



天津港發展控股有限公司
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03382



STABLE GROWTH
SHAPING FUTURE

INTERIM REPORT 2013

Beijing ●

Tianjin ●



Corporate Profile



Tianjin Port Development Holdings Limited (the “Company”) was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 24 May 2006 (Stock Code: 03382).

The Company, together with its subsidiaries (collectively known as the “Group”), first operated as a non-containerised cargo terminal at the port of Tianjin in 1968 and subsequently expanded into the container handling business in 1980. In February 2010, the Group completed the acquisition of 56.81% equity interest in Tianjin Port Holdings Co., Ltd. (“Tianjin Port Co”) and had become the largest single-location port operator listed in Hong Kong. Today, the Group is the leading port operator at the port of Tianjin and is principally engaged in container and non-containerised cargo handling businesses, sales business and port ancillary services businesses.

The port of Tianjin is at the prime geographical location situated at the centre of the Bohai Rim Region with vast hinterland, and is the logistics hub of Tianjin Binhai New Area. In the first half of 2013, the port of Tianjin was the third largest port in terms of total cargo throughput and the sixth in terms of total container throughput in China.

Under the “Twelfth Five-Year Plan”, the port of Tianjin will actively promote the development of Dongjiang Bonded Free Port to free trade port area, strive to become the core strategic enterprise in Tianjin City and benefit continuously from the future economic development in the hinterland of North and Northwest China.



 Operated by Tianjin Port Development
 Operated by Tianjin Port Co

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Financial Highlights

HK\$ million	For the six months ended	
	30 June	
	2013	2012
Total throughput		
Non-containerised cargo (million tonnes)	127.35	124.91
Container (million TEUs)	6.51	5.86
Revenue	9,927	8,015
Operating profit	1,228	1,099
Profit attributable to equity holders of the Company	425	371
Basic earnings per share (HK cents)	6.9	6.0
Net cash inflow from operations	961	1,179

HK\$ million	As at	As at
	30 June	31 December
	2013	2012
Equity attributable to equity holders of the Company	10,937	10,472
Non-controlling interests	11,551	11,189
Total equity	22,488	21,661
Total assets	41,392	37,241
Consolidated borrowings	12,997	10,562
Financial ratios		
Gearing ratio (<i>Note</i>)	57.8%	48.8%
Current ratio	1.5	1.3
Net assets per share – book value (HK\$)	1.8	1.7

Note: Gearing ratio represents the ratio of consolidated borrowings to total equity.



Review of Operations and Results

INTERIM RESULTS

For the first half of 2013, the Group achieved a total cargo throughput of 203.46 million tonnes, an increase of 7.8% over the corresponding period of last year, of which container throughput rose by 11.1% to 6.51 million TEUs. During the period under review, profit attributable to the shareholders of the Company amounted to HK\$424.7 million.

REVIEW OF OPERATIONS

Revenue

The consolidated revenue for the first half of 2013 was HK\$9,927.0 million, representing an increase of 23.9% from the corresponding period of last year. An analysis of revenue by segment is as follows:

Type of business	First half of 2013 HK\$ million	Revenue		
		First half of 2012 HK\$ million	Amount of change HK\$ million	Percentage of change
Non-containerised cargo handling business	2,434.6	2,435.0	-0.4	-
Container handling business	872.4	916.4	-44.0	-4.8%
Sales business	5,308.8	3,471.5	1,837.3	52.9%
Other port ancillary services business	1,311.2	1,191.9	119.3	10.0%
Total	9,927.0	8,014.8	1,912.2	23.9%

Non-containerised Cargo Handling Business

In the first half of 2013, the Group achieved total non-containerised cargo throughput of 127.35 million tonnes, representing an increase of 2.0% from the corresponding period of last year, of which throughput of the subsidiary terminals grew by 1.8% whereas throughput of the jointly controlled and affiliated terminals increased by 2.8%.

Nature of terminal	Non-containerised cargo throughput			
	First half of 2013 million tonnes	First half of 2012 million tonnes	Amount of change million tonnes	Percentage of change
Subsidiary terminals	106.31	104.45	1.86	1.8%
Jointly controlled and affiliated terminals	21.04	20.46	0.58	2.8%
Total	127.35	124.91	2.44	2.0%

In terms of total throughput, metal ore handling grew by 20.5% to 52.95 million tonnes while crude oil handling decreased by 10.0% to 9.27 million tonnes and automobiles handling decreased by 0.8% to 12.59 million tonnes. Due to the weakened demand of coal as a result of the slowdown of the economic growth in China, throughput of coal handling slipped by 15.1% to 33.78 million tonnes.

The blended average unit price for the first half of 2013 was affected by the implementation of the value added tax reform program in which value added tax was levied in lieu of business tax (the "VAT Reform") in Tianjin since the end of 2012. The change in cargo mix improved the blended average unit price, partly offset the impact of the VAT Reform. On a consolidated basis, the blended average unit price of the non-containerised cargo handling business for the first half of 2013 was HK\$22.9 per tonne, a slight decrease of HK\$0.4 or 1.7% from the corresponding period of last year. Consolidated revenue from the non-containerised cargo handling business amounted to HK\$2,434.6 million, on par with the same period of last year.



Container Handling Business

Currently, the Group operates all the container handling businesses at the port of Tianjin. In the first half of 2013, the Group achieved total container throughput of 6.51 million TEUs, representing an increase of 11.1% from the corresponding period of last year, of which throughput of the subsidiary terminals grew by 10.1% and throughput of the jointly controlled and affiliated terminals increased by 12.1%.

Nature of terminal	First half of 2013 '000 TEUs	Container throughput		
		First half of 2012 '000 TEUs	Amount of change '000 TEUs	Percentage of change
Subsidiary terminals	3,229	2,934	295	10.1%
Jointly controlled and affiliated terminals	3,279	2,925	354	12.1%
Total	6,508	5,859	649	11.1%

In the first half of 2013, the consolidated blended average unit price decreased by 13.5% to HK\$270.2 per TEU which was due to the increase in the proportion of domestic trade container throughput, and the VAT Reform was also one of the factors which led to the decrease in unit price. The consolidated revenue from the container handling business was HK\$872.4 million, a decrease of 4.8% over the corresponding period of last year.



Sales Business

The Group's sales business mainly engaged in the supply of fuel to the inbound vessels and the sales of materials. In the first half of 2013, the sales business segment reported consolidated revenue of HK\$5,308.8 million, an increase of 52.9% over the corresponding period of last year. The increase in sales volume has brought the increase in the overall sales revenue.

