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 2010

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2010

- Revenue was HK$7,045.9 million
- Profit attributable to equity holders of the Company increased by 25.9% to HK$271.1 million
- Basic earnings per share of HK4.5 cents
- Interim dividend of HK1.76 cents per share, representing a dividend payout ratio of approximately 40%

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 2010 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	Note	Six months ended 30 June 2010 HK$'000	2009 HK$'000 (restated)
Revenue	4	**7,045,930**	5,417,796
Business tax		**(124,333)**	(108,018)
Cost of sales		**(5,359,317)**	(3,933,974)
Gross profit		**1,562,280**	1,375,804
Other income	5	**65,535**	79,005
Administrative expenses		**(714,999)**	(706,840)
Other operating expenses		**(6,276)**	(3,521)
		906,540	744,448
Finance costs	6	**(180,156)**	(152,921)
Share of results of associates		**62,558**	34,907
Share of results of jointly controlled entities		**(4,198)**	6,610
Profit before income tax	7	**784,744**	633,044
Income tax	8	**(141,154)**	(119,857)
Profit for the period		**643,590**	513,187
Attributable to:			
Equity holders of the Company		**271,131**	215,323
Non-controlling interests		**372,459**	297,864
		643,590	513,187
Dividends	9	**108,381**	–
Earnings per share			
– Basic and diluted (HK cents)	10	**4.5**	4.2

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(restated)
Profit for the period	**643,590**	513,187
Other comprehensive income		
Fair value (loss)/gain on available-for sale financial assets, net of tax	**(29,616)**	124,193
Exchange difference	**160,125**	5,688
Other comprehensive income for the period, net of tax	**130,509**	129,881
Total comprehensive income for the period	**774,099**	643,068
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**349,004**	266,846
Non-controlling interests	**425,095**	376,222
	774,099	643,068

UNAUDITED CONSOLIDATED BALANCE SHEET
As at 30 June 2010

	Note	30 June 2010 HK$'000	31 December 2009 HK$'000 (restated)
ASSETS			
Non-current assets			
Land use rights		**4,301,218**	4,312,788
Property, plant and equipment		**14,628,174**	14,783,574
Intangible assets		**22,503**	23,230
Interests in associates		**1,762,778**	1,688,836
Interests in jointly controlled entities		**1,636,249**	1,630,301
Available-for-sale financial assets		**411,682**	450,051
Deferred income tax assets		**113,296**	106,682
		22,875,900	22,995,462
Current assets			
Inventories		**392,676**	406,962
Trade and other receivables	*11*	**3,593,197**	2,836,944
Cash and cash equivalents		**3,974,559**	3,539,151
		7,960,432	6,783,057
Total assets		**30,836,332**	29,778,519
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*12*	**615,800**	178,710
Reserves		**4,677,456**	6,471,394
Retained earnings		**3,433,886**	3,162,755
		8,727,142	9,812,859
Non-controlling interests		**8,434,490**	8,373,949
Total equity		**17,161,632**	18,186,808

UNAUDITED CONSOLIDATED BALANCE SHEET
As at 30 June 2010

	Note	30 June 2010 HK$'000	31 December 2009 HK$'000 (restated)
LIABILITIES			
Non-current liabilities			
Borrowings		**7,810,804**	5,990,179
Deferred tax liabilities		**138,742**	136,576
Other long term liabilities		**947**	938
		7,950,493	6,127,693
Current liabilities			
Trade and other payables	*13*	**3,380,176**	2,971,350
Current income tax liabilities		**60,124**	45,538
Borrowings		**2,283,907**	2,447,130
		5,724,207	5,464,018
Total liabilities		**13,674,700**	11,591,711
Total equity and liabilities		**30,836,332**	29,778,519
Net current assets		**2,236,225**	1,319,039
Total assets less current liabilities		**25,112,125**	24,314,501

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 2009.

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 2009, as disclosed in those financial statements.

The following standards, amendments and interpretations are mandatory for the accounting period beginning 1 January 2010:

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 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 2 (Amendments)	*Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*

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

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 2010*
HKAS 32 (Amendment)	*Financial Instruments: Presentation – Classification of Rights Issues*
HKFRS 1 (Amendments)	*First-time adoption of HKFRS – Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKFRS 9	*Financial Instruments*
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 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.

