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 2011

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2011

- Revenue was HK$7,500.9 million
- Profit attributable to equity holders of the Company increased by 36.8% to HK$370.5 million
- Basic earnings per share of HK6.0 cents
- Interim dividend of HK2.40 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 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Note	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000 (restated)
Revenue	3	**7,500,943**	7,064,067
Business tax and surcharge		**(153,239)**	(125,108)
Cost of sales		**(5,644,979)**	(5,375,539)
Gross profit		**1,702,725**	1,563,420
Other income	4	**170,289**	65,546
Administrative expenses		**(757,248)**	(719,810)
Other operating expenses		**(1,653)**	(6,276)
		1,114,113	902,880
Finance costs	5	**(188,369)**	(180,238)
Share of results of associates		**70,629**	63,765
Share of results of jointly controlled entities		**24,613**	(4,198)
Profit before income tax	6	**1,020,986**	782,209
Income tax	7	**(174,475)**	(141,154)
Profit for the period		**846,511**	641,055
Attributable to:			
Equity holders of the Company		**370,468**	270,713
Non-controlling interests		**476,043**	370,342
		846,511	641,055
Dividends			
– Interim	8	**147,792**	108,381
Earnings per share			
– Basic and diluted (HK cents)	9	**6.0**	4.5

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit for the period	**846,511**	641,055
Other comprehensive income		
Fair value loss on available-for-sale financial assets, net of tax	**(35,180)**	(29,616)
Exchange differences	**429,018**	160,112
Other comprehensive income for the period, net of tax	**393,838**	130,496
Total comprehensive income for the period	**1,240,349**	771,551
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**575,265**	348,586
Non-controlling interests	**665,084**	422,965
	1,240,349	771,551

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	Note	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
ASSETS			
Non-current assets			
Land use rights		**4,501,248**	4,436,395
Property, plant and equipment		**15,079,167**	14,949,153
Intangible assets		**28,295**	30,198
Interests in associates		**1,853,135**	1,797,348
Interests in jointly controlled entities		**1,709,263**	1,660,189
Available-for-sale financial assets		**445,614**	483,050
Deferred income tax assets		**97,726**	109,123
		23,714,448	23,465,456
Current assets			
Inventories		**555,184**	561,515
Trade and other receivables	*10*	**3,301,740**	3,292,777
Short term deposits		**222,463**	–
Cash and cash equivalents		**4,815,210**	4,438,366
		8,894,597	8,292,658
Total assets		**32,609,045**	31,758,114
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**615,800**	615,800
Reserves		**5,085,050**	4,998,668
Retained earnings		**3,920,893**	3,550,425
		9,621,743	9,164,893
Non-controlling interests		**9,383,623**	9,044,911
Total equity		**19,005,366**	18,209,804

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2011

	Note	**Unaudited 30 June 2011** *HK$'000*	Audited 31 December 2010 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**6,989,563**	8,002,251
Deferred tax liabilities		**173,145**	170,178
Other long term liabilities		**993**	971
		7,163,701	8,173,400
Current liabilities			
Trade and other payables	*11*	**3,448,376**	3,288,598
Current income tax liabilities		**65,571**	38,043
Borrowings		**2,926,031**	2,048,269
		6,439,978	5,374,910
Total liabilities		**13,603,679**	13,548,310
Total equity and liabilities		**32,609,045**	31,758,114
Net current assets		**2,454,619**	2,917,748
Total assets less current liabilities		**26,169,067**	26,383,204

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 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 2010 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2010, as described in those financial statements.

The following standards, amendments and interpretations are mandatory for the accounting period beginning 1 January 2011:

HKFRS (Amendments)	Improvements to HKFRS issued in 2010
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues
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 adoption of these standards, amendments and interpretations had no significant impact on the results and financial position of the Group.

The Group has early adopted HKAS 24 (Revised) "Related Party Disclosures" for the year ended 31 December 2010.

3. 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.