Other Port Ancillary Services Business

Other port ancillary services of the Group mainly include tugboat services, agency services and other services. The Group's persistent growth in throughput brought overall growth in the other port ancillary services segment. In the first half of 2013, shipping agency grew by 3.8% to 8,830 vessel calls; tallying services grew by 5.8% to 58.76 million tonnes of cargoes. Tugboat services, on the other hand, decreased by 0.6% to 25,305 vessel calls and cargo agency decreased by 13.4% to 36.68 million tonnes of cargoes. Consolidated revenue from other port ancillary services business was HK\$1,311.2 million, an increase of 10.0% over the same period of last year.

Costs

During the period under review, cost of sales of the Group amounted to HK\$7,956.6 million, representing an increase of 33.3% from the corresponding period of last year. Cost of cargo handling business was HK\$1,855.6 million, representing an increase of 5.2% over the same period of last year, primarily due to the increase in direct costs of cargo handling business such as labour costs and cargo reconfiguration costs as a result of the growth in cargo throughput. Cost of sales business amounted to HK\$5,252.0 million, representing an increase of 51.3% over the corresponding period of last year, mainly due to an increase in the sales volume which led to the increase in the costs of goods sold.

Administrative expenses for the period under review increased by 2.1% to HK\$875.3 million. Staff cost is the key component of the administrative expenses. The Group will continue to take effective measures in cost control and management. In addition to the maintaining of prudent human resources policies which include the outsourcing of its non-core functions so as to maintain an optimal labour force, the Group will carry out technology innovation and operational optimisation measures with an aim of reducing energy consumption and the operating costs of the Group as a whole.

Review of Operations and Results

OUTLOOK AND PROSPECTS

In the first half of 2013, economic trend was diversified among the countries. US economy experienced a marginal growth but remained weak; Eurozone was still in recession; and China economy showed a slowing-down growth rate. Nevertheless, world economy generally exhibited a minor recovery. The Group maintained a steady growth in cargo handling business in the first half of 2013.

Looking forward to the second half of 2013, the world economy is still uncertain, China's economy growth remains challenging. Being the largest comprehensive port in North China, the port of Tianjin will further enhance port functions and extend its economic hinterlands. The Group will actively participate in the overall development of the port of Tianjin and seize the opportunities coming with the development of Binhai New Area in Tianjin. Meanwhile, we will continue to realign our business structure, further enhance port functions and optimise service quality and efficiency so as to maximise our cost-effectiveness and to bring better returns for our shareholders.

FINANCIAL REVIEW

Capital Structure

The capital and reserves attributable to equity holders of the Company as at 30 June 2013 were HK\$10,936.9 million.

As at 30 June 2013, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK\$6,219.6 million (at the closing market price of the shares of the Company (the "Shares") of HK\$1.01 per share on 30 June 2013).

Cash Flow

For the six months ended 30 June 2013, the net cash inflow of the Group amounted to HK\$1,288.5 million.

The net cash inflow from operating activities amounted to HK\$961.5 million, representing a decrease of HK\$217.4 million or 18.4% over the same period of last year which was mainly due to the increase of HK\$192.8 million in restricted bank deposits.

The net cash outflow in investing activities amounted to HK\$1,573.6 million, mainly used for capital expenditure.

The net cash inflow from financing activities amounted to HK\$1,900.6 million, which was mainly due to the issue of medium-term notes of HK\$2,510.7 million. In addition, it also included the capital contribution of HK\$131.5 million from the non-controlling shareholders of subsidiaries, the payment of dividends and interest expenses of HK\$545.6 million and a decrease of HK\$196.0 million in net loans.

Review of Operations and Results

Liquidity and Financial Resources

As at 30 June 2013, the Group's cash and deposits (including restricted deposits) were HK\$7,166.5 million (31 December 2012: HK\$5,585.8 million) and principally denominated in Renminbi ("RMB"). The Group's total borrowings as at 30 June 2013 were HK\$12,996.8 million (31 December 2012: HK\$10,562.0 million), with HK\$2,510.2 million repayable within one year, HK\$8,191.7 million repayable after one year and within five years and HK\$2,294.9 million repayable over five years. The borrowings of the Group are denominated in Hong Kong dollars ("HK\$"), US dollars ("US\$") and RMB. About 69% of the Group's borrowings bore interest at floating rate while 31% were at fixed interest rate.

In the first half of 2013, a subsidiary of the Group issued medium-term notes in an aggregate principal amount of RMB2.0 billion (equivalent to approximately HK\$2.5 billion) in four tranches for a term of 5 years. The first and second tranches of medium-term notes with the principal amount of RMB1.0 billion are repayable on 31 January 2018 and bear fixed interest rate at 4.98% per annum. The third and fourth tranches of medium-term notes with the principal amount of RMB1.0 billion are repayable on 20 June 2018 and bear fixed interest rate at 4.83% per annum.

During the period under review, the Group's interest expenses (including capitalised interest) amounted to HK\$334.3 million, representing an increase of 67.4% over the corresponding period of last year, mainly due to the increase in borrowings and borrowing interest rates.

As at 30 June 2013, the gearing ratio (ratio of total borrowings to total equity) and current ratio (ratio of current assets to current liabilities) of the Group were 57.8% (31 December 2012: 48.8%) and 1.5 (31 December 2012: 1.3) respectively. As at 30 June 2013, none of the Group's assets were pledged.

Financial Management and Policy

The Group's head office in Hong Kong is responsible for the financial risk management and the finance department is responsible for the daily management of the Group. One of the major objectives of the Group's treasury is to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. It is the Group's policy not to engage in speculative activities.

As at 30 June 2013, most of the Group's assets and liabilities were denominated in RMB except for certain HK\$ and US\$ bank borrowings. During the period under review, the Group recorded an exchange gain of HK\$71.5 million. The Group assesses its foreign exchange rates and interest rate risks exposure from time to time. During the period under review, no hedging arrangement was entered into in respect of foreign currency investment.

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2013.

Review of Operations and Results

SIGNIFICANT INVESTMENTS

As at 30 June 2013, significant planned capital expenditure or capital commitments of the Group were as follows:

1. Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd., a subsidiary of the Group, invests in the depot expansion project of Tianjin Port Yuanhang Bulk Cargo Terminal. Total investment of the project amounts to RMB1.5 billion (equivalent to approximately HK\$1.9 billion). As at 30 June 2013, the total costs paid were RMB853.0 million (equivalent to approximately HK\$1,070.8 million).
2. Tianjin Port Yuanhang International Ore Terminal Co., Ltd., a subsidiary of the Group, invests in the construction project of specialised ore terminals at Tianjin Port Nanjiang berth no. 26. Total investment of the construction project amounts to RMB3.0 billion (equivalent to approximately HK\$3.8 billion). As at 30 June 2013, the total costs paid were RMB1.4 billion (equivalent to approximately HK\$1.7 billion).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2013.

