天津發展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 882)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2008

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK$3,787 million, representing an increase of 16% as compared to 2007.
- Profit attributable to equity holders decreased by 27% to approximately HK$506 million.
- Basic earnings per share decreased by 29% to HK47.72 cents.
- Final dividend of HK3.0 cents per share recommended, representing a decrease of 46% as compared to 2007.

RESULTS

The board of directors (the "Board") of Tianjin Development Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2008, together with the comparative figures for the corresponding year in 2007, are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2008

	Note	**2008** *HK$'000*	Restated 2007 *HK$'000*
Continuing operations:			
Revenue	*2*	**3,787,423**	3,268,013
Cost of sales		**(2,946,266)**	(2,356,775)
Gross profit		**841,157**	911,238
Other income	*3*	**101,286**	77,574
Other gains, net	*4*	**172,485**	117,183
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries		**203,103**	–
Impairment loss on leasehold land		**(150,000)**	–
Gain on toll roads restructuring		**–**	165,913
General and administrative expenses		**(654,787)**	(496,128)
Other operating expenses		**(64,669)**	(47,756)
Operating profit		**448,575**	728,024
Finance costs	*5*	**(65,661)**	(101,130)
Share of profits/(losses) of			
Associates		**253,146**	220,651
Jointly controlled entities		**(11,077)**	(9,831)
Profit before tax		**624,983**	837,714
Tax expense	*6*	**(72,955)**	(62,569)
Profit for the year from continuing operations		**552,028**	775,145
Discontinued operation:			
Profit for the year from discontinued operation	*9*	**48,574**	52,094
Profit for the year		**600,602**	827,239
Attributable to:			
Equity holders of the Company		**505,861**	690,301
Minority interests		**94,741**	136,938
		600,602	827,239

		HK cents	HK cents
Earnings per share	*7*		
Basic			
From continuing operations		**43.75**	63.53
From discontinued operation		**3.97**	3.89
		47.72	67.42
Diluted			
From continuing operations		**43.75**	63.02
From discontinued operation		**3.97**	3.84
		47.72	66.86
		HK$'000	HK$'000
Dividends	*8*	**96,072**	115,701

CONSOLIDATED BALANCE SHEET
As at 31st December 2008

	Note	2008 HK$'000	Restated 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**3,390,071**	2,650,817
Goodwill		**510,847**	510,847
Leasehold land and land use rights		**1,420,412**	797,549
Toll road operating right	*1*	**–**	1,815,640
Interest in associates		**1,590,350**	1,377,480
Interest in jointly controlled entities		**1,475,520**	764,181
Deferred tax assets		**129,395**	26,759
Available-for-sale financial assets		**128,453**	107,117
		8,645,048	8,050,390
Current assets			
Inventories		**10,337**	7,098
Amounts due from associates		**2,553**	23,325
Amounts due from jointly controlled entities		**6,858**	3,205
Amounts due from related companies		**13,000**	21,748
Amounts due from investee companies		**162,036**	127,738
Trade receivables	*10*	**756,029**	714,178
Other receivables, deposits and prepayments		**231,028**	432,739
Financial assets at fair value through profit or loss		**472,703**	306,417
Time deposits with maturity over three months		**952,815**	580,341
Cash and cash equivalents		**1,845,316**	2,655,841
		4,452,675	4,872,630
Assets held for sale	*9*	**2,376,166**	–
		6,828,841	4,872,630
Total assets		**15,473,889**	12,923,020

CONSOLIDATED BALANCE SHEET
As at 31st December 2008

	Note	2008 HK$'000	Restated 2007 HK$'000
EQUITY			
Equity holders			
Share capital		**106,747**	103,562
Reserves – others		**9,116,065**	8,062,702
Reserves – proposed final dividend		**32,024**	57,995
		9,254,836	8,224,259
Minority interests		**2,048,064**	1,928,264
Total equity		**11,302,900**	10,152,523
LIABILITIES			
Non-current liabilities			
Borrowings		**2,557,349**	1,245,580
Deferred tax liabilities		**90,769**	57,664
		2,648,118	1,303,244
Current liabilities			
Trade payables	11	**198,168**	186,592
Other payables and accruals		**837,317**	798,829
Amounts due to related companies		**218,329**	141,852
Amounts due to a minority shareholder		**1,079**	16,894
Amounts due to ultimate holding company		**15,051**	–
Borrowings		**33,389**	223,836
Current tax liabilities		**67,139**	99,250
		1,370,472	1,467,253
Liabilities directly associated with assets classified as held for sale	9	**152,399**	–
		1,522,871	1,467,253
Total liabilities		**4,170,989**	2,770,497
Total equity and liabilities		**15,473,889**	12,923,020
Net current assets		**5,305,970**	3,405,377
Total assets less current liabilities		**13,951,018**	11,455,767

