000	2008 HK$'000
Auditors' remuneration	**1,200**	1,270
Employee benefit expense, including directors' emoluments	**448,002**	470,626
Cost of goods sold	**329,225**	–
Depreciation of property, plant and equipment	**116,906**	114,837
Amortisation of prepaid lease payments	**20,444**	20,194
Loss on disposal of property, plant and equipment	**451**	2,300
Operating lease payments	**5,576**	9,029

7. INCOME TAX

	2009 HK$'000	2008 HK$'000
PRC income tax		
Current tax		
– provision for the year	**17,876**	46,911
– underprovision in prior years	**359**	3,503
	18,235	50,414
Deferred tax	**11,694**	–
	29,929	50,414

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

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

8. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Paid interim dividend: nil (2008: HK 3.1 cents) per ordinary share	**–**	55,400

No final dividend was proposed in respect of the year ended 31 December 2009 (2008: nil).

9. (LOSS)/EARNINGS PER SHARE

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

	2009	2008
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit attributable to equity holders of the Company	**(47,814)**	130,289
Number of shares (thousands)		
Weighted average number of ordinary shares for calculating basic (loss)/earnings per share	**1,787,100**	1,787,100

The calculation of diluted loss per share for the year ended 31 December 2009 does not included the adjustment for the dilutive potential ordinary shares for share options as this would result in a decrease in loss per share.

For the year ended 31 December 2008, the diluted earnings per share is based on the profit attributable to equity holders of the Company of HK$130,289,000 and the weighted average number of 1,789,861,000 ordinary shares after adjusting for the number of dilutive potential ordinary shares for share options. The exercise of share options would have no material effect to earnings per share.

10. TRADE AND OTHER RECEIVABLES

In general, the Group grants a credit period of about 30 to 90 days to its trade customers. Included in trade and other receivables are trade and notes receivables (net of provision of impairment) and the ageing analysis is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**108,346**	78,694
31 – 90 days	**22,461**	20,106
At 31 December	**130,807**	98,800

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade and notes payables and the ageing analysis is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**60,305**	56,791
31 – 90 days	**140,877**	–
over 90 days	**98,337**	–
At 31 December	**299,519**	56,791

12. EVENTS AFTER BALANCE SHEET DATE

On 16 March 2009, the Company, its wholly-owned subsidiary Grand Point Investment Limited ("Grand Point") and Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") entered into a sale and purchase agreement, pursuant to which the Company, through its wholly-owned subsidiary Grand Point, conditionally agreed to acquire from Tianjin Port Group its 56.81% interest in the registered share capital of Tianjin Port Holdings Co., Ltd., ("Tianjin Port Co"), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600717) for a total consideration of HK$10,961 million (the "Acquisition"). The Acquisition was completed on 4 February 2010. Details of the acquisition are set out in the announcement and the circular of the Company dated 16 March 2009 and 19 June 2009 respectively.

The total consideration of HK$10,961 million was satisfied as to HK$6,891 million by the issue of 3,294,530,000 shares of the Company and as to HK$4,070 million by cash to the wholly-owned subsidiary of Tianjin Port Group.

As to the settlement of the cash portion of the total consideration, the Company has arranged the following:

- The issue and allotment of an aggregate of 1,076,370,000 shares of the Company at a price of HK$2.50 per share raising a net proceeds of HK$2,627 million. Details of which are set out in the announcements of the Company dated 13 and 20 January 2010; and

- On 15 January 2010, Tianjin Port Development Finance Limited, a wholly-owned subsidiary of the Company as borrower, the Company as guarantor and several financial institutions as lenders entered into a 36-month term loan facility agreement of HK$1,600 million. Part of the facility was to finance the Acquisition. Details of the facility are set out in the announcement of the Company dated 15 January 2010.

Upon completion of the Acquisition, the Company ceased to be a subsidiary of Tianjin Development Holdings Limited and Tianjin Port Group became the largest ultimate shareholder of the Company.

The Acquisition will be accounted for as a common control combination for which the Company will apply the principles of merger accounting in preparing the consolidated financial statements of the Group for the year ending 31 December 2010 as if the enlarged group structure had been in existence throughout the year. Comparative figures as at 31 December 2009 and for the year then ended will also be re-presented on the same basis.

The Company is currently assessing the assets and liabilities of Tianjin Port Co in accordance with HKFRS. The assets and liabilities of Tianjin Port Co and the unaudited pro forma financial information of Tianjin Port Co and the Company were set out in Appendix III and Appendix V respectively of the circular of the Company dated 19 June 2009.