Principal activities of the three reportable segments are as follows:

Cargo handling	–	Provision of container handling and non-containerised cargo handling
Sales	–	Supply of fuel and sales of materials
Other port ancillary services	–	Tugboat services, agency services, tallying and other services

The segment information for the reportable segments is as follows:

	Unaudited			
	Cargo handling	**Sales**	**Other port ancillary services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Six months ended 30 June 2011				
Total segment revenue	**2,926,117**	**3,919,585**	**1,273,539**	**8,119,241**
Inter-segment revenue	**–**	**(385,754)**	**(232,544)**	**(618,298)**
Revenue from external customers	**2,926,117**	**3,533,831**	**1,040,995**	**7,500,943**
Segment results	**1,421,522**	**42,887**	**391,555**	**1,855,964**
Business tax and surcharge				**(153,239)**
Other income				**170,289**
Administrative expenses				**(757,248)**
Other operating expenses				**(1,653)**
Finance costs				**(188,369)**
Share of results of associates				**70,629**
Share of results of jointly controlled entities				**24,613**
Profit before income tax				**1,020,986**

	Unaudited			
	Cargo handling	Sales	Other port ancillary services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2010 (restated)				
Total segment revenue	2,594,456	3,903,891	1,046,662	7,545,009
Inter-segment revenue	–	(307,932)	(173,010)	(480,942)
Revenue from external customers	2,594,456	3,595,959	873,652	7,064,067
Segment results	1,304,662	95,572	288,294	1,688,528
Business tax and surcharge				(125,108)
Other income				65,546
Administrative expenses				(719,810)
Other operating expenses				(6,276)
Finance costs				(180,238)
Share of results of associates				63,765
Share of results of jointly controlled entities				(4,198)
Profit before income tax				782,209

4. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Exchange gain, net	**92,121**	26,750
Interest income		
– from deposits	**27,371**	24,930
– from loan to a jointly controlled entity	**2,206**	3,013
Dividends from available-for-sale financial assets	**4,309**	3,585
Gain on disposal of property, plant and equipment	**28,927**	–
Government subsidies	**12,236**	13
Others	**3,119**	7,255
	170,289	65,546

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Interest expense on borrowings	**188,369**	180,238

6. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging:

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Cost of goods sold	**3,457,022**	3,478,578
Depreciation of property, plant and equipment	**424,667**	392,662
Amortisation of prepaid lease payments	**52,999**	49,839
Amortisation of intangible assets	**4,249**	2,824
Loss of disposal of property, plant and equipment	**–**	270
Provision of impairment of trade receivables	**–**	1,062

7. INCOME TAX

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
PRC income tax		
– Current	**149,449**	133,568
– Deferred	**25,026**	7,586
	174,475	141,154

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits for the period (2010: 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.

8. DIVIDENDS

	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000
Paid 2010 final dividend: HK1.94 cents (2010: nil) per ordinary share	**119,465**	–
Declared 2011 interim dividend: HK2.40 cents (2010: HK1.76 cents) per ordinary share	**147,792**	108,381

The Board declared an interim dividend of HK2.40 cents per ordinary share for the six months ended 30 June 2011. These financial statements do not reflect this dividend payable.

9. EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000 (restated)
Earnings		
Profit attributable to equity holders of the Company for the purposes of calculating basic and diluted earnings per share	**370,468**	270,713

	Unaudited Six months ended 30 June 2011	2010 *(Note)*
Number of shares (thousands)		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**6,158,000**	6,045,011
Effect of dilutive potential ordinary shares:		
– Share options	**5**	–
Weighted average number of ordinary shares for purpose of calculating diluted earnings per share	**6,158,005**	6,045,011

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

10. TRADE AND OTHER RECEIVABLES

In general, the Group grants a credit period of about 30 to 180 days to its trade customers. Included in trade and other receivables of HK$3,302 million (31 December 2010: HK$3,293 million) are trade and bank notes receivables (net of provision of impairment) of HK$2,906 million (31 December 2010: HK$3,109 million), the ageing analysis of which is as follows:

	Unaudited 30 June 2011 ***HK$'000***	Audited 31 December 2010 *HK$'000*
0 – 90 days	**2,520,633**	2,789,247
91 – 180 days	**111,936**	302,578
181 – 365 days	**271,800**	15,003
Over 365 days	**2,043**	1,995
	2,906,412	3,108,823

11. TRADE AND OTHER PAYABLES

Included in trade and other payables of HK$3,448 million (31 December 2010: HK$3,289 million) are trade and bank notes payables of HK$2,052 million (31 December 2010: HK$2,047 million), the ageing analysis of which is as follows:

	Unaudited 30 June 2011 ***HK$'000***	Audited 31 December 2010 *HK$'000*
0 – 90 days	**1,795,461**	1,653,148
91 – 180 days	**94,260**	257,866
181 – 365 days	**117,295**	83,079
Over 365 days	**44,862**	52,780
	2,051,878	2,046,873

