



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  
2015



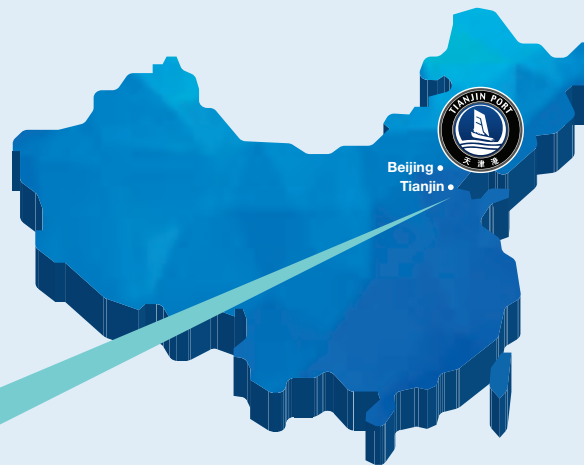
# CORPORATE PROFILE

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 referred to as the "Group"), first operated as a non-containerised cargo terminal at the port of Tianjin in 1968 and subsequently expanded into 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"). 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 Group has advanced container terminals, specialised terminals in handling of coke, coal, ore, Ro-Ro, and a 300,000-tonne crude oil terminal. At the end of 2014, the Group had 71 berths for cargo handling, comprising 23 container berths and 48 non-containerised cargo berths.

The port of Tianjin, located at the juncture of the Beijing-Tianjin city belt and the economic circle of the Bohai Rim Region, is the largest comprehensive port and an important foreign trade port in North China, serving 14 provinces, cities and autonomous regions and a hub connecting Northeast Asia with Midwest Asia. It is one of the coastal ports with the most complete functions in China. In the first half of 2015, 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.





# CONTENTS

- 1** Corporate Profile
- 2** Financial Highlights
- 4** Review of Operations and Results
- 11** Report on Review of Interim Financial Information
- 12** Condensed Consolidated Income Statement
- 13** Condensed Consolidated Statement of Comprehensive Income
- 14** Condensed Consolidated Statement of Financial Position
- 16** Condensed Consolidated Statement of Changes in Equity
- 17** Condensed Consolidated Statement of Cash Flows
- 18** Notes to the Condensed Consolidated Interim Financial Statements
- 33** Other Information
- 38** Financial Summary
- 40** Corporate Information

## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2015	2014
Total throughput		
Non-containerised cargo (million tonnes)	<b>155.84</b>	138.86
Container (million TEUs)	<b>7.23</b>	6.89
Consolidated throughput		
Non-containerised cargo (million tonnes)	<b>129.98</b>	114.04
Container (million TEUs)	<b>3.48</b>	3.36

HK\$ million	For the six months ended 30 June	
	2015	2014
Revenue	<b>11,493</b>	14,100
Operating profit	<b>1,565</b>	1,234
Profit attributable to equity holders of the Company	<b>514</b>	402
Basic earnings per share (HK cents)	<b>8.3</b>	6.5
Net cash inflow from operating activities	<b>1,308</b>	1,336



## FINANCIAL HIGHLIGHTS

HK\$ million	As at 30 June 2015	As at 31 December 2014
Equity attributable to equity holders of the Company	<b>12,226</b>	12,006
Non-controlling interests	<b>13,382</b>	13,522
Total equity	<b>25,608</b>	25,528
Total assets	<b>48,394</b>	49,115
Total borrowings	<b>16,772</b>	15,050
Financial ratios		
Gearing ratio ( <i>Note</i> )	<b>65.5%</b>	59.0%
Current ratio	<b>1.5</b>	1.2
Net assets per share – book value (HK\$)	<b>2.0</b>	1.9

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



## REVIEW OF OPERATIONS AND RESULTS



### INTERIM RESULTS

In the first half of 2015, the Group achieved total cargo throughput of 228.95 million tonnes, an increase of 5.1% over the corresponding period of last year, of which total container throughput grew by 4.9% to 7.23 million TEUs. For the six months ended 30 June 2015, the Group's profit before income tax amounted to HK\$1,533.5 million which included a gain on disposal of subsidiaries of HK\$66.2 million. Excluding the HK\$66.2 million gain on the disposal of subsidiaries, profit before income tax rose by 16.1% to HK\$1,467.3 million. Profit attributable to the shareholders of the Company amounted to HK\$513.5 million. Basic earnings per share was HK8.3 cents.

### REVIEW OF OPERATIONS

#### Revenue

During the period under review, the Group recorded consolidated revenue of HK\$11,493.3 million, representing a decrease of 18.5% from the corresponding period of last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	First half of 2015 HK\$ million	First half 2014 HK\$ million	Amount of change HK\$ million	Percentage change
Non-containerised cargo handling business	3,147.5	2,646.2	501.3	18.9%
Container handling business	985.8	959.0	26.8	2.8%
Sales business	5,843.7	9,082.8	-3,239.1	-35.7%
Other port ancillary services business	1,516.3	1,412.0	104.3	7.4%
<b>Total</b>	<b>11,493.3</b>	<b>14,100.0</b>	<b>-2,606.7</b>	<b>-18.5%</b>

## REVIEW OF OPERATIONS AND RESULTS

## Non-containerised Cargo Handling Business

In the first half of 2015, the Group achieved total non-containerised cargo throughput of 155.84 million tonnes, representing an increase of 12.2% from the corresponding period of last year, of which throughput of subsidiary terminals grew by 14.0% whereas throughput of jointly controlled and affiliated terminals increased by 4.2%.

