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 2009

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK$2,841 million, representing an increase of 11% as compared to 2008.
- Loss attributable to equity holders amounted to approximately HK$195 million (2008: profit of approximately HK$525 million).
- Excluding one-off impairment losses in respect of the operation of toll roads of approximately HK$584 million, recurring profit attributable to equity holders amounted to approximately HK$389 million (2008: approximately HK$420 million excluding a one-off deferred tax credit amounted to approximately HK$105 million), representing a decrease of 7% as compared to 2008.

RESULTS

The consolidated results of Tianjin Development Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st December 2009, together with the comparative figures for the corresponding year in 2008, are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2009

	Note	2009 HK$'000	Restated 2008 HK$'000
Continuing operations:			
Revenue	2	**2,841,186**	2,566,847
Cost of sales		**(2,522,990)**	(2,256,575)
Gross profit		**318,196**	310,272
Other income	3	**89,135**	83,746
Other gains, net	4	**76,404**	137,817
General and administrative expenses		**(308,880)**	(302,034)
Other operating expenses		**(34,418)**	(39,749)
Operating profit	5	**140,437**	190,052
Finance costs	6	**(14,416)**	(39,132)
Share of profits/(losses) of			
Associates		**342,306**	253,964
Jointly controlled entities		**(9,940)**	(19,832)
Profit before tax		**458,387**	385,052
Tax (expense)/credit	7	**(32,934)**	57,360
Profit for the year from continuing operations		**425,453**	442,412
(Loss)/profit for the year – Operation of toll roads	10(a)	**(598,760)**	46,261
(Loss)/profit for the year – Port services	10(b)	**(47,710)**	130,620
(Loss)/profit for the year from operation of toll roads and port services		**(646,470)**	176,881
(Loss)/profit for the year		**(221,017)**	619,293
Attributable to:			
Equity holders of the Company		**(195,141)**	524,552
Minority interests		**(25,876)**	94,741
		(221,017)	619,293
		HK cents	*HK cents*
(Loss)/earnings per share	8		
Basic and diluted			
From continuing operations		**35.41**	38.07
From operation of toll roads and port services		**(53.69)**	11.42
		(18.28)	49.49
		HK$'000	*HK$'000*
Dividends	9	**55,508**	96,072

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2009

	2009	Restated 2008
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(221,017)**	619,293
Other comprehensive income:		
Currency translation differences	**21,086**	566,054
Release of exchange reserve upon strike off of subsidiaries	**(7,079)**	–
Change in fair value of available-for-sale financial assets	**432,909**	–
Total comprehensive income for the year	**225,899**	1,185,347
Attributable to:		
Equity holders of the Company	**244,450**	972,875
Minority interests	**(18,551)**	212,472
	225,899	1,185,347

CONSOLIDATED BALANCE SHEET
As at 31st December 2009

	Note	31st December 2009 HK$'000	Restated 31st December 2008 HK$'000	Restated 1st January 2008 HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**1,645,491**	3,390,071	2,975,040
Leasehold land and land use rights		**512,116**	1,310,742	1,062,734
Toll road operating right		**–**	–	1,815,640
Interest in associates		**1,516,634**	1,590,350	1,377,480
Interest in jointly controlled entities		**35,635**	1,475,520	764,181
Deferred tax assets		**174,988**	147,539	26,759
Available-for-sale financial assets	11	**558,652**	128,453	107,117
		4,443,516	8,042,675	8,128,951
Current assets				
Inventories		**10,413**	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 ultimate holding company		**998**	–	–
Amounts due from related companies		**11,865**	13,000	21,748
Amounts due from investee companies		**210,516**	162,036	127,738
Trade receivables	12	**763,608**	756,029	714,178
Other receivables, deposits and prepayments		**168,733**	231,028	435,463
Financial assets at fair value through profit or loss		**477,495**	472,703	306,417
Restricted bank balance		**27,215**	–	–
Time deposits with maturity over three months		**457,218**	952,815	580,341
Cash and cash equivalents		**2,320,542**	1,845,316	2,699,720
		4,448,603	4,452,675	4,919,233
Assets held for sale – operation of toll roads	10(a)	**1,949,344**	2,376,166	–
Assets relating to port services	10(b)	**5,444,791**	–	–
		11,842,738	6,828,841	4,919,233
Total assets		**16,286,254**	14,871,516	13,048,184

CONSOLIDATED BALANCE SHEET

As at 31st December 2009

	Note	**31st December 2009** *HK$'000*	Restated 31st December 2008 *HK$'000*	Restated 1st January 2008 *HK$'000*
EQUITY				
Equity holders				
Share capital		**106,747**	106,747	103,562
Reserves – others		**8,727,634**	8,513,692	6,425,320
Reserves – proposed final dividend		**–**	32,024	57,995
		8,834,381	8,652,463	6,586,877
Minority interests		**1,941,965**	2,048,064	1,928,264
Total equity		**10,776,346**	10,700,527	8,515,141
LIABILITIES				
Non-current liabilities				
Borrowings		**1,997,000**	2,557,349	1,245,580
Deferred tax liabilities		**88,561**	90,769	57,664
		2,085,561	2,648,118	1,303,244
Current liabilities				
Trade payables	*13*	**194,581**	198,168	186,592
Notes payable		**27,215**	–	–
Other payables and accruals		**866,284**	837,317	814,525
Amounts due to ultimate holding company		**–**	15,051	1,746,850
Amounts due to related companies		**234,849**	218,329	141,852
Amounts due to a minority shareholder		**1,258**	1,079	16,894
Borrowings		**4,545**	33,389	223,836
Current tax liabilities		**86,891**	67,139	99,250
		1,415,623	1,370,472	3,229,799
Liabilities directly associated with assets classified as held for sale – operation of toll roads	*10(a)*	**154,708**	152,399	–
Liabilities relating to port services	*10(b)*	**1,854,016**	–	–
		3,424,347	1,522,871	3,229,799
Total liabilities		**5,509,908**	4,170,989	4,533,043
Total equity and liabilities		**16,286,254**	14,871,516	13,048,184
Net current assets		**8,418,391**	5,305,970	1,689,434
Total assets less current liabilities		**12,861,907**	13,348,645	9,818,385

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.