12. EVENTS AFTER BALANCE SHEET DATE

(a) Acquisition of 50% equity interest in Tianjin Port Shihua Crude Oil Terminal Co., Ltd. ("Tianjin Port Shihua")

On 22 March 2011, the board of Tianjin Port Co, a subsidiary of the Group approved the entering into an acquisition agreement with Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") to acquire the 50% equity interest in Tianjin Port Shihua at a consideration of approximately RMB329.6 million and will be funded by internal resources of the Group. Tianjin Port Shihua is principally engaged in port operation, cargo handling, transhipment and tallying at a crude oil terminal with 300,000-tonne capacity at the port of Tianjin. The transaction was completed in July 2011.

(b) Capital injection into Tianjin Port Finance Co., Ltd. ("Tianjin Port Finance")

On 7 July 2011, the board of Tianjin Port Co, a subsidiary of the Group approved the injection of approximately RMB230.0 million to the capital of Tianjin Port Finance (a 48% owned associate of the Group) and will be funded by internal resources and available bank facilities of the Group. The capital injection is subject to the approval of the Tianjin Regulatory Authority of the China Banking Regulatory Commission. Upon completion of the capital injection, the shareholding interests of the Group in Tianjin Port Finance will remain unchanged.

COMPARATIVE FIGURES USING MERGER ACCOUNTING

The Group acquired an additional of 25% equity interest in Tianjin Agency Logistics Co., Ltd., a then associate of the Group at a consideration of RMB5 million in November 2010. Upon completion of the transaction, Tianjin Agency Logistics Co., Ltd. became a subsidiary of the Group and has been accounted for as common control combination. The condensed consolidated interim financial statements for the six months ended 30 June 2010 have been prepared on the basis as if the current group structure had been in existence throughout the period presented. As a result, the comparative consolidated income statement and statement of comprehensive income for the six months ended 30 June 2010 have been restated.

REVIEW OF OPERATIONS AND RESULTS

RESULTS OVERVIEW

In the first half of 2011, with the recovery of world economy slowing down, further tightening of the macro-control measures in the mainland and increasing inflationary pressure, the Group still managed to leverage on its own advantages and took effective measures to maintain a sustained and stable growth of its operation amidst such complex economic environment. During the period under review, the Group achieved a total throughput of 171.71 million tonnes, representing an increase of 5.3% from the corresponding period last year, of which the container throughput rose 18.1% to 5.6 million TEUs. The Group recorded a consolidated revenue of HK$7,500.9 million for the period, achieving profit attributable to shareholders of HK$370.5 million, representing an increase of 36.8% as compared with the corresponding period last year. The basic earnings per share is HK6.0 cents, an increase of 33.3% from the corresponding period last year.

The Board is pleased to declare payment of an interim dividend of HK2.40 cents per share, representing a dividend payout ratio of approximately 40%.

REVIEW OF OPERATIONS

The Group is the major port operator in the port of Tianjin, engaging in non-containerised cargo and container handling business, as well as sales business and other port ancillary services business. During the period under review, the results of the Group's operation are as follows:

	Revenue			
Type of business	**First half of 2011** ***HK$ million***	First half of 2010 *HK$ million*	Amount of change *HK$ million*	Percentage of change
Non-containerised cargo handling business	**2,079.8**	1,901.8	178.0	9.4%
Container handling business	**846.3**	692.7	153.6	22.2%
Sales business	**3,533.8**	3,596.0	-62.2	-1.7%
Other port ancillary services business	**1,041.0**	873.6	167.4	19.2%
Total	**7,500.9**	7,064.1	436.8	6.2%

Non-containerised Cargo Handling Business

During the period under review, the Group achieved non-containerised cargo throughput of 114.92 million tonnes, representing an increase of 3.0% from the corresponding period last year, of which throughput of the subsidiary terminals grew by 4.3% whereas throughput of the jointly controlled and affiliated terminals dropped by 7.1%.