GOING CONCERN

On the basis of current financial projections and facilities available, the Group has adequate financial resources to continue its operation in the foreseeable future. Accordingly, the Group continues to prepare its financial statements on a going concern basis.

EMPLOYEES

As at 30 June 2013, the Group had approximately 11,300 employees. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends. The remuneration policies are also regularly reviewed by the Group. Incentives of the management's remuneration package are paid in form of cash bonuses as well as share options.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to a team of dedicated staff for their unfailing service and to our shareholders for their continuous support to the Group.

By order of the Board

YU Rumin

Chairman

Hong Kong, 28 August 2013

Report on Review of Interim Financial Information



羅兵咸永道

To the board of directors of Tianjin Port Development Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 12 to 32, which comprises the interim condensed consolidated balance sheet of Tianjin Port Development Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 August 2013

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Condensed Consolidated Income Statement

For the six months ended 30 June 2013

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2013	2012
		HK\$'000	HK\$'000
Revenue	5	9,927,039	8,014,844
Business tax and surcharge		(29,643)	(150,758)
Cost of sales		(7,956,601)	(5,970,734)
		<hr/>	<hr/>
Gross profit		1,940,795	1,893,352
Other income and gains	6	168,077	65,647
Administrative expenses		(875,270)	(857,614)
Other operating expenses		(5,368)	(2,634)
		<hr/>	<hr/>
Operating profit		1,228,234	1,098,751
Finance costs	7	(218,584)	(198,722)
Share of results of associates		154,985	120,477
Share of results of joint ventures		44,134	50,335
		<hr/>	<hr/>
Profit before income tax	8	1,208,769	1,070,841
Income tax	9	(231,656)	(193,602)
		<hr/>	<hr/>
Profit for the period		977,113	877,239
		<hr/>	<hr/>
Attributable to:			
Equity holders of the Company		424,652	370,949
Non-controlling interests		552,461	506,290
		<hr/>	<hr/>
		977,113	877,239
		<hr/>	<hr/>
Earnings per share	11		
Basic (HK cents)		6.9	6.0
		<hr/>	<hr/>
Diluted (HK cents)		6.9	6.0
		<hr/>	<hr/>

The notes on pages 18 to 32 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Profit for the period	977,113	877,239
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	(49,855)	48,929
Currency translation differences	396,012	(27,207)
Other comprehensive income for the period, net of tax	346,157	21,722
Total comprehensive income for the period	1,323,270	898,961
Total comprehensive income for the period attributable to:		
Equity holders of the Company	600,048	370,645
Non-controlling interests	723,222	528,316
	1,323,270	898,961

The notes on pages 18 to 32 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Balance Sheet

As at 30 June 2013

	Note	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
ASSETS			
Non-current assets			
Land use rights		5,138,403	5,109,441
Property, plant and equipment	12	18,886,931	17,079,593
Intangible assets		33,541	38,644
Interests in associates		2,506,479	2,367,092
Interests in joint ventures		2,322,820	2,133,705
Available-for-sale financial assets		328,765	438,690
Deferred income tax assets		172,105	162,068
		<u>29,389,044</u>	<u>27,329,233</u>
Current assets			
Inventories		429,372	420,786
Trade and other receivables	13	4,406,581	3,904,937
Restricted bank deposits		514,687	321,840
Cash and cash equivalents		6,651,842	5,263,950
		<u>12,002,482</u>	<u>9,911,513</u>
Total assets		<u>41,391,526</u>	<u>37,240,746</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	615,800	615,800
Other reserves	15	5,396,383	5,355,847
Retained earnings		4,924,763	4,500,111
		<u>10,936,946</u>	<u>10,471,758</u>
Non-controlling interests		<u>11,551,339</u>	<u>11,189,020</u>
Total equity		<u>22,488,285</u>	<u>21,660,778</u>

The notes on pages 18 to 32 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Balance Sheet

As at 30 June 2013

	Note	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	10,486,631	7,812,791
Deferred income tax liabilities		212,950	218,465
Other long-term liabilities		1,037	1,019
		10,700,618	8,032,275
Current liabilities			
Trade and other payables	17	5,557,224	4,708,965
Current income tax liabilities		135,196	89,484
Borrowings	16	2,510,203	2,749,244
		8,202,623	7,547,693
Total liabilities		18,903,241	15,579,968
Total equity and liabilities		41,391,526	37,240,746
Net current assets		3,799,859	2,363,820
Total assets less current liabilities		33,188,903	29,693,053

The notes on pages 18 to 32 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Unaudited					
	Attributable to equity holders of the Company				Non- controlling interests	Total
	Share capital	Other reserves	Retained earnings	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2012	615,800	5,349,301	4,030,926	9,996,027	10,011,663	20,007,690
Total comprehensive income for the period	-	(304)	370,949	370,645	528,316	898,961
Dividends	-	(137,323)	-	(137,323)	(329,694)	(467,017)
Capital contributions from non-controlling interests	-	-	-	-	281,067	281,067
Acquisition of additional interest in a subsidiary	-	6	-	6	(2,968)	(2,962)
Disposal of interests in subsidiaries with loss of control	-	-	-	-	(4,232)	(4,232)
Balance at 30 June 2012	<u>615,800</u>	<u>5,211,680</u>	<u>4,401,875</u>	<u>10,229,355</u>	<u>10,484,152</u>	<u>20,713,507</u>
Balance at 1 January 2013	615,800	5,355,847	4,500,111	10,471,758	11,189,020	21,660,778
Total comprehensive income for the period	-	175,396	424,652	600,048	723,222	1,323,270
Dividends	-	(134,860)	-	(134,860)	(492,379)	(627,239)
Capital contributions from non-controlling interests	-	-	-	-	131,476	131,476
Balance at 30 June 2013	<u>615,800</u>	<u>5,396,383</u>	<u>4,924,763</u>	<u>10,936,946</u>	<u>11,551,339</u>	<u>22,488,285</u>

The notes on pages 18 to 32 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Net cash from operating activities	961,492	1,178,916
Net cash used in investing activities	(1,573,635)	(1,045,083)
Net cash from/(used in) financing activities	1,900,660	(487,501)
Net increase/(decrease) in cash and cash equivalents	1,288,517	(353,668)
Cash and cash equivalents at 1 January	5,263,950	4,575,156
Effects of changes in exchange rates	99,375	(1,033)
Cash and cash equivalents at 30 June	6,651,842	4,220,455

The notes on pages 18 to 32 form an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

1. GENERAL INFORMATION

Tianjin Port Development Holdings Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its principal address is Suite 3904-3907, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in the provision of containerised and non-containerised cargo handling services, sales and other port ancillary services at the port of Tianjin in the People’s Republic of China (the “PRC”).