Nature of terminal	Non-containerised cargo throughput			
	First half of 2015 million tonnes	First half of 2014 million tonnes	Growth amount million tonnes	Growth percentage
Subsidiary terminals	<b>129.98</b>	114.04	15.94	14.0%
Jointly controlled and affiliated terminals	<b>25.86</b>	24.82	1.04	4.2%
<b>Total</b>	<b>155.84</b>	138.86	16.98	12.2%

During the period under review, metal ore, coal and steel handled by the Group showed a relatively strong growth. In terms of total throughput, metal ore handling grew by 19.5% to 61.71 million tonnes, coal handling rose by 20.4% to 53.07 million tonnes, steel handling increased by 27.3% to 12.16 million tonnes while automobiles handling decreased by 16.3% to 10.03 million tonnes and crude oil handling decreased by 11.5% to 8.73 million tonnes.

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK\$24.2 per tonne, an increase of HK\$1.0 or 4.3% from the corresponding period of last year due to the change in cargo mix. Revenue from non-containerised cargo handling business amounted to HK\$3,147.5 million, an increase of 18.9% over the same period of last year.

## Container Handling Business

Currently, the Group operates all the container handling terminals at the port of Tianjin. In the first half of 2015, the Group achieved total container throughput of 7.23 million TEUs, representing an increase of 4.9% from the corresponding period of last year, of which throughput of subsidiary terminals grew by 3.5% and throughput of jointly controlled and affiliated terminals rose by 6.2%.

Nature of terminal	Container throughput			
	First half of 2015 '000 TEUs	First half of 2014 '000 TEUs	Growth amount '000 TEUs	Growth percentage
Subsidiary terminals	<b>3,484</b>	3,365	119	3.5%
Jointly controlled and affiliated terminals	<b>3,747</b>	3,529	218	6.2%
<b>Total</b>	<b>7,231</b>	6,894	337	4.9%

In the first half of 2015, on a consolidated basis, the blended average unit price of the container handling business decreased by 0.7% to HK\$282.9 per TEU as a result of the change in cargo mix. Revenue from the container handling business was HK\$985.8 million, an increase of 2.8% over the corresponding period of last year.

## REVIEW OF OPERATIONS AND RESULTS

### 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 2015, the Group recorded revenue of HK\$5,843.7 million from the sales business segment, representing a decrease of 35.7% over the corresponding period of last year which was primarily due to the decrease in sales volume of other materials, such as metal ore and coal.

### Other Port Ancillary Services Business

Other port ancillary services of the Group mainly include tugboat services, agency services and other services. In the first half of 2015, cargo agency rose by 7.8% to 43.98 million tonnes of cargoes; tallying services grew by 4.9% to 61.27 million tonnes of cargoes; shipping agency, on the other hand, decreased by 2.0% to 9,009 vessel calls; tugboat services decreased by 2.1% to 25,353 vessel calls. Revenue from other port ancillary services business was HK\$1,516.3 million, an increase of 7.4% over the same period of last year.

### Costs

During the period under review, cost of sales of the Group amounted to HK\$9,099.3 million, representing a decrease of 24.0% from the corresponding period of last year. Cost of cargo handling business was HK\$2,376.6 million, representing an increase of 14.6% over the same period of last year, primarily due to the increase in direct costs such as labour costs and cargo reconfiguration costs as a result of the growth in cargo throughput. Cost of sales business amounted to HK\$5,770.4 million, representing a decrease of 35.6% over the corresponding period of last year, mainly due to a decrease in the sales volume which led to the decrease in the costs of goods sold. Cost of other port ancillary services business was HK\$952.3 million, an increase of 1.0% over the same period of last year driven by throughput growth.

Administrative expenses for the period under review increased by 0.7% to HK\$951.7 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 outsourcing of its non-core functions so as to maintain an optimal level of 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.

### Share of Results of Associates and Joint Ventures

During the period under review, the Group's share of results of associates and joint ventures increased as a result of the continuous growth in throughput. The Group's share of results of associates was HK\$190.8 million, representing an increase of 1.3% over the same period of last year. The Group's share of results of joint ventures was HK\$87.4 million, representing an increase of 52.6% over the same period of last year.



## REVIEW OF OPERATIONS AND RESULTS

### OUTLOOK AND PROSPECTS

In the first half of 2015, the US economy maintained a stable growth, Europe's economy showed signs of a pickup while Chinese economy was performing within a reasonable range. As a series of government policies and measures aimed at stabilising foreign trade growth and stimulating import had been further implemented, Chinese ports continued a slow-paced growth. Ports in China achieved total cargo throughput of 5,671 million tonnes, a year-on-year increase of 2.6%, and the growth rate was 2.6 percentage points lower than that of the same period of last year. Among total cargo throughput, foreign trade cargo throughput accounted for 1,780 million tonnes, a decrease of 0.6% year-on-year while container throughput amounted to 102.73 million TEUs, a growth of 6.1%, which was 0.4 percentage point higher than in the corresponding period of last year. In the first half of 2015, the Group recorded a stable growth of cargo throughput, achieving total cargo throughput of 228.95 million tonnes, an increase of 5.1% over the same period of last year.

Looking ahead to the second half of the year, global economy will be plagued by uncertainties including the US interest rate hike and the Greek debt crisis. Amid many challenges, global economy is expected to continue its recovery at moderate pace. Chinese economy still faces downward pressures in the latter half of the year despite the relatively stable performance in the first half of 2015. With the Chinese government to step up policies and measures to support the economy, China is expected to extend its steady growth. In the face of such complex and volatile macroeconomic conditions, the Group is resolved to stay focus on quality improvement and efficiency enhancement in the second half of the year, expand market coverage, increase cargo sources and seek out new growth drivers. The Group will also reinforce operation safety management, maintain prudent cost and capital management and further enhance its quality and efficiency. The Group will continue to adhere to the principle of prudent operation, focus on port functions enhancement and seize strategic opportunities, setting a solid foundation for the sustainable development of the Group.