	Non-containerised cargo throughput			
Nature of terminal	**First half of 2011** ***million tonnes***	First half of 2010 *million tonnes*	Amount of change *million tonnes*	Percentage of change
Subsidiary terminals	**102.72**	98.44	4.28	4.3%
Jointly controlled and affiliated terminals	**12.20**	13.13	-0.93	-7.1%
Total	**114.92**	111.57	3.35	3.0%

During the period under review, the Group attained growth in handling major types of cargoes including coal and automobiles. In terms of total throughput, the handling of coal reached 43.81 million tonnes, representing an increase of 27.3% from the corresponding period last year; the handling of automobiles reached 10.62 million tonnes, representing an increase of 3.4% from the corresponding period last year. As for metal ore, due to the high price in the international spot market and the change in logistics in the hinterland area, the handling volume dropped 7.5% to 37.31 million tonnes as compared to the corresponding period last year. In addition, the handling of crude oil was 5.41 million tonnes, and the handling of grains was 2.04 million tonnes, representing a slight drop from the corresponding period last year.

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business of the Group for the period under review was HK$20.2 per tonne, representing an increase of 4.7% as compared to the corresponding period last year. Revenue from non-containerised cargo handling business amounted to HK$2,079.8 million, representing an increase of 9.4% over the same period last year.

Container Handling Business

Currently, the Group operates all the container handling businesses at the port of Tianjin. During the period under review, the Group recorded container throughput of 5.6 million TEUs, representing an increase of 0.9 million TEUs or 18.1% from the corresponding period last year, of which throughput of the subsidiary terminals grew by 6.1% and throughput of the jointly controlled and affiliated terminals increased by 34.3%.

	Container throughput			
	First half of 2011	First half of 2010	Amount of change	Percentage of change
Nature of terminal	***'000 TEUs***	*'000 TEUs*	*'000 TEUs*	
Subsidiary terminals	**2,878**	2,712	166	6.1%
Jointly controlled and affiliated terminals	**2,680**	1,996	684	34.3%
Total	**5,558**	4,708	850	18.1%

On a consolidated basis, due to the adjustment of the container handling fee, the blended average unit price was HK$294.1 per TEU, an increase of 15.2% over the corresponding period last year.

The growth of the container throughput, together with the increase in the blended average unit price, directly drove the increase in revenue. On a consolidated basis, the Group's revenue of the container handling business for the period under review was HK$846.3 million, an increase of 22.2% over the corresponding period last year.

Sales Business

The Group's sales business mainly engaged in the supply of fuel to the inbound vessels and the sales of materials. During the period under review, the Group achieved sales revenue HK$3,533.8 million, basically on par with the corresponding period last year.

Other Port Ancillary Services Business

Other port ancillary services of the Group mainly include tugboat services, agency services and other services. The Group's throughput achieved persistent growth which brought overall positive growth of the other port ancillary services segment of the Group. During the period under review, tugboat grew by 1.1% to 24,686 vessel calls; shipping agency grew by 3.7% to 8,708 vessel calls; cargo agency grew by 8.9% to 42.31 million tonnes. Revenue from other port ancillary services business was HK$1,041.0 million, representing an increase of 19.2% over the same period last year.

Costs

During the period under review, cost of sales of the Group amounted to HK$5,645.0 million, of which cost of cargo handling business was HK$1,504.6 million, representing an increase of 16.7% over the same period last year, primarily due to the increase of direct cost in 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$3,490.9 million, basically on par with the corresponding period last year.

During the period under review, the administrative expenses increased by 5.2% to HK$757.2 million as compared with corresponding period last year. Staff cost is the key component of the administrative expenses. The Group will continue to take effective measures in cost control and management. 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.

OUTLOOK AND PROSPECTS

The port of Tianjin is the important gateway to the hinterland of North and Northwest China. The rapid development of Tianjin Binhai New Area facilitates the overall integration and connectivity in the region. Currently, the port of Tianjian has initially formed a logistics network that spreads across 11 provinces and cities in the Three-North region. During the "Twelfth Five-Year Plan", the port of Tianjin will actively promote the development of Dongjiang Bonded Free Port to free trade port area, and strive to become the core strategic enterprise in the Tianjin City. The Group will actively participate in the construction of key functional area of the international shipping hub in North China, continuously realign its business structure, improve its port functions, and take an active part in the future development of the port of Tianjin as a whole, with an aim to bring even better returns for the shareholders of the Company.

FINANCIAL REVIEW

Capital Structure

As at 30 June 2011, the capital and reserves attributable to the equity holders of the Company was HK$9,621.7 million.

As at 30 June 2011, the Company had issued 6,158,000,000 shares, and the market capitalisation was HK$9,113.8 million (at closing market price of HK$1.48 per share on 30 June 2011).

Cash Flow

For the six months ended 30 June 2011, the net cash inflow of the Group amounted to HK$248.3 million.