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") and are prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

The following interpretations to existing standards are relevant to the Group and are mandatory for the financial year ended 31st December 2008:

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements

The adoption of these new interpretations has no significant impact on the Group's financial statements and financial position nor any substantial changes in the Group's accounting policies, except for the change of accounting policy due to the adoption of HK(IFRIC) – Int 12 as explained below.

In 2008, the Group applied HK(IFRIC) – Int 12, "Service Concession Arrangements", which is relevant to its operations. The comparatives have been adjusted as required, in accordance with relevant requirements. HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. The adoption of HK(IFRIC) – Int 12 resulted in a change in accounting policy for the Group's toll roads operations. Before adoption of HK(IFRIC) – Int 12, the Group's toll roads assets were recorded as property, plant and equipment. In accordance with HK(IFRIC) – Int 12, the Group's toll roads infrastructure shall be recognised as intangible assets – toll road operating right to the extent that the Group receives a right to charge users of the public service.

The adoption of HK(IFRIC) – Int 12 resulted in a reclassification of the infrastructure of toll road under service concession arrangement with a net carrying value of approximately HK$1,815,640,000 from property, plant and equipment to toll road operating right as at 1st January 2008. Other than the effect set out above, the adoption of HK(IFRIC) – Int 12 does not have significant impact to the financial statements for the year ended 31st December 2008.

The following new standards, amendments and interpretations to existing standards have been published and are relevant to the Group's accounting periods beginning on or after 1st January 2009 or later periods but are not effective for financial year ended 31st December 2008 and have not been early adopted by the Group:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKAS 27 and HKFRS 1 (Amendment)	Consolidated and Separate Financial Statements and First-time adoption of HKFRS – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based payment
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners

The Group has already commenced an assessment of the impact of these new standards, amendments and interpretations but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

2. Segment information

The Group is principally engaged in provision of port services, supply of utilities and operation of commercial properties.

The associates of the Group are principally engaged in the manufacturing and sales of winery products, elevators and escalators.

Primary reporting format – business segments

	For the year ended 31st December 2008							
	Continuing operations							Discontinued operation (note(ii))
	Port services *HK$'000*	Supply of utilities (note(i)) *HK$'000*	Operation of commercial properties *HK$'000*	Winery *HK$'000*	Elevator and escalator *HK$'000*	Others *HK$'000*	Total *HK$'000*	Operation of Eastern Outer Ring Road ("EORR") *HK$'000*
Revenue	1,220,576	2,463,311	103,536	–	–	–	3,787,423	127,905
Segment results	180,686	198,154	(174,333)	–	–	–	204,507	56,273
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries	–	–	203,103	–	–	–	203,103	–
Interest income							63,552	4,609
Net corporate expenses							(22,587)	–
Operating profit							448,575	60,882
Finance costs							(65,661)	–
Share of profits/(losses) of								
Associates	1,495	–	–	64,128	184,108	3,415	253,146	–
Jointly controlled entities	8,755	–	(2,105)	–	–	(17,727)	(11,077)	–
Profit before tax							624,983	60,882
Tax expense							(72,955)	(12,308)
Profit for the year							552,028	48,574
Capital expenditure	55,687	275,929	1,601	–	–	2,034	335,251	16
Depreciation and amortisation	135,030	74,901	28,511	–	–	3,663	242,105	26,413
Provision for impairment of trade receivables	–	23,019	21	–	–	–	23,040	–