Change in accounting policy

In previous years, the Group adopted the purchase method of accounting to account for acquisition of subsidiaries including the business combinations under common control. During the restructuring exercise of the port operations early this year, the Directors reviewed the appropriateness and practicality of the change of method of accounting for business combinations under common control taking into account merger accounting as allowed under the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). With reference to the accounting policy adopted by certain peer companies listed on main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the Directors consider that the merger accounting is more appropriate and would provide reliable and more relevant information in respect of the Group's business combinations under common control as it can better reflect the underlying economic substance of these transactions. Accordingly, the Group has changed to apply the principle of merger accounting in accordance with the requirements set out in AG 5 to business combinations involving entities under the common control of Tsinlien Group Company Limited ("Tsinlien"), the ultimate holding company of the Group.

Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparatives amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date unless they first came under common control at a later date.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

The change in accounting policy has been applied retrospectively. The effect of the adoption of merger accounting on the consolidated income statement for the year ended 31st December 2008 is as follows:

	As previously reported 31st December 2008 *HK$'000*	**Results of operation of Jinbin Expressway and port services** *(Note 10)* *HK$'000*	**Adjustment on merger accounting** *HK$'000*	**Restated 31st December 2008** *HK$'000*
Continuing operations:				
Revenue	3,787,423	(1,220,576)	–	2,566,847
Cost of sales	(2,946,266)	689,691	–	(2,256,575)
Gross profit	841,157	(530,885)	–	310,272
Other income	101,286	(17,672)	132	83,746
Other gains, net	172,485	(37,984)	–	134,501
Excess of fair value of net assets acquired over the cost of acquisition of a subsidiary	203,103	–	(199,787)	3,316
Impairment loss on leasehold land	(150,000)	–	150,000	–
General and administrative expenses	(654,787)	363,600	(10,847)	(302,034)
Other operating expenses	(64,669)	25,628	(708)	(39,749)
Operating profit	448,575	(197,313)	(61,210)	190,052
Finance costs	(65,661)	26,529	–	(39,132)
Share of profits/(losses) of				
Associates	253,146	818	–	253,964
Jointly controlled entities	(11,077)	(8,755)	–	(19,832)
Profit before tax	624,983	(178,721)	(61,210)	385,052
Tax (expense)/credit	(72,955)	50,414	79,901	57,360
Profit for the year from continuing operations	552,028	(128,307)	18,691	442,412
Profit for the year – Operation of toll roads	48,574	(2,313)	–	46,261
Profit for the year – Port services	–	130,620	–	130,620
Profit for the year from operation of toll roads and port services	48,574	128,307	–	176,881
Profit for the year	600,602	–	18,691	619,293
Attributable to:				
Equity holders of the Company	505,861	–	18,691	524,552
Minority interests	94,741	–	–	94,741
	600,602	–	18,691	619,293
Basic and diluted earnings per share				
Continuing operations	43.75	(7.45)	1.77	38.07
Operation of toll roads and port services	3.97	7.45	–	11.42
	47.72	–	1.77	49.49

The effect of the adoption of merger accounting on the consolidated balance sheet as at 31st December 2008 and 1st January 2008 is as follows:

	As previously reported 31st December 2008 *HK$'000*	**Adjustment on merger accounting** *(note)* *HK$'000*	**Restated 31st December 2008** *HK$'000*
Assets			
Goodwill	510,847	(510,847)	–
Leasehold land and land use rights	1,420,412	(109,670)	1,310,742
Deferred tax assets	129,395	18,144	147,539
Other non-current assets	6,584,394	–	6,584,394
Current assets	4,452,675	–	4,452,675
Assets held for sale	2,376,166	–	2,376,166
Total assets	15,473,889	(602,373)	14,871,516
Liabilities			
Total liabilities	4,170,989	–	4,170,989
Net assets	11,302,900	(602,373)	10,700,527
Equity			
Equity holders			
Share capital	106,747	–	106,747
Reserves	9,148,089	(602,373)	8,545,716
	9,254,836	(602,373)	8,652,463
Minority interests	2,048,064	–	2,048,064
Total equity	11,302,900	(602,373)	10,700,527

Note:

Adjustments of HK$510,847,000 and HK$109,670,000 were made respectively to eliminate goodwill and fair value of leasehold land resulted from the application of purchase accounting for acquisitions of subsidiaries from Tsinlien in 2004, 2006 and 2008.

	As previously reported 1st January 2008	Adjustment on merger accounting	Restated 1st January 2008
		(note)	
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Property, plant and equipment	2,650,817	324,223	2,975,040
Goodwill	510,847	(510,847)	–
Leasehold land and land use rights	797,549	265,185	1,062,734
Other non-current assets	4,091,177	–	4,091,177
Other receivables, deposits and prepayments	432,739	2,724	435,463
Cash and cash equivalents	2,655,841	43,879	2,699,720
Other current assets	1,784,050	–	1,784,050
Total assets	12,923,020	125,164	13,048,184
Liabilities			
Other payables and accruals	798,829	15,696	814,525
Amounts due to ultimate holding company	–	1,746,850	1,746,850
Other liabilities	1,971,668	–	1,971,668
Total liabilities	2,770,497	1,762,546	4,533,043
Net assets	10,152,523	(1,637,382)	8,515,141
Equity			
Equity holders			
Share capital	103,562	–	103,562
Reserves	8,120,697	(1,637,382)	6,483,315
	8,224,259	(1,637,382)	6,586,877
Minority interests	1,928,264	–	1,928,264
Total equity	10,152,523	(1,637,382)	8,515,141

Note:

Adjustment of HK$510,847,000 was made to eliminate goodwill resulting from the application of purchase accounting for acquisitions of subsidiaries from Tsinlien in 2004 and 2006.

Other adjustments were made to restate the financial position of the Group as if the subsidiary acquired from Tsinlien in 2008 under common control combination had been combined as at 1st January 2008.