### OTHERS

On the night of 12 August 2015, an explosion occurred at a warehouse for dangerous materials owned by Rui Hai Company\* (瑞海公司) located in the area of Tianjin Port International Logistics Centre in the Binhai New Area of Tianjin. After the incident, the rescue and dealing with the aftermath on-site were undertaken promptly.

An announcement was published on 13 August 2015 by the Company in relation to the incident based on preliminary assessment. After due enquiry, it is confirmed that Rui Hai Company is not a subsidiary or an associated company of the Group. Currently, the port operations of the Group are normal and the incident did not cause any material loss to the Group.

## REVIEW OF OPERATIONS AND RESULTS

### FINANCIAL REVIEW

#### Capital Structure

The capital and reserves attributable to equity holders of the Company as at 30 June 2015 were HK\$12,226.0 million.

As at 30 June 2015, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK\$11,330.7 million (at the closing market price of the shares of the Company of HK\$1.84 per share on 30 June 2015).

#### Cash Flow

For the six months ended 30 June 2015, the net cash inflow of the Group amounted to HK\$1,376.7 million.

The net cash inflow from operating activities amounted to HK\$1,308.1 million, at par over the same period of last year.

The net cash outflow in investing activities amounted to HK\$1,284.2 million, mainly attributable to HK\$922.6 million used for capital expenditure and an increase of HK\$525.0 million in time deposits with maturity over three months.

The net cash inflow from financing activities amounted to HK\$1,352.8 million, which included the payment of dividends and interest expenses of HK\$861.4 million and the net increase of HK\$2,215.3 million in borrowings.

#### Liquidity and Financial Resources

As at 30 June 2015, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK\$8,912.6 million (31 December 2014: HK\$7,554.1 million) and principally denominated in Renminbi ("RMB"). The Group's total borrowings as at 30 June 2015 were HK\$16,772.5 million (31 December 2014: HK\$15,049.9 million), with HK\$3,697.1 million repayable within one year, HK\$11,667.3 million repayable after one year and within five years and HK\$1,408.1 million repayable after five years. About 24.8% and 7.3% of the Group's borrowings were denominated in Hong Kong dollars ("HK\$") and US dollars ("US\$") respectively, and 67.9% were denominated in RMB.

During the period under review, the Group's interest expenses (including capitalised interest) amounted to HK\$370.4 million, increased by 21.3% over the corresponding period of last year.

As at 30 June 2015, the gearing ratio (ratio of total borrowings to total equity) and current ratio (ratio of current assets to current liabilities) of the Group were 65.5% (31 December 2014: 59.0%) and 1.5 (31 December 2014: 1.2) respectively. As at 30 June 2015, none of the Group's assets were pledged.

## REVIEW OF OPERATIONS AND RESULTS

### 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 financial 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 PRC and its functional currency is RMB. The Group is exposed to foreign exchange risk primarily from the assets and liabilities that are denominated in currencies other than the functional currency. As at 30 June 2015, 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\$12.4 million as compared to the exchange loss of HK\$22.2 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 2015, the Group's total borrowings were HK\$16,772.5 million, of which approximately 66.5% were at floating interest rate while the remaining 33.5% were at fixed interest rate.

The Group closely monitors its foreign exchange rate and interest rate risk exposures 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 2015.

### MATERIAL DISPOSALS

Material disposals of the Group during the period under review were as follows:

1. Disposal of the entire 51% equity interest in Tianjin Gangjun Logistics Development Co., Ltd. ("Gangjun Logistics Co") for a cash consideration of RMB237.4 million. After the disposal, the Group did not hold any equity interest in Gangjun Logistics Co and Gangjun Logistics Co ceased to be a subsidiary of the Group.
2. Disposal of the entire 55% equity interest in Tianjin Lanta Development Co., Ltd. ("Lanta Co") for a cash consideration of RMB57.9 million. After the disposal, the Group did not hold any equity interest in Lanta Co and Lanta Co ceased to be a subsidiary of the Group.

## REVIEW OF OPERATIONS AND RESULTS

### CAPITAL EXPENDITURE AND COMMITMENTS

In the first half of 2015, additions to property, plant and equipment of the Group amounted to HK\$1,056.0 million, primarily for construction of new terminals and depots, and renovation of terminals and depots. As at 30 June 2015, the Group's capital expenditure commitments (including authorised but not contracted for) in respect of property, plant and equipment amounted to HK\$3,402.7 million (31 December 2014: HK\$4,599.9 million).

### CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2015.

### 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 2015, the Group had approximately 10,200 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, 26 August 2015

\* For identification purposes only

# 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 condensed consolidated statement of financial position of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statements of 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, 26 August 2015

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	5	<b>11,493,340</b>	14,100,032
Business tax and surcharge		<b>(33,084)</b>	(34,712)
Cost of sales		<b>(9,099,330)</b>	(11,971,009)
Gross profit		<b>2,360,926</b>	2,094,311
Other income and gains	6	<b>164,217</b>	115,983
Administrative expenses		<b>(951,702)</b>	(944,975)
Other operating expenses		<b>(8,268)</b>	(31,768)
Operating profit		<b>1,565,173</b>	1,233,551
Finance costs	7	<b>(309,933)</b>	(215,250)
Share of results of associates		<b>190,779</b>	188,244
Share of results of joint ventures		<b>87,439</b>	57,310
Profit before income tax	8	<b>1,533,458</b>	1,263,855
Income tax	9	<b>(334,475)</b>	(267,873)
Profit for the period		<b>1,198,983</b>	995,982
Attributable to:			
Equity holders of the Company		<b>513,548</b>	401,659
Non-controlling interests		<b>685,435</b>	594,323
		<b>1,198,983</b>	995,982
Earnings per share	11		
Basic (HK cents)		<b>8.3</b>	6.5
Diluted (HK cents)		<b>8.3</b>	6.5

