



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
2016

CORPORATE PROFILE

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

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. 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 2015, the Group had 70 berths for cargo handling, comprising 23 container berths and 47 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 2016, the port of Tianjin was the fourth 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
- 3** Management Discussion and Analysis
- 11** Report on Review of Interim Financial Information
- 12** Condensed Consolidated Interim Financial Statements
- 32** Other Information
- 37** Financial Summary
- 39** Definitions
- 40** Corporate Information

FINANCIAL HIGHLIGHTS



	For the six months ended 30 June	
	2016	2015
Total throughput		
Non-containerised cargo (million tonnes)	160.67	155.84
Container (million TEUs)	7.24	7.23
Consolidated throughput		
Non-containerised cargo (million tonnes)	133.31	129.98
Container (million TEUs)	3.52	3.48

HK\$ million	For the six months ended 30 June	
	2016	2015
Revenue	7,689	11,493
Operating profit	1,351	1,565
Profit attributable to shareholders	379	514
Basic earnings per share (HK cents)	6.2	8.3
Net cash inflow from operating activities	1,951	1,308

HK\$ million	As at	As at
	30 June 2016	31 December 2015
Shareholders' equity	11,490	11,611
Non-controlling interests	12,932	13,011
Total equity	24,422	24,622
Total assets	45,140	46,452
Total borrowings	15,468	15,888
Financial ratios		
Gearing ratio (Note 1)	63.3%	64.5%
Current ratio	1.7	1.3
Net assets per share – book value (Note 2) (HK\$)	1.9	1.9

Notes:

1. Gearing ratio represents total borrowings divided by total equity.
2. Net assets per share – book value represents shareholders' equity divided by the number of shares at the end of relevant reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

In the first half of 2016, the Group handled total cargo throughput of 235.42 million tonnes (2015: 228.95 million tonnes), representing an increase of 2.8% over the same period last year, among which total container throughput grew by 0.2% to 7.24 million TEUs (2015: 7.23 million TEUs).

	First half of 2016 HK\$ million	First half of 2015 HK\$ million	Amount of change HK\$ million	Change percentage
Revenue	7,689.1	11,493.3	-3,804.2	-33.1%
Cost of sales	5,410.3	9,099.3	-3,689.0	-40.5%
Gross profit	2,253.1	2,360.9	-107.8	-4.6%
Profit before income tax	1,297.7	1,533.5	-235.8	-15.4%
Gain on disposal of subsidiaries	–	66.2	-66.2	-100.0%
Recurring profit before income tax (Note)	1,297.7	1,467.3	-169.6	-11.6%

Note: Recurring profit before income tax is calculated as profit before income tax less items that are non-recurring in nature (such as gains or losses on disposal of long-term investments).

During the period under review, the performance of the core businesses of the Group remained steady. However, the performance of the Group's results reported in HK\$ was impacted by the depreciation of RMB on the translation to HK\$, being the Group's presentation currency for reporting purpose.

The Group's recurring profit before income tax was HK\$1,297.7 million, representing a decrease of 11.6% over the same period last year, mainly due to the exchange loss of HK\$86.9 million as compared with the exchange gain of HK\$12.4 million in the first half of 2015. The increase in exchange loss arose from the Group's HK\$ liabilities as a result of the depreciation of RMB. Excluding exchange difference, the Group's recurring profit before income tax was HK\$1,384.6 million, representing a decrease of 4.8% from HK\$1,454.8 million in the first half of 2015. Depreciation of RMB led to a lower reported results over the same period last year when translated into HK\$.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a revenue of HK\$7,689.1 million, decreased by 33.1% from HK\$11,493.3 million for the same period last year, mainly due to the decrease in revenue from sales business and the depreciation of RMB. Gross profit margin increased 8.8 percentage points to 29.3% (2015: 20.5%) reflecting the drop in the proportion of sales business which has a lower gross profit margin.

During the period under review, profit attributable to shareholders amounted to HK\$378.8 million and basic earnings per share was HK6.2 cents.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2016.

REVIEW OF OPERATIONS

In the first half of 2016, the global economic environment remained severe and complex. In the U.S., the economy growth was weaker. With the new normal of Chinese economy, GDP grew 6.7% in the first half of the year, while the growth of cargo throughput at China's ports continued to slow down. According to the statistics from Ministry of Transport of the PRC, cargo throughput handled by China's ports of significant scale was 5,803.05 million tonnes, grew by 2.2% on a year-on-year basis, but was 0.6 percentage point lower than that of the same period last year, of which container throughput handled was up by 2.5% on a year-on-year basis to 105.33 million TEUs, with growth rate being 3.6 percentage points lower than that of the same period last year. Amid this environment, the Group's businesses maintained stable, total cargo throughput handled grew 2.8% over the first half of 2015 to 235.42 million tonnes.

Non-containerised Cargo Handling Business

In the first half of 2016, the Group recorded total non-containerised cargo throughput of 160.67 million tonnes, representing an increase of 3.1% from the same period last year, among which throughput of subsidiary terminals grew by 2.6% whereas throughput of jointly controlled and affiliated terminals increased by 5.8%.

