



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03382



INTERIM REPORT **2014**

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 2014, 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

	For the six months ended 30 June	
	2014	2013
Total throughput		
Non-containerised cargo (million tonnes)	138.86	127.35
Container (million TEUs)	6.89	6.51
Consolidated throughput		
Non-containerised cargo (million tonnes)	114.04	106.31
Container (million TEUs)	3.36	3.23
HK\$ million		
	For the six months ended 30 June	
	2014	2013
Revenue	14,100	9,927
Operating profit	1,234	1,228
Profit attributable to equity holders of the Company	402	425
Basic earnings per share (HK cents)	6.5	6.9
Net cash inflow from operations	1,336	961





Financial Highlights

HK\$ million	As at 30 June 2014	As at 31 December 2013
Equity attributable to equity holders of the Company	11,454	11,489
Non-controlling interests	12,791	12,510
Total equity	24,245	23,999
Total assets	46,417	44,071
Consolidated borrowings	13,999	13,535
Financial ratios		
Gearing ratio (<i>Note</i>)	57.7%	56.4%
Current ratio	1.3	1.3
Net assets per share – book value (HK\$)	1.9	1.9

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

Review of Operations and Results

INTERIM RESULTS

In the first half of 2014, the Group achieved total cargo throughput of 217.90 million tonnes, an increase of 7.1% over the corresponding period of last year, of which total container throughput grew by 5.9% to 6.89 million TEUs. For the six months ended 30 June 2014, profit attributable to the shareholders of the Company amounted to HK\$401.7 million. Basic earnings per share was HK6.5 cents.

REVIEW OF OPERATIONS

Revenue

During the period under review, the Group recorded consolidated revenue of HK\$14,100.0 million, representing an increase of 42.0% from the corresponding period of last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	First half of 2014 HK\$ million	First half of 2013 HK\$ million	Growth amount HK\$ million	Growth percentage
Non-containerised cargo handling business	2,646.2	2,434.6	211.6	8.7%
Container handling business	959.0	872.4	86.6	9.9%
Sales business	9,082.8	5,308.8	3,774.0	71.1%
Other port ancillary services business	1,412.0	1,311.2	100.8	7.7%
Total	14,100.0	9,927.0	4,173.0	42.0%



Review of Operations and Results

Non-containerised Cargo Handling Business

In the first half of 2014, the Group achieved total non-containerised cargo throughput of 138.86 million tonnes, representing an increase of 9.0% from the corresponding period of last year, of which throughput of the subsidiary terminals grew by 7.3% whereas throughput of the jointly controlled and affiliated terminals increased by 18.0%.

Nature of terminal	Non-containerised cargo throughput			
	First half of 2014	First half of 2013	Growth amount	Growth percentage
	million tonnes	million tonnes	million tonnes	
Subsidiary terminals	114.04	106.31	7.73	7.3%
Jointly controlled and affiliated terminals	24.82	21.04	3.78	18.0%
Total	138.86	127.35	11.51	9.0%

The Group achieved growth in the handling of coal, crude oil and steel for the first half of 2014. In terms of total throughput, coal handling grew by 30.4% to 44.06 million tonnes, crude oil handling rose by 6.4% to 9.86 million tonnes, steel handling increased by 21.0% to 9.55 million tonnes while metal ore handling decreased by 2.4% to 51.66 million tonnes and automobiles handling decreased by 4.8% to 11.99 million tonnes.

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK\$23.2 per tonne, an increase of HK\$0.3 or 1.3% from the corresponding period of last year. Revenue from the non-containerised cargo handling business amounted to HK\$2,646.2 million, an increase of 8.7% over the same period of last year.



Review of Operations and Results

Container Handling Business

Currently, the Group operates all the container handling businesses at the port of Tianjin. In the first half of 2014, the Group achieved total container throughput of 6.89 million TEUs, representing an increase of 5.9% from the corresponding period of last year, of which throughput of the subsidiary terminals grew by 4.2% and throughput of the jointly controlled and affiliated terminals rose by 7.6%.

Nature of terminal	First half of 2014 '000 TEUs	Container throughput		
		First half of 2013 '000 TEUs	Growth amount '000 TEUs	Growth percentage
Subsidiary terminals	3,365	3,229	136	4.2%
Jointly controlled and affiliated terminals	3,529	3,279	250	7.6%
Total	6,894	6,508	386	5.9%

In the first half of 2014, the consolidated blended average unit price of the container handling business increased by 5.5% to HK\$285.0 per TEU as a result of the change in cargo mix. Revenue from the container handling business was HK\$959.0 million, an increase of 9.9% 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, the sales of supplies and other materials. In the first half of 2014, the Group recorded revenue of HK\$9,082.8 million from the sales business segment, representing an increase of 71.1% over the corresponding period of last year. The increase in sales volume of other materials, such as metal ore and coal, has brought the increase in the sales revenue.