REVIEW OF OPERATIONS AND RESULTS

RESULTS OVERVIEW

For the year ended 31 December 2009, the Group achieved consolidated revenue of HK$1,402.8 million, of which HK$1,065.4 million being the port cargo handling revenue which had dropped year-on-year by 15.4%, and HK$337.4 million being the revenue from sales business which commenced in 2009. The Group recorded a recurring operating net profit of HK$17.2 million and after taking into account the project expenses in relation to the acquisition of Tianjin Port Co, incurred a loss attributable to the Company's shareholders of HK$47.8 million as compared to a profit of HK$130.3 million in the prior year. Basic loss per share, on a weighted average basis, was HK2.7 cents.

Consolidated operating profit margin (measured by dividing the recurring operating profit which excluded the project related expenses and exchange gain by revenue) of the Group for the year was 4.2%, compared to 14.5% of last year. The drop in the operating profit margin was due to various factors: first of all, a reduction in container throughput mainly due to drop in China's foreign trade. Secondly, the blended average unit price of the cargo handling business declined substantially due to a higher proportion of domestic and empty containers as a result of the decrease in China's foreign trade. Lastly, the Group commenced the sales business in early 2009. The profit margin of the sales business was much less than the cargo handling business, which resulted in a lower overall operating profit margin of the Group.

In 2009, the contribution from the Group's three jointly controlled entities was HK$764,000. Tianjin Port Alliance International Container Terminal Co., Ltd. ("Alliance") remained to be the key contributor among the jointly controlled entities with its share of net profit increasing 67.0% for the year. The increase was, however, substantially offset by the recognition of the pre-operating expenses and additional capital expenses of Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Euroasia") and Tianjin Port Haifeng Bonded Logistics Co., Ltd. ("Haifeng").

The Group continued to adopt an efficient capital structure in order to lower the overall cost of capital of the Group. As at the end of the year, the Group has total borrowings of HK$1,349.3 million which were primarily denominated in Hong Kong dollars ("HK$") and US dollars ("US$"). Taking advantage of the lower interest rate of borrowings in these two currencies, the Group recorded a lower finance costs by 52.4% on a year-on-year basis.

During the year under review, the Group incurred project expenses in relation to the acquisition of Tianjin Port Co of approximately HK$65.0 million (details of which please refer to the section "Significant Investments"). The drop in operating profit margin, together with the accounting for the project related expenses and reduction in contribution from the jointly controlled entities, resulted in a loss attributable to shareholders in 2009 of HK$47.8 million.

DIVIDEND

The Board does not recommend payment of a final dividend for the year under review.

REVIEW OF OPERATIONS

In 2009, the economic recession worldwide as triggered by the global financial crisis continued to impact on China's economy and on the foreign trade of the country in particular. During the year under review, China's foreign trade value recorded a year-on-year decline of 13.9%, the first time reduction since China joined the World Trade Organisation in 2001. Despite a negative growth in foreign trade in 2009, the introduction of the proactive stimulating measures by major trading partners to cope with the contracting economy during the year softened the situation. The container throughput of the major ports in China for the year dropped by 5.8% to 120.8 million TEUs, a substantial improvement as compared to the decline of 11.0% during the first half of the year. The total throughput of the major ports was 6.9 billion tonnes, representing a year-on-year growth of 8.2% as compared to the 2.6% growth for the first half of the year. Amidst such challenging operating environment, the port of Tianjin continued to stand out as the third largest port in terms of total throughput in China.

The Group is principally engaged in two business segments, namely the provision of port cargo handling service and sales business. The port cargo handling operation includes the handling of containers and non-containerised cargoes.

In 2009, the container throughput of the Group's terminals (excluding jointly controlled terminals) declined by 9.7% to 2.5 million TEUs, whereas the non-containerised cargo throughput grew by 4.6% to 13.7 million tonnes. A summary of the throughput by segment is as follows:

	2005	2006	2007	2008	**2009**
Throughput					
Container *(million TEUs)*	2.05	2.49	2.76	2.77	**2.50**
Non-containerised cargo *(million tonnes)*	18.3	16.6	13.0	13.1	**13.7**

Container Handling Business

During the year under review, the Group's wholly-owned terminals, run by Tianjin Port Container Terminal Co., Ltd. ("TCT"), and Tianjin Harbour Second Stevedoring Co., Ltd. ("No. 2 Co."), recorded a reduction in throughput volume by 9.7% to 2.5 million TEUs. Due to the economic recession in major overseas trade partners, the growth in domestic throughput as a result of the Chinese government's initiatives to encourage domestic consumption was more than offset by the drop in foreign trade throughput.

The blended average unit price decreased by 15.3% to HK$236.4 per TEU as compared to last year. The drop in blended average unit price was due to a higher proportion of domestic and empty containers as a result of the decline in China's import/export trade. The revenue of container handling business in 2009 dropped year-on-year by 23.5% to HK$591.3 million.

