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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK$1,633 million, representing an increase of 18% as compared to the first half of 2009.

- Profit attributable to equity holders amounted to approximately HK$905 million (2009: approximately HK$247 million).

- Excluding one-off gain on deemed disposal of interest in a subsidiary of approximately HK$620 million, recurring profit attributable to equity holders amounted to approximately HK$285 million (2009: approximately HK$247 million), representing an increase of 15% as compared to the first half of 2009.

- Basic earnings per share excluding one-off gain increased by 15% to HK26.67 cents.

RESULTS

The board of directors (the "Board") of Tianjin Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010, together with the comparative figures for the corresponding period in 2009, as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	Note	2010 HK$'000	Restated 2009 HK$'000
Continuing operations:			
Revenue	2	**1,632,587**	1,382,636
Cost of sales		**(1,414,669)**	(1,200,274)
Gross profit		**217,918**	182,362
Other income	3	**13,245**	46,959
Other gains, net	4	**18,456**	48,318
Gain on deemed disposal of interest in a subsidiary	11	**620,111**	–
General and administrative expenses		**(140,030)**	(127,367)
Other operating expenses		**(13,393)**	(25,046)
Operating profit	5	**716,307**	125,226
Finance costs	6	**(6,628)**	(9,086)
Share of profits/(losses) of			
Associates		**272,042**	167,191
Jointly controlled entities		**(9,643)**	(1,921)
Profit before tax		**972,078**	281,410
Tax expense	7	**(32,138)**	(23,862)
Profit for the period from continuing operations		**939,940**	257,548
Operation of toll roads:			
(Loss)/profit for the period	10	**(3,599)**	28,639
Port services:			
Loss for the period		**–**	(15,723)
(Loss)/profit for the period from operation of toll roads and port services	2	**(3,599)**	12,916
Profit for the period		**936,341**	270,464
Attributable to:			
Equity holders of the Company		**904,805**	247,017
Non-controlling interests		**31,536**	23,447
		936,341	270,464

	Note	2010 HK cents	Restated 2009 HK cents
Earnings/(losses) per share	*8*		
Basic and diluted			
From continuing operations		**85.05**	21.81
From operation of toll roads and port services		**(0.29)**	1.33
		84.76	23.14
		HK$'000	*HK$'000*
Interim dividend	*9*	**–**	55,508

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2010

	Note	2010 HK$'000	2009 HK$'000
Profit for the period		**936,341**	270,464
Other comprehensive income:			
Currency translation differences		**62,861**	1,264
Release of reserves upon completion of deemed disposal of interest in a subsidiary	*11*	**(367,642)**	–
Release of exchange reserve upon strike off of subsidiaries		**–**	(7,922)
Change in fair value of available-for-sale financial assets		**(163,742)**	132,462
Deferred taxation on fair value change of available-for-sale financial assets		**(8,536)**	–
Share of other comprehensive losses of an associate		**(421)**	–
Total comprehensive income for the period		**458,861**	396,268
Attributable to:			
Equity holders of the Company		**419,925**	369,412
Non-controlling interests		**38,936**	26,856
		458,861	396,268

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2010

	Note	**30 June 2010**	Restated 31 December 2009
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,920,105**	1,910,081
Land use rights		**261,236**	247,526
Interest in associates		**4,692,605**	1,516,634
Interest in jointly controlled entities		**26,264**	35,635
Deferred tax assets		**180,368**	174,988
Available-for-sale financial assets	*12*	**396,212**	558,652
		7,476,790	4,443,516
Current assets			
Inventories		**11,605**	10,413
Amounts due from ultimate holding company		**1,025**	998
Amounts due from related companies		**10,729**	11,865
Amounts due from investee companies		**212,447**	210,516
Trade receivables	*13*	**777,593**	763,608
Other receivables, deposits and prepayments		**169,169**	168,733
Financial assets at fair value through profit or loss		**465,791**	477,495
Restricted bank balance		**–**	27,215
Time deposits with maturity over three months		**525,631**	457,218
Cash and cash equivalents		**2,359,062**	2,320,542
		4,533,052	4,448,603
Assets held for sale – operation of toll roads	*10*	**1,899,294**	1,949,344
Assets relating to port services	*2, 11*	**–**	5,444,791
		6,432,346	11,842,738
Total assets		**13,909,136**	16,286,254