Review of Operations and Results

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 2014, shipping agency grew by 4.1% to 9,191 vessel calls; tugboat services increased by 2.3% to 25,893 vessel calls and cargo agency rose by 11.3% to 40.81 million tonnes of cargoes; tallying services, on the other hand, decreased slightly by 0.6% to 58.42 million tonnes of cargoes. Revenue from other port ancillary services business was HK\$1,412.0 million, an increase of 7.7% over the same period of last year.

Costs

During the period under review, cost of sales of the Group amounted to HK\$11,971.0 million, representing an increase of 50.5% from the corresponding period of last year. Cost of cargo handling business was HK\$2,074.2 million, representing an increase of 11.8% 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\$8,954.0 million, representing an increase of 70.5% 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 8.0% to HK\$945.0 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 operating costs of the Group as a whole.



Review of Operations and Results

OUTLOOK AND PROSPECTS

In the first half of 2014, the US and European economies continued their slow but steady recovery, while the Chinese economy stabilised gradually with improving imports and exports. The Group achieved a steady growth in the cargo handling throughput in the first half of 2014.

Looking ahead to the second half of the year, the US economy is expected to improve at a steady pace while the European economy remains fragile. Backed by the directional regulation and “micro-stimulus” policies of the Chinese government, the Chinese economy is expected to remain stable. Overall, the global economy would sustain upward momentum with moderate growth and world trade would pick up gradually. The Group will continue to carry out the principle of stable growth operation, while actively develop port functions, strengthen service capabilities, upgrade and enhance the capacity of its port infrastructures, and aim to promote sustainable development of the Group.

FINANCIAL REVIEW

Capital Structure

The capital and reserves attributable to equity holders of the Company as at 30 June 2014 were HK\$11,454.1 million.

As at 30 June 2014, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK\$7,512.8 million (at the closing market price of the shares of the Company of HK\$1.22 per share on 30 June 2014).

Cash Flow

For the six months ended 30 June 2014, the net cash inflow of the Group amounted to HK\$107.0 million.

The net cash inflow from operating activities amounted to HK\$1,335.5 million, representing an increase of HK\$374.0 million over the same period of last year.

The net cash outflow in investing activities amounted to HK\$1,320.5 million, mainly attributable to HK\$994.7 million used for capital expenditure, the capital contribution of HK\$280.3 million and HK\$177.1 million to an associate and a joint venture respectively.

The net cash inflow from financing activities amounted to HK\$92.0 million, which included the payment of dividends and interest expenses of HK\$819.9 million, the net increase in borrowings of HK\$550.6 million and the capital contribution of HK\$361.3 million from the non-controlling shareholders of subsidiaries.



Review of Operations and Results

Liquidity and Financial Resources

As at 30 June 2014, the Group's cash and deposits (including restricted bank deposits) were HK\$6,998.2 million (31 December 2013: HK\$6,298.2 million) and principally denominated in Renminbi ("RMB"). The Group's total borrowings as at 30 June 2014 were HK\$13,998.8 million (31 December 2013: HK\$13,534.7 million), with HK\$2,631.1 million repayable within one year, HK\$9,407.0 million repayable after one year and within five years and HK\$1,960.7 million repayable over five years. About 27.5% and 7.8% of the Group's borrowings were denominated in Hong Kong dollars ("HK\$") and US dollars ("US\$") respectively, and 64.7% were denominated in RMB.

During the period under review, the Group's interest expenses (including capitalised interest) amounted to HK\$305.2 million.

As at 30 June 2014, the gearing ratio (ratio of total borrowings to total equity) and current ratio (ratio of current assets to current liabilities) of the Group were 57.7% (31 December 2013: 56.4%) and 1.3 (31 December 2013: 1.3) respectively. As at 30 June 2014, 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 foreign currency exchange rate and interest rate risk exposures. It is the Group's policy not to engage in speculative activities.

The operations of the Group are located in the People's Republic of China and its functional currency is RMB. The Group is exposed to foreign exchange risk primary from the assets and liabilities that are denominated in currencies other than the functional currency. As at 30 June 2014, most of the Group's assets and liabilities were denominated in RMB except for certain HK\$ and US\$ bank borrowings. Due to the depreciation of RMB during the period under review, the Group recorded an exchange loss of HK\$22.2 million as compared to the exchange gain of HK\$71.5 million for the corresponding period of last year.

The Group's interest rate risk arises primarily from the fluctuation on the interest rates of borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk while borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at 30 June 2014, the Group's total borrowings were HK\$13,998.8 million, of which approximately 59.5% were at floating interest rate and the remaining 40.5% were at fixed interest rate.

The Group closely monitors its foreign exchange rate and interest rate risks exposure from time to time. During the period under review, no hedging arrangement was entered into in respect of foreign exchange risk exposure.