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June 2015	2014
	HK\$'000	HK\$'000
Profit for the period	<b>1,198,983</b>	995,982
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on available-for-sale financial assets, net of tax	<b>62,103</b>	(11,373)
Currency translation differences	<b>12,313</b>	(231,944)
Other comprehensive income/(loss) for the period, net of tax	<b>74,416</b>	(243,317)
Total comprehensive income for the period	<b>1,273,399</b>	752,665
Total comprehensive income for the period attributable to:		
Equity holders of the Company	<b>547,518</b>	287,100
Non-controlling interests	<b>725,881</b>	465,565
	<b>1,273,399</b>	752,665

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		5,988,698	5,834,689
Property, plant and equipment	12	21,388,088	21,895,298
Intangible assets		48,432	51,115
Interests in associates		3,196,505	3,128,977
Interests in joint ventures		2,651,042	2,616,927
Available-for-sale financial assets		683,489	601,279
Deferred income tax assets		129,848	132,587
Other non-current assets	13	634,035	–
		<b>34,720,137</b>	34,260,872
<b>Current assets</b>			
Inventories		579,283	705,088
Trade and other receivables	14	4,182,215	6,595,327
Restricted bank deposits		288,239	845,938
Time deposits with maturity over three months		1,342,886	817,594
Cash and cash equivalents		7,281,485	5,890,558
		<b>13,674,108</b>	14,854,505
<b>Total assets</b>		<b>48,394,245</b>	49,115,377
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	15	615,800	615,800
Other reserves	16	5,179,034	5,472,447
Retained earnings		6,431,121	5,917,549
		<b>12,225,955</b>	12,005,796
<b>Non-controlling interests</b>		<b>13,381,803</b>	13,521,761
<b>Total equity</b>		<b>25,607,758</b>	25,527,557

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



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	<i>Note</i>	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	17	13,075,393	11,253,584
Deferred income tax liabilities		359,665	332,702
Other long-term liabilities		1,048	1,047
		<b>13,436,106</b>	11,587,333
<b>Current liabilities</b>			
Trade and other payables	18	5,433,328	8,050,178
Current income tax liabilities		219,969	153,980
Borrowings	17	3,697,084	3,796,329
		<b>9,350,381</b>	12,000,487
<b>Total liabilities</b>		<b>22,786,487</b>	23,587,820
<b>Total equity and liabilities</b>		<b>48,394,245</b>	49,115,377
<b>Net current assets</b>		<b>4,323,727</b>	2,854,018
<b>Total assets less current liabilities</b>		<b>39,043,864</b>	37,114,890

The notes on pages 18 to 32 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 2015

	Unaudited					
	Attributable to equity holders of the Company				Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
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
Balance at 1 January 2015	<b>615,800</b>	<b>5,472,447</b>	<b>5,917,549</b>	<b>12,005,796</b>	<b>13,521,761</b>	<b>25,527,557</b>
Total comprehensive income for the period	–	33,970	513,548	547,518	725,881	1,273,399
Share-based compensation	–	247	–	247	–	247
Dividends	–	(327,606)	–	(327,606)	(576,316)	(903,922)
Disposal of subsidiaries (Note 19)	–	(24)	24	–	(288,324)	(288,324)
Deregistration of a subsidiary	–	–	–	–	(1,199)	(1,199)
Balance at 30 June 2015	<b>615,800</b>	<b>5,179,034</b>	<b>6,431,121</b>	<b>12,225,955</b>	<b>13,381,803</b>	<b>25,607,758</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June 2015	2014
	HK\$'000	HK\$'000
<b>Net cash from operating activities</b>	<b>1,308,134</b>	1,335,512
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment and land use rights	(922,565)	(994,681)
Investment in an associate	–	(280,261)
Investments in joint ventures	–	(177,067)
Other investing activities	(361,681)	131,503
Net cash used in investing activities	(1,284,246)	(1,320,506)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	5,885,735	2,171,085
Repayments of borrowings	(3,670,388)	(1,620,473)
Other financing activities	(862,563)	(458,618)
Net cash from financing activities	1,352,784	91,994
<b>Net increase in cash and cash equivalents</b>	<b>1,376,672</b>	107,000
Cash and cash equivalents at 1 January	5,890,558	5,713,093
Effects of changes in exchange rates	14,255	(39,570)
<b>Cash and cash equivalents at 30 June</b>	<b>7,281,485</b>	5,780,523

The notes on pages 18 to 32 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 2015

## 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 2015 were approved for issue by the board of directors of the Company (the "Board") on 26 August 2015.

## 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 2014 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 2014, as described in those annual financial statements.

The Group has adopted the following amendments for the accounting period beginning 1 January 2015:

<i>HKFRSs (Amendments)</i>	<i>Annual Improvements to HKFRSs 2010-2012 Cycle</i>
<i>HKFRSs (Amendments)</i>	<i>Annual Improvements to HKFRSs 2011-2013 Cycle</i>
<i>HKAS 19 (2011) (Amendment)</i>	<i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i>

The adoption of these amendments 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 2015*

### 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 2014.

Compared to 31 December 2014, 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 2015, the listed equity securities with fair value of HK\$611 million (31 December 2014: HK\$526 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 2015, 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 2015, 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 financial liabilities measured at amortised cost

The carrying amounts of financial assets, including trade and other receivables, restricted bank deposits, time deposits with maturity over three months, 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 2015

**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

Inter-segment transactions are carried out at arm's length.