3. BUSINESS COMBINATION

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 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"), which is listed on the Shanghai Stock Exchange (stock code: 600717) at a consideration of approximately HK$10.96 billion.

The acquisition was completed on 4 February 2010. The acquisition was settled by way of issue of 3,294,530,000 new shares of the Company and payment of approximately HK$4,070 million of cash from internal resources, bank borrowings and placing of new shares. The Company ceased to be a subsidiary of Tianjin Development Holdings Limited and Tianjin Port Group became the ultimate shareholder of the Company upon completion of the acquisition.

The acquisition has been accounted for as a common control combination for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA in preparing the consolidated financial statements. The condensed consolidated interim financial statements for the period ended 30 June 2010, including the comparative figures has been prepared on the basis as if the current group structure had been in existence throughout the period presented.

4. SEGMENT INFORMATION

Segment information has been prepared in a manner consistent with the information which is regularly reviewed by the management and used for the purposes of assessing the performance and allocating resources between segments.

The analysis of the Group's revenue and results by segment is as follows:

	Six months ended 30 June 2010						
	Port cargo handling	**Sales**	**Tugboat**	**Agency**	**Tallying**	**Port ancillary services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Total segment revenue	**2,594,456**	**3,903,891**	**193,064**	**82,443**	**175,680**	**577,338**	**7,526,872**
Inter-segment revenue	**(1,683)**	**(307,932)**	**(1,211)**	**(452)**	**(2,475)**	**(167,189)**	**(480,942)**
Revenue from external customers	**2,592,773**	**3,595,959**	**191,853**	**81,991**	**173,205**	**410,149**	**7,045,930**
Segment results	**1,304,662**	**95,572**	**93,303**	**57,039**	**129,120**	**6,917**	**1,686,613**
Unallocated income/(expenses):							
– Business tax							**(124,333)**
– Other income							**65,535**
– Administrative expenses							**(714,999)**
– Other operating expenses							**(6,276)**
– Finance costs							**(180,156)**
– Share of results of associates							**62,558**
– Share of results of jointly controlled entities							**(4,198)**
Profit before income tax							**784,744**

	Six months ended 30 June 2009 (restated)						
	Port cargo handling	Sales	Tugboat	Agency	Tallying	Port ancillary services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	2,300,488	2,605,373	162,352	64,342	170,318	464,516	5,767,389
Inter-segment revenue	(7,605)	(180,735)	–	(38)	(3,253)	(157,962)	(349,593)
Revenue from external customers	2,292,883	2,424,638	162,352	64,304	167,065	306,554	5,417,796
Segment results	1,136,913	102,419	87,019	42,496	125,048	(10,073)	1,483,822
Unallocated income/(expenses):							
– Business tax							(108,018)
– Other income							79,005
– Administrative expenses							(706,840)
– Other operating expenses							(3,521)
– Finance costs							(152,921)
– Share of results of associates							34,907
– Share of results of jointly controlled entities							6,610
Profit before income tax							633,044

5. OTHER INCOME

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(restated)
Exchange gain, net	**26,750**	7,579
Interest income		
– from bank deposits	**24,923**	24,200
– from loan to a jointly controlled entity	**3,013**	2,494
Dividends from available-for-sale financial assets	**3,585**	1,014
Gain on deemed disposal of subsidiaries	**–**	40,615
Others	**7,264**	3,103
	65,535	79,005

6. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(restated)
Interest expense on borrowings wholly repayable within five years	**150,090**	169,780
Interest expense on borrowings not wholly repayable within five years	**25,802**	9,044
Other finance charges	**4,264**	2,056
	180,156	180,880
Less: Amount capitalised in construction in progress	**–**	(27,959)
	180,156	152,921

7. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(restated)
Cost of goods sold	**3,478,578**	2,292,800
Depreciation of property, plant and equipment	**391,630**	365,301
Amortisation of prepaid lease payments	**49,839**	49,912
Amortisation of intangible assets	**2,824**	2,389
Loss of disposal of property, plant and equipment	**270**	399
Provision of impairment of trade receivables	**1,062**	2,209

8. INCOME TAX

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(restated)
PRC income tax		
– Current	**133,568**	122,013
– Deferred	**7,586**	(2,156)
	141,154	119,857

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits for the period (2009: 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 applicable to the subsidiaries located in the PRC.