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 2014.

Review of Operations and Results

SIGNIFICANT INVESTMENTS

The Group's capital expenditures are primarily for construction project of new terminals, and renovation of terminals and depot. Significant capital expenditures 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 RMB1,500.0 million (equivalent to approximately HK\$1,889.6 million). The amount paid during the period under review was RMB65.0 million (equivalent to approximately HK\$81.9 million). As at 30 June 2014, the total amount paid was RMB1,124.0 million (equivalent to approximately HK\$1,416.0 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 RMB2,990.0 million (equivalent to approximately HK\$3,766.7 million). The amount paid during the period under review was RMB227.0 million (equivalent to approximately HK\$286.0 million). As at 30 June 2014, the total amount paid was RMB2,547.0 million (equivalent to approximately HK\$3,208.6 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2014.

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 2014, the Group had approximately 10,700 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

ZHANG Lili

Chairman

Hong Kong, 27 August 2014



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 31, 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 2014 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, 27 August 2014

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Condensed Consolidated Income Statement

For the six months ended 30 June 2014

		Unaudited Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
	Note		
Revenue	5	14,100,032	9,927,039
Business tax and surcharge		(34,712)	(29,643)
Cost of sales		<u>(11,971,009)</u>	<u>(7,956,601)</u>
Gross profit		2,094,311	1,940,795
Other income and gains	6	115,983	168,077
Administrative expenses		(944,975)	(875,270)
Other operating expenses		<u>(31,768)</u>	<u>(5,368)</u>
Operating profit		1,233,551	1,228,234
Finance costs	7	(215,250)	(218,584)
Share of results of associates		188,244	154,985
Share of results of joint ventures		<u>57,310</u>	<u>44,134</u>
Profit before income tax	8	1,263,855	1,208,769
Income tax	9	<u>(267,873)</u>	<u>(231,656)</u>
Profit for the period		<u>995,982</u>	<u>977,113</u>
Attributable to:			
Equity holders of the Company		401,659	424,652
Non-controlling interests		<u>594,323</u>	<u>552,461</u>
		<u>995,982</u>	<u>977,113</u>
Earnings per share	11		
Basic (HK cents)		<u>6.5</u>	<u>6.9</u>
Diluted (HK cents)		<u>6.5</u>	<u>6.9</u>

The notes on pages 18 to 31 are an integral part of these condensed consolidated interim financial statements.



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	995,982	977,113
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Fair value losses on available-for-sale financial assets, net of tax	(11,373)	(49,855)
Currency translation differences	(231,944)	396,012
Other comprehensive (loss)/income for the period, net of tax	(243,317)	346,157
Total comprehensive income for the period	752,665	1,323,270
Total comprehensive income for the period attributable to:		
Equity holders of the Company	287,100	600,048
Non-controlling interests	465,565	723,222
	752,665	1,323,270

The notes on pages 18 to 31 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Balance Sheet

As at 30 June 2014

	Note	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
ASSETS			
Non-current assets			
Land use rights		5,306,119	5,423,843
Property, plant and equipment	12	21,695,151	21,682,171
Intangible assets		43,188	47,121
Interests in associates		2,922,556	2,604,950
Interests in joint ventures		2,554,352	2,390,517
Available-for-sale financial assets		366,667	385,297
Deferred income tax assets		170,301	170,757
		33,058,334	32,704,656
Current assets			
Inventories		777,218	529,336
Trade and other receivables	13	5,583,027	4,538,709
Restricted bank deposits		1,217,700	585,093
Cash and cash equivalents		5,780,523	5,713,093
		13,358,468	11,366,231
Total assets		46,416,802	44,070,887
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	615,800	615,800
Other reserves	15	5,222,834	5,659,497
Retained earnings		5,615,432	5,213,773
		11,454,066	11,489,070
Non-controlling interests		12,791,031	12,510,022
Total equity		24,245,097	23,999,092

The notes on pages 18 to 31 are an integral part of these condensed consolidated interim financial statements.



Condensed Consolidated Balance Sheet

As at 30 June 2014

	<i>Note</i>	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	11,367,667	11,303,706
Deferred income tax liabilities		249,582	247,301
Other long-term liabilities		1,041	1,051
		11,618,290	11,552,058
Current liabilities			
Trade and other payables	17	7,752,982	6,169,059
Current income tax liabilities		169,292	119,660
Borrowings	16	2,631,141	2,231,018
		10,553,415	8,519,737
Total liabilities		22,171,705	20,071,795
Total equity and liabilities		46,416,802	44,070,887
Net current assets		2,805,053	2,846,494
Total assets less current liabilities		35,863,387	35,551,150