The condensed consolidated interim financial statements for the six months ended 30 June 2013 were approved by the board of directors of the Company (the “Board”) on 28 August 2013.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

- (a) The Group has adopted the following standards, amendments and interpretation for the accounting period beginning 1 January 2013:

<i>HKFRSs (Amendments)</i>	<i>Annual Improvements to HKFRSs 2009-2011 Cycle</i>
<i>HKAS 1 (Amendment)</i>	<i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
<i>HKAS 19 (2011)</i>	<i>Employee Benefits</i>
<i>HKAS 27 (2011)</i>	<i>Separate Financial Statements</i>
<i>HKAS 28 (2011)</i>	<i>Investments in Associates and Joint Ventures</i>
<i>HKFRS 7 (Amendment)</i>	<i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
<i>HKFRS 10</i>	<i>Consolidated Financial Statements</i>
<i>HKFRS 11</i>	<i>Joint Arrangements</i>
<i>HKFRS 12</i>	<i>Disclosure of Interests in Other Entities</i>
<i>HKFRS 10 (Amendment), HKFRS 11 (Amendment) and HKFRS 12 (Amendment)</i>	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>
<i>HKFRS 13</i>	<i>Fair Value Measurement</i>
<i>HK(IFRIC) – Int 20</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i>

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- (b) The following new standard, amendments and interpretation which have been issued but are not yet effective have not been early adopted by the Group:

<i>HKAS 32 (Amendment)</i>	<i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities¹</i>
<i>HKAS 36 (Amendment)</i>	<i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets¹</i>
<i>HKAS 39 (Amendment)</i>	<i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting¹</i>
<i>HKFRS 9</i>	<i>Financial Instruments²</i>
<i>HKFRS 7 (Amendment) and HKFRS 9 (Amendment)</i>	<i>Financial Instruments: Disclosures and Financial Instruments – Mandatory Effective Date of HKFRS 9 and Transition Disclosures²</i>
<i>HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 27 (2011) (Amendment)</i>	<i>Investment Entities¹</i>
<i>HK(IFRIC) – Int 21</i>	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new standard, amendments and interpretation on the financial statements of the Group in the initial application.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

Compared to 31 December 2012, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.2 Fair value estimation

Financial instruments that are measured at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 30 June 2013, the listed equity securities with the fair value of HK\$254 million (31 December 2012: HK\$316 million) classified as available-for-sale financial assets are included in level 1 and measured by the quoted bid prices in active markets.

For the six months ended 30 June 2013, there were no transfers of financial instruments of the Group between different levels of the fair value hierarchy.

For the six months ended 30 June 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2013, there were no reclassifications of financial assets of the Group.

4.3 Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of financial assets, including trade and other receivables, restricted bank deposits, cash and cash equivalents and loan to a joint venture, and financial liabilities, including trade and other payables and borrowings, approximate their fair values.

5. SEGMENT INFORMATION

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

Principal activities of the three reportable segments are as follows:

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

5. SEGMENT INFORMATION *(continued)*

The segment information for the reportable segments is as follows:

	Unaudited			Total HK\$'000
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	
Six months ended 30 June 2013				
Total segment revenue	3,307,038	5,810,724	1,612,093	10,729,855
Inter-segment revenue	–	(501,918)	(300,898)	(802,816)
Revenue from external customers	<u>3,307,038</u>	<u>5,308,806</u>	<u>1,311,195</u>	<u>9,927,039</u>
Segment results	<u>1,451,468</u>	<u>56,818</u>	<u>462,152</u>	<u>1,970,438</u>
Business tax and surcharge				(29,643)
Other income and gains				168,077
Administrative expenses				(875,270)
Other operating expenses				(5,368)
Finance costs				(218,584)
Share of results of associates				154,985
Share of results of joint ventures				44,134
Profit before income tax				<u>1,208,769</u>

	Unaudited			Total HK\$'000
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	
Six months ended 30 June 2012				
Total segment revenue	3,351,419	3,832,807	1,442,173	8,626,399
Inter-segment revenue	–	(361,257)	(250,298)	(611,555)
Revenue from external customers	<u>3,351,419</u>	<u>3,471,550</u>	<u>1,191,875</u>	<u>8,014,844</u>
Segment results	<u>1,586,985</u>	<u>(482)</u>	<u>457,607</u>	<u>2,044,110</u>
Business tax and surcharge				(150,758)
Other income and gains				65,647
Administrative expenses				(857,614)
Other operating expenses				(2,634)
Finance costs				(198,722)
Share of results of associates				120,477
Share of results of joint ventures				50,335
Profit before income tax				<u>1,070,841</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

6. OTHER INCOME AND GAINS

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Exchange gain, net	71,467	1,645
Interest income		
– from deposits	46,059	34,884
– from loan to a joint venture	–	1,973
Dividend income from available-for-sale financial assets		
– listed investments	2,690	–
– unlisted investments	984	2,579
Gain on disposal of available-for-sale financial assets	14,500	–
Government subsidies	29,363	22,732
Others	3,014	1,834
	168,077	65,647

7. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Interest expenses on borrowings	334,267	199,659
Less: Amount capitalised in construction in progress	(115,683)	(937)
	218,584	198,722

8. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Cost of goods sold	5,222,053	3,438,225
Depreciation of property, plant and equipment	463,301	446,269
Amortisation of land use rights	62,221	56,016
Amortisation of intangible assets	5,927	4,832
Loss on disposal of property, plant and equipment	924	1,240

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

9. INCOME TAX

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
PRC income tax		
– Current	231,084	189,235
– Deferred	572	4,367
	<u>231,656</u>	<u>193,602</u>

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits arising in or derived from Hong Kong for the period (2012: nil).

Provision for the PRC income tax has been calculated based on the estimated assessable profit for the period at the prevailing income tax rates applicable to the subsidiaries located in the PRC.