Adoption of new standards and amendments to existing standards

In 2009, the Group adopted the new standards and amendments of HKFRS below, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKAS 24 (Revised)	Related Party Disclosures
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 8	Operating Segments
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 7 Amendment	Financial Instruments: Disclosures
HK(IFRIC) – Int 18	Transfer of Assets from Customers

Annual improvements to HKFRS published in October 2008

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 10 Amendment	Events after the Reporting Period
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 34 Amendment	Interim Financial Reporting
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKFRS 7 Amendment	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new standards and amendments and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts except the below.

HKAS 1 (Revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The consolidated financial statements have been prepared under the revised disclosure requirements.

If there are retrospective restatements or reclassification of comparative amounts, it is required to present a balance sheet as at the beginning of the earliest comparative period, accordingly consolidated balance sheet as at 1st January 2008 has been prepared and presented.

HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors that makes strategic decisions.

Amendment to HKFRS 7, "Financial instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk.

The following new standards, amendments and interpretations to existing standards have been published and are relevant to the Group's operation. They are mandatory for accounting periods beginning on or after 1st July 2009 or later periods, the Group has not early adopted them:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners

Annual improvements to HKFRS published in May 2009

HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKFRS 2 Amendment	Share-based Payment
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 Amendment	Operating Segments

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 determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions. The chief operating decision-makers assess the performance of the operating segments based on a measure of profit after tax.

The Group has six reportable segments. The segments are managed separately as each business offers different products and services. The accounting policies of the operating segments are the same as those described in the basis of preparation and accounting policies. The following summary describes the operations in each of the Group's reportable segments.

The supply of utilities segment derives revenue through the distribution of electricity, water, heat and thermal power to industrial, commercial and residential sectors in the Tianjin Economic-Technological Development Area ("TEDA").

The operation of commercial properties segment currently derives revenue from the hotels operating in Tianjin and Hong Kong.

The result of the winery segment is contributed by a listed associate of the Group, Dynasty Fine Wines Group Limited ("Dynasty"), which manufactures and sells winery products.

The result of the elevator and escalator segment is contributed by an associate of the Group, Otis Elevator (China) Investment Company Limited ("Otis China"), which manufactures and sells elevators and escalators.

The operation of toll roads segment derives revenue from the operation of the Eastern Outer Ring Road ("EORR") and includes the result of an associate of the Group, Golden Horse Resources Limited ("Golden Horse"), which invests in the operator of the Jinbin Expressway in Tianjin.

The port services segment derives revenue through the provision of port services in the port of Tianjin by Tianjin Port Development Holdings Limited ("TPD"), currently a listed non-wholly owned subsidiary of the Group.

For the year ended 31st December 2009

	Continuing operations					Results of operation of toll roads and port services *(note(ii))*		
	Supply of utilities *(note(i))* *HK$'000*	Operation of commercial properties *HK$'000*	Winery *HK$'000*	Elevator and escalator *HK$'000*	Sub-total *HK$'000*	Operation of toll roads *HK$'000*	Port services *HK$'000*	Total operating segments *HK$'000*
Revenue	2,754,798	86,388	–	–	2,841,186	129,453	1,370,133	4,340,772
Operating profit/(loss) before interest	193,883	(42,226)	–	–	151,657	54,308	(24,427)	181,538
Interest income	17,823	95	–	–	17,918	3,647	20,055	41,620
Impairment loss on toll road operating right *(note 10(a))*	–	–	–	–	–	(603,874)	–	(603,874)
Impairment loss on interest in associates *(note 10(a))*	–	–	–	–	–	(44,834)	–	(44,834)
Finance costs	(2,903)	(335)	–	–	(3,238)	–	(12,623)	(15,861)
Share of profits/(losses) of								
Associates	–	–	69,974	265,065	335,039	(1,721)	(1,549)	331,769
Jointly controlled entities	–	–	–	–	–	–	763	763
Profit/(loss) before tax	208,803	(42,466)	69,974	265,065	501,376	(592,474)	(17,781)	(108,879)
Tax (expense)/credit	(41,984)	7,848	–	–	(34,136)	(6,286)	(29,929)	(70,351)
Profit/(loss) for the year	166,819	(34,618)	69,974	265,065	467,240	(598,760)	(47,710)	(179,230)
Minority interests	(12,260)	7,714	–	(45,750)	(50,296)	57,813	15,516	23,033
Profit/(loss) attributable to equity holders	154,559	(26,904)	69,974	219,315	416,944	(540,947)	(32,194)	(156,197)
Operating profit/(loss) before interest includes:								
Depreciation and amortisation	85,178	33,699	–	–	118,877	–	137,349	256,226

	For the year ended 31st December 2008							
	Continuing operations					Results of operation of toll roads and port services *(note(ii))*		
	Supply of utilities *(note(i))* *HK$'000*	Operation of commercial properties *HK$'000*	Winery *HK$'000*	Elevator and escalator *HK$'000*	Sub-total *HK$'000*	Operation of toll roads *HK$'000*	Port services *HK$'000*	Total operating segments *HK$'000*
Revenue	2,463,311	103,536	–	–	2,566,847	127,905	1,220,576	3,915,328
Operating profit/(loss) before interest	198,154	(32,572)	–	–	165,582	56,273	180,684	402,539
Interest income	18,691	459	–	–	19,150	4,609	16,629	40,388
Finance costs	–	(1,314)	–	–	(1,314)	–	(26,529)	(27,843)
Share of profits/(losses) of								
Associates	–	–	64,128	184,108	248,236	(2,313)	1,495	247,418
Jointly controlled entities	–	(2,105)	–	–	(2,105)	–	8,755	6,650
Profit/(loss) before tax	216,845	(35,532)	64,128	184,108	429,549	58,569	181,034	669,152
Tax (expense)/credit	(48,556)	106,641	–	–	58,085	(12,308)	(50,414)	(4,637)
Profit for the year	168,289	71,109	64,128	184,108	487,634	46,261	130,620	664,515
Minority interests	(12,282)	2,611	–	(31,777)	(41,448)	(6,470)	(49,413)	(97,331)
Profit attributable to equity holders	156,007	73,720	64,128	152,331	446,186	39,791	81,207	567,184
Operating profit/(loss) before interest includes:								
Depreciation and amortisation	74,901	28,292	–	–	103,193	26,413	135,030	264,636

	2009 **HK$'000**	2008 *HK$'000*
Reconciliation of (loss)/profit for the year		
Total operating segments	**(179,230)**	664,515
Gain on deemed disposal of partial interest in an associate	**27,719**	–
Share option expenses	**(23,253)**	(28,391)
Corporate and others *(note (iii))*	**(46,253)**	(16,831)
(Loss)/profit for the year	**(221,017)**	619,293

Notes:

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

The Finance Bureau of 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 2010.