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2010

	Note	**30 June 2010** *HK$'000*	Restated 31 December 2009 *HK$'000*
EQUITY			
Equity holders			
Share capital		**106,747**	106,747
Reserves		**9,147,559**	8,727,634
		9,254,306	8,834,381
Non-controlling interests		**811,705**	1,941,965
Total equity		**10,066,011**	10,776,346
LIABILITIES			
Non-current liabilities			
Borrowings		**1,997,754**	1,997,000
Deferred tax liabilities		**97,345**	88,561
		2,095,099	2,085,561
Current liabilities			
Trade payables	*14*	**301,604**	194,581
Notes payable		**–**	27,215
Other payables and accruals		**855,750**	866,284
Amounts due to related companies		**270,904**	234,849
Amounts due to a non-controlling shareholder		**1,937**	1,258
Borrowings		**107,798**	4,545
Current tax liabilities		**117,247**	86,891
		1,655,240	1,415,623
Liabilities directly associated with assets classified as held for sale – operation of toll roads	*10*	**92,786**	154,708
Liabilities relating to port services	*2, 11*	**–**	1,854,016
		1,748,026	3,424,347
Total liabilities		**3,843,125**	5,509,908
Total equity and liabilities		**13,909,136**	16,286,254
Net current assets		**4,684,320**	8,418,391
Total assets less current liabilities		**12,161,110**	12,861,907

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The unaudited interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited interim financial information should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2009.

Except for described below, the accounting policies adopted are consistent with those used in the audited consolidated annual financial statements for the year ended 31 December 2009.

Adoption of new standards and amendments to existing standards

In 2010, the Group adopted new standards and amendments of Hong Kong Financial Reporting Standards ("HKFRS") below, which are relevant to its operations.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate: Financial Statements
HKFRS 3 (Revised)	Business Combinations
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 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 17 Amendment, "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The accounting for land interest classified as finance lease if the property interest is held for own use, that land interest is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The effect of the adoption of this amendment is as below:

	30 June 2010	31 December 2009
	HK$'000	*HK$'000*
Decrease in leasehold land and land use rights	**264,441**	264,590
Increase in property, plant and equipment	**264,441**	264,590

HKFRS 3 (Revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', are effective prospectively to business combinations for which the transaction date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standards require the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The effect of the adoption of this revised standard is an increase of HK$197 million in gain on deemed disposal of interest in a subsidiary (Note 11).

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 1 July 2010 or later periods, the Group has not early adopted them:

HKFRS 9	Financial Instruments

Annual improvements to HKFRS published in May 2010

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 34 Amendment	Interim Financial Reporting
HKFRS 3 Amendment	Business Combination
HKFRS 7 Amendment	Financial Instruments: Disclosures

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 principal activity of Tianjin Development Holdings Limited (the "Company") is investment holding. The Company and its subsidiaries (together the "Group") is principally engaged in (i) utilities operations including supply of water, electricity and heat and thermal power; (ii) commercial properties, basically hotel operations; and (iii) strategic and other investments including investments in associates of the Group, principally engaged in the production, sale and distribution of winery products, elevators and escalators and provision of port services.

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 customers in the Tianjin Economic-Technological Development Area ("TEDA").

The operation of commercial properties segment derives revenue from the hotels 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 port services is contributed by a listed associate of the Group, Tianjin Port Development Holdings Ltd. ("Tianjin Port"), which provides port services in Tianjin.

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 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 operation of the Jinbin Expressway in Tianjin.

Effective from 1 January 2010, EORR ceased to collect toll fee according to relevant government regulations and the result of Golden Horse was not equity accounted for upon its classification as asset held for sale.