	Restated For the year ended 31st December 2007						
	Continuing operations						Discontinued operation (note(ii))
	Port services *HK$'000*	Supply of utilities (note(i)) *HK$'000*	Winery *HK$'000*	Elevator and escalator *HK$'000*	Others *HK$'000*	Total *HK$'000*	Operation of EORR *HK$'000*
Revenue	1,157,430	2,053,077	–	–	57,506	3,268,013	119,650
Segment results	269,820	198,579	–	–	34,590	502,989	58,887
Gain on toll roads restructuring						165,913	–
Provision for impairment of investment in an associate	–	–	–	–	(38,261)	(38,261)	–
Gain/(loss) on disposal of subsidiaries, associates and jointly controlled entities	139	–	–	–	(18,817)	(18,678)	–
Interest income						50,884	2,468
Net corporate income						65,177	–
Operating profit						728,024	61,355
Finance costs						(101,130)	–
Share of profits/(losses) of							
Associates	790	–	56,576	159,293	3,992	220,651	–
Jointly controlled entities	–	–	–	–	(9,831)	(9,831)	–
Profit before tax						837,714	61,355
Tax expense						(62,569)	(9,261)
Profit for the year						775,145	52,094
Capital expenditure	49,142	75,032	–	–	6,232	130,406	–
Depreciation and amortisation	121,463	63,242	–	–	23,684	208,389	23,203
(Reversal)/provision for impairment of trade receivables	(5,812)	22,101	–	–	103	16,392	–

Notes:

(i) Utility supply business is carried out by Tianjin TEDA Tsinlien Electric Power Company Limited ("Electricity Company"), Tianjin TEDA Tsinlien Water Supply Company Limited ("Water Company") and Tianjin TEDA Tsinlien Heat & Power Company Limited ("Heat & Power Company").

The Finance Bureau of Tianjin Economic and Technological Development Area ("TEDA") has confirmed to grant to Electricity Company, Water Company and Heat & Power Company quantity-based government supplemental income calculated at RMB0.02 per kWh of electricity supplied, RMB2 per tonne of water supplied and RMB50 per tonne of steam supplied for the year ending 31st December 2009.

Revenue generated from the supply of utilities includes approximately HK$49.2 million (2007: HK$41.4 million), HK$101.3 million (2007: HK$80.9 million) and HK$165.2 million (2007: HK$137.9 million) of quantity-based government supplemental income granted to the Electricity Company, Water Company and Heat & Power Company respectively.

(ii) The results related to Tianjin Jin Zheng Transportation Development Company Limited ("Jinzheng"), which operates the EORR in Tianjin, have been presented under discontinued operation as actions had been initiated prior to year end to dispose of the Group's interest in it and the transaction is expected to be completed in 2009 (Note 9).

	As at 31st December 2008							
	Port services	**Supply of utilities**	**Operation of commercial properties**	**Winery**	**Elevator and escalator**	**Others**	**Unallocated**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	**2,816,002**	**2,216,828**	**1,140,919**	**–**	**–**	**309,748**	**3,548,356**	**10,031,853**
Associates	**28,513**	**–**	**–**	**775,321**	**479,521**	**306,995**	**–**	**1,590,350**
Jointly controlled entities	**1,430,037**	**–**	**–**	**–**	**–**	**45,483**	**–**	**1,475,520**
Assets held for sale	**–**	**–**	**–**	**–**	**–**	**2,091,989**	**284,177**	**2,376,166**
Total assets	**4,274,552**	**2,216,828**	**1,140,919**	**775,321**	**479,521**	**2,754,215**	**3,832,533**	**15,473,889**
Liabilities	**127,900**	**773,207**	**47,845**	**–**	**–**	**92,513**	**2,977,125**	**4,018,590**
Liabilities directly associated with assets classified as held for sale	**–**	**–**	**–**	**–**	**–**	**26,239**	**126,160**	**152,399**
Total liabilities	**127,900**	**773,207**	**47,845**	**–**	**–**	**118,752**	**3,103,285**	**4,170,989**

	As at 31st December 2007							
	Port services	Operation of toll roads	Supply of utilities	Winery	Elevator and escalator	Others	Unallocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	2,721,959	2,088,477	1,945,707	–	–	301,346	3,723,870	10,781,359
Associates	24,981	192,638	–	697,187	412,523	50,151	–	1,377,480
Jointly controlled entities	704,467	–	–	–	–	59,714	–	764,181
Total assets	3,451,407	2,281,115	1,945,707	697,187	412,523	411,211	3,723,870	12,923,020
Liabilities	87,763	31,494	796,822	–	–	75,546	1,778,872	2,770,497

Unallocated assets under business segment reporting primarily include available-for-sale financial assets, deferred tax assets, financial assets at fair value through profit or loss, time deposits with maturity over three months and cash and cash equivalents. Unallocated liabilities primarily include borrowings, current and deferred tax liabilities.