Revenue generated from the supply of utilities includes approximately HK$50.1 million (2008: HK$49.2 million), HK$103.3 million (2008: HK$101.3 million) and HK$191.0 million (2008: HK$165.2 million) of quantity-based government supplemental income granted to the Electricity Company, Water Company and Heat & Power Company respectively.

(ii) The results of Tianjin Jin Zheng Transportation Development Co., Ltd. ("Jinzheng") and Golden Horse which operates EORR and invests in the operator of the Jinbin Expressway respectively in Tianjin and TPD which provides port services at the port of Tianjin have been separately presented from the continuing operations (Note 10).

(iii) The amounts mainly represent corporate activities including central treasury management and administrative function, dividend income from investee companies, exchange gain or loss at corporate level and results of other businesses not categorised as operating segments.

	Continuing operations								
	Supply of utilities *HK$'000*	Operation of commercial properties *HK$'000*	Winery *HK$'000*	Elevator and escalator *HK$'000*	Operation of toll roads *HK$'000*	Port services *HK$'000*	Total operating segments *HK$'000*	Corporate and others *(note)* *HK$'000*	Total *HK$'000*
As at 31st December 2009									
Reportable segment assets	**3,098,004**	**1,138,923**	**819,906**	**584,316**	**1,949,344**	**5,444,791**	**13,035,284**	**3,250,970**	**16,286,254**
Reportable segment liabilities	**1,290,491**	**135,881**	**–**	**–**	**154,708**	**1,854,016**	**3,435,096**	**2,074,812**	**5,509,908**
As at 31st December 2008									
Reportable segment assets	2,669,025	1,181,736	775,321	479,521	2,376,166	4,903,111	12,384,880	2,486,636	14,871,516
Reportable segment liabilities	1,032,241	154,200	–	–	152,399	1,284,260	2,623,100	1,547,889	4,170,989

Note: The balances represent assets and liabilities relating to corporate activities and other businesses not categorised as operating segments, which principally include cash and cash equivalents, time deposits with maturity over three months, financial assets at fair value through profit or loss, amount due from investee companies, available-for-sale financial assets, interest in certain associates and bank borrowings.

Geographical information

The Group's revenue from external customers by geographical location are detailed below:

	Revenue	
	2009 ***HK$'000***	Restated 2008 *HK$'000*
PRC mainland	**2,778,598**	2,520,842
Hong Kong	**62,588**	46,005
Continuing operations	**2,841,186**	2,566,847
Operation of toll roads	**129,453**	127,905
Port services	**1,370,133**	1,220,576
Operation of toll roads and port services – PRC mainland	**1,499,586**	1,348,481

The Group's non-current assets (excluding financial assets and deferred tax assets) by geographical location are detailed below:

	2009	Restated 2008
	HK$'000	*HK$'000*
PRC mainland	**3,116,144**	7,161,461
Hong Kong	**593,732**	605,222
	3,709,876	7,766,683

3 OTHER INCOME

	2009	Restated 2008
	HK$'000	*HK$'000*
Interest income	**40,302**	47,055
Dividend income from investee companies – unlisted	**48,058**	26,274
Sundries	**775**	10,417
	89,135	83,746

4 OTHER GAINS, NET

	2009	Restated 2008
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss		
– fair value gains/(losses)		
– listed (realised and unrealised)	**5,048**	(7,900)
– unlisted (realised)	**14,772**	34,468
Gain on deemed disposal of partial interest in an associate *(Note 11(i))*	**27,719**	–
Excess of fair value of net assets acquired over the cost of acquisition of a subsidiary	**–**	3,316
Reversal of loan interest payable to a minority shareholder	**–**	20,349
Reversal of over-accrued expenses	**23,109**	22,853
Net gain on disposal of property, plant and equipment	**2,302**	178
Gain on acquisition of additional interest in a subsidiary	**–**	16,573
Net exchange gain	**2,526**	49,014
Sundries	**928**	(1,034)
	76,404	137,817

5 OPERATING PROFIT

Operating profit is arrived at after charging:

	2009 HK$'000	Restated 2008 HK$'000
Employee benefit expense (including Directors' emoluments)	**258,251**	268,421
Purchase of electricity, water and steam for sale	**2,122,001**	1,875,313
Depreciation		
– charged to cost of sales	**79,218**	68,763
– charged to administrative expenses	**8,701**	9,085
– charged to other operating expenses	**27,664**	23,261
Amortisation	**6,758**	5,746
Provision for impairment of trade receivables	**2,005**	23,040
Operating lease expense on		
– plants, pipelines and networks	**102,246**	99,684
– land and buildings	**8,430**	9,005
Auditor's remuneration	**6,069**	5,852

6 FINANCE COSTS

	2009 HK$'000	Restated 2008 HK$'000
Interest expense:		
– bank borrowings	**14,416**	39,132

7 TAX (EXPENSE)/CREDIT

	2009 HK$'000	Restated 2008 HK$'000
Current taxation		
PRC income tax	**(52,183)**	(68,465)
Deferred taxation	**19,249**	125,825
	(32,934)	57,360

No provision for Hong Kong profits tax has been made as there is no estimated assessable profit for the year for the Group (2008: 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 will be subject to a single income tax rate of 25%. For those subsidiaries of the Group which previously applied 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.