Alliance, a jointly controlled terminal of the Group, was a key contributor to the Group's container handling business. In 2009, Alliance achieved 1.7 million TEUs in throughput, representing an increase of 7.2% over last year. Its net profit increased by 67.0% to HK$58.3 million, of which the Group has a 40% stake. Alliance's operation focuses on handling domestic containers. Tapping Chinese government's massive economic stimulus plan, Alliance achieved an encouraging growth in business during the year.

Euroasia, a jointly controlled terminal of which the Group holds 40% equity interest commenced trial operation in 2010. The terminal has 3 berths with a total quay length of 1,100 meters and a designed capacity of 1.8 million TEUs. Upon the commencement of the operation of Euroasia, the Group's total capacity reaches 6 million TEUs per year (before taking into account the capacity of Tianjin Port Co, in which the Group acquired in February 2010).

Non-containerised Cargo Handling Business

In 2009, the Group achieved a throughput of 13.7 million tonnes, representing an increase of 4.6% over last year. Grain, steel and metal ore are the Group's principal non-containerised cargoes. During the year under review, the throughput of grain and metal ore handling increased by 38.6% and 5.2 times respectively as triggered by the strong domestic demand for such goods. Steel handling throughput, on the other hand, decreased year-on-year by 31.7% due to the weakened overseas demand as a results of the slowdown in global economy. The blended average unit price of non-containerised cargo handling business dropped by 7.1% as a result of the reduction in export steel handling. The revenue of non-containerised cargo handling business in 2009 was HK$450.7 million, representing a reduction of 2.6% as compared to the previous year.

Logistics Business

Haifeng, a 51% owned joint venture, possesses 10 warehouse blocks in which 4 single-storey warehouses had commenced operation in 2008. The construction of the remaining 6 double-storey warehouse blocks was completed and commenced operation in the second half of 2009. Haifeng has a total gross floor area of about 190,000 square meters of warehouse space and achieved an occupancy rate of about 11% at the end of the year.

During the year under review, Haifeng incurred a net loss of HK$28.7 million of which the Group's share was 51%. The increase in operating losses was the result of the recognition of additional capital expenses after the completion of the construction of all the warehouse blocks in the second half of the year. In its early years of operation, we do not expect Haifeng to have significant contribution to the Group's results. However, with the upcoming development of the Dongjiang Bonded Free Port, Haifeng is expected to be a potential contributor to the Group in the future.

Sales Business

Taking advantage of our strong relationship with the major steel and metal ore suppliers, the Group commenced its sales business in 2009 by providing material sourcing and solicitation services to customers. The sales business on one hand brings additional supply of cargoes, and on the other hand enhances our value-added services for the non-containerised cargo handling operation and secures the Group with an additional source of income. During the year under review, the sales business achieved a revenue of HK$337.4 million and made a profit of HK$8.2 million. Despite the slim profit margin, we believe that the sales business would supplement the non-containerised cargo handling operation and bring positive contribution to the Group as a whole in the long run.

During the year, the Group, jointly with various leading non-ferrous metal suppliers and logistic service providers, established a joint venture which engaged in the provision of the 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 as a whole through strengthening the logistics network and channels 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 year under review, cost of sales and administrative expenses of the Group was HK$953.3 million and HK$450.3 million, representing a year-on-year increase of 38.2% and 23.9% respectively. The increase was primarily due to the inclusion of the direct costs of the sales business which commenced during the year and the recognition of the project expenses in relation to the acquisition of Tianjin Port Co. By excluding the direct costs of the sales business, the Group had in fact effectively managed to reduce its cost of port cargo handling operation by 9.5% as compared to the previous year. Whereas the rise in administrative expenses, which mainly attributable to the increase in insurance and welfare related expenses in pursuance to the revisions to the labour policies, was 6.0% after excluding the project related expenses.

The Group will continue to actively take measures to control its operating costs. As at 31 December 2009, the Company and its subsidiaries had approximately 2,900 employees. The Group will maintain its human resources policies to outsource non-core operating functions and maintain an optimal number of labour force. In addition, the Group will carry out a number of facility improvement plans, including diesel to electricity transformation, with an aim to enhance the operating efficiency and reduce costs.

PROSPECTS

In February 2010, the Group completed the acquisition of the 56.81% equity interest in Tianjin Port Co in order to integrate the two separately listed port operators at the port of Tianjin. The Group focuses on container handling business whereas Tianjin Port Co focuses on non-containerised cargo handling business. After the acquisition, the portfolio of the Group will consists of all commercially operating port cargo handling, logistics and auxiliary operation assets within the port of Tianjin, which leads to a significant increase in the scale of the operation and enhances the Group's overall earning capacity. In 2009, Tianjin Port Co achieved container handling and non-containerised cargo handling throughput (including associates) of 4.5 million TEUs and 195.8 million tonnes respectively. The consolidated revenue of Tianjin Port Co was RMB9,776.1 million, out of which port cargo handling business contributed to RMB3,549.7 million and sales business contributed to RMB4,965.1 million respectively. Tianjin Port Co recorded a profit attributable to its equity holders of RMB643.7 million in 2009. It is expected that Tianjin Port Co will be able to produce better results and contribute significantly to the Group with the external operating environment improving in the coming year.