	For the six months ended 30 June 2010							
	Continuing operations							
	Supply of utilities *(note(i))* *HK$'000*	Operation of commercial properties *HK$'000*	Winery *HK$'000*	Port services *(note (ii))* *HK$'000*	Elevator and escalator *HK$'000*	Sub-total *HK$'000*	Operation of toll roads *(note(ii))* *HK$'000*	Total operating segments *HK$'000*
Revenue	**1,594,582**	**38,005**	**–**	**–**	**–**	**1,632,587**	**–**	**1,632,587**
Operating profit/(loss) before interest	**125,722**	**(12,400)**	**–**	**–**	**–**	**113,322**	**(2,995)**	**110,327**
Interest income	**4,343**	**10**	**–**	**–**	**–**	**4,353**	**913**	**5,266**
Finance costs	**(829)**	**(614)**	**–**	**–**	**–**	**(1,443)**	**–**	**(1,443)**
Share of profits of Associates	**–**	**–**	**51,144**	**47,448**	**169,998**	**268,590**	**–**	**268,590**
Profit/(loss) before tax	**129,236**	**(13,004)**	**51,144**	**47,448**	**169,998**	**384,822**	**(2,082)**	**382,740**
Tax (expense)/credit	**(32,740)**	**610**	**–**	**–**	**–**	**(32,130)**	**(1,517)**	**(33,647)**
Profit/(loss) for the period	**96,496**	**(12,394)**	**51,144**	**47,448**	**169,998**	**352,692**	**(3,599)**	**349,093**
Non-controlling interests	**(7,292)**	**3,655**	**–**	**–**	**(29,342)**	**(32,979)**	**479**	**(32,500)**
Profit/(loss) attributable to equity holders	**89,204**	**(8,739)**	**51,144**	**47,448**	**140,656**	**319,713**	**(3,120)**	**316,593**
Operating profit/(loss) before interest includes:								
Depreciation and amortisation	**44,231**	**12,452**	**–**	**–**	**–**	**56,683**	**–**	**56,683**

	For the six months ended 30 June 2009								
	Continuing operations								
	Supply of utilities *(note(i))* *HK$'000*	Operation of commercial properties *HK$'000*	Winery *HK$'000*	Elevator and escalator *HK$'000*	Sub-total *HK$'000*	Operation of toll roads *(note(ii))* *HK$'000*	Port services *(note(ii))* *HK$'000*	Sub-total *HK$'000*	Total operating segments *HK$'000*
Revenue	1,332,397	50,239	–	–	1,382,636	57,512	556,831	614,343	1,996,979
Operating profit/(loss) before interest	109,661	(18,322)	–	–	91,339	34,915	(5,440)	29,475	120,814
Interest income	6,606	61	–	–	6,667	2,352	9,768	12,120	18,787
Finance costs	(2,452)	–	–	–	(2,452)	–	(6,643)	(6,643)	(9,095)
Share of profits/(losses) of									
Associates	–	–	43,384	119,590	162,974	(22)	(1,704)	(1,726)	161,248
Jointly controlled entities	–	–	–	–	–	–	(1,768)	(1,768)	(1,768)
Profit/(loss) before tax	113,815	(18,261)	43,384	119,590	258,528	37,245	(5,787)	31,458	289,986
Tax (expense)/credit	(26,519)	1,205	–	–	(25,314)	(8,606)	(9,936)	(18,542)	(43,856)
Profit/(loss) for the period	87,296	(17,056)	43,384	119,590	233,214	28,639	(15,723)	12,916	246,130
Non-controlling interests	(6,821)	2,613	–	(20,641)	(24,849)	(3,818)	5,049	1,231	(23,618)
Profit/(loss) attributable to equity holders	80,475	(14,443)	43,384	98,949	208,365	24,821	(10,674)	14,147	222,512
Operating profit/(loss) before interest includes:									
Depreciation and amortisation	41,578	17,172	–	–	58,750	–	68,523	68,523	127,273

		Six months ended 30 June	
		2010	2009
	Note	***HK$'000***	*HK$'000*
Reconciliation of profit for the period			
Total operating segments		**349,093**	246,130
Gain on deemed disposal of interest in a subsidiary	*11*	**620,111**	–
Gain on deemed disposal of partial interest in an associate		**–**	28,076
Corporate and others *(note (iii))*		**(32,863)**	(3,742)
Profit for the period		**936,341**	270,464

Notes:

(i) Utility 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 31 December 2010.

Revenue generated from the supply of utilities includes approximately HK$26.8 million (2009: HK$22.5 million), HK$50.6 million (2009: HK$48.8 million) and HK$131.0 million (2009: HK$106.2 million) of quantity-based government supplemental income granted to the Electricity Company, Water Company and Heat & Power Company respectively.