8 (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit attributable to equity holders and weighted average number of shares as follows:

	2009		Restated 2008	
	Continuing operations ***HK$'000***	**Operation of toll roads and port services** ***HK$'000***	Continuing operations *HK$'000*	Operation of toll roads and port services *HK$'000*
Profit/(loss) attributable to equity holders for the purpose of basic earnings per share	**378,000**	**(573,141)**	403,554	120,998
Number of shares	**Thousand**	**Thousand**	Thousand	Thousand
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,067,470**	**1,067,470**	1,059,899	1,059,899

The share options have no dilutive effect on basic (loss)/earnings per share for 2008 and 2009.

9 DIVIDENDS

	2009 ***HK$'000***	2008 *HK$'000*
2009 final, proposed, nil (2008: final, paid, of HK3.0 cents) per share	**–**	32,024
2009 interim, paid, of HK5.2 cents (2008: HK6.0 cents) per share	**55,508**	64,048
	55,508	96,072

10 OPERATION OF TOLL ROADS AND PORT SERVICES

(a) Operation of toll roads

The assets and liabilities relating to Jinzheng have been presented as held for sale as actions had been initiated prior to the end of 2008 to dispose of the operation of EORR. The transaction was originally expected to be completed in 2009. Due to unexpected prolonged negotiation with the relevant parties, the completion of the transaction is expected to be delayed to 2010.

During the process of the aforesaid discussion and in line with the Tianjin municipal government's restructuring plan of toll road network in Tianjin, management further committed to dispose of the Group's 40% interest in Golden Horse which holds 60% interest in the operator of the Jinbin Expressway. The transaction is expected to be completed in 2010. Accordingly the interest in associates relating to Golden Horse has been presented as held for sale as at 31st December 2009.

		2009	2008
		HK$'000	*HK$'000*
(i)	Results		
	Revenue	**129,453**	127,905
	Cost of sales	**(63,872)**	(66,819)
	Gross profit	**65,581**	61,086
	Other income	**3,639**	4,609
	Other losses	**(6,018)**	(112)
	General and administrative expenses	**(5,247)**	(4,701)
	Operating profit	**57,955**	60,882
	Impairment loss on toll road operating right *(note)*	**(603,874)**	–
	Impairment loss on interest in associates *(note)*	**(44,834)**	–
	Share of losses of associates	**(1,721)**	(2,313)
	(Loss)/profit before tax	**(592,474)**	58,569
	Tax expense	**(6,286)**	(12,308)
	(Loss)/profit for the year	**(598,760)**	46,261
	Attributable to:		
	Equity holders of the Company	**(540,947)**	39,791
	Minority interests	**(57,813)**	6,470
		(598,760)	46,261
(ii)	Assets		
	Property, plant and equipment	**67,239**	67,103
	Toll road operating right	**1,307,138**	1,906,679
	Interest in associates	**156,000**	–
	Trade receivables	**201,839**	77,665
	Other receivables, deposits and prepayments	**67,236**	40,542
	Cash and cash equivalents	**149,892**	284,177
	Total assets	**1,949,344**	2,376,166
(iii)	Liabilities		
	Deferred tax liabilities	**67,381**	55,931
	Other payables and accruals	**76,356**	26,239
	Current tax liabilities	**10,971**	70,229
	Total liabilities	**154,708**	152,399

Note:

In order to conform to the national policy, the Tianjin Road Construction and Vehicle Passing Levy Office promulgated the "Notice of suspension of levy on Tianjin Road Construction and Vehicle Passing fee" on 31st December 2009 which took effect on 1st January 2010. The Company received the following instruction from the Tianjin municipal government "Response on the treatment of the equity interests in the Eastern Outer Ring Road and the Jinbin Expressway" (Jinzhengbanhan [2010] No. 13) on 31st March 2010 in respect of its holding and participation in EORR and the Jinbin Expressway:

- EORR: Tianjin municipal government coordinates the relevant company for acquisition of 83.93% equity interest in EORR held by the Group.
- Jinbin Expressway: Refund of the Group's original investment.

In view of the above, management has proactively discussed the implementation details with the relevant government authorities.

With reference to the above instruction from Tianjin municipal government and based on the ongoing discussions with the relevant government authorities, there is consensus on the basis for selling price determination in principle, management has accordingly determined the fair value less cost to sell of the associated assets held for sale, and an impairment totaling HK$649,000,000 has been made on the carrying values of the respective toll road projects.

In determining the impairment losses on the disposal group of operation of toll roads, the cumulative income recognised in the Group's exchange reserve of approximately HK$318 million as at 31st December 2009 has not been included as part of the carrying value of the disposal group, which will be realised as a gain in the Group's income statement upon completion of the disposal expected to take place in 2010.

(b) Port services

Prior to the end of 2009, TPD had received all the major approvals from the PRC authorities for the acquisition by TPD through its wholly owned subsidiary from Tianjin Port (Group) Co., Ltd., a connected person of the Group, for its 56.81% interest in the registered share capital of Tianjin Port Holdings Co., Ltd. ("TPH"), a company listed on the Shanghai Stock Exchange (stock code: 600717) for a total consideration of HK$10,961 million (the "Acquisition"). The Acquisition was completed on 4th February 2010 and the consideration was satisfied as to HK$6,891 million by the issue of the shares of TPD and as to HK$4,070 million by cash. Upon completion of the Acquisition, the Group's interest in TPD was diluted to 21%. TPD ceased to be a subsidiary and became an associate of the Group, where the share of results and net assets of TPD would be equity accounted for in the Group's financial statements in 2010 accordingly. After the Acquisition, the Group continues to participate in the business of port services through its 21% equity interest in TPD, which also constitutes a reportable operating segment of the Group in 2010. The Group expects to recognise a gain of approximately HK$1,000 million in 2010 arising from deconsolidation of TPD and recognition of the related fair value gain of the retained non-controlling interest, calculation of which is affected by certain figures on completion date. The Group is in the process of gathering these information and finalising the calculation.