The net cash inflow from operating activities amounted to HK$1,510.4 million, 91.0% higher than the same period last year.

The net cash spending in investing activities amounted to HK$462.8 million, mainly used for replacement and enhancement for facilities and equipment. During the same period of last year, the net cash outflow for investing activities amounted to HK$4,292.0 million, out of which HK$4,070.2 million was for payment of cash consideration of the acquisition of Tianjin Port Co. The remaining balance was used for replacement and enhancement for facilities and equipment.

The net cash outflow for financing activities amounted to HK$799.4 million, out of which HK$520.3 million was used for payment of dividend and interest and the net decrease in borrowings was HK$279.1 million. During the same period of last year, the net cash inflow from financing activities amounted to HK$3,895.8 million, the Company issued a total of 4,370.9 million shares of which raised a net proceeds from the placing for cash of HK$2,622.8 million and a net increase of borrowings of HK$1,598.6 million and was mainly used for the acquisition of 56.81% equity interest in Tianjin Port Co. The remaining balance was used for payment of interest.

Liquidity and Financial Resources

As at 30 June 2011, the Group's cash and bank balances was HK$4,815.2 million (principally denominated in Renminbi ("RMB")), representing an increase of 8.5% compared to the end of 2010. The Group's total borrowings slightly dropped to HK$9,915.6 million as at 30 June 2011 compared to the end of 2010. The borrowings are denominated in Hong Kong dollars ("HK$"), RMB and US dollars ("US$") and are mainly in floating interest rates, of which HK$2,926.0 million was repayable within one year, HK$5,557.7 million was repayable after one year and within five years and HK$1,431.9 million was repayable over 5 years.

During the period under review, the Group's interest expenses amounted to HK$188.4 million, representing an increase of 4.5% from the corresponding period last year, mainly due to the increase in the interest rate of borrowings.

As at 30 June 2011, the gearing ratio (ratio of total borrowings to total equity) and current ratio (ratio of current assets to current liabilities) of the Group was 52.2% (31 December 2010: 55.2%) and 1.4 (31 December 2010: 1.5) respectively. As at 30 June 2011, 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 is responsible for the daily management of the Group. 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 2011, most of the Group's assets and liabilities were denominated in RMB except for certain HK$ and US$ borrowings. During the period under review, RMB exchange rate remained strong, the Group recorded an exchange gain of HK$92.1 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 22 March 2011, the Group resolved to acquire a 50% equity interest in Tianjin Port Shihua from Tianjin Port Group at a consideration of approximately RMB329.6 million. The acquisition would be funded by internal resources of the Group. Tianjin Port Shihua is a limited company established in the PRC and is principally engaged in port operation, cargo handling, transshipment and tallying at a crude oil terminal with 300,000–tonne capacity at the port of Tianjin. The acquisition could enhance the scale of crude oil handling business of the Group, resolve the competition between the Group and Tianjin Port Group in the same industry and improve the overall profitability of the Group. The acquisition was completed in July 2011.

On 7 July 2011, the Group approved the injection of approximately RMB230.0 million to the capital of Tianjin Port Finance (a 48% owned associate of the Group) and will be funded by internal resources and available bank facilities of the Group. The capital injection is subject to the approval of the Tianjin Regulatory Authority of the China Banking Regulatory Commission. The capital injection reduces the reliance on external financing of Tianjin Port Finance. Upon completion of the capital injection, the shareholding interests of the Group in Tianjin Port Finance will remain unchanged.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2011.

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 2011, the Group had approximately 13,000 employees. Remuneration packages are assessed in accordance with the nature of job duties, individual performance, qualifications and market trends, and the remuneration policy will undergo regular reviews. Incentives in the management's remuneration packages are paid in the form of cash bonuses in addition to share options.

REVIEW OF INTERIM RESULTS

The condensed consolidated interim financial statements for the six months ended 30 June 2011 have not been audited but have been reviewed by the independent auditor of the Company in accordance with Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2011.

INTERIM DIVIDEND

The Board resolved to declare payment of an interim dividend of HK2.40 cents per share for the six months ended 30 June 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 September 2011 to 16 September 2011, 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 12 September 2011. The interim dividend will be paid on or around 14 October 2011 to the shareholders whose names appear on the register of members of the Company on 16 September 2011.

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 2011. 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 2011.

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 2011.

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 of the Company (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 2011.

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, 25 August 2011

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