(ii) The results in 2009 related to Tianjin Jinzheng Transportation Development Co., Ltd. ("Jinzheng"), Golden Horse and Tianjian Port have been separately presented from the continuing operation. Upon the completion of the Deemed Disposal of Tianjin Port in 2010 (Note 11), the result of Tianjin Port has been equity accounted for and included in the continuing operation.

(iii) The amounts mainly represent corporate level 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	**Operation of commercial properties**	**Winery**	**Port services *(note(i))***	**Elevator and escalator**	**Operation of toll roads**	**Port services**	**Total operating segments**	**Corporate and others *(note(ii))***	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2010										
Reportable segment assets	**3,429,952**	**1,128,509**	**861,612**	**2,953,428**	**760,651**	**1,899,294**	**–**	**11,033,446**	**2,875,690**	**13,909,136**
Reportable segment liabilities	**1,508,808**	**114,814**	**–**	**–**	**–**	**92,786**	**–**	**1,716,408**	**2,126,717**	**3,843,125**
As at 31 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

Notes:

(i) Reportable segment assets of port services as at 30 June 2010 represents the Group's interest in Tianjin Port as an associate.

(ii) The balances represent assets and liabilities of corporate 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 shown below:

	Revenue Six months ended 30 June 2010 *HK$'000*	Restated 2009 *HK$'000*
PRC mainland	**1,594,926**	1,354,803
Hong Kong	**37,661**	27,833
Continuing operations	**1,632,587**	1,382,636
Operation of toll roads and port services – PRC mainland	**–**	614,343

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

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000*
PRC mainland	**6,315,652**	3,116,144
Hong Kong	**584,558**	593,732
	6,900,210	3,709,876

3. Other income

	Six months ended 30 June 2010 *HK$'000*	Restated 2009 *HK$'000*
Interest income	**11,971**	17,010
Dividend income from investee companies – unlisted	**–**	29,630
Sundries	**1,274**	319
	13,245	46,959

4. Other gains, net

	Six months ended 30 June 2010 *HK$'000*	Restated 2009 *HK$'000*
Financial assets at fair value through profit or loss – fair value (losses)/gains		
– listed (realized and unrealized)	**(3,578)**	1,750
– unlisted (realized)	**7,328**	7,132
Gain on deemed disposal of partial interest in an associate	**–**	28,076
Reversal of over-accrued expenses	**–**	10,161
Net loss on disposal of property, plant and equipment	**(3,316)**	(34)
Net exchange gain/(loss)	**18,022**	(528)
Sundries	**–**	1,761
	18,456	48,318

5. Operating profit

Operating profit is arrived at after charging:

	Six months ended 30 June	
		Restated
	2010	2009
	HK$'000	*HK$'000*
Purchase of electricity, water and steam for sale	**1,223,996**	1,015,776
Depreciation	**58,067**	57,275
Amortization	**843**	3,164
Provision for impairment of trade receivables	**8,037**	6,075
Operating lease expense on		
– Plants, pipelines and networks	**60,009**	50,061
– Land and buildings	**2,736**	4,919
Employee benefit expense (including share option expenses)	**118,919**	112,214

6. Finance costs

	Six months ended 30 June	
		Restated
	2010	2009
	HK$'000	*HK$'000*
Interest expense:		
– bank borrowings	**6,628**	9,086

7. Tax (expense)/credit

	Six months ended 30 June	
		Restated
	2010	2009
	HK$'000	*HK$'000*
Current taxation		
PRC income tax	**(37,505)**	(29,290)
Deferred tax	**5,367**	5,428
	(32,138)	(23,862)

No provision for Hong Kong profits tax has been made as there is no estimated assessable profit for the period for the Group (2009: Nil). Provision for the PRC income tax has been made at the applicable rate of taxation on the estimated assessable profit for the period for each of the Group's subsidiaries.

On 16 March 2007, the National People's Congress of China approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law") which was effective from 1 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, namely Jinzheng, Electricity Company, Water Company and Heat & Power Company, which were previously subject to 15% tax rate, the tax rate will be gradually increased to 25% over a period of five years.