The segment information for the reportable segments is as follows:

	Unaudited			
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2015</b>				
Total segment revenue	4,133,315	6,658,370	1,881,337	12,673,022
Inter-segment revenue	–	(814,690)	(364,992)	(1,179,682)
Revenue from external customers	4,133,315	5,843,680	1,516,345	11,493,340
Segment results	1,756,693	73,276	564,041	2,394,010
Business tax and surcharge				(33,084)
Other income and gains				164,217
Administrative expenses				(951,702)
Other operating expenses				(8,268)
Finance costs				(309,933)
Share of results of associates				190,779
Share of results of joint ventures				87,439
Profit before income tax				1,533,458

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six months ended 30 June 2015

## 5. SEGMENT INFORMATION (Continued)

	Unaudited			
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	Total 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	3,605,182	9,082,806	1,412,044	14,100,032
Segment results	1,530,974	128,770	469,279	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				1,263,855

## 6. OTHER INCOME AND GAINS

	Unaudited	
	Six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Exchange gain, net	12,423	–
Interest income		
– from deposits	54,184	50,319
– from loan to a joint venture	1,112	–
Dividend income from available-for-sale financial assets	5,051	4,806
Gain on disposal of subsidiaries	66,201	–
Government grants	20,304	60,720
Others	4,942	138
	164,217	115,983

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

**7. FINANCE COSTS**

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest expenses on borrowings	<b>370,354</b>	305,230
Less: Amount capitalised in construction in progress	<b>(60,421)</b>	(89,980)
	<b>309,933</b>	215,250

**8. EXPENSES BY NATURE**

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Cost of goods sold	<b>5,718,396</b>	8,915,520
Depreciation of property, plant and equipment	<b>564,122</b>	487,844
Amortisation of land use rights	<b>73,398</b>	65,945
Amortisation of intangible assets	<b>6,609</b>	5,931
Exchange loss, net	–	22,194

**9. INCOME TAX**

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
PRC income tax		
– Current	<b>324,687</b>	260,447
– Deferred	<b>9,788</b>	7,426
	<b>334,475</b>	267,873

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 (2014: 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 2015

**10. DIVIDEND**

	Unaudited Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
2014 final dividend of HK5.32 cents (2014: 2013 final dividend of HK5.26 cents) per ordinary share	<b>327,606</b>	323,911

At a meeting held on 25 March 2015, the Board recommended the payment of a final dividend of HK5.32 cents per ordinary share for the year ended 31 December 2014. The final dividend was approved at the annual general meeting of the Company held on 3 June 2015.

The Board resolved not to pay an interim dividend for the six months ended 30 June 2015 (2014: 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	
	2015	2014
	HK\$'000	HK\$'000
<b>Earnings</b>		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	<b>513,548</b>	401,659

	Unaudited Six months ended 30 June	
	2015	2014
<b>Number of shares (thousands)</b>		
Weighted average number of ordinary shares for calculating basic earnings per share	<b>6,158,000</b>	6,158,000
Effect of dilutive potential ordinary shares: – Share options	<b>4,888</b>	2,003
Weighted average number of ordinary shares for calculating diluted earnings per share	<b>6,162,888</b>	6,160,003

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period, after adjusting for the number of dilutive potential ordinary shares from share options granted by the Company where dilutive.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

**12. CAPITAL EXPENDITURE**

During the six months ended 30 June 2015, additions to the Group's property, plant and equipment amounted to HK\$1,056 million (30 June 2014: HK\$710 million).

**13. OTHER NON-CURRENT ASSETS**

Other non-current assets represent the loans receivable which are secured, interest bearing at 6.9% per annum and repayable in 2017.

**14. TRADE AND OTHER RECEIVABLES**

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

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
0 – 90 days	3,110,118	4,844,821
91 – 180 days	130,439	183,084
Over 180 days	94,706	70,947
	<b>3,335,263</b>	5,098,852

**15. SHARE CAPITAL**

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
<b>Authorised:</b> At 30 June 2015 and 31 December 2014	<b>12,000,000</b>	<b>1,200,000</b>
<b>Issued and fully paid:</b> At 30 June 2015 and 31 December 2014	<b>6,158,000</b>	<b>615,800</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 16. OTHER RESERVES

	Unaudited							
	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	Total HK\$'000
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 Dividend	(323,911)	-	-	1,807	-	-	-	1,807
								(323,911)
Balance at 30 June 2014	11,396,350	(9,111,447)	75,313	23,539	1,554,842	1,005,428	278,809	5,222,834
Balance at 1 January 2015	<b>11,396,350</b>	<b>(9,111,447)</b>	<b>134,203</b>	<b>25,553</b>	<b>1,628,315</b>	<b>1,120,777</b>	<b>278,696</b>	<b>5,472,447</b>
Other comprehensive income for the period	-	-	28,388	-	5,582	-	-	33,970
Share-based compensation Dividend	-	-	-	247	-	-	-	247
Disposal of subsidiaries	(327,606)	-	-	-	-	-	-	(327,606)
							(24)	(24)
Balance at 30 June 2015	<b>11,068,744</b>	<b>(9,111,447)</b>	<b>162,591</b>	<b>25,800</b>	<b>1,633,897</b>	<b>1,120,777</b>	<b>278,672</b>	<b>5,179,034</b>