Secondary reporting format – geographical segments

	Revenue		Operating results	
		Restated		Restated
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC mainland	**3,741,418**	3,268,013	**367,547**	502,989
Hong Kong	**46,005**	–	**(163,040)**	–
Continuing operations	**3,787,423**	3,268,013	**204,507**	502,989
Discontinued operation	**127,905**	119,650	**56,273**	58,887

		Restated
	2008	2007
	HK$'000	*HK$'000*
Total assets:		
PRC mainland	**9,022,345**	10,555,284
Hong Kong	**1,009,508**	226,075
	10,031,853	10,781,359
Associates	**1,590,350**	1,377,480
Jointly controlled entities	**1,475,520**	764,181
Assets held for sale (Note 9)	**2,376,166**	–
	15,473,889	12,923,020

	2008	2007
	HK$'000	*HK$'000*
Capital expenditure:		
PRC mainland	**335,075**	129,209
Hong Kong	**176**	1,197
Continuing operations	**335,251**	130,406
Discontinued operation	**16**	–

3. Other income

		Restated
	2008	2007
	HK$'000	*HK$'000*
Interest income	**63,552**	50,884
Dividend income from investee companies – unlisted	**26,274**	18,750
Sundries	**11,460**	7,940
	101,286	77,574

4. Other gains, net

		Restated
	2008	2007
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss		
– fair value (loss)/gains – listed (realised and unrealised)	**(7,900)**	72,089
– fair value gains – unlisted (realised)	**34,468**	9,151
Gain on disposal of investment property	**–**	10,309
Gain on disposal of available-for-sale financial assets	**–**	10,429
Reversal of loan interest payable to a minority shareholder	**20,349**	–
Reversal of over-accrued expenses	**22,853**	–
Net loss on disposal of subsidiaries, associates and jointly controlled entities	**–**	(18,678)
Net loss on disposal of property, plant and equipment	**(2,122)**	(13,788)
Loss on deemed disposal of partial interest in a jointly controlled entity	**(1,034)**	–
Gain on acquisition of additional interest in a subsidiary	**16,573**	–
Net exchange gain	**89,298**	47,671
	172,485	117,183

5. Finance costs

	2008	2007
	HK$'000	*HK$'000*
Interest expense:		
bank borrowings	**65,661**	88,777
loans from a minority shareholder	**–**	9,447
convertible bonds (notional charge)	**–**	2,906
	65,661	101,130

6. Tax expense

		Restated
	2008	2007
	HK$'000	*HK$'000*
Current taxation		
PRC income tax	**118,879**	82,951
Deferred taxation	**(45,924)**	(20,382)
	72,955	62,569

No provision for Hong Kong profits tax has been made as there is no estimated assessable profit for the year for the Group (2007: Nil). Provision for the PRC income tax has been made at the applicable rate of taxation on the estimated assessable profit for the year for each of the Group's subsidiaries.

On 16th March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law") which was effective from 1st January 2008. Under the New CIT Law, both domestic and foreign invested enterprises are subject to a single income tax rate of 25%. For those subsidiaries of the Group which are applying 15% tax rate, namely Tianjin Harbour Second Stevedoring Co., Ltd., Tianjin Port Container Terminal Co., Ltd., Jinzheng, Electricity Company, Water Company and Heat & Power Company, the tax rate will gradually increase to 25% over five years.