8. Earnings/(losses) per share

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

	Six months ended 30 June			
	2010		Restated 2009	
	Continuing operations	**Result of operation of toll roads**	Continuing operations	Results of operation of toll roads and ports services
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Profit/(loss) attributable to equity holders for the purpose of basic earnings per share	**907,925**	**(3,120)**	232,870	14,147
Number of shares	***Thousand***	***Thousand***	*Thousand*	*Thousand*
Number of shares for the purpose of basic earnings per share	**1,067,470**	**1,067,470**	1,067,470	1,067,470

The share options have no dilutive effect on basic earnings per share for 2009 and 2010.

9. Dividends

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
2009 final, Nil (2008: HK3.0 cents) per share	**–**	32,024
2010 interim, Nil (2009: interim, paid, of HK5.2 cents) per share	**–**	55,508
	–	87,532

10. Operation of toll roads

The assets and liabilities related to Jinzheng have been presented as held for sale as actions had been initiated prior to the end of 2008 to dispose of the Group's interest in Jinzheng, which operates the EORR. The sale and purchase agreement was entered into between a subsidiary of the Group and a connected person of the Company on 23 August 2010 at a consideration of RMB1,198,992,520. The transaction is expected to be completed by end of 2010.

The interest in an associate related to the Jinbin Expressway has been presented as held for sale as actions had been initiated prior to the end of 2009 to dispose of this investment. The transaction is expected to be completed by the end of 2010 or in early 2011.

Financial information of operation of toll roads is as follows:

		Six months ended 30 June	
			Restated
		2010	2009
		HK$'000	*HK$'000*
(i)	*Results*		
	Revenue	**–**	57,512
	Cost of sales	**(225)**	(20,229)
	Gross (loss)/profit	**(225)**	37,283
	Other income	**913**	2,352
	Other losses	**–**	(1)
	General and administrative expenses	**(2,770)**	(2,367)
	Operating (loss)/profit	**(2,082)**	37,267
	Share of losses of associates	**–**	(22)
	(Loss)/profit before tax	**(2,082)**	37,245
	Tax expense	**(1,517)**	(8,606)
	(Loss)/profit for the period	**(3,599)**	28,639
	Attributable to:		
	Equity holders of the Company	**(3,120)**	24,821
	Non-controlling interests	**(479)**	3,818
		(3,599)	28,639

		30 June 2010	31 December 2009
		HK$'000	*HK$'000*
(ii)	*Assets*		
	Property, plant and equipment	**67,855**	67,239
	Toll road operating right	**1,319,130**	1,307,138
	Interest in associates	**156,000**	156,000
	Trade receivables	**47,436**	201,839
	Other receivables, deposits and prepayments	**42,165**	67,236
	Cash and cash equivalents	**266,708**	149,892
	Total assets held for sale	**1,899,294**	1,949,344
(iii)	*Liabilities*		
	Other payables and accruals	**13,715**	76,356
	Deferred tax liabilities	**67,999**	67,381
	Current tax liabilities	**11,072**	10,971
	Total liabilities directly associate with assets held for sale	**92,786**	154,708

11. Deemed disposal of interest in a subsidiary

The acquisition by Tianjin Port, a non-wholly owned subsidiary of the Group, of 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 satisfied as to HK$6,891 million by the issue of the shares of Tianjin Port and as to HK$4,070 million by cash was completed on 4 February 2010.

Upon completion of the acquisition, the Group's interest in Tianjin Port was diluted to 21% from 67.33%. Tianjin Port ceased to be a subsidiary and became an associate of the Group (the "Deemed Disposal of Tianjin Port"). The Group has adopted equity accounting in respect of its interest in Tianjin Port thereafter.

After the completion of Deemed Disposal of Tianjin Port, the Group continues to participate in the business of port services through its 21% equity interest in Tianjin Port, which also constitutes a reportable operating segment of the Group (Note 2).