## 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 at least 10% of their net profit for the year, as determined under the PRC accounting standards, to relevant reserves until the reserve balance reaches 50% of their registered capital. Such reserves can be used to offset accumulated losses, capitalisation into capital and expansion of production.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 17. BORROWINGS

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
<b>Unsecured borrowings:</b>		
<b>Non-current</b>		
Long-term borrowings	13,075,393	11,253,584
<b>Current</b>		
Short-term borrowings	2,172,227	1,859,631
Current portion of long-term borrowings	1,524,857	1,936,698
	<b>3,697,084</b>	3,796,329
	<b>16,772,477</b>	15,049,913
<b>Repayable:</b>		
Loans		
Within 1 year	3,697,084	3,796,329
Between 1 and 2 years	2,618,329	3,087,915
Between 2 and 5 years	6,512,834	4,136,907
Over 5 years	1,408,090	1,493,586
	<b>14,236,337</b>	12,514,737
Medium-term notes		
Between 2 and 5 years	2,536,140	2,535,176
	<b>16,772,477</b>	15,049,913
<b>Carrying amounts are denominated in the following currencies:</b>		
Renminbi	11,390,976	9,789,244
HK dollars	4,149,591	4,087,180
US dollars	1,230,259	1,173,489
Other	1,651	–
	<b>16,772,477</b>	15,049,913

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2015***18. TRADE AND OTHER PAYABLES**

The ageing analysis of the Group's trade and notes payables was as follows:

	<b>Unaudited 30 June 2015 HK\$'000</b>	Audited 31 December 2014 HK\$'000
0 – 90 days	<b>1,741,889</b>	3,531,904
91 – 180 days	<b>218,638</b>	1,352,528
181 – 365 days	<b>98,343</b>	61,326
Over 365 days	<b>8,746</b>	1,023
	<b>2,067,616</b>	4,946,781

Included in trade and other payables are the dividends payable of HK\$725,585,000 (31 December 2014: HK\$397,979,000) to equity holders of the Company and dividends payable of HK\$137,451,000 (31 December 2014: HK\$101,048,000) to non-controlling interests.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

**19. DISPOSAL OF SUBSIDIARIES**

In June 2015, the Group disposed of its entire 51% equity interest in Tianjin Gangjun Logistics Development Co., Ltd., which is principally engaged in the provision of depot storage services and the sales of ores and cokes, for a cash consideration of RMB237.41 million (equivalent to approximately HK\$301 million). The cash consideration was settled subsequent to the reporting date.

In June 2015, the Group disposed of its entire 55% equity interest in Tianjin Lanta Development Co., Ltd., which is principally engaged in the sales of ores and cokes, for a cash consideration of RMB57.9 million (equivalent to approximately HK\$73 million). The cash consideration was settled subsequent to the reporting date.

Details of the assets and liabilities of the subsidiaries disposed of at the date of disposal were as follows:

	Unaudited HK\$'000
Land use rights, property, plant and equipment and intangible assets	849,580
Trade and other receivables	2,052,725
Restricted bank deposits, cash and cash equivalents	325,702
Trade and other payables	(1,236,197)
Current income tax liabilities	(2,282)
Borrowings	(1,393,090)
Net assets disposed of	596,438
Non-controlling interests	(288,324)
Gain on disposal of subsidiaries	66,201
Total consideration	374,315
Satisfied by:	
Cash consideration	374,315
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(79,644)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

**20. COMMITMENTS****(a) Capital commitments**

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
<b>Contracted but not provided for</b>		
– Property, plant and equipment	304,155	652,237
– Investment in an associate	695,617	695,353
<b>Authorised but not contracted for</b>		
– Property, plant and equipment	3,098,525	3,947,641

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 2015, the formation of the company and the preparatory work of the construction project were still in progress.

**(b) Operating lease commitments**

As at 30 June 2015, the Group has future aggregate minimum lease payments under non-cancellable operating leases for land, property, plant and equipment and office premises as follows:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Not later than one year	169,509	82,262
Later than one year and not later than five years	235,196	224,938
Later than five years	516,946	543,642
	<b>921,651</b>	<b>850,842</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

**21. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The followings are the significant related party transactions entered into between the Group and its related parties in the normal course of business and on normal commercial terms:

**(a) Transactions with related parties of the Group**

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
<b>With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures</b>		
Sales of goods and services	67,788	51,561
Purchases of goods and services	386,330	314,162
Expenses for rental of land, property, plant and equipment	123,251	124,426
Interest expenses	32,661	–
Acquisition of property, plant and equipment	61,921	12,967
<b>With associates</b>		
Sales of goods and services	38,902	45,932
Purchases of goods and services	435,577	376,778
Expenses for rental of property, plant and equipment	5,604	9,298
Interest income (Note ii)	25,142	21,689
Interest expenses (Note iii)	81,249	77,342
Investment in an associate	–	280,261
<b>With joint ventures</b>		
Sales of goods and services	60,806	58,793
Purchases of goods and services	38,606	58,437
Interest income	1,112	–
Investments in joint ventures	–	177,067



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six months ended 30 June 2015

## 21. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Balances with related parties of the Group

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
<b>With Tianjin Port Group and its subsidiaries, associates and joint ventures</b>		
Trade and other receivables <i>(Note i)</i>	98,639	73,606
Trade and other payables <i>(Note i)</i>	746,337	623,515
<b>With associates</b>		
Trade and other receivables <i>(Note i)</i>	1,871	8,582
Trade and other payables <i>(Note i)</i>	28,196	26,855
Deposits <i>(Note ii)</i>	2,722,736	2,723,534
Borrowings <i>(Note iii)</i>	2,623,700	2,821,650
<b>With joint ventures</b>		
Trade and other receivables <i>(Note i)</i>	27,444	30,179
Trade and other payables <i>(Note i)</i>	9,082	2,421
Loan to a joint venture <i>(Note iv)</i>	141,062	141,133
Borrowings <i>(Note v)</i>	12,681	12,676