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the profit attributable to equity holders and the weighted average number of shares with adjustments where applicable as follows:

	2008		Restated 2007	
	Continuing operations	**Discontinued operation**	Continuing operations	Discontinued operation
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Profit attributable to equity holders for the purpose of basic earnings per share	**463,757**	**42,104**	650,475	39,826
Adjustments arising from all outstanding convertible bonds being converted	**–**	**–**	2,906	–
Adjusted profit for the purpose of diluted earnings per share	**463,757**	**42,104**	653,381	39,826
Number of shares	**Thousand**	**Thousand**	Thousand	Thousand
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,059,899**	**1,059,899**	1,023,825	1,023,825
Effect of dilutive potential ordinary shares from the exercise of share options and conversion of convertible bonds	**–**	**–**	12,923	12,923
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,059,899**	**1,059,899**	1,036,748	1,036,748

8. Dividends

	2008	2007
	HK$'000	*HK$'000*
2008 final, proposed, of HK3.0 cents (2007: final, paid, of HK5.6 cents) per share	**32,024**	59,778
2008 interim, paid, of HK6.0 cents (2007: HK5.4 cents) per share	**64,048**	55,923
	96,072	115,701

At a meeting held on 23rd April 2009, the board of directors proposed a final dividend of HK3.0 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2009.

9. Discontinued operation and assets held for sale

The assets and liabilities related to Jinzheng have been presented as held for sale as actions had been initiated prior to year end to dispose of the operation of the EORR. The transaction is expected to be completed in 2009.

	2008	2007
	HK$'000	*HK$'000*
Discontinued operation		
Revenue	**127,905**	119,650
Cost of sales	**(66,819)**	(60,572)
Gross profit	**61,086**	59,078
Other income	**4,609**	7,179
Other losses	**(112)**	(414)
General and administrative expenses	**(4,701)**	(4,488)
Profit before tax	**60,882**	61,355
Tax expense	**(12,308)**	(9,261)
Profit for the year	**48,574**	52,094
Attributable to:		
Equity holders of the Company	**42,104**	39,826
Minority interests	**6,470**	12,268
	48,574	52,094

	2008
	HK$'000
Assets held for sale	
(a) Assets	
Property, plant and equipment	**67,103**
Toll road operating right	**1,906,679**
Trade receivables	**77,665**
Other receivables, deposits and prepayments	**40,542**
Cash and cash equivalents	**284,177**
Total assets	**2,376,166**
(b) Liabilities	
Deferred tax liabilities	**55,931**
Other payables and accruals	**26,239**
Current tax liabilities	**70,229**
Total liabilities	**152,399**

10. Trade receivables

The ageing analysis of the Group's trade receivables (net of provisions) is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**505,666**	503,446
31 to 90 days	**54,637**	32,768
91 to 180 days	**18,447**	14,814
Over 180 days	**177,279**	163,150
	756,029	714,178

The various group companies have different credit policies which are dependent on the requirements of the markets and the businesses which they operate. In general, credit periods of about 30 to 90 days are granted to customers of the segment of port services and credit periods of 30 to 180 days are granted to corporate customers of the Group's hotels in the segment of commercial properties. No credit terms are granted to customers of the segments of supply of utilities and operation of toll roads.

As at 31st December 2008, the Group was entitled to government supplemental income of HK$321,125,000 (2007: HK$285,288,000) which is receivable from the Finance Bureau of TEDA as referred to in Note 2. Annual supplemental income receivable does not have credit terms and the amount of which is to be finalised by the Finance Bureau subsequent after year end. Continuous settlements have been received by the Group in the past years.

The carrying amounts of trade receivables approximate their fair value and are mainly denominated in Renminbi. The maximum exposure to credit risk at the reporting date is the carrying value of the receivable mentioned above. Except for the government supplemental income receivable, the Group has no significant concentrations of credit risk and does not hold any collateral as security.

11. Trade payables

The ageing analysis of the Group's trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**22,479**	18,354
31 to 90 days	**74,272**	24,081
91 to 180 days	**356**	7,419
Over 180 days	**101,061**	136,738
	198,168	186,592

The carrying amounts of trade payables approximate their fair value and are mainly denominated in Renminbi.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Infrastructure Operations

Port Services

The revenue of Tianjin Port Development Holdings Limited ("TPD") (stock code: 3382) increased by 5% from approximately HK$1,157.4 million in 2007 to approximately HK$1,220.6 million in 2008. The segment profit decreased by 24% from approximately HK$269.8 million for 2007 to approximately HK$205.9 million (excluding an impairment loss of available-for-sale financial assets of approximately HK$25.2 million) for 2008, which was attributable to the increase in operating cost and the reduced average container handling fees caused by the slowdown of global economy.