9. DIVIDENDS

No dividend was paid during the six months ended 30 June 2010 and 2009.

The Board declared an interim dividend of HK1.76 cents per ordinary share for the six months ended 30 June 2010 (2009: nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(restated)
Earnings		
Profit attributable to equity holders of the Company	**271,131**	215,323

	Six months ended 30 June	
	2010	2009
		(restated)
Number of shares (thousands)		
Weighted average number of ordinary shares *(Note)*	**6,045,011**	5,081,693

For the six months ended 30 June 2010 and 2009, the exercise of share options would have no material dilutive effect to earnings per share.

Note: The weighted average number of ordinary shares for the six months ended 30 June 2010 and 2009 has been adjusted for the 3,294,530,000 consideration shares issued for the acquisition of Tianjin Port Co under common control combination (Note 3) as if these consideration shares had been in issue throughout the relevant period.

11. 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 of HK$3,593 million (31 December 2009: HK$2,837 million) are trade and bank notes receivables (net of provision of impairment) of HK$2,777 million (31 December 2009: HK$2,342 million), the ageing analysis of which is as follows:

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000* (restated)
0 – 30 days	**1,977,682**	1,953,248
31 – 90 days	**558,504**	228,357
91 – 180 days	**78,907**	150,175
181 – 365 days	**158,620**	6,668
Over 365 days	**3,069**	3,221
	2,776,782	2,341,669

12. SHARE CAPITIAL

On 19 January 2010, the Company issued 1,076,370,000 new shares with nominal value of HK$0.10 each, at a price of HK$2.50 per share via placing. The placing proceeds, net of share issue expenses of approximately HK$2,623 million, was for financing the acquisition of Tianjin Port Co (Note 3).

On 20 January 2010, the Company issued 3,294,530,000 new shares with nominal value of HK$0.10 each, for settling part of the consideration for the acquisition of Tianjin Port Co (Note 3). At the date of share issue, the closing market price of the Company's share was HK$2.68 per share. The fair value of the issued shares was approximately HK$8,829 million.

13. TRADE AND OTHER PAYABLES

Included in trade and other payables of HK$3,380 million (31 December 2009: HK$2,971 million) are trade and bank notes payables of HK$2,050 million (31 December 2009: HK$1,837 million), the ageing analysis of which is as follows:

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000* (restated)
0 – 30 days	**1,482,129**	1,175,172
31 – 90 days	**161,624**	276,403
91 – 180 days	**247,952**	244,825
181 – 365 days	**61,719**	79,254
Over 365 days	**96,211**	61,191
	2,049,635	1,836,845

COMPARATIVE FIGURES USING MERGER ACCOUNTING

The comparative consolidated balance sheet, the consolidated income statement and statement of comprehensive income for 2009 were restated as a result of accounting for the business combination using merger accounting. The restated figures were not reviewed or audited by the independent auditors of the Company.

REVIEW OF OPERATIONS AND RESULTS

RESULTS OVERVIEW

In 2010, as the global and domestic macro-economic landscape began to pick up, the operating environment of ports in China has continued to improve. Since the outbreak of the global financial crisis, the port of Tianjin has actively launched a number of responsive measures to enhance the quality and efficiency of services, establish its brand strengths, strengthen the strategic cooperation with business partners and accelerate the establishment of dry port network in inland cities, ensuring the steady growth momentum in cargo throughput of the port of Tianjin. In the first half of 2010, the port of Tianjin ranked third in terms of total cargo throughput and ranked sixth in terms of container throughput in China.

After the completion of the acquisition of 56.81% equity interests in Tianjin Port Co in February 2010, there was a sizable expansion in the Group's operating scale and optimisation in its business structure, and synergies were achieved as a whole. For the six months ended 30 June 2010, the Group recorded revenue of HK$7,045.9 million, of which revenue of port cargo handling business was HK$2,592.8 million and that of sales business was HK$3,596.0 million. Profit attributable to shareholders of the Company was HK$271.1 million, representing an increase of 25.9% over the same period last year. Basic earnings per share was HK4.5 cents.