Details of the gain on the Deemed Disposal of Tianjin Port are as follows:

	HK$'000
Fair value of retained 21% equity interest in Tianjin Port	**2,891,837**
Less:	
Total net assets of Tianjin Port disposed of	**(3,590,775)**
Release of non-controlling interest	**1,176,077**
	(2,414,698)
Additional investment made by the Group by cash to maintain 21% equity interest in Tianjin Port	**(224,670)**
Release of exchange reserve and available-for-sale financial assets reserve	**367,642**
	(2,271,726)
Gain on the Deemed Disposal of Tianjin Port recognized in the income statement *(note)*	**620,111**
Transfer of various reserves mainly statutory reserves and general reserves to retained earnings upon completion of the Deemed Disposal of Tianjin Port	**238,181**

Note:

Analysis of gain on the Deemed Disposal of Tianjin Port:	
Net profit on Deemed Disposal of Tianjin Port	**423,080**
Fair value gain on 21% non-controlling interest retained	**197,031**
Gain on the Deemed Disposal of Tianjin Port recognized in the income statement	**620,111**

12. Available-for-sale financial assets

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000*
Listed *(note (i))*	**253,056**	416,798
Unlisted *(note (ii))*	**143,156**	141,854
	396,212	558,652
Market value of listed shares	**253,056**	416,798

Notes:

(i) Listed shares at 30 June 2010 included approximately HK$253,056,000 (31 December 2009: HK$416,798,000) representing the Group's investment in 8.28% equity interest of Binhai Investment Company Limited which is listed on the Growth Enterprise Market Board of the Stock Exchange of Hong Kong Limited, and the unrealized fair value gain of approximately HK$225,000,000 was recognized in equity.

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

13. Trade receivables

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

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000*
Within 30 days	**456,690**	557,659
31 to 90 days	**30,713**	18,297
91 to 180 days	**24,918**	11,517
Over 180 days	**265,272**	176,135
	777,593	763,608

The various group companies have different credit policies which are dependent on the requirements of the markets and the businesses in which they operate. In general, 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.

As at 30 June 2010, the Group was entitled to government supplemental income of approximately HK$404,901,000 (31 December 2009: HK$416,411,000) 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 finalized by the Finance Bureau after year end. Continuous settlements have been received by the Group in the past years.

14. Trade payables

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

	30 June 2010	31 December 2009
	HK$'000	*HK$'000*
Within 30 days	**49,115**	68,869
31 to 90 days	**80,589**	19,375
91 to 180 days	**74,274**	6,292
Over 180 days	**97,626**	100,045
	301,604	194,581

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Utility Operations

The Group's utility businesses are mainly operating in the Tianjin Economic-Technological Development Area ("TEDA") for supply of electricity, water, heat and thermal power to industrial, commercial and residential customers.

Electricity Operation

Tianjin TEDA Tsinlien Electric Power Company Limited ("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.

For the six months ended 30 June 2010, the electricity operation reported revenue of approximately HK$934.5 million and profit for the period of approximately HK$40.6 million, representing an increase of 23% and 45% respectively over the corresponding period in last year. The surge in profit for the period was mainly driven by the increase of sales. There was steady growth on electricity demand in 2010 compared to the same period in 2009. The total quantity of electricity sold for the period was approximately 1,181,299,000 kWh, representing an increase of 16% over the same period of last year.

Water Operation

Tianjin TEDA Tsinlien Water Supply Company Limited ("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 technical consulting, and retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 400,000 tonnes.

For the period under review, the water operation reported revenue of approximately HK$160.8 million and profit for the period of approximately HK$13.3 million, representing an increase of 9% and a decrease of 51% respectively over the same period of last year. The total quantity of water sold for the period was approximately 22,186,000 tonnes, representing an increase of 4% over the corresponding period last year. The drop in profit for the period was primarily due to the increase of incremental expenditure and depreciation expenses arising from a water purification project which came into operation in first half of 2010.

Heat and Thermal Power Operation

Tianjin TEDA Tsinlien Heat & Power Company Limited ("Heat & Power Company") is principally engaged in the distribution of steam and heating for industrial, commercial and residential customers within the TEDA. The Heat & Power Company has a total of approximately 300 kilometers steam transmission pipelines and more than 60 processing stations in the TEDA, with a daily distribution capacity of 22,200 tonnes of steam.

For the period under review, the heat and thermal power operation reported revenue of approximately HK$499.3 million and profit for the period of approximately HK$42.6 million, representing an increase of 18% and 33% respectively over the corresponding period last year. The surge in profit for the period was driven by increase of sales and effective control of expenses. The total quantity of steam sold for the period was approximately 2,244,000 tonnes, representing an increase of 20% over the same period of last year.

By leveraging on their well-established supply network, management expertise and customer base, Electricity Company, Water Company and Heat & Power Company have been benefiting from the rapid growth in consumption in TEDA. The Group believes that the utility operations will continue to be one of the stable profit contributors.