The notes on pages 18 to 31 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	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 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	615,800	5,396,383	4,924,763	10,936,946	11,551,339	22,488,285
Balance at 1 January 2014	615,800	5,659,497	5,213,773	11,489,070	12,510,022	23,999,092
Total comprehensive income for the period	-	(114,559)	401,659	287,100	465,565	752,665
Share-based compensation	-	1,807	-	1,807	-	1,807
Dividends	-	(323,911)	-	(323,911)	(546,245)	(870,156)
Capital contributions from non-controlling interests	-	-	-	-	361,270	361,270
Acquisition of a subsidiary	-	-	-	-	419	419
Balance at 30 June 2014	615,800	5,222,834	5,615,432	11,454,066	12,791,031	24,245,097

The notes on pages 18 to 31 are an integral part of these condensed consolidated interim financial statements.



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Net cash from operating activities	1,335,512	961,492
Cash flows from investing activities		
Purchases of property, plant and equipment, land use rights and intangible assets	(994,681)	(1,700,353)
Investment in an associate	(280,261)	–
Investments in joint ventures	(177,067)	(4,394)
Other investing activities	131,503	131,112
Net cash used in investing activities	(1,320,506)	(1,573,635)
Cash flows from financing activities		
Proceeds from borrowings	2,171,085	3,761,338
Repayments of borrowings	(1,620,473)	(1,446,612)
Other financing activities	(458,618)	(414,066)
Net cash from financing activities	91,994	1,900,660
Net increase in cash and cash equivalents	107,000	1,288,517
Cash and cash equivalents at 1 January	5,713,093	5,263,950
Effects of changes in exchange rates	(39,570)	99,375
Cash and cash equivalents at 30 June	5,780,523	6,651,842

The notes on pages 18 to 31 are 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 2014

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 (together 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 2014 were approved for issue by the board of directors of the Company (the “Board”) on 27 August 2014.

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 2013 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 2013, as described in those annual financial statements.

The Group has adopted the following amendments and interpretation for the accounting period beginning 1 January 2014:

<i>HKAS 32 (Amendment)</i>	<i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
<i>HKAS 36 (Amendment)</i>	<i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
<i>HKAS 39 (Amendment)</i>	<i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
<i>HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 27 (2011) (Amendment)</i>	<i>Investment Entities</i>
<i>HK(IFRIC) – Int 21</i>	<i>Levies</i>

The adoption of these 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 2014

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 2013.

Compared to 31 December 2013, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

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).

As at 30 June 2014, the listed equity securities with the fair value of approximately HK\$292 million (31 December 2013: HK\$310 million) classified as available-for-sale financial assets are included in level 1 and measured at the quoted bid prices in active markets.

For the six months ended 30 June 2014, 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 2014, 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.

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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

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 performance and allocating resources between segments.

Principal activities of the three reportable segments are as follows:

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

The segment information for the reportable segments is as follows:

	Unaudited			Total HK\$'000
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	
Six months ended 30 June 2014				
Total segment revenue	3,605,182	9,626,135	1,767,601	14,998,918
Inter-segment revenue	–	(543,329)	(355,557)	(898,886)
Revenue from external customers	<u>3,605,182</u>	<u>9,082,806</u>	<u>1,412,044</u>	<u>14,100,032</u>
Segment results	<u>1,530,974</u>	<u>128,770</u>	<u>469,279</u>	2,129,023
Business tax and surcharge				(34,712)
Other income and gains				115,983
Administrative expenses				(944,975)
Other operating expenses				(31,768)
Finance costs				(215,250)
Share of results of associates				188,244
Share of results of joint ventures				57,310
Profit before income tax				<u>1,263,855</u>



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

5. SEGMENT INFORMATION *(continued)*

	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>	1,970,438
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>

6. OTHER INCOME AND GAINS

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Exchange gain, net	–	71,467
Interest income from deposits	50,319	46,059
Dividend income from available-for-sale financial assets		
– listed investments	3,960	2,690
– unlisted investments	846	984
Gain on disposal of available-for-sale financial assets	–	14,500
Government subsidies	60,720	29,363
Others	138	3,014
	<u>115,983</u>	<u>168,077</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

7. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Interest expenses on borrowings	305,230	334,267
Less: Amount capitalised in construction in progress	<u>(89,980)</u>	<u>(115,683)</u>
	<u>215,250</u>	<u>218,584</u>

8. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Cost of goods sold	8,915,520	5,222,053
Depreciation of property, plant and equipment	487,844	463,301
Amortisation of land use rights	65,945	62,221
Amortisation of intangible assets	5,931	5,927
Exchange loss, net	<u>22,194</u>	<u>–</u>

9. INCOME TAX

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
PRC income tax		
– Current	260,447	231,084
– Deferred	<u>7,426</u>	<u>572</u>
	<u>267,873</u>	<u>231,656</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 (2013: 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

10. DIVIDENDS

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
2013 final dividend of HK5.26 cents per ordinary share (2013: 2012 final dividend of HK2.19 cents per ordinary share)	323,911	134,860

At a meeting held on 26 March 2014, the Board recommended the payment of a final dividend of HK5.26 cents per ordinary share for the year ended 31 December 2013. The final dividend was approved at the annual general meeting of the Company held on 5 June 2014.