The Board is pleased to declare payment of an interim dividend of HK1.76 cents per share, representing a dividend payout ratio of approximately 40%.

REVIEW OF OPERATIONS

The Group is the dominant port operator in the port of Tianjin engaging in non-containerised cargo and container handling businesses, as well as sales business and other port ancillary services business. During the first half of 2010, the Group experienced growth in all its port business segments both in terms of business volume and revenue.

	Revenue			
Type of businesses	**First half of 2010** *HK$ million*	**First half of 2009** *HK$ million*	**Growth amount** *HK$ million*	**Growth percentage**
Non-containerised cargo handling business	**1,901.4**	1,769.3	132.1	7.5%
Container handling business	**691.4**	523.6	167.8	32.0%
Sales business	**3,596.0**	2,424.6	1,171.4	48.3%
Other port ancillary services business	**857.1**	700.3	156.8	22.4%
Total	**7,045.9**	5,417.8	1,628.1	30.1%

The results of the operation of our businesses are as follows:

Non-containerised cargo handling business

In the first half of 2010, the Group achieved non-containerised cargo throughput of 111.57 million tonnes, representing an increase of 6.2% from the corresponding period last year, of which throughput of the subsidiary terminals grew by 5.1% whereas throughput of the jointly controlled and affiliated terminals increased by 15.7%.

	Non-containerised cargo throughput			
Nature of terminal	**First half of 2010** *million tonnes*	**First half of 2009** *million tonnes*	**Growth amount** *million tonnes*	**Growth percentage**
Subsidiary terminals	**98.44**	93.66	4.78	5.1%
Jointly controlled and affiliated terminals	**13.13**	11.35	1.78	15.7%
Total	**111.57**	105.01	6.56	6.2%

During the first half of the year, the Group attained growth in handling major types of cargoes including coal, crude oil, steel, automobiles and grain. In terms of total throughput, the handling of coal, crude oil, steel, automobiles and grain grew by 16.0%, 11.7%, 22.8%, 269.4% and 3.7% respectively as compared with the same period last year. However, due to the change in logistics in the hinterland areas and the fluctuation in steel price, throughput in metal ore dropped as compared with the same period last year.

On a consolidated basis, in the first half of 2010, the blended average unit price of non-containerised cargo handling business of the Group was HK$19.3 per tonne, representing an increase of HK$0.4 or 2.2% from the corresponding period last year. Revenue from non-containerised handling business amounted to HK$1,901.4 million, representing an increase of 7.5% over the same period last year.

Container handling business

Currently, the Group operates all container handling businesses within the port of Tianjin. Due to the global economic recovery which leads to an increase in market demand, China's export trade recorded gradual turnaround, foreign trade container throughput maintained steady growth. Moreover, domestic container throughput grew strongly as a result of the consumption growth driven by the aggressive domestic demand stimulus policies. For the first half of 2010, the Group recorded container throughput of 4.7 million TEUs, representing an increase of 13.4% from the corresponding period last year, of which throughput of the subsidiary terminals grew by 20.8% and throughput of the jointly controlled and affiliated terminals increased by 4.8%.

Nature of terminal	Container throughput			
	First half of 2010 *'000 TEUs*	First half of 2009 *'000 TEUs*	Growth amount *'000 TEUs*	Growth percentage
Subsidiary terminals	**2,712**	2,245	467	20.8%
Jointly controlled and affiliated terminals	**1,996**	1,905	91	4.8%
Total	**4,708**	4,150	558	13.4%

The growth in both container throughput and blended average unit price directly drove the increase in revenue. On a consolidated basis, revenue from container handling business in the first half of 2010 grew by 32.0% over the corresponding period last year to HK$691.4 million and the blended average unit price increased by HK$21.7 or 9.3% to HK$254.9 per TEU.

Sales business

The Group's sale business principally engages in the supply of fuel to arriving vessels and sales of steel and other materials. In the first half of 2010, the Group recorded sales revenue of HK$3,596.0 million, representing an increase of 48.3% over the corresponding period last year. The growth in sales revenue was mainly due to the substantial increase in the global oil price over the same period last year, leading to an increase in the unit selling price of the Group's fuel products. In addition, revenue from the sales of materials and accessories for the first half of the year also increased, primarily due to the accelerated pace of port development.