Commercial Properties Operations

Courtyard by Marriott Hong Kong ("Courtyard Hotel")

Courtyard Hotel, situated in a prime location on the Hong Kong Island, is a 4-star hotel with 245 guest rooms. It is positioned as an ideal lodge for business and leisure travelers. It commenced its operation in April 2008.

For the six months ended 30 June 2010, Courtyard Hotel reported revenue of approximately HK$37.7 million and profit for the period of approximately HK$1.7 million, representing an increase of 36% and 126% respectively over the same period of last year. The good performance was due to Courtyard Hotel's positioning strategy and outstanding services which brought to increase of average occupancy rate and rise of room price in the recovery of the local hospitality market. The average occupancy rate for the period was risen to approximately 76% from 66% in the same period of last year.

Hyatt Regency Tianjin Hotel ("Hyatt Hotel")

Hyatt Hotel, situated in a prime location in the city centre of Tianjin, was a 5-star hotel with 428 guest rooms. The Group acquired Hyatt Hotel in March 2008 and has 75% of its interest. Hyatt Hotel was closed in mid-July 2009 in preparation of a major renovation.

For the period under review, Hyatt Hotel recorded loss of approximately HK$14.1 million including mainly the expenses incurred and disposal loss of equipments during the renovation preparation period.

Strategic and Other Investments

Winery Operation

During the period under review, sales volume of Dynasty Fine Wines Group Limited ("Dynasty") (stock code: 828) increased by 18% to approximately 32.1 million bottles. Red wine accounted for approximately 84% of total sales revenue. The revenue and profit attributable to the equity holders of Dynasty amounted to approximately HK$784.8 million and HK$114.1 million respectively, representing an increase of 14% and 18% over the same period of last year. The satisfactory performance was mainly attributable to growth in sales volume driven by the expansion of distribution network and effective promotion strategies.

Dynasty contributed to the Group a profit of approximately HK$51.1 million in the first half of 2010, representing an increase of 18% over the same period of last year.

Port Services

Tianjin Port Development Holdings Limited ("Tianjin Port") (stock code: 3382) ceased to be a subsidiary and became an associate of the Group since 4 February 2010 when the acquisition of 56.81% interest in the registered share capital of Tianjin Port Holdings Limited ("TPH"), a company listed on the Shanghai Stock Exchange (stock code: 600717) was completed. Since then the Group's interest in Tianjin Port was diluted to 21% from 67.33% and the Group will adopt equity accounting in respect of its interest in Tianjin Port.

During the period under review, the revenue and profit attributable to the equity holders of Tianjin Port amounted to approximately HK$7,046 million and HK$271.1 million respectively. The satisfactory performance was mainly attributable to synergies achieved from the sizable expansion of operating scale and optimization of business structure, and the steady growth of cargo and container handling business.

Tianjin Port contributed to the Group a profit of approximately HK$47.4 million in the first half of 2010, representing an increase of 402% over the same period of last year.

The Group recognised a gain of approximately HK$620 million in the first half of 2010 arising from deconsolidation of Tianjin Port and recognition of the related fair value gain of the retained non-controlling interest.

Elevator and Escalator Operation

Otis Elevator (China) Investment Company Limited ("Otis China"), an associate of the Group, has continuously recorded satisfactory results during the period under review. The revenue of Otis China for the first half of 2010 amounted to approximately HK$6,032 million, representing a 24% increase over the same period in 2009.

For the six months ended 30 June 2010, the profit contribution of Otis China (after non-controlling interests) amounted to approximately HK$140.7 million, representing a 42% increase over the same period of last year. The growth was primarily driven by the increase of sales. The Group believes that the investment in Otis China will continue to bring in satisfactory earnings in the future.

Road Operation

For the period under review, Eastern Outer Ring Road ("EORR") did not generate any toll revenue due to the notice of suspension levy of vehicle passing fee (關於停止徵收道路建設車輛通行費的公告) which was issued by Tianjin Road Construction and Vehicle Passing Levy Office (天津市人民政府道路建設車輛通行徵收辦公室) on 31 December 2009 and took effect on 1 January 2010, and reported loss for the period of approximately HK$3.6 million. The loss was mainly due to the expenditure and tax incurred during the period.