10. DIVIDENDS

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
2012 final dividend: HK2.19 cents (2012: 2011 final dividend of HK2.23 cents) per ordinary share	<u>134,860</u>	<u>137,323</u>
Declared 2013 interim dividend: nil (2012: HK2.40 cents per ordinary share)	<u>–</u>	<u>147,792</u>

At a meeting held on 26 March 2013, the Board recommended the payment of a final dividend of HK2.19 cents per ordinary share for the year ended 31 December 2012. The final dividend, which was approved at the annual general meeting of the Company held on 30 May 2013, was paid on 8 July 2013.

The Board resolved not to pay an interim dividend for the six months ended 30 June 2013 (2012: HK2.40 cents per ordinary share).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

13. TRADE AND OTHER RECEIVABLES

In general, the Group grants a credit period of about 30 to 180 days to its trade customers. Included in trade and other receivables of HK\$4,407 million (31 December 2012: HK\$3,905 million) are trade and bank notes receivables (net of provision for impairment) of HK\$3,204 million (31 December 2012: HK\$3,041 million), the ageing analysis of which is as follows:

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
0 – 90 days	2,963,851	2,646,210
91 – 180 days	198,390	130,239
Over 180 days	41,909	264,357
	<u>3,204,150</u>	<u>3,040,806</u>

14. SHARE CAPITAL

Ordinary shares of HK\$0.10 each:

Authorised:

At 30 June 2013 and 31 December 2012

Issued and fully paid:

At 30 June 2013 and 31 December 2012

	Number of shares	HK\$'000
	<u>12,000,000,000</u>	<u>1,200,000</u>
	<u>6,158,000,000</u>	<u>615,800</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

15. OTHER RESERVES

	Unaudited							Total HK\$'000
	Share premium HK\$'000 (Note i)	Merger reserve HK\$'000	Revaluation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserves HK\$'000 (Note ii)	Others HK\$'000	
Balance at 1 January 2012	11,992,444	(9,111,447)	67,120	18,892	1,284,369	819,137	278,786	5,349,301
Total comprehensive income for the period	-	-	13,197	-	(13,501)	-	-	(304)
Dividend	(137,323)	-	-	-	-	-	-	(137,323)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	6	6
Balance at 30 June 2012	<u>11,855,121</u>	<u>(9,111,447)</u>	<u>80,317</u>	<u>18,892</u>	<u>1,270,868</u>	<u>819,137</u>	<u>278,792</u>	<u>5,211,680</u>
Balance at 1 January 2013	11,855,121	(9,111,447)	77,227	21,732	1,326,362	907,954	278,898	5,355,847
Total comprehensive income for the period	-	-	(16,203)	-	191,599	-	-	175,396
Dividend	<u>(134,860)</u>	-	-	-	-	-	-	<u>(134,860)</u>
Balance at 30 June 2013	<u>11,720,261</u>	<u>(9,111,447)</u>	<u>61,024</u>	<u>21,732</u>	<u>1,517,961</u>	<u>907,954</u>	<u>278,898</u>	<u>5,396,383</u>

Notes:

- i. Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business of the Company.
- ii. In accordance with the PRC laws and regulations, companies established in the PRC are required to transfer a percentage of profit attributable to equity holders to reserves. The percentage of appropriation may be determined at the discretion of the board of directors of these companies. The reserves can be used to set off accumulated losses, capitalisation into capital and expansion of production.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

16. BORROWINGS

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
(a) Unsecured borrowings:		
Non-current		
Long-term borrowings	10,486,631	7,812,791
Current		
Short-term borrowings	1,920,770	2,140,676
Current portion of long-term borrowings	589,433	608,568
	<u>2,510,203</u>	<u>2,749,244</u>
	<u>12,996,834</u>	<u>10,562,035</u>
(b) Repayable:		
Loans		
Within 1 year	2,510,203	2,749,244
Between 1 and 2 years	470,412	288,054
Between 2 and 5 years	5,210,683	5,124,540
Over 5 years	2,294,866	2,400,197
	<u>10,486,164</u>	10,562,035
Medium-term notes		
Between 2 and 5 years	2,510,670	–
	<u>12,996,834</u>	<u>10,562,035</u>
(c) Carrying amounts are denominated in the following currencies:		
Renminbi	8,766,432	6,406,689
HK dollars	3,403,369	3,328,847
US dollars	827,033	826,499
	<u>12,996,834</u>	<u>10,562,035</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

16. BORROWINGS (continued)

On 29 January 2013, Tianjin Port Holdings Co., Ltd. ("Tianjin Port Co"), a 56.81% owned subsidiary of the Company, issued medium-term notes in an aggregate principal amount of RMB1.0 billion (equivalent to approximately HK\$1.26 billion) in two tranches for a term of 5 years (the "First and Second Tranches Notes"). The First and Second Tranches Notes are repayable on 31 January 2018 and bear fixed interest at the rate of 4.98% per annum commencing on 31 January 2013.

On 18 June 2013, Tianjin Port Co issued medium-term notes in an aggregate principal amount of RMB1.0 billion (equivalent to approximately HK\$1.26 billion) in two tranches for a term of 5 years (the "Third and Fourth Tranches Notes"). The Third and Fourth Tranches Notes are repayable on 20 June 2018 and bear fixed interest at the rate of 4.83% per annum commencing on 20 June 2013.

17. TRADE AND OTHER PAYABLES

Included in trade and other payables of HK\$5,557 million (31 December 2012: HK\$4,709 million) are trade and bank notes payables of HK\$3,156 million (31 December 2012: HK\$2,831 million), the ageing analysis of which is as follows:

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
0 – 90 days	2,732,501	2,487,244
91 – 180 days	276,906	238,633
181 – 365 days	94,994	21,026
Over 365 days	51,568	83,997
	3,155,969	2,830,900

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

18. COMMITMENTS

(a) Capital commitments

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
Contracted but not provided for		
– Property, plant and equipment	1,920,498	2,413,581
Authorised but not contracted for		
– Property, plant and equipment	3,023,177	3,715,166

In addition to the above, the following is the progress of other construction project investment plan:

On 18 August 2008, the board of directors of Tianjin Port Co resolved that Tianjin Port Co will set up a company, Tianjin Port Shenghua International Container Terminal Co., Ltd. (“Shenghua International”), with Grand Asia International Shipping Ltd. and Terminal Link Tianjin Limited. Shenghua International will invest in the construction project of container terminals at Beigangchi berth no. 8-10. Total investment of the construction project amounted to approximately RMB4.20 billion. The company will have a registered capital of RMB1.47 billion and Tianjin Port Co will hold 60% equity interest in it. As at 30 June 2013, the formation of the company and the preparatory work of the construction project are still in progress.