In January 2008, 40% equity interest of Tianjin Port Alliance International Container Terminal Co., Ltd. ("Alliance") was acquired by TPD. Alliance achieved about 1,622,000 TEUs in 2008. Due to TPD's intention to support the growth of Alliance, the container throughput of the other terminals reached approximately 2,771,000 TEUs in 2008, representing only a slight increase from 2,762,000 TEUs in 2007. Taking into account 100% of Alliance's volume, TPD's market share in Tianjin port for 2008 was 52% as compared to 39% of last year. Although the performance of TPD's other terminals was more or less stable for the year 2008 due to its intention to support the growth of Alliance, we believe that the growth in these terminals will resume once the new capacity is absorbed.

Total throughput of bulk cargo maintained at 13.1 million tonnes in 2008, achieving a slight increase from that of 2007. There was encouraging volume growth in imported soya beans compared to last year, due to lowering of import duty by the government since January 2008. However, abolition of the export rebate for certain steel products has negatively impacted the growth of the steel handling business and a slight reduction in volume was recorded.

Road Operation

In 2008, road operation achieved toll revenue of approximately HK$127.9 million and realised a segment profit of approximately HK$81.2 million, representing a decrease of 28% and 13% respectively over last year. This was due to the absence of contribution to the revenue and segment profit of 2008 by Jinbin Expressway, which has become an associate of the Group since the completion of the toll roads restructuring in September 2007. If Jinbin Expressway was excluded in 2007 for comparison purpose, segment profit would have increased by 9% alongside a 7% increase in toll revenue.

With the Olympic Games effect, more small vehicles traveled to and from Tianjin on the EORR. However, import and export activities were affected due to more stringent traffic control around the Beijing region so that the number of large vehicles using the EORR was reduced. As a result, the average daily traffic flow increased by 8% to 19,574 vehicles during the year, while the toll revenue increased by 7% to approximately HK$127.9 million over last year.

The Jinbin Expressway operated with satisfactory performance during the year under review, as evidenced by an average daily traffic flow of 34,370 vehicles and toll revenue of approximately HK$137.3 million, representing increase of 39% and 46% respectively over last year.

Utility Operations

The Group's utility businesses are mainly operating in the TEDA, supplying electricity, water, heat and thermal power to industrial, commercial and residential sectors.

Electricity Operation

Electricity Company is principally engaged in the supply of electricity in the TEDA. It also provides services in relation to maintenance of power supply equipment and electric power related technological consulting. Currently, the installed capacity of electricity transmission of Electricity Company is approximately 498,970 kVA.

In 2008, the Group's electricity operation reported revenue of approximately HK$1,554.0 million and a segment profit of approximately HK$93.2 million, representing an increase of 19% and a decrease of 12% over last year respectively. Notwithstanding the increase in quantity sold, increase in cost of sales resulted in deteriorated profit margin. On the other hand, there was a one-off gain on reversing loan interest payable to a minority shareholder. The total quantity of electricity sold for the year was approximately 2,210,368,000 kWh, representing an increase of 11% over last year.

Water Operation

Water Company is principally engaged in the supply of tap water in the TEDA. It is also engaged in installation and maintenance of water pipes, tap water related technological consulting, and retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company reaches approximately 250,000 tonnes.

In 2008, the Group's water operation reported revenue of approximately HK$310.3 million and a segment profit of approximately HK$91.4 million, resulted in an increase of 20% and 33% respectively over last year. The total quantity of water sold for the year was approximately 45,090,000 tonnes, representing an increase of 15% over last year. The favourable result was mainly volume driven. Together with the write-back of expenses previously accrued, the segment profit increased more than expected despite the increase in cost of sales.

Heat and Thermal Power Operation

Heat & Power Company is principally engaged in the distribution of steam for industrial users and heating for commercial and residential purposes within the TEDA. The Heat & Power Company has currently made a connection to a total of approximately 300 kilometers steam transmission pipelines and more than 60 processing stations in the TEDA, with a daily distribution capacity reaching 21,600 tonnes of steam.

In 2008, the Group's heat and thermal power operation reported revenue of approximately HK$599.1 million and a segment profit of approximately HK$13.6 million, resulted in an increase of 23% and a decrease of 43% respectively over last year. The drop in the segment profit for the year was mainly caused by the significant increase in costs of sales. The total quantity of steam sold for the year was approximately 2,941,000 tonnes, representing an increase of 10% over last year.