Other port ancillary services business

Other port ancillary services of the Group mainly include tugboat services, agency services, tallying and other services. With the recovery of global economy and the continuous improvement of China's domestic economy, the Group's throughput achieved persistent growth which brought overall positive growth of the other port ancillary services segment of the Group. During the first half of 2010, on a year-on-year basis, tugboat services grew by 14.6% to 24,428 vessel calls; shipping agency grew by 5.7% to 8,394 vessel calls; cargo agency grew by 22.7% to 38.84 million tonnes of cargoes and tallying services grew by 30.5% to 51.58 million tonnes of cargoes. Revenue from other port ancillary services business was HK$857.1 million, representing an increase of 22.4% over the same period last year.

Cost control

For the six months ended 30 June 2010, cost of sales of the Group amounted to HK$5,359.3 million, of which cost of port cargo handling business was HK$1,288.1 million, representing an increase of 11.4% over the same period last year, primarily due to the increase of direct cost in port cargo handling business such as fuel, power and labour costs as a result of the growth in cargo throughput. Cost of sales business amounted to HK$3,500.4 million, representing an increase of 50.7% over the same period last year, mainly due to the expansion of our sales business and the increase in the procurement cost of fuel.

During the period under review, administrative expenses amounted to HK$715.0 million, which was substantially on par with the same period last year.

The Group will continue to adopt active measures to monitor and control costs. In addition to the maintaining of prudent human resources policies which include the outsourcing of its non-core functions so as to maintain an optimal labour force, the Group will carry out technology innovation and operational optimisation measures with an aim of reducing energy consumption and the operating costs of the Group as a whole.

PROSPECTS AND OUTLOOKS

In pace with the gradual recovery in global economy from the financial tsunami, China's economy continues to grow strongly. Based on the figures released by the National Bureau of Statistics of China, in the first half of 2010, China's GDP increased by 11.1% and the growth of foreign trade value reached 43.1%. After the difficult time last year, China's port operators benefited from the new opportunities for business expansion brought by the global economic recovery and the strong growth in China's imports and exports.

The port of Tianjin is favourably location situated at the juncture of the Beijing-Tianjin city belt and the centre of Bohai Rim Region, with a vast hinterland covering 14 provinces, municipalities and autonomous regions. In February 2010, the Group completed the acquisition of 56.81% equity interests in Tianjin Port Co. After the acquisition, the scale of the Group expanded significantly. The overall competitiveness and profitability of the Group increased substantially and the economies of scale was further enhanced as well.

As a whole, despite of the uncertainties about the domestic and global economy in the second half of 2010, the macro-economy of China will maintain stable growth.

In the second half of the year, the Company will fully seize the opportunities from the development and opening of the Tianjin Binhai New Area; adopt effective measures to further strengthen market development to secure market share. The Company will also further improve its organisational structure and operational management, enhance the standards of its integrated services and optimise resources allocation to increase competitiveness. We are confident that, through the implementation of the above measures, we will be able to further enhance the Group's results and bring the best return to its shareholders.

FINANCIAL REVIEW

Capital Structure

As at 30 June 2010, the capital and reserves attributable to the equity holders of the Company was HK$8,727.1 million.

The market capitalisation of the Company as at 30 June 2010 was HK$10,591.8 million (based on the issued share capital of the Company of 6,158,000,000 shares and the closing price of the shares of the Company of HK$1.72 each as at 30 June 2010).

Cash Flow

For the six months ended 30 June 2010, the net cash inflow of the Group amounted to HK$397.3 million.

The net cash inflow from operations amounted to HK$793.1 million, which is 12.5% higher than the same period last year.

The net cash spending in investing activities amounted to HK$4,291.7 million, out of which HK$4,070 million was for payment of the cash consideration for the acquisition of Tianjin Port Co. The remaining balance was used as capital expenditure for replacement and enhancement for facilities and equipment.