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 amounted to HK\$2,623,700,000 (31 December 2014: HK\$2,821,650,000), in which the aggregate principal amount of HK\$2,226,262,000 (31 December 2014: HK\$2,354,177,000) are repayable within 5 years and the remaining HK\$397,438,000 (31 December 2014: HK\$467,473,000) are repayable over 5 years. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 4.6% to 5.4% (31 December 2014: from 5.0% to 5.9%) per annum.
- iv. Loan to a joint venture is unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2016.
- 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 2015

### 21. 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 2015, 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 30/06/2015	Exercise period
			As at 01/01/2015	Granted	Lapsed		
<b>Directors</b>							
Ms. Zhang Lili	27/03/2014	1.24	3,450,000	-	-	3,450,000	27/09/2014 – 26/03/2024
Mr. Zheng Qingyue	27/03/2014	1.24	3,300,000	-	-	3,300,000	27/09/2014 – 26/03/2024
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
Ms. Shi Jing	16/09/2014	1.514	1,100,000	-	-	1,100,000	16/03/2015 – 15/09/2024
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
<b>Employees</b>							
	29/04/2011	1.828	700,000	-	-	700,000	29/10/2011 – 28/04/2021
	28/06/2012	0.896	1,400,000	-	-	1,400,000	28/12/2012 – 27/06/2022
<b>Others</b>							
	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
<b>Total</b>			19,100,000	-	(1,650,000)	17,450,000	

Note: No share options were exercised or cancelled under the Share Option Scheme during the six months ended 30 June 2015.

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the six months ended 30 June 2015 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.

## OTHER INFORMATION

**DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2015, 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%
Ms. Shi Jing	Beneficial owner	–	1,100,000 (L)	0.02%
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 of the Company (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 2015, 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.

## OTHER INFORMATION

## INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2015, 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 (Note 1)	Beneficial owner	3,294,530,000 (L)	53.5%
Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") (Note 1)	Interest of a controlled corporation	3,294,530,000 (L)	53.5%
Leadport Holdings Limited (Note 2)	Beneficial owner	1,293,030,000 (L)	21.0%
Tianjin Development Holdings Limited ("Tianjin Development") (Note 2)	Interest of controlled corporations	1,293,180,000 (L)	21.0%
Tsinlien Group Company Limited ("Tsinlien") (Note 3)	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") (Note 3)	Interest of controlled corporations	1,303,010,000 (L)	21.2%
天津渤海國有資產經營管理有限公司 (Tianjin Bohai State-owned Assets Management Co., Ltd.*) ("Bohai") (Note 3)	Interest of controlled corporations	1,303,010,000 (L)	21.2%
天津津聯投資控股有限公司 (Tianjin Tsinlien Investment Holdings Co., Ltd.*) ("Tsinlien Investment Holdings") (Note 3)	Interest of controlled corporations	1,303,010,000 (L)	21.2%

(L) denotes a long position  
\* for identification purposes only

## Notes:

- By virtue of the SFO, Tianjin Port Group is deemed to be interested in all the Shares held by Tianjin Port Overseas Holding Limited, a wholly-owned subsidiary of Tianjin Port Group.
- By virtue of the SFO, Tianjin Development is deemed to be interested in all the Shares held by Leadport Holdings Limited, a wholly-owned subsidiary of Tianjin Development.
- Tianjin Development is a subsidiary of Tianjin Investment Holdings Limited which in turn is a wholly-owned subsidiary of Tsinlien. As at 30 June 2015, 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 direct wholly-owned subsidiary of Tianjin Pharmaceutical, which in turn is a direct wholly-owned subsidiary of Bohai and an indirect wholly-owned subsidiary of Tsinlien Investment Holdings. By virtue of the SFO, Tsinlien, Tianjin Pharmaceutical, Bohai and Tsinlien Investment Holdings 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 2015, 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 during the six months ended 30 June 2015.

### **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 2015.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2015.

### **LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT**

On 21 November 2013, 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 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.

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.

On 29 August 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.

On 8 June 2015, 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 the date falling 36 months from the date of the facility agreement.

## OTHER INFORMATION

### **LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT**

*(Continued)*

On 18 June 2015, 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\$1,400,000,000. 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 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 2015, the aggregate balance of the loan facilities subject to the above obligations was HK\$4,100,000,000. Such obligations continue to exist as at the date of this interim report.

### **REVIEW OF INTERIM RESULTS**

The condensed consolidated interim financial statements for the six months ended 30 June 2015 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 2015.