The Board resolved not to pay an interim dividend for the six months ended 30 June 2014 (2013: nil).

11. EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	401,659	424,652

	Unaudited Six months ended 30 June	
	2014	2013
Number of shares (thousands)		
Weighted average number of ordinary shares for calculating basic earnings per share	6,158,000	6,158,000
Effect of dilutive potential ordinary shares:		
– Share options	2,003	1,591
Weighted average number of ordinary shares for calculating diluted earnings per share	6,160,003	6,159,591

12. CAPITAL EXPENDITURE

During the six months ended 30 June 2014, additions to the Group's property, plant and equipment amounted to HK\$710 million (30 June 2013: HK\$1,970 million).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

13. TRADE AND OTHER RECEIVABLES

In general, the Group grants a credit period of about 30 to 180 days to its customers. As at 30 June 2014, the ageing analysis of the Group's trade and notes receivables (net of provision for impairment) was as follows:

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
0 – 90 days	4,139,070	3,225,587
91 – 180 days	155,622	159,530
Over 180 days	74,596	74,893
	4,369,288	3,460,010

14. SHARE CAPITAL

Ordinary shares of HK\$0.10 each:

Authorised:

At 30 June 2014 and 31 December 2013

Issued and fully paid:

At 30 June 2014 and 31 December 2013

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

Share options

During the six months ended 30 June 2014, the Company has granted 6,750,000 share options. The fair value of share options determined at the date of grant using the Binomial model and the significant inputs are as follows:

Date of grant	27 March 2014
Exercise price	HK\$1.24
Expected volatility	54%
Expected option life	5.7 years
Risk-free interest rate	2.25%
Annual dividend yield	2.70%
Fair value	HK\$0.51

The Binomial model requires input of certain subjective assumptions, thus the fair value calculated varies with different assumptions.

The expected volatility measured at the standard deviation is based on statistical analysis of the historical volatility of shares of the Company.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

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 2013	11,855,121	(9,111,447)	77,227	21,732	1,326,362	907,954	278,898	5,355,847
Other comprehensive income/(loss) for the period	-	-	(16,203)	-	191,599	-	-	175,396
Dividend	(134,860)	-	-	-	-	-	-	(134,860)
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>
Balance at 1 January 2014	11,720,261	(9,111,447)	78,926	21,732	1,665,788	1,005,428	278,809	5,659,497
Other comprehensive loss for the period	-	-	(3,613)	-	(110,946)	-	-	(114,559)
Share-based compensation	-	-	-	1,807	-	-	-	1,807
Dividend	(323,911)	-	-	-	-	-	-	(323,911)
Balance at 30 June 2014	<u>11,396,350</u>	<u>(9,111,447)</u>	<u>75,313</u>	<u>23,539</u>	<u>1,554,842</u>	<u>1,005,428</u>	<u>278,809</u>	<u>5,222,834</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 2014

16. BORROWINGS

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
(a) Unsecured borrowings:		
Non-current		
Long-term borrowings	11,367,667	11,303,706
Current		
Short-term borrowings	2,166,477	1,927,533
Current portion of long-term borrowings	464,664	303,485
	<u>2,631,141</u>	<u>2,231,018</u>
	<u>13,998,808</u>	<u>13,534,724</u>
(b) Repayable:		
Loans		
Within 1 year	2,631,141	2,231,018
Between 1 and 2 years	3,317,096	2,838,852
Between 2 and 5 years	3,570,337	3,721,684
Over 5 years	1,960,708	2,199,288
	<u>11,479,282</u>	<u>10,990,842</u>
Medium-term notes		
Between 2 and 5 years	2,519,526	2,543,882
	<u>13,998,808</u>	<u>13,534,724</u>
(c) Carrying amounts are denominated in the following currencies:		
Renminbi	9,054,698	9,207,444
HK dollars	3,855,447	3,553,375
US dollars	1,088,663	773,905
	<u>13,998,808</u>	<u>13,534,724</u>



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

17. TRADE AND OTHER PAYABLES

As at 30 June 2014, the ageing analysis of the Group's trade and notes payables was as follows:

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
0 – 90 days	3,350,933	2,717,423
91 – 180 days	842,505	425,922
181 – 365 days	57,257	35,292
Over 365 days	12,975	14,102
	<hr/> 4,263,670 <hr/>	<hr/> 3,192,739 <hr/>