Locating at the TEDA with a planned site area of 33 square kilometers in the east area and 48 square kilometers in the west area, Electricity Company, Water Company and Heat & Power Company have been benefiting from the prosperous growth in consumption in TEDA. Leveraging on their well-established supply network, management expertise and customer base, the Group believes that the utility operations will continue to be one of the growth drivers of the Group.

Commercial Properties Operations

Courtyard by Marriott Hong Kong ("Courtyard")

In late March 2008, the Group completed the acquisition of Courtyard, a 4-star hotel with 245 guest rooms situated in a prime location on the Hong Kong Island. It is positioned as the upper moderate lodging tier for business individuals and leisure travelers. It commenced its operation in April 2008. Upon the completion of the acquisition, an excess of fair value of the net assets acquired over the cost of acquisition amounting to approximately HK$199.8 million was recognised as a gain in the income statement.

For the period from April to December 2008, Courtyard reported revenue of approximately HK$46.0 million and a segment loss of approximately HK$13.0 million (excluding an impairment loss on a leasehold land of HK$150.0 million). Courtyard has achieved satisfactory results, generating a positive operating profit before depreciation and amortisation within the short period since its commencement of operation. The average occupancy rate for the period was approximately 57%.

Hyatt Regency Tianjin Hotel ("Hyatt")

The Group completed the acquisition of 50% interest in Hyatt in January 2008 and a further 25% interest in March 2008. Hyatt is a 5-star hotel with 428 guest rooms situated in a prime location in the city centre of Tianjin. It commenced its contribution as a 50% owned jointly controlled entity of the Group for January and February 2008 and as a 75% owned subsidiary since March 2008. Upon the completion of the acquisition, an excess of fair value of the net assets acquired over the cost of acquisition amounting to approximately HK$3.3 million was recognised as a gain in the income statement.

For the period from March to December 2008, Hyatt reported revenue of approximately HK$57.5 million and a segment loss of approximately HK$11.3 million. The average occupancy rate for the year was approximately 47%.

The Group is currently working on the renovation plan of Hyatt which is expected to commence in the second half of 2009.

Strategic and Other Investments

Winery Operation

In 2008, sales volume of Dynasty Fine Wines Group Limited ("Dynasty") (stock code: 828) increased by 13% to approximately 55.1 million bottles. Red wine products accounted for approximately 88% of total sales revenue. The revenue and profit attributable to the equity holders of Dynasty amounted to approximately HK$1,360.9 million and HK$143.1 million respectively, representing respective increase of 21% and 13% over last year. The improved financial results were mainly attributable to the increase in sales volume and improvement of the gross profit margin which was primarily due to lower purchase cost of grape juice as compared to that of 2007.

Dynasty contributed to the Group a profit of approximately HK$64.1 million in 2008, representing an increase of 13% over prior year.

Elevator and Escalator Operation

Otis China, the associate of the Group, has recorded continuous satisfactory growth during the year under review. The revenue of Otis China for 2008 amounted to approximately HK$11,549.1 million, representing a 24% increase over 2007.

In 2008, the contribution of Otis China to the profit of the Group amounted to approximately HK$184.1 million, representing a 16% increase over last year. The growth was contributed by strong demand in both domestic and overseas markets. Increase in domestic sales was driven by high demand in city infrastructure construction brought by the 2008 Beijing Olympic Games. Due to its competitive selling price in the international market, demand from overseas markets continued achieving robust growth. The Group believes that the investment in Otis China will continue to bring in sustainable earnings in the future.

PROSPECTS

Due to the stable nature of our core businesses and adherence to our prudent financial discipline, the Group achieved healthy growth albeit facing a very volatile year of 2008. 2009 will still be a highly challenging year with the impact of the global financial crisis deepened and exacerbated. But we will strive to strengthen our business capabilities and enhance the operation efficiency in order to combat the challenges.

As affected by the subprime mortgage crisis of the United States, the economic development of the Mainland was slowing down towards the end of 2008. China's GDP growth for 2008 recorded the first-year single-digit growth since 2003. But with its strong fundamentals and the introduction of a series of effective policies and measures to stimulate economic development, China is well positioned to recover at a faster pace than other countries. Nevertheless, the Group especially benefits from a series of preferential policies towards the Tianjin Binhai New Area under the "11th Five Year Plan". Looking ahead, we are confident in the future prospects of the Group.