## FINANCIAL SUMMARY

## CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December					For the six months ended 30 June	
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2014 HK\$'000	2015 HK\$'000
Revenue	15,052,720	16,547,695	17,934,680	22,108,849	33,559,969	14,100,032	<b>11,493,340</b>
Business tax and surcharge	(267,696)	(319,811)	(290,265)	(67,560)	(74,357)	(34,712)	<b>(33,084)</b>
Cost of sales	(11,576,885)	(12,704,778)	(13,671,856)	(17,985,873)	(28,917,206)	(11,971,009)	<b>(9,099,330)</b>
Gross profit	3,208,139	3,523,106	3,972,559	4,055,416	4,568,406	2,094,311	<b>2,360,926</b>
Other income and gains	204,618	353,881	160,558	396,820	292,439	115,983	<b>164,217</b>
Administrative expenses	(1,568,180)	(1,775,372)	(1,938,460)	(2,017,083)	(2,183,040)	(944,975)	<b>(951,702)</b>
Other operating expenses	(9,142)	(13,855)	(17,052)	(9,929)	(35,220)	(31,768)	<b>(8,268)</b>
Operating profit	1,835,435	2,087,760	2,177,605	2,425,224	2,642,585	1,233,551	<b>1,565,173</b>
Finance costs	(367,464)	(380,573)	(403,770)	(427,670)	(478,915)	(215,250)	<b>(309,933)</b>
Share of results of associates	118,593	173,750	229,436	314,718	374,553	188,244	<b>190,779</b>
Share of results of joint ventures	(4,315)	55,177	89,235	86,972	126,910	57,310	<b>87,439</b>
Profit before income tax	1,582,249	1,936,114	2,092,506	2,399,244	2,665,133	1,263,855	<b>1,533,458</b>
Income tax	(283,672)	(308,157)	(375,548)	(466,645)	(601,496)	(267,873)	<b>(334,475)</b>
Profit for the year/period	1,298,577	1,627,957	1,716,958	1,932,599	2,063,637	995,982	<b>1,198,983</b>
Attributable to:							
Equity holders of the Company	570,586	713,264	705,794	811,047	819,125	401,659	<b>513,548</b>
Non-controlling interests	727,991	914,693	1,011,164	1,121,552	1,244,512	594,323	<b>685,435</b>
	1,298,577	1,627,957	1,716,958	1,932,599	2,063,637	995,982	<b>1,198,983</b>



## FINANCIAL SUMMARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December					As at 30 June
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Land use rights	4,436,395	4,657,259	5,109,441	5,423,843	5,834,689	<b>5,988,698</b>
Property, plant and equipment	14,949,153	15,628,926	17,079,593	21,682,171	21,895,298	<b>21,388,088</b>
Intangible assets	30,198	32,667	38,644	47,121	51,115	<b>48,432</b>
Interests in associates	1,797,348	2,214,685	2,367,092	2,604,950	3,128,977	<b>3,196,505</b>
Interests in joint ventures	1,660,189	2,178,853	2,133,705	2,390,517	2,616,927	<b>2,651,042</b>
Available-for-sale financial assets	483,050	359,233	438,690	385,297	601,279	<b>683,489</b>
Deferred income tax assets	109,123	121,034	162,068	170,757	132,587	<b>129,848</b>
Other non-current assets	–	–	–	–	–	<b>634,035</b>
Current assets	8,292,658	8,370,060	9,911,513	11,366,231	14,854,505	<b>13,674,108</b>
<b>Total assets</b>	<b>31,758,114</b>	<b>33,562,717</b>	<b>37,240,746</b>	<b>44,070,887</b>	<b>49,115,377</b>	<b>48,394,245</b>
Total liabilities	(13,548,310)	(13,555,027)	(15,579,968)	(20,071,795)	(23,587,820)	<b>(22,786,487)</b>
Non-controlling interests	(9,044,911)	(10,011,663)	(11,189,020)	(12,510,022)	(13,521,761)	<b>(13,381,803)</b>
<b>Shareholders' equity</b>	<b>9,164,893</b>	<b>9,996,027</b>	<b>10,471,758</b>	<b>11,489,070</b>	<b>12,005,796</b>	<b>12,225,955</b>

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Ms. ZHANG Lili (*Chairman*)  
 Mr. ZHENG Qingyue (*Vice Chairman*)  
 Mr. LI Quanyong (*Managing Director*)<sup>△</sup>  
 Mr. WANG Rui<sup>+</sup>  
 Ms. SHI Jing

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Japhet Sebastian LAW<sup>\*\*</sup>  
 Dr. CHENG Chi Pang, Leslie<sup>\*△</sup>  
 Mr. ZHANG Weidong<sup>\*\*△</sup>

### CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Ms. CHAN Yeuk Kwan, Winnie

### AUDITOR

PricewaterhouseCoopers

### PRINCIPAL LEGAL ADVISORS

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

### PRINCIPAL BANKERS

Agricultural Bank of China Limited  
 Bank of China (Hong Kong) Limited  
 Bank of Communications Co., Ltd.  
 DBS Bank Ltd.  
 Hang Seng Bank Limited  
 Industrial and Commercial Bank of China (Asia) Limited  
 Nanyang Commercial 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  
 Level 22, Hopewell Centre  
 183 Queen's Road East, Hong Kong

### REGISTERED OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3904-3907, 39/F., Tower Two  
 Times Square, 1 Matheson Street  
 Causeway Bay, Hong Kong

### INVESTOR RELATIONS

Email: [ir@tianjinportdev.com](mailto:ir@tianjinportdev.com)  
 Tel: (852) 2847 8888  
 Fax: (852) 2899 2086

### WEBSITE

[www.tianjinportdev.com](http://www.tianjinportdev.com)

### STOCK CODE

Hong Kong Stock Exchange: 03382

<sup>△</sup> Members of Nomination Committee, Mr. Zhang is the chairman of the committee  
<sup>+</sup> Members of Remuneration Committee, Prof. Law is the chairman of the committee  
<sup>\*</sup> Members of Audit Committee, Dr. Cheng is the chairman of the committee

## Tianjin Port Development Holdings Limited

Suite 3904-3907, 39/F., Tower Two, Times Square  
1 Matheson Street, Causeway Bay, Hong Kong

Tel : (852) 2847 8888

Fax : (852) 2899 2086

[www.tianjinportdev.com](http://www.tianjinportdev.com)