Included in trade and other payables are the dividends payable of HK\$548,598,000 (31 December 2013: HK\$224,687,000) to equity holders of the Company and dividends payable of HK\$142,346,000 (31 December 2013: HK\$58,893,000) to non-controlling interests.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

18. COMMITMENTS

(a) Capital commitments

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Contracted but not provided for		
– Property, plant and equipment	<u>1,252,701</u>	<u>807,904</u>
Authorised but not contracted for		
– Property, plant and equipment	<u>4,296,700</u>	<u>2,726,501</u>

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 Holdings Co., Ltd. (“Tianjin Port Co”), a subsidiary of the Group, 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. Shenghua International will have a registered capital of RMB1.47 billion and Tianjin Port Co will hold 60% equity interest in it. As at 30 June 2014, the formation of the company and the preparatory work of the construction project were still in progress.

(b) Operating lease commitments

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

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Not later than one year	136,887	79,207
Later than one year and not later than five years	218,938	226,500
Later than five years	<u>567,013</u>	<u>599,479</u>
	<u>922,838</u>	<u>905,186</u>



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

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	
		2014 HK\$'000	2013 HK\$'000
(1)	With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures:		
	Sales of goods and services	51,561	33,931
	Purchases of goods and services	314,162	292,738
	Expenses for rental of land, property, plant and equipment	124,426	88,295
	Interest expenses (<i>Note i</i>)	–	73,451
	Acquisition of property, plant and equipment	12,967	44,900
(2)	With associates:		
	Sales of goods and services	45,932	40,132
	Purchases of goods and services	376,778	347,095
	Expenses for rental of property, plant and equipment	9,298	7,964
	Interest income	21,689	17,989
	Interest expenses	77,342	64,687
	Investment in an associate	280,261	–
(3)	With joint ventures:		
	Sales of goods and services	58,793	52,842
	Purchases of goods and services	58,437	61,467
	Investments in joint ventures	177,067	4,394

Note:

- i. Interest expenses for the six months ended 30 June 2013 arose from the advances from Tianjin Port Group which were unsecured, bore interest at market rates and were repaid during the six months ended 30 June 2013.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2014

19. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties of the Group

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
(1) With Tianjin Port Group and its subsidiaries, associates and joint ventures:		
Trade and other receivables <i>(Note i)</i>	61,608	44,807
Trade and other payables <i>(Note i)</i>	651,571	515,941
(2) With associates:		
Trade and other receivables <i>(Note i)</i>	8,573	12,313
Trade and other payables <i>(Note i)</i>	32,369	41,833
Deposits <i>(Note ii)</i>	2,749,830	2,586,476
Borrowings <i>(Note iii)</i>	2,847,695	2,622,870
(3) With joint ventures:		
Trade and other receivables <i>(Note i)</i>	31,870	24,325
Trade and other payables <i>(Note i)</i>	17,143	10,567
Loan to a joint venture <i>(Note iv)</i>	141,037	141,106
Borrowings <i>(Note v)</i>	12,598	12,719

Notes:

- i. Trade and other receivables from and trade and other payables to related parties are unsecured, interest free and repayable 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 amount to HK\$2,847,695,000 (31 December 2013: HK\$2,597,431,000), in which the aggregate principal amount of HK\$2,456,966,000 (31 December 2013: HK\$2,126,075,000) are repayable within 5 years and the remaining HK\$390,729,000 (31 December 2013: HK\$471,356,000) are repayable over 5 years. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 5.0% to 5.9% (31 December 2013: from 5.0% to 5.9%) per annum.

As at 31 December 2013, borrowing of HK\$25,439,000 from the other associate was unsecured, bore interests at prevailing market rate and was repayable within 1 year.
- iv. Loan to a joint venture is unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2016. The Group has waived the interest income from the joint venture for the six months ended 30 June 2014 and 30 June 2013.
- v. Borrowings from a joint venture 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 2014

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 Company’s 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 2014, the 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.

Other Information

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 outstanding share options under the Share Option Scheme during the period were as follows:

	Date of grant	Exercise price HK\$	Number of share options						
			As at 01/01/2014	Granted (Note 1)	Exercised	Transfer from/(to) other category	Lapsed	As at 30/06/2014	Exercise period
Directors									
Ms. Zhang Lili (Note 2)	27/03/2014	1.24	-	3,450,000	-	-	-	3,450,000	27/09/2014 – 26/03/2024
Mr. Zheng Qingyue (Note 2)	27/03/2014	1.24	-	3,300,000	-	-	-	3,300,000	27/09/2014 – 26/03/2024
Mr. Yu Rumin (Note 3)	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 (Note 3)	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 (Note 3)	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

SHARE OPTION SCHEME (continued)