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
Not later than one year	155,788	120,597
Later than one year and not later than five years	230,465	235,268
Later than five years	618,118	633,546
	1,004,371	989,411

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to those mentioned elsewhere in the condensed consolidated interim financial statements, the followings are the significant related party transactions entered into in the normal course of business between the Group and its related parties:

(a) Transactions with related parties of the Group

		Unaudited Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
(1) With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures:	Sales of goods and services	33,931	76,648
	Purchases of goods and services	292,738	264,541
	Expenses for rental of land, property, plant and equipment	88,295	72,071
	Interest expenses (<i>Note i</i>)	73,451	–
	Acquisition of property, plant and equipment	44,900	12,549
		44,900	12,549
(2) With associates:	Sales of goods and services	40,132	52,379
	Purchases of goods and services	347,095	312,336
	Income for rental of property, plant and equipment	226	16,102
	Expenses for rental of property, plant and equipment	7,964	8,122
	Interest income	17,989	24,622
	Interest expenses	64,687	74,292
	Investments in associates	–	27,049
	–	27,049	
(3) With joint ventures:	Sales of goods and services	52,842	34,894
	Purchases of goods and services	61,467	77,086
	Interest income	–	1,973
	Investment in a joint venture	4,394	43,793
	4,394	43,793	

Note:

- i. The interest expenses arose from the advances from Tianjin Port Group which were unsecured, bore interest at market rates and were repaid before the balance sheet date.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

19. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties of the Group

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
(1) With Tianjin Port Group and its subsidiaries, associates and joint ventures:		
Trade and other receivables <i>(Note i)</i>	34,234	37,741
Trade and other payables <i>(Note i)</i>	424,743	275,753
	<hr/>	<hr/>
(2) With associates:		
Trade and other receivables <i>(Note i)</i>	24,394	12,198
Trade and other payables <i>(Note i)</i>	49,147	46,935
Deposits <i>(Note ii)</i>	2,129,658	2,442,976
Borrowings <i>(Note iii)</i>	2,289,104	2,423,832
	<hr/>	<hr/>
(3) With joint ventures:		
Trade and other receivables <i>(Note i)</i>	40,327	29,744
Trade and other payables <i>(Note i)</i>	6,516	472
Loan to a joint venture <i>(Note iv)</i>	141,133	141,040
Borrowings <i>(Note v)</i>	12,553	12,332
	<hr/>	<hr/>

Notes:

- i. Trade and other receivables from and trade and other payables to related parties are unsecured, interest free and due within 1 year.
- ii. Deposits placed with Tianjin Port Finance Co., Ltd. ("Tianjin Port Finance"), a 48% owned associate of the Group, carry interests at prevailing market rates.
- iii. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 5.04% to 5.99% per annum. The borrowings with an aggregate principal amount of HK\$1,951,921,000 are repayable within 5 years and the remaining HK\$337,183,000 are repayable over 5 years.
- iv. As at 31 December 2012, the loan was unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2013. During the six months ended 30 June 2013, a loan extension agreement was entered into with the joint venture and the loan is repayable in 2016. The Group has waived the interest income from the joint venture for the six months ended 30 June 2013.
- v. The borrowings from Vopak Nanjiang Petrochemical Terminal Tianjin Company Limited are unsecured, bear interests at prevailing market rates and are repayable within 1 year.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013

19. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions and balances with other state-owned entities in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as “state-owned entities”). The directors of the Company consider those state-owned entities are independent third parties so far as the Group’s business transactions with them are concerned.

The ultimate holding company, Tianjin Port Group, is a state-owned entity whilst most of the associates and joint ventures of the Group are also owned or controlled by the PRC government, the transactions and balances of which are disclosed in notes (a) and (b) above.

In addition to those disclosed above, as at 30 June 2013, majority of the Group’s cash and deposits and borrowings held by subsidiaries in the PRC are with state-owned banks and financial institutions.

In accordance with HKAS 24 (Revised), certain transactions with other state-owned entities in the PRC, which are individually or collectively not significant, are exempted from disclosure. The Group is of the opinion that it has provided, in the best of its knowledge, adequate and appropriate disclosure of related party transactions in the condensed consolidated interim financial statements.

SHARE OPTION SCHEME

By a written resolution passed by the sole shareholder of the Company on 26 April 2006, a share option scheme (the “Share Option Scheme”) was approved and adopted by the Company. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption, i.e. 26 April 2006.

Movements of the share options granted under the Share Option Scheme during the six months ended 30 June 2013 were as follows:

	Date of grant	Exercise price HK\$	As at 01/01/2013	Granted	Exercised	Lapsed	Cancelled	As at 30/06/2013	Exercise period
Directors									
Mr. Yu Rumin	03/02/2007	2.74	1,900,000	-	-	-	-	1,900,000	03/08/2007 – 03/02/2017
	25/01/2008	4.24	400,000	-	-	-	-	400,000	25/07/2008 – 24/01/2018
	28/06/2012	0.896	1,150,000	-	-	-	-	1,150,000	28/12/2012 – 27/06/2022
Mr. Tian Changsong	08/04/2010	2.34	2,200,000	-	-	-	-	2,200,000	08/10/2010 – 07/04/2020
	28/06/2012	0.896	1,100,000	-	-	-	-	1,100,000	28/12/2012 – 27/06/2022
Mr. Li Quanyong	08/04/2010	2.34	2,100,000	-	-	-	-	2,100,000	08/10/2010 – 07/04/2020
	28/06/2012	0.896	1,050,000	-	-	-	-	1,050,000	28/12/2012 – 27/06/2022
Mr. Wang Rui	15/10/2010	1.846	1,000,000	-	-	-	-	1,000,000	15/04/2011 – 14/10/2020
	28/03/2011	1.904	1,000,000	-	-	-	-	1,000,000	28/09/2011 – 27/03/2021
	28/06/2012	0.896	1,000,000	-	-	-	-	1,000,000	28/12/2012 – 27/06/2022
Mr. Dai Yan	01/09/2009	3.036	1,100,000	-	-	-	-	1,100,000	01/03/2010 – 31/08/2019
	28/06/2012	0.896	550,000	-	-	-	-	550,000	28/12/2012 – 27/06/2022
Prof. Japhet Sebastian Law	25/01/2008	4.24	300,000	-	-	-	-	300,000	25/07/2008 – 24/01/2018
	28/06/2012	0.896	150,000	-	-	-	-	150,000	28/12/2012 – 27/06/2022
Dr. Cheng Chi Pang, Leslie	25/01/2008	4.24	300,000	-	-	-	-	300,000	25/07/2008 – 24/01/2018
	28/06/2012	0.896	150,000	-	-	-	-	150,000	28/12/2012 – 27/06/2022
Mr. Zhang Weidong	28/06/2012	0.896	450,000	-	-	-	-	450,000	28/12/2012 – 27/06/2022
Employees									
	08/04/2010	2.34	1,000,000	-	-	-	-	1,000,000	08/10/2010 – 07/04/2020
	29/04/2011	1.828	700,000	-	-	-	-	700,000	29/10/2011 – 28/04/2021
	28/06/2012	0.896	1,900,000	-	-	-	-	1,900,000	28/12/2012 – 27/06/2022
Total			<u>19,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,500,000</u>	