		2009	2008
		HK$'000	*HK$'000*
(i)	Results		
	Revenue	**1,370,133**	1,220,576
	Cost of sales	**(953,254)**	(689,691)
	Gross profit	**416,879**	530,885
	Other income	**27,662**	17,672
	Other gains, net	**1,854**	37,984
	General and administrative expenses	**(450,323)**	(363,600)
	Other operating expenses	**(444)**	(25,628)
	Operating (loss)/profit	**(4,372)**	197,313
	Finance cost	**(12,623)**	(26,529)
	Share of profits/(losses) of		
	Associates	**(1,549)**	1,495
	Jointly controlled entities	**763**	8,755
	(Loss)/profit before tax	**(17,781)**	181,034
	Tax expense	**(29,929)**	(50,414)
	(Loss)/profit for the year	**(47,710)**	130,620
	Attributable to:		
	Equity holders of the Company	**(32,194)**	81,207
	Minority interests	**(15,516)**	49,413
		(47,710)	130,620

		2009 *HK$'000*
(ii)	Assets	
	Property, plant and equipment	**1,813,182**
	Land use rights	**773,588**
	Interest in associates	**25,936**
	Interest in jointly controlled entities	**1,494,323**
	Deferred tax assets	**9,429**
	Available-for-sale financial assets	**42,047**
	Inventories	**145,296**
	Amount due from an associate	**29,419**
	Amount due from a jointly controlled entity	**13,318**
	Trade receivables	**130,807**
	Other receivables, deposits and prepayments	**259,954**
	Time deposit with maturity over three months	**454,442**
	Cash and cash equivalents	**253,050**
	Total assets	**5,444,791**
(iii)	Liabilities	
	Trade payable	**291,157**
	Other payables and accruals	**167,987**
	Amount due to related companies	**26,662**
	Borrowings	**1,349,276**
	Deferred tax liabilities	**11,708**
	Current tax liabilities	**7,226**
	Total liabilities	**1,854,016**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009 ***HK$'000***	2008 *HK$'000*
Listed *(note (i))*	**416,798**	14,800
Unlisted *(note (ii))*	**141,854**	113,653
	558,652	128,453
Market value of listed shares	**416,798**	14,800

Notes:

(i) The listed available-for-sale financial assets as at 31st December 2009 included approximately HK$416,798,000 (31st December 2008: Nil) relating to the Group's investment in 8.28% equity interest in Binhai Investment Company Limited ("Binhai Investment") (formerly known as Wah Sang Gas Holdings Limited) which is listed on the Growth Enterprise Market Board of the Stock Exchange.

The trading of the shares of Binhai Investment resumed on 12th May 2009. Following the completion of the restructuring of Binhai Investment, the Group's interest in Binhai Investment was diluted from approximately 22.79% to approximately 8.28% after the completion of the open offer and the injection of new capital to Binhai Investment on 12th June 2009.

With the loss of significant influence over Binhai Investment, Binhai Investment was no longer an associate of the Group. The Group's investment in Binhai Investment was reclassified to available-for-sale financial assets at the carrying value of approximately HK$28 million. Since the Group's investment in Binhai Investment was fully provided for in prior years, a gain on deemed disposal of approximately HK$28 million was recognised.

As at 31st December 2009, the market value of the Group's investment in Binhai Investment amounted to approximately HK$416,798,000, and the unrealised fair value gain of approximately HK$389,079,000 was recognised in equity.

(ii) The unlisted available-for-sale financial assets are principally equity in certain entities established and operating in the PRC. They are mainly denominated in Renminbi.

12 TRADE RECEIVABLES

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

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**557,659**	505,666
31 to 90 days	**18,297**	54,637
91 to 180 days	**11,517**	18,447
Over 180 days	**176,135**	177,279
	763,608	756,029

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 2009, the Group was entitled to government supplemental income of HK$416,411,000 (2008: HK$321,125,000) 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 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.

13 TRADE PAYABLES

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

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**68,869**	22,479
31 to 90 days	**19,375**	74,272
91 to 180 days	**6,292**	356
Over 180 days	**100,045**	101,061
	194,581	198,168

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 TPD (stock code: 3382) has increased by 12% to approximately HK$1,370.1 million in 2009. Loss for the year of approximately HK$47.7 million was recorded after taking account of the professional and other expenses in relation to the acquisition of 56.81% equity interest in TPH, as compared to a profit of approximately HK$155.9 million (excluding an impairment loss of available-for-sale financial assets of approximately HK$25.3 million) for 2008.

TPD's wholly-owned terminals recorded a decline in container throughput of 10% to 2,501,000 TEUs in 2009. Due to the economic recession in major overseas trade partners, the growth in domestic throughput as a result of the Chinese Government's initiatives to encourage domestic consumption was more than offset by the drop in foreign trade throughput. Due to a higher proportion of domestic and empty boxes as a result of the decline in China's import and export trade, the blended average unit price decreased.

Tianjin Port Alliance International Container Terminal Co., Ltd. ("Alliance"), a 40% joint venture of TPD, continues to be a key contributor to TPD's container handling business. During 2009, Alliance has handled 1,738,000 TEUs, achieving a growth of 7%. Alliance's operation focuses on handling domestic containers. Tapping Chinese government's massive economic stimulus plan, Alliance achieved an encouraging growth in business during the year. After taking account of Alliance's total container volume, TPD's market share in the port of Tianjin was 49%.

Total throughput of non-containerised cargoes has increased by 5% to 13.7 million tonnes in 2009. During the year under review, the throughput of grain and iron ore handling increased by 39% and 5.2 times respectively as triggered by the strong domestic demand for such imports. Steel handling throughput, on the other hand, decreased year-on-year by 32% due to the weakening overseas demand as a results of the slowdown in global economy.