	Date of grant	Exercise price HK\$	Number of share options						Exercise period
			As at 01/01/2014	Granted (Note 1)	Exercised	Transfer from/(to) other category	Lapsed	As at 30/06/2014	
Directors (continued)									
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	-	-	-	(500,000)	1,400,000	28/12/2012 – 27/06/2022
Others									
	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
	01/09/2009	3.036	-	-	-	1,100,000	-	1,100,000	01/03/2010 – 31/08/2019
	08/04/2010	2.34	-	-	-	2,200,000	-	2,200,000	08/10/2010 – 07/04/2020
	28/06/2012	0.896	-	-	-	2,800,000	-	2,800,000	28/12/2012 – 27/06/2022
Total			19,500,000	6,750,000	-	-	(1,500,000)	24,750,000	

Notes:

- The closing price of the ordinary shares of the Company (the "Shares") immediately before 27 March 2014, the date on which the share options were granted, was HK\$1.25 per share. All share options granted are subject to a vesting period of six months from the date of grant.
- Ms. Zhang Lili and Mr. Zheng Qingyue were appointed as executive directors of the Company on 27 March 2014.
- Mr. Yu Rumin and Mr. Tian Changsong resigned as executive directors of the Company on 27 March 2014. Mr. Dai Yan resigned as an executive director of the Company on 30 June 2014. In this respect, the options granted to Mr. Yu Rumin, Mr. Tian Changsong and Mr. Dai Yan were reclassified from the category of "Directors" to the category of "Others".
- No share options were cancelled under the Share Option Scheme during the six months ended 30 June 2014.

Details of the value of share options granted under the Share Option Scheme during the six months ended 30 June 2014 are set out in Note 14 to the condensed consolidated interim financial statements.

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 2014 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 2014, 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
Ms. Zhang Lili	Beneficial owner	–	3,450,000 (L)	0.06%
Mr. Zheng Qingyue	Beneficial owner	–	3,300,000 (L)	0.05%
Mr. Li Quanyong	Beneficial owner	–	3,150,000 (L)	0.05%
Mr. Wang Rui	Beneficial owner	–	3,000,000 (L)	0.05%
Prof. Japhet Sebastian Law	Beneficial owner	2,700,000 (L)	450,000 (L)	0.05%
Dr. Cheng Chi Pang, Leslie	Beneficial owner	–	450,000 (L)	0.01%
Mr. Zhang Weidong	Beneficial owner	–	450,000 (L)	0.01%

(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 2014, none of the Directors or chief executive of the Company 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 2014, 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 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%
Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") (<i>Note 1</i>)	Interest of a controlled corporation	3,294,530,000 (L)	53.5%
Leadport Holdings Limited (<i>Note 2</i>)	Beneficial owner	1,293,030,000 (L)	21.0%
Tianjin Development Holdings Limited ("Tianjin Development") (<i>Note 2</i>)	Interest of controlled corporations	1,293,180,000 (L)	21.0%
Tsinlien Group Company Limited ("Tsinlien") (<i>Note 3</i>)	Interest of controlled corporations	1,303,010,000 (L)	21.2%
天津市醫藥集團有限公司 (Tianjin Pharmaceutical Group Co., Ltd.) ("Tianjin Pharmaceutical") (<i>Note 3</i>)	Interest of controlled corporations	1,303,010,000 (L)	21.2%

(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 2014, 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. Tsinlien is a wholly-owned subsidiary of Tianjin Pharmaceutical. By virtue of the SFO, Tsinlien and Tianjin Pharmaceutical are deemed to be interested in all the Shares held by each of Tianjin Development, Tianjin Investment Holdings Limited and Tsinlien Investment Limited.

Save as disclosed above, as at 30 June 2014, 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 as recorded in the register required to be kept 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 throughout the six months ended 30 June 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 2014.

CHANGES IN DIRECTORS' INFORMATION

Ms. Zhang Lili, an executive Director and Chairman of the Company, was appointed as an executive director of Tianjin Development (Stock Code: 00882), a company whose shares are listed on the Main Board of the Stock Exchange with effect from 16 July 2014.

Save as disclosed above, there are no other changes in the Directors' information since the date of the 2013 Annual Report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT

On 16 August 2012, 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 with several financial institutions as lenders for a term loan facility in an aggregate amount of HK\$2,000,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

On 20 August 2012, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK\$800,000,000. The loan facility is unsecured, interest bearing and repayable in full on 10 August 2015.

On 26 August 2013, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK\$300,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

On 21 November 2013, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK\$400,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of first drawdown.

On 17 December 2013, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK\$500,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of drawdown.



LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT *(continued)*

On 18 December 2013, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK\$400,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of first drawdown.

On 28 March 2014, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK\$500,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

Each of the above facility agreements includes 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 relevant financial institutions may demand immediate repayment of the loan facilities. As at 30 June 2014, the aggregate balance of the loan facilities subject to the above obligations was HK\$3,800,000,000. Such obligations continue 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 2014 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 2014.