The net cash inflow from financing activities amounted to HK$3,895.9 million. During the period under review, the Company issued a total of 4,370.9 million shares, of which the net proceeds raised from placing for cash amounted to HK$2,623 million. During the period, net increase of borrowings was HK$1,657.4 million. The increase in financing was mainly for the funding requirements in respect of the acquisition of 56.81% equity interests in Tianjin Port Co.

Liquidity and Financial Resources

As at 30 June 2010, the Group's cash and bank balances was HK$3,974.6 million (principally denominated in Renminbi ("RMB")), representing an increase of 12.3% compared to the end of 2009. The Group's total borrowings increased from HK$8,437.3 million as at 31 December 2009 to HK$10,094.7 million as at 30 June 2010. The borrowings are denominated in Hong Kong dollars ("HK$"), US dollars ("US$") and RMB and are mainly in floating interest rates, of which HK$2,283.9 million was repayable within one year, HK$5,572.5 million was repayable after one year and within five years and HK$2,238.3 million was repayable over 5 years.

For the six months ended 30 June 2010, the Group's interest expenses amounted to HK$180.2 million, at par as compared with the gross interest expenses (including capitalised interest expenses) for the corresponding period last year. The Group's total borrowings increased from HK$7,912.7 million as at 30 June 2009 to HK$10,094.7 million as at 30 June 2010. The additional interest expenses from the increased borrowings was offset by the decrease in the average borrowing rate.

As at 30 June 2010, the gearing ratio (ratio of total borrowings to total equity) and current ratio (ratio of current assets to current liabilities) of the Group was 58.8% (31 December 2009: 46.4%) and 1.4 (31 December 2009: 1.2) respectively. As at 30 June 2010, none of the Group's assets were pledged.

Financial Management and Policy

The Group's head office in Hong Kong is responsible for the financial risk management and the finance department function is responsible for daily management. 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 2010, most of the Group's assets and liabilities were denominated in RMB except for certain HK$ and US$ bank borrowings. For the six months ended 30 June 2010, the Group recorded an exchange gain of HK$26.8 million. The Group assesses its foreign exchange rate and interest rate risk exposure from time to time. During the period under review, no hedging arrangement was entered into in respect of foreign currency investment.

SIGNIFICANT INVESTMENTS

On 16 March 2009, the Company and Grand Point, a wholly-owned subsidiary of the Company, entered into a transfer agreement with Tianjin Port Group, pursuant to which the Company through Grand Point conditionally agreed to acquire 56.81% interests in Tianjin Port Co from Tianjin Port Group for a total consideration of HK$10,961 million. The acquisition was completed in February 2010.

The total consideration was satisfied by the issuing of 3,294,530,000 new shares of the Company to Tianjin Port Group, and the remaining HK$4,070 million was satisfied by cash. The cash portion of the acquisition was financed by the net proceeds of HK$2,623 million from placing of new shares of the Company and the remaining balance by internal resources and bank borrowings.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2010.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

As at the date of this announcement, the Group did not have any significant events after balance sheet date.

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. Accordingly, the Group continues to prepare its financial statements on a going concern basis.

EMPLOYEES

As at 30 June 2010, the Group had approximately 13,000 employees. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends. The remuneration policies are also regularly reviewed by the Group. Incentives of the management's remuneration package are paid in form of cash bonuses as well as share options.

REVIEW OF INTERIM RESULTS

The condensed consolidated interim financial statements for the six months ended 30 June 2010 have not been audited but have been reviewed by the independent auditors of the Company. The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2010.

INTERIM DIVIDEND

The Board resolved to declare payment of an interim dividend of HK1.76 cents per share for the six months ended 30 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 September 2010 to 16 September 2010, both days inclusive. In order to qualify for the interim dividend, all the relevant share certificates and the transfer documents must be lodged with the branch share registrar of the Company, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 13 September 2010. The interim dividend will be paid on or around 15 October 2010 to the shareholders whose names appear on the register of members of the Company on 16 September 2010.

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 2010. 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 2010.

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 2010.

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 2010.

PUBLICATION OF INTERIM RESULTS

This interim results announcement is published on the website of the Company at www.tianjinportdev.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

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

Hong Kong, 26 August 2010

As at the date of this announcement, the Board consists of Mr. Yu Rumin, Mr. Tian Changsong, Mr. Li Quanyong, Mr. Zhang Jinming, 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.