Under the Eleventh Five-Year Plan of the Chinese government, the port of Tianjin was designated as the principal gateway to the hinterland of the northern and northwestern regions of China. It is anticipated that the container throughput at the port of Tianjin will reach 10 million TEUs by 2010. Furthermore, the acceleration of the development of the Tianjin Binhai New Area will further facilitate regional integration and improve the connectivity of the Tianjin Binhai New Area to the hinterland. Tianjin is set to become an international shipping and logistics centre in the North of China and act as the key driver to regional economic growth. The completion of the acquisition is an important strategic milestone for the Group to participate in the emergence of the port of Tianjin to a world-class comprehensive port.

FINANCIAL REVIEW

Cash Flow

The net cash inflow from operations during the year amounted to HK$60.0 million, 76.8% lower than last year. The decrease was due to the drop in operating profit for the year.

The net cash spending in investing activities amounted to HK$140.4 million. Out of which HK$83.7 million was capital expenditure and HK$60.7 million for a loan to a jointly controlled entity.

To finance the Group's general working capital requirement, the Group arranged several short-term banking facilities with banks in both China and Hong Kong. During the year, the Group drew additional HK$209.0 million from bank facilities.

During the year under review, the net cash inflow of the Group was HK$117.0 million (2008: HK$125.9 million).

Liquidity and Financial Resources

As at the end of the year, the Group had cash and bank balances of HK$707.5 million (principally denominated in Renminbi ("RMB")), representing an increase of 20.1% as compared to last year. The Group's total borrowings at the year end increased by 18.3% to HK$1,349.3 million, representing a gearing ratio (total borrowings divided by total equity) of 37.6%. The borrowings are denominated in HK$/US$/RMB with a floating interest rate. The current portion of the bank borrowings was HK$149.6 million and the remaining portion was repayable within 5 years. In addition, the current ratio (ratio of current assets to current liabilities) was 2.0 as compared to 5.4 at the end of last year. At the year end date, all assets of the Group are free of any charge.

In January 2010, the Group arranged a 3-year term loan facility of HK$1,600 million for financing the acquisition of Tianjin Port Co and general working capital. As at the date of this announcement, the loan facility was fully utilised.

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 the year end date, except for bank borrowings of HK$1,309.5 million, the Group's assets and liabilities were principally denominated in RMB. As at the year end date, the Group assessed its foreign exchange rate and interest rate risk exposure and has not entered into any hedging arrangements.

Capital Structure

At the end of the year under review, the capital and reserves attributable to the equity holders of the Company was HK$3,586.4 million, representing a decrease of 0.8% as compared to the end of last year.

The market capitalisation of the Company as at 31 December 2009 (the last trading day of the year) was HK$5,021.8 million (issued share capital: 1,787,100,000 shares at closing market price: HK$2.81 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.

In January 2010, the Company issued in aggregate 4,370,900,000 shares for the acquisition of a 56.81% interest in Tianjin Port Co (details of which please refer to the section "Significant Investments"). As at the date of this announcement, the Company had 6,158,000,000 shares in issue.

SIGNIFICANT INVESTMENTS

On 16 March 2009, the Company and Grand Point, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Tianjin Port Group, pursuant to which the Company through Grand Point conditionally agrees to acquire a 56.81% interest in Tianjin Port Co from Tianjin Port Group for a total consideration of HK$10,961.1 million. The acquisition was completed in February 2010.

The total consideration was satisfied as to HK$6,890.8 million by the issuing of new shares of the Company to Tianjin Port Group, and the remaining HK$4,070.3 million was satisfied by cash. The cash portion of the acquisition was financed by the net proceeds of HK$2,626.8 million from placing of new shares of the Company and the remaining balance by bank borrowings.

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 2009.

EMPLOYEES

As at 31 December 2009, the Company and its subsidiaries had approximately 2,900 staffs. 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.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF 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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance. The Board recognises the practising of sound corporate governance can enhance transparency of the Company's business, ensuring the Company is accountable to and meet the expectations of shareholders and other stakeholders, and lead the Company to ultimate success.

The Company applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). 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 2009.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2009.

AUDIT COMMITTEE

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

The annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee.

PUBLICATION OF FINAL RESULTS

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

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

Hong Kong, 8 April 2010

As at the date of this announcement, the Board consists of Mr. Yu Rumin, Mr. Tian Changsong, Mr. Li Quanyong, Mr. Zhang Jinming and Mr. Dai Yan as executive directors; Mr. Kwan Hung Sang, Francis, Professor Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie as independent non-executive directors.