With the important strategic move of TPD to acquire the controlling interest in Tianjin Port Holdings Co., Ltd., all commercially operating port assets within the Port of Tianjin will be consolidated under TPD, enhancing the competitiveness of the Port of Tianjin in the Bohai Bay and China. In the long run, the Group will enjoy the growth of and return from this significantly larger port operator with huge development potential, especially when the economy recovers.

Given the solid and healthy growth of the utilities segment, it is foreseen that there is sustainable development potential. The Group is committed to increasing investment in our core utilities operations in order to capture the robust growth of TEDA. In addition, we are actively looking for investment opportunities in the Tianjin Binhai New Area.

With the successful entry into the commercial property arena in early 2008, the Group will continue to explore further opportunities to build up a portfolio of balanced investments in this business segment. In this kind of distressed market environment, we believe that there will be attractive acquisition opportunities which can enhance shareholders' value in the long term.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 31st December 2008, the Group's total cash on hand and total bank borrowings stood at approximately HK$3,082 million and approximately HK$2,591 million respectively (2007: HK$3,236 million and HK$1,304 million respectively) of which approximately HK$33 million bank borrowings will be matured within one year. At 31st December 2007, loans from minority shareholders of subsidiaries which amounted to approximately HK$165 million, bore interest at 6.4% per annum and had no fixed terms of repayment, was fully repaid during the year.

The gearing ratio as measured by total borrowings to shareholders' funds is approximately 28% at the end of 2008, compared to approximately 18% at the end of 2007.

Bank borrowings of HK$2,591 million outstanding at 31st December 2008 were subject to floating rates with spread of 0.44% to 1.55% over HIBOR and 1.55% over LIBOR of relevant interest periods.

As at 31st December 2008, 99% (2007: 100%) of the Group's total bank borrowings was denominated in HK dollars and 1% (2007: nil) was denominated in US dollars.

For the year under review, the Group has not entered into any derivative contracts or hedging transactions.

EMPLOYEES AND REMUNERATION POLICIES

The Company and its subsidiary companies had a total of approximately 4,400 employees at the end of the year, of which approximately 980 were management and technical staff, with the balance being production workers.

The Group contributes to an employee pension scheme established by the PRC Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees of the

Group in the PRC. The Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. The contributions are based on a fixed percentage of the members' salaries.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors have resolved to recommend the payment of a final dividend of HK3.0 cents per share to the shareholders of the Company. The proposed final dividend of HK3.0 cents per share and the payment of which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 2nd June 2009. The final dividend will be paid to shareholders whose names appear on the register of members of the Company on 2nd June 2009 and the payment date will be on or about Wednesday, 24th June 2009.

The register of members of the Company will be closed from Monday, 1st June 2009 to Tuesday, 2nd June 2009, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's share registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 29th May 2009.

CHARGE ON ASSETS

None of the Group's assets are charged or subject to any encumbrance.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year, except for the following deviation:

Code Provision A.2.1

Since the beginning of the accounting period covered by this annual results up to 31st January 2008, the positions of Chairman of the Board and general manager of the Company were held by Dr. Ren Xuefeng, the former Chairman of the Board. Following the resignation of Dr. Ren Xuefeng on 31st January 2008, Mr. Yu Rumin, the Vice Chairman of the Board, was appointed as acting Chairman of the Board, whereas the position of general manager of the Company remained vacant at 31st December 2008. The position of general manager of the Company will be filled up in due course.

AUDIT COMMITTEE

An audit committee currently comprising three independent non-executive directors, namely Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan was established in 1998.

The annual results have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2008 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's 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.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct governing dealings by all directors in the securities of the Company. Having made specific enquiries with all directors, all the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Company at http://www.finance.thestandard.com.hk/en/0882tianjindev/ and the website of the Stock Exchange at www.hkexnews.hk. The 2008 Annual Report will be available at the websites of the Company and the Stock Exchange and despatched to shareholders of the Company in late April 2009.

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

Hong Kong, 23rd April 2009

As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Hu Chengli, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Mr. Gong Jing and Mr. Zheng Daoquan as executive directors; Mr. Cheung Wing Yui as non-executive director; and Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan as independent non-executive directors.