Financial Summary

	For the year ended 31 December					For the six months ended 30 June	
	2009 HK\$'000 (Note)	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000	2014 HK\$'000
Revenue	12,507,534	15,052,720	16,547,695	17,934,680	22,108,849	9,927,039	14,100,032
Business tax and surcharge	(236,578)	(267,696)	(319,811)	(290,265)	(67,560)	(29,643)	(34,712)
Cost of sales	(9,434,508)	(11,576,885)	(12,704,778)	(13,671,856)	(17,985,873)	(7,956,601)	(11,971,009)
Gross profit	2,836,448	3,208,139	3,523,106	3,972,559	4,055,416	1,940,795	2,094,311
Other income and gains	129,515	204,618	353,881	160,558	396,820	168,077	115,983
Administrative expenses	(1,602,132)	(1,568,180)	(1,775,372)	(1,938,460)	(2,017,083)	(875,270)	(944,975)
Other operating expenses	(2,084)	(9,142)	(13,855)	(17,052)	(9,929)	(5,368)	(31,768)
Operating profit	1,361,747	1,835,435	2,087,760	2,177,605	2,425,224	1,228,234	1,233,551
Finance costs	(315,878)	(367,464)	(380,573)	(403,770)	(427,670)	(218,584)	(215,250)
Share of results of associates	78,616	118,593	173,750	229,436	314,718	154,985	188,244
Share of results of joint ventures	16,678	(4,315)	55,177	89,235	86,972	44,134	57,310
Profit before income tax	1,141,163	1,582,249	1,936,114	2,092,506	2,399,244	1,208,769	1,263,855
Income tax	(229,388)	(283,672)	(308,157)	(375,548)	(466,645)	(231,656)	(267,873)
Profit for the year/period	<u>911,775</u>	<u>1,298,577</u>	<u>1,627,957</u>	<u>1,716,958</u>	<u>1,932,599</u>	<u>977,113</u>	<u>995,982</u>
Attributable to:							
Equity holders of the Company	370,383	570,586	713,264	705,794	811,047	424,652	401,659
Non-controlling interests	<u>541,392</u>	<u>727,991</u>	<u>914,693</u>	<u>1,011,164</u>	<u>1,121,552</u>	<u>552,461</u>	<u>594,323</u>
	<u>911,775</u>	<u>1,298,577</u>	<u>1,627,957</u>	<u>1,716,958</u>	<u>1,932,599</u>	<u>977,113</u>	<u>995,982</u>



Financial Summary

	As at 31 December					As at 30 June
	2009 HK\$'000 (Note)	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Land use rights	4,312,788	4,436,395	4,657,259	5,109,441	5,423,843	5,306,119
Property, plant and equipment	14,800,738	14,949,153	15,628,926	17,079,593	21,682,171	21,695,151
Intangible assets	23,230	30,198	32,667	38,644	47,121	43,188
Interests in associates	1,680,024	1,797,348	2,214,685	2,367,092	2,604,950	2,922,556
Interests in joint ventures	1,630,301	1,660,189	2,178,853	2,133,705	2,390,517	2,554,352
Available-for-sale financial assets	450,051	483,050	359,233	438,690	385,297	366,667
Deferred income tax assets	106,682	109,123	121,034	162,068	170,757	170,301
Current assets	<u>6,800,047</u>	<u>8,292,658</u>	<u>8,370,060</u>	<u>9,911,513</u>	<u>11,366,231</u>	13,358,468
Total assets	29,803,861	31,758,114	33,562,717	37,240,746	44,070,887	46,416,802
Total liabilities	(11,610,019)	(13,548,310)	(13,555,027)	(15,579,968)	(20,071,795)	(22,171,705)
Non-controlling interests	(8,381,136)	(9,044,911)	(10,011,663)	(11,189,020)	(12,510,022)	(12,791,031)
Shareholders' funds	<u>9,812,706</u>	<u>9,164,893</u>	<u>9,996,027</u>	<u>10,471,758</u>	<u>11,489,070</u>	11,454,066

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.

Corporate Information

EXECUTIVE DIRECTORS

Ms. ZHANG Lili (*Chairman*)
Mr. ZHENG Qingyue (*Vice Chairman*)
Mr. LI Quanyong (*Managing Director*)[△]
Mr. WANG Rui⁺

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Ms. 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.
Clifton House, 75 Fort Street,
P.O. Box 1350, Grand Cayman, KY1-1108,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
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REGISTERED OFFICE

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WEBSITE

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STOCK CODE

Hong Kong Stock Exchange: 03382

[△] Members of Nomination Committee, Mr. Zhang is the chairman of the committee
⁺ Members of Remuneration Committee, Prof. Law is the chairman of the committee
^{*} Members of Audit Committee, Dr. Cheng is the chairman of the committee



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