On 23 August 2010, the sale and purchase agreement (the "Agreement") was entered into between Wintel Knight Holdings Limited, a wholly-owned subsidiary of the Group and Eastern Outer Ring Road Company Limited ("EORR Company"), a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), to sell all the Group's 83.9308% equity interest in Jinzheng to EORR Company (the "Disposal") at a consideration of RMB1,198,992,520. The Disposal constitutes a major and connected transaction and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Completion of the Disposal shall be conditional upon the conditions contained in the Agreement. The Agreement shall only become effective after the same be approved by State-owned Assets Supervision and Administration Commission of Tianjin Municipal Government and other relevant PRC government authorities.

Details of the Disposal can be referred to the announcement of the Company dated 23 August 2010.

The interest in an associate related 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 by end of 2010 or in early 2011.

Investment in Binhai Investment Company Limited ("Binhai Investment")

The Group now has 8.28% interest in Binhai Investment (stock code: 8035) and the investment was reclassified as available-for-sale financial assets at the carrying value of approximately HK$28 million at the interim period of 2009. As at 30 June 2010, the market value of the Group's investment in Binhai Investment amounted to approximately HK$253 million and the unrealized fair value gain of approximately HK$225 million was recognized in equity.

OUTLOOK

Despite the continuing volatility of the overseas markets, the Company's various businesses have reported solid improvements and results. Under the support of the policies and measures implemented by the Central Government, China's economy will continue to maintain a stable and healthy development. The Company will continue to focus its efforts on the implementation of restructuring, grasp the investment opportunities to expand core businesses, and complete the projects as scheduled.

While striving to achieve sustainable growth, the Company will continue to adhere to the principle of prudent financial management by maintaining an ample capital liquidity and to lay down a solid development foundation. We are optimistic and confident of the future of the Company.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2010, the Group's total cash on hand and total bank borrowings were at approximately HK$3,151 million and approximately HK$2,106 million respectively (31 December 2009: HK$3,662 million and HK$3,351 million respectively) of which approximately HK$107.8 million bank borrowings will be matured within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 23% and 38% as at 30 June 2010 and 31 December 2009 respectively.

Of the total HK$2,106 million bank borrowings outstanding at 30 June 2010, HK$1,997.8 million were subject to floating rates with spread of 0.47% over HIBOR of relevant interest periods. The remaining HK$107.8 million of bank borrowing was fixed rate debt with annual interest rate of 5.31%.

As at 30 June 2010, 95% (31 December 2009: 96%) of the Group's total bank borrowings was denominated in HK dollars, 5% (31 December 2009: 1%) was denominated in Renminbi, 0% (31 December 2009: 3%) was denominated in US dollars.

For the period 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 total of approximately 1,200 employees at the end of the period, of which approximately 180 and 390 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.

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 period.

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 of the Listing Rules throughout the period, except for the following deviation:

NON-COMPLIANCE WITH RULE 3.10(1) AND RULE 3.21 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 26 May 2010 in relation to the retirement of Mr. Kwong Che Keung, Gordon, an independent non-executive director and a member of the audit committee of the Company. Following Mr. Kwong's retirement, the Company has only two independent non-executive directors and two audit committee members, the number of which falls below the minimum number required under the Rules 3.10(1) and 3.21 of the Listing Rules.

On 28 July 2010, Ms. Ng Yi Kum, Estella was appointed as independent non-executive director and chairman of the audit committee of the Company to fill up such vacancy. Following the appointment of Ms. Ng, the Company has complied with the requirement of a minimum number of independent non-executive directors and audit committee members under Rules 3.10(1) and 3.21 of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

At the request of the Audit Committee of the Company, the Group's auditor has carried out a review of the unaudited interim financial information in accordance with Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited interim financial information.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTOR OF LISTED ISSUERS (THE "MODEL CODE") OF THE LISTING RULES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's codes of conduct governing dealings by all directors in the securities of the Company. Having made specific enquiries with the directors, all the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the period.

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.

INTERIM DIVIDEND

No interim dividend is recommended by the Board.

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

Hong Kong, 27 August 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. Mak Kwai Wing** and Ms. Ng Yi Kum, Estella**.*

* *non-executive director*
** *independent non-executive director*