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

In February 2010, TPD completed the acquisition of the 56.81% equity interest in TPH in order to integrate the two separately listed port operators at the port of Tianjin. After the acquisition, the portfolio of TPD will consist of all commercially operating port cargo handling assets within the port of Tianjin, which leads to a significant increase in the scale of the operation and enhances TPD's overall earning capacity. TPD ceased to be the subsidiary of the Group and became an associate of the Group where the share of results and net assets of TPD would be equity accounted for in the Group's financial statements in 2010 accordingly.

Although TPD ceased to be the subsidiary of the Group, the Group is able to benefit from the improved performance of TPD as a result of the potential synergies and the improved overall competitiveness created through better resource integration and allocation, centralized management and planning, and a more diversified business structure.

Road Operation

Actions had been initiated prior to the end of 2008 to dispose of the Group's interest in Jinzheng, which operates EORR in Tianjin. Due to unexpected prolonged negotiation with the relevant parties, the completion of the transaction is expected to be completed in 2010.

In 2009, EORR achieved toll revenue of approximately HK$129.5 million and profit for the year before impairment loss of approximately HK$51.7 million, representing increase of 1% and 6% respectively over last year. The increase in profit for the year was attributed to the absence of provision for depreciation for EORR according to the accounting standard governing the treatment of assets held for sale, netting off the increase in repair and maintenance expenses for EORR.

The average daily traffic flow on EORR has improved by 1% to 19,716 vehicles during the year.

The decrease in import and export of Tianjin had an impact on the Jinbin Expressway connecting to the port of Tianjin as the number of large vehicles traveling on it has decreased. As a result, the average daily traffic flow has decreased by 8% to 31,706 vehicles and toll revenue of approximately HK$124.9 million was generated.

The interest in associates relating to the Jinbin Expressway has been presented as held for sale as action had been initiated prior to the end of 2009 to dispose of this investment. The transaction is expected to be completed in 2010.

On 18th December 2008, the State Council promulgated the "Notice on Implementing Reforms on Prices of Refined Products and Tax" (Guo Fa No: [2008] 37) for the establishment of an improved pricing mechanism of finished oil and standardization of traffic tax rates policy, facilitation of energy-saving and reduction of emission and reconstruction, maintenance of social equity, compliance of law in raising fund for the maintenance and construction of traffic infrastructure. In order to conform to such national policy on the reform of fuel oil rates, the Tianjin Road Construction and Vehicle Passing Levy Office promulgated the "Notice of suspension of levy on Tianjin Road Construction and Vehicle Passing fee" on 31st December 2009 which took effect on 1st January 2010.

On 31st March 2010, the Company received the following instruction from the Tianjin municipal government "Response on the treatment of the equity interests in the Eastern Outer Ring Road and the Jinbin Expressway" (Jinzhengbanhan [2010] No. 13) in respect of its holding and participation in EORR and the Jinbin Expressway:

– EORR: Tianjin municipal government coordinates the relevant company for acquisition of 83.93% equity interest in EORR held by the Group.
– Jinbin Expressway: Refund of the Group's original investment.

In view of the above, management has proactively discussed the implementation details with the relevant government authorities.

With reference to the above instruction from Tianjin municipal government and based on the ongoing discussions with the relevant government authorities, there is consensus on the basis for selling price determination in principle, management has accordingly determined the fair value less cost to sell of the associated assets held for sale, and an impairment totaling HK$649,000,000 has been made on the carrying values of the respective toll road projects.

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 528,680 kVA.

In 2009, the Group's electricity operation reported revenue of approximately HK$1,668.5 million and profit for the year of approximately HK$75.7 million, representing an increase of 7% and a decrease of 7% respectively over last year. The decrease in profit for the year was mainly attributable to the deterioration of gross profit margin and a one-off gain on waiver of interest on loans from a minority shareholder in 2008. The total quantity of electricity sold for the year was approximately 2,225,271,000kWh, representing an increase of 1% 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 400,000 tonnes.

In 2009, the Group's water operation reported revenue of approximately HK$319.3 million and profit for the year of approximately HK$56.4 million, representing an increase of 3% and a decrease of 19% respectively over last year. The total quantity of water sold for the year was approximately 45,358,000 tonnes, representing an increase of 1% over last year. The decrease in profit for the year was primarily due to the increase in the purchase cost of water in 2009 and no recurrence in 2009 of an one-off reversal of over-accrued expenses.

Heat and Thermal Power Operation

Heat & Power Company is principally engaged in the distribution of steam and heating for industrial, 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 22,200 tonnes of steam.

In 2009, the Group's heat and thermal power operation reported revenue of approximately HK$767.0 million and profit for the year of approximately HK$34.7 million, representing increase of 28% and 101% respectively over last year. The surge in the profit for the current period was driven by additional demand from new industrial customers and the improvement of gross profit margin. The total quantity of steam sold for 2009 was approximately 3,365,000 tonnes, representing an increase of 14% 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.

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 lodge for business individuals and leisure travelers. It commenced its operation in April 2008.

In 2009, Courtyard reported revenue of approximately HK$62.6 million and loss for the year of approximately HK$3.2 million. Although the local hospitality market was deeply affected by the financial turmoil since the fourth quarter of 2008, Courtyard has achieved satisfactory results in 2009, generating a positive operating profit before depreciation and amortisation. The average occupancy rate for the year was approximately 75%.

Hyatt Regency Tianjin Hotel ("Hyatt")

The Group completed the acquisition of a total of 75% interest in Hyatt in March 2008. Hyatt is a 5-star hotel with 428 guest rooms situated in a prime location in the city centre of Tianjin. Hyatt was closed down in mid-July 2009 preparing for a major renovation.

In 2009, Hyatt reported revenue of approximately HK$23.8 million and loss of approximately HK$31.5 million. The average occupancy rate for the period ended 15th July 2009 was approximately 31%.

Strategic and Other Investments

Winery Operation

During the year under review, sales volume of Dynasty (stock code: 828) increased by 4% to approximately 57.4 million bottles in 2009. Red wine accounted for approximately 83% of total sales revenue. The revenue and profit attributable to the equity holders of Dynasty amounted to approximately HK$1,482.5 million and HK$156.1 million respectively, representing increase of 9% and 9% over last year. The increase in financial results in 2009 was mainly attributable to increase in sales volume and effective control of distribution costs.