Other Information

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the six months ended 30 June 2013 was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company (the "Directors") or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Capacity	Number of Shares	Number of underlying shares (Note)	Approximate percentage of issued share capital of the Company
Mr. Yu Rumin	Beneficial owner	–	3,450,000 (L)	0.06% (L)
Mr. Tian Changsong	Beneficial owner	–	3,300,000 (L)	0.05% (L)
Mr. Li Quanyong	Beneficial owner	–	3,150,000 (L)	0.05% (L)
Mr. Wang Rui	Beneficial owner	–	3,000,000 (L)	0.05% (L)
Mr. Dai Yan	Beneficial owner	–	1,650,000 (L)	0.03% (L)
Prof. Japhet Sebastian Law	Beneficial owner	2,700,000 (L)	450,000 (L)	0.05% (L)
Dr. Cheng Chi Pang, Leslie	Beneficial owner	–	450,000 (L)	0.01% (L)
Mr. Zhang Weidong	Beneficial owner	–	450,000 (L)	0.01% (L)

(L) denotes a long position

Note: The interests in underlying shares of unlisted equity derivatives of the Company represented interests in share options granted to the Directors to subscribe for the Shares, further details of which are set out in the section headed "Share Option Scheme" above.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2013, the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of shareholder	Capacity	Number of Shares interested	Approximate percentage of issued share capital of the Company
Tianjin Port Overseas Holding Limited (<i>Note 1</i>)	Beneficial owner	3,294,530,000 (L)	53.5% (L)
Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") (<i>Note 1</i>)	Interest of a controlled corporation	3,294,530,000 (L)	53.5% (L)
Leadport Holdings Limited (<i>Note 2</i>)	Beneficial owner	1,293,030,000 (L)	21.0% (L)
Tianjin Development Holdings Limited ("Tianjin Development") (<i>Note 2</i>)	Interest of controlled corporations	1,293,180,000 (L)	21.0% (L)
Tsinlien Group Company Limited ("Tsinlien") (<i>Note 3</i>)	Interest of controlled corporations	1,303,010,000 (L)	21.2% (L)

(L) denotes a long position

Notes:

1. Tianjin Port Overseas Holding Limited is a wholly-owned subsidiary of Tianjin Port Group. By virtue of the SFO, Tianjin Port Group is deemed to be interested in all the Shares held by Tianjin Port Overseas Holding Limited.
2. Leadport Holdings Limited is a wholly-owned subsidiary of Tianjin Development. By virtue of the SFO, Tianjin Development is deemed to be interested in all the Shares held by Leadport Holdings Limited.
3. Tianjin Development is a subsidiary of Tianjin Investment Holdings Limited which in turn is a wholly-owned subsidiary of Tsinlien. As at 30 June 2013, Tianjin Investment Holdings Limited and Tsinlien Investment Limited were directly interested in 6,820,000 Shares and 3,010,000 Shares respectively, representing an aggregate of approximately 0.2% of the issued share capital of the Company. Tsinlien Investment Limited is a wholly-owned subsidiary of Tsinlien. By virtue of the SFO, Tsinlien is deemed to be interested in all the Shares held by each of Tianjin Development, Tianjin Investment Holdings Limited and Tsinlien Investment Limited. As at 30 June 2013, Mr. Yu Rumin and Mr. Dai Yan were directors of Tianjin Development.

Save as disclosed above, as at 30 June 2013, the Company had not been notified by any persons, other than the Directors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2013.

UPDATE ON DIRECTORS' INFORMATION

Prof. Japhet Sebastian Law, an independent non-executive Director, resigned as an independent non-executive director of Cypress Jade Agricultural Holdings Limited (Stock Code: 00875), a company listed on the Main Board of the Stock Exchange, with effect from 18 July 2013. Prof. Law has been appointed as an independent non-executive director of Shougang Fushan Resources Group Limited (Stock Code: 00639), a company listed on the Main Board of the Stock Exchange, with effect from 1 September 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2013.

LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT

On 4 September 2008, Tianjin Port Development Finance Limited, a wholly-owned subsidiary of the Company as borrower (the "Borrower") and the Company as guarantor entered into a facility agreement (the "1st Facility Agreement") with a financial institution as lender (the "1st Lender"), pursuant to which a revolving/term loan facility in an aggregate amount of HK\$200,000,000 is made available by the 1st Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on the date falling 60 months from the date of the 1st Facility Agreement.

On 16 August 2012, the Borrower and the Company as guarantor entered into a facility agreement (the "2nd Facility Agreement") with several financial institutions as lenders (the "2nd Lenders"), pursuant to which a term loan facility in an aggregate amount of HK\$2,000,000,000 is made available by the 2nd Lenders to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the 2nd Facility Agreement.

On 20 August 2012, the Borrower and the Company as guarantor entered into a facility agreement (the "3rd Facility Agreement") with a financial institution as lender (the "3rd Lender"), pursuant to which a term loan facility in an aggregate amount of HK\$800,000,000 is made available by the 3rd Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on 10 August 2015.

On 17 October 2012, the Borrower and the Company as guarantor entered into a facility agreement (the "4th Facility Agreement") with a financial institution as lender (the "4th Lender"), pursuant to which a term loan facility in an aggregate amount of HK\$200,000,000 is made available by the 4th Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on 10 August 2015.

LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT *(continued)*

On 1 November 2012, the Borrower and the Company as guarantor entered into a facility agreement (the “5th Facility Agreement”) with a financial institution as lender (the “5th Lender”), pursuant to which a term loan facility in an aggregate amount of HK\$200,000,000 is made available by the 5th Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on the date falling 12 months from the date of drawdown.

On 26 August 2013, the Borrower and the Company as guarantor entered into a facility agreement (the “6th Facility Agreement”) with a financial institution as lender (the “6th Lender”), pursuant to which a term loan facility in an aggregate amount of HK\$300,000,000 is made available by the 6th Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the 6th Facility Agreement.