Dynasty contributed to the Group a profit of approximately HK$70.0 million in 2009, representing an increase of 9%.

Elevator and Escalator Operation

Otis China, the associate of the Group, has recorded continuous satisfactory results during the year under review. The revenue of Otis China for 2009 amounted to approximately HK$12,100.5 million, representing a 5% increase over 2008.

In 2009, the profit contribution of the elevator and escalator operation (after minority interests) amounted to approximately HK$219.3 million, representing a 44% increase over last year. The satisfactory performance was contributed by the revenue growth driven by the recovery of infrastructure and property markets and the improvement of gross profit margin driven by the decrease in material purchase cost. The Group believes that the investment in Otis China will continue to bring in satisfactory earnings in the future.

Investment in Binhai Investment Company Limited ("Binhai Investment") (formerly known as Wah Sang Gas Holdings Limited)

The trading of the shares of Binhai Investment (stock code: 8035) resumed on 12th May 2009. Following the completion of the restructuring of Binhai Investment, the Group's interest in Binhai Investment was diluted from approximately 22.79% to approximately 8.28% on 12th June 2009. With the loss of significant influence over Binhai Investment, Binhai Investment was no longer an associate of the Group. The Group's investment in Binhai Investment was reclassified to available-for-sale financial assets at the carrying value of approximately HK$28 million.

Since the Group's investment in Binhai Investment was fully provided for in prior years, a gain on deemed disposal of approximately HK$28 million was recognised. As at 31st December 2009, the market value of the Group's investment in Binhai Investment amounted to approximately HK$416.8 million and the unrealised fair value gain of approximately HK$389.1 million was recognised in equity.

PROSPECTS

Looking ahead for 2010, the development and situation of major economies around the world are not optimistic. The Company will also have to face various challenges. However, with the various economic stimulus policies and measures implemented by the central government, there will be driving effects on the economic development of China. The Company will actively participate in the restructuring of state-owned assets in Tianjin city, and capture the opportunity to adjust its business progressively in order to place emphasis on its core business under the support of the Tianjin municipal government and the parent company, with a view to achieving a steady growth of business and generating better return for the shareholders.

Due to the uncertainties of the global economy, the Company will adhere to its prudent financial discipline and strive to implement its development strategies successfully. Looking ahead, the Company is well-equipped to face various challenges in the market.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 31st December 2009, the Group's total cash on hand and total bank borrowings stood at approximately HK$3,662 million and approximately HK$3,351 million respectively (31st December 2008: HK$3,082 million and HK$2,591 million respectively) of which approximately HK$154 million bank borrowings will be matured within one year.

The gearing ratio as measured by total borrowings to shareholders' funds maintained at approximately 38% as at 31st December 2009 and approximately 30% as at 31st December 2008.

Of the total HK$3,351 million bank borrowings outstanding at 31st December 2009, HK$3,307 million were subject to floating rates with spread of 0.45% to 1.55% over HIBOR and 0.75% to 1.55% over LIBOR of relevant interest periods. The remaining HK$44 million of bank borrowing was fixed rate debt with annual interest rates of 4.374% to 5.31%.

As at 31st December 2009, 96% (31st December 2008: 99%) of the Group's total bank borrowings was denominated in HK dollars, 3% (31st December 2008: 1%) was denominated in US dollars and 1% (31st December 2008: Nil) was denominated in Renminbi.

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 4,200 employees at the end of the year, of which approximately 950 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.

CHARGE ON ASSETS

As at 31st December 2009, restricted bank balance of approximately HK$27 million was pledged against notes payable of the same amount.

DIVIDEND

A final dividend is not recommended by the Board of the Company due to loss of the financial year 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year, except for the following deviations:

Code Provision A.2.1

The code provision A.2.1 of the Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

As disclosed in the 2009 Interim Report of the Company, the position of general manager of the Company had been vacant since the beginning of this accounting period until the appointment of Mr. Wu Xuemin, an executive Director of the Company, as general manager of the Company on 3rd August 2009. Since then, the roles of chairman and general manager of the Company have been separately performed by Mr. Yu Rumin (as Acting Chairman) and Mr. Wu Xuemin respectively.

Rule 3.10(1) and Rule 3.21 of the Listing Rules

Mr. Lau Wai Kit resigned as independent non-executive Director and member of the audit committee of the Company with effect from 4th August 2009. During the period following the resignation of Mr. Lau until the appointment of Mr. Mak Kwai Wing as independent non-executive Director and member of the audit committee of the Company on 27th October 2009, the Company had only two independent non-executive directors and two audit committee members, the number of which fell below the minimum number required under Rule 3.10(1) and Rule 3.21 of the Listing Rules. Following the appointment of Mr. Mak Kwai Wing on 27th October 2009, the Company has complied with the requirements of Rules 3.10(1) and 3.21 of the Listing Rules.

AUDIT COMMITTEE

The audit committee currently comprising three independent non executive Directors, namely Mr. Kwong Che Keung, Gordon, Dr. Cheng Hon Kwan and Mr. Mak Kwai Wing, (Mr. Lau Wai Kit resigned as independent non-executive Director on 4th August 2009), was established in 1998. By reference to "A Guide for The Formation of An Audit Committee" published by the HKICPA, written terms of reference which describe the authority and duties of the audit committee were prepared and adopted by the Board of the Company.

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 2009 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 HKICPA 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 as set out in Appendix 10 of the Listing Rules. After having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year 2009.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of the Model Code for senior management and specific individuals who may have access to price sensitive information in relation to the securities of the Company.

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 2009 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 2010.

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

Hong Kong, 9th April 2010

As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zheng Daoquan, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Gong Jing, Mr. Wang Zhiyong, Mr. Cheung Wing Yui, Dr. Eliza Chan Ching Har*, Dr. Cheng Hon Kwan**, Mr. Kwong Che Keung, Gordon** and Mr. Mak Kwai Wing**.*

* *non-executive directors*
** *independent non-executive directors*