The 1st Facility Agreement (as supplemented by an agreement dated 9 December 2009), the 2nd Facility Agreement, the 3rd Facility Agreement, the 4th Facility Agreement, the 5th Facility Agreement and the 6th Facility Agreement include a condition imposing specific performance obligations on Tianjin Port Group, the Company’s controlling shareholder. If Tianjin Port Group, together with its subsidiaries, ceases to (1) have (directly or indirectly) the single largest shareholding interest in the Company in aggregate, or (2) hold no less than 35% (directly or indirectly) of the shareholding interest in the Company in aggregate, the 1st Lender, the 2nd Lenders, the 3rd Lender, the 4th Lender, the 5th Lender and the 6th Lender may demand immediate repayment of the loans. Such obligation continues to exist as at the date of this report.

REVIEW OF INTERIM RESULTS

The condensed consolidated interim financial statements for the six months ended 30 June 2013 have not been audited but have been reviewed by the independent auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants. The audit committee of the Company has reviewed the interim report for the six months ended 30 June 2013.

Financial Summary

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December					For the six months ended 30 June	
	2008 HK\$'000	2009 HK\$'000 (Note)	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2012 HK\$'000	2013 HK\$'000
Revenue	1,258,991	12,507,534	15,052,720	16,547,695	17,934,680	8,014,844	9,927,039
Business tax and surcharge	(38,415)	(236,578)	(267,696)	(319,811)	(290,265)	(150,758)	(29,643)
Cost of sales	(689,691)	(9,434,508)	(11,576,885)	(12,704,778)	(13,671,856)	(5,970,734)	(7,956,601)
Gross profit	530,885	2,836,448	3,208,139	3,523,106	3,972,559	1,893,352	1,940,795
Other income and gains	57,956	129,515	204,618	353,881	160,558	65,647	168,077
Administrative expenses	(363,600)	(1,602,132)	(1,568,180)	(1,775,372)	(1,938,460)	(857,614)	(875,270)
Other operating expenses	(2,675)	(2,084)	(9,142)	(13,855)	(17,052)	(2,634)	(5,368)
Operating profit	222,566	1,361,747	1,835,435	2,087,760	2,177,605	1,098,751	1,228,234
Provision for impairment losses on available-for-sale financial assets	(25,253)	–	–	–	–	–	–
Finance costs	(26,529)	(315,878)	(367,464)	(380,573)	(403,770)	(198,722)	(218,584)
Share of results of associates	1,495	78,616	118,593	173,750	229,436	120,477	154,985
Share of results of joint ventures	8,755	16,678	(4,315)	55,177	89,235	50,335	44,134
Profit before income tax	181,034	1,141,163	1,582,249	1,936,114	2,092,506	1,070,841	1,208,769
Income tax	(50,414)	(229,388)	(283,672)	(308,157)	(375,548)	(193,602)	(231,656)
Profit for the year/period	<u>130,620</u>	<u>911,775</u>	<u>1,298,577</u>	<u>1,627,957</u>	<u>1,716,958</u>	<u>877,239</u>	<u>977,113</u>
Attributable to:							
Equity holders of the Company	130,289	370,383	570,586	713,264	705,794	370,949	424,652
Non-controlling interests	331	541,392	727,991	914,693	1,011,164	506,290	552,461
	<u>130,620</u>	<u>911,775</u>	<u>1,298,577</u>	<u>1,627,957</u>	<u>1,716,958</u>	<u>877,239</u>	<u>977,113</u>

CONSOLIDATED BALANCE SHEET

	As at 31 December					As at 30 June
	2008 HK\$'000	2009 HK\$'000 (Note)	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
Land use rights	792,437	4,312,788	4,436,395	4,657,259	5,109,441	5,138,403
Property, plant and equipment	1,842,794	14,800,738	14,949,153	15,628,926	17,079,593	18,886,931
Intangible assets	–	23,230	30,198	32,667	38,644	33,541
Interests in associates	28,513	1,680,024	1,797,348	2,214,685	2,367,092	2,506,479
Interests in joint ventures	1,430,037	1,630,301	1,660,189	2,178,853	2,133,705	2,322,820
Available-for-sale financial assets	20,873	450,051	483,050	359,233	438,690	328,765
Deferred income tax assets	9,410	106,682	109,123	121,034	162,068	172,105
Net current assets	635,037	1,317,708	2,917,748	1,192,874	2,363,820	3,799,859
Employment of capital	4,759,101	24,321,522	26,383,204	26,385,531	29,693,053	33,188,903
Share capital	178,710	178,710	615,800	615,800	615,800	615,800
Other reserves	2,679,812	6,471,687	4,998,668	5,349,301	5,355,847	5,396,383
Retained earnings	755,896	3,162,309	3,550,425	4,030,926	4,500,111	4,924,763
Shareholders' funds	3,614,418	9,812,706	9,164,893	9,996,027	10,471,758	10,936,946
Non-controlling interests	4,433	8,381,136	9,044,911	10,011,663	11,189,020	11,551,339
Long-term liabilities	1,140,250	6,127,680	8,173,400	6,377,841	8,032,275	10,700,618
Capital employed	4,759,101	24,321,522	26,383,204	26,385,531	29,693,053	33,188,903

Note: The financial information of the Group for the year ended 31 December 2009 and as at 31 December 2009 have been restated on the basis that the structure and business activities of the Group immediately after the acquisition of Tianjin Port Co completed in 2010 had been in existence throughout the year presented. The financial information of the Group prior to 2009 is not restated.

Corporate Information

EXECUTIVE DIRECTORS

Mr. YU Rumin (*Chairman*)
Mr. TIAN Changsong (*Vice Chairman*)
Mr. LI Quanyong (*Managing Director*)[△]
Mr. WANG Rui⁺
Mr. DAI Yan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Japhet Sebastian LAW^{**}
Dr. CHENG Chi Pang, Leslie^{*△}
Mr. ZHANG Weidong^{**△}

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mdm. CHAN Yeuk Kwan, Winnie

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL LEGAL ADVISORS

Woo Kwan Lee & Lo, as to Hong Kong law
Appleby, as to Cayman Islands law

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
DBS Bank Ltd.
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR

Appleby Trust (Cayman) Ltd.
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HONG KONG BRANCH SHARE REGISTRAR

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STOCK CODE

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⁺ Members of Remuneration Committee, Prof. Law is the chairman of the committee

^{*} Members of Audit Committee, Dr. Cheng is the chairman of the committee

[△] Members of Nomination Committee, Mr. Zhang is the chairman of the committee

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