Nature of terminal	Non-containerised cargo throughput			
	First half of 2016 million tonnes	First half of 2015 million tonnes	Growth amount million tonnes	Growth percentage
Subsidiary terminals	133.31	129.98	3.33	2.6%
Jointly controlled and affiliated terminals	27.36	25.86	1.50	5.8%
Total	160.67	155.84	4.83	3.1%

In terms of total throughput, coal handling rose by 16.2% to 61.66 million tonnes (2015: 53.07 million tonnes), steel handling increased by 10.0% to 13.37 million tonnes (2015: 12.16 million tonnes), crude oil handling grew by 27.5% to 11.13 million tonnes (2015: 8.73 million tonnes), automobiles handling increased by 6.8% to 10.71 million tonnes (2015: 10.03 million tonnes). Due to the lower iron ore demand from steel enterprises, metal ore handling decreased by 12.6% to 53.91 million tonnes (2015: 61.71 million tonnes).

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK\$23.3 per tonne (2015: HK\$24.2 per tonne), a decrease of 3.7% from the same period last year. In RMB, the blended average unit price increased by 2.6% over the same period last year which was due to the change in cargo mix.

Container Handling Business

Currently, the Group operates all container handling terminals at the port of Tianjin.

In the first half of 2016, the Group recorded total container throughput of 7.24 million TEUs, representing an increase of 0.2% from the same period last year, among which throughput of subsidiary terminals grew by 0.9% and throughput of jointly controlled and affiliated terminals decreased by 0.5%.

Nature of terminal	Container throughput			
	First half of 2016 '000 TEUs	First half of 2015 '000 TEUs	Amount of change '000 TEUs	Change percentage
Subsidiary terminals	3,517	3,484	33	0.9%
Jointly controlled and affiliated terminals	3,727	3,747	-20	-0.5%
Total	7,244	7,231	13	0.2%

During the period under review, on a consolidated basis, the blended average unit price of the container handling business decreased by 6.8% to HK\$263.7 per TEU (2015: HK\$282.9 per TEU). In RMB, the blended average unit price decreased by 0.8% over the same period last year reflecting domestic trade has grown at a faster rate than foreign trade.

Sales Business

The Group's sales business mainly engaged in the supply of fuel to the inbound vessels, sales of supplies and other materials.

During the period under review, the Group recorded revenue of HK\$2,224.0 million from the sales business segment, representing a decrease of 61.9% over the same period last year. Deconsolidation of two subsidiaries which are engaged in sales business by the Group from July 2015 after completion of the disposal in 2015 together with the persistent weakness in global commodity prices have caused the decrease in sales revenue.

The decrease in sales revenue of the Group due to the completion of disposal of two subsidiaries has no adverse effects on the Group's operation and financial position as the profit margin of sales business is relatively low.

Other Port Ancillary Services Business

Other port ancillary services of the Group mainly include tugboat services, agency services and other services.

The growth in cargo throughput brought the growth in other port ancillary services business. During the period under review, cargo agency rose by 24.8% to 54.89 million tonnes of cargoes (2015: 43.98 million tonnes); shipping agency remained almost the same at 9,028 vessel calls (2015: 9,009 vessel calls); tugboat services increased by 1.5% to 25,734 vessel calls (2015: 25,353 vessel calls); and tallying services decreased by 4.0% to 58.80 million tonnes of cargoes (2015: 61.27 million tonnes).

OUTLOOK

The outcome of the Brexit referendum has raised significant uncertainty around the global economy, leading to higher downside risk. Even though the growth of Chinese economy remained within a reasonable range in the first half of the year, its growth prospect remains under relatively high downturn pressure in the second half of the year. The volatility in the global market and the structural reform of the Chinese economy will continue to weigh on world trade, posing challenges to the port industry. Facing the complex and challenging operating environment, the Group will continue to improve operating quality and efficiency by strengthening delicacy management, consolidating and optimising its existing businesses. The Group will also continue to promote the transformation and upgrading of the port, accelerate the pace of business development and pursue sustainable growth.

FINANCIAL REVIEW

Revenue

During the period under review, the Group recorded revenue of HK\$7,689.1 million, representing a decrease of 33.1% from the same period last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	First half of 2016 HK\$ million	First half of 2015 HK\$ million	Amount of change HK\$ million	Change percentage
Non-containerised cargo handling business	3,100.2	3,147.5	-47.3	-1.5%
Container handling business	927.4	985.8	-58.4	-5.9%
Cargo handling business (total)	4,027.6	4,133.3	-105.7	-2.6%
Sales business	2,224.0	5,843.7	-3,619.7	-61.9%
Other port ancillary services business	1,437.5	1,516.3	-78.8	-5.2%
Total	7,689.1	11,493.3	-3,804.2	-33.1%

Revenue from non-containerised cargo handling business decreased by 1.5% to HK\$3,100.2 million. In RMB, revenue increased by 4.9% which was driven by the increase in non-containerised throughput.

Revenue from container handling business decreased by 5.9% to HK\$927.4 million. In RMB, revenue increased by 0.2% and was attributable to the increase in container throughput.

Revenue from sales business was HK\$2,224.0 million, a 61.9% decrease in HK\$ and a 59.5% decrease in RMB. The drop in sales revenue in the first half of 2016 came from the disposal of two subsidiaries by the Group which are engaged in sales business and were deconsolidated from July 2015 after completion of the disposal in 2015, as well as the depressed oil and commodity prices.

Revenue from other port ancillary services business decreased by 5.2% to HK\$1,437.5 million. In RMB, revenue increased by 0.9% and was mainly attributable to the increase in business volume and revenue driven by the growth in cargo handling business.

Cost of Sales

During the period under review, cost of sales of the Group was HK\$5,410.3 million, representing a decrease of 40.5% from the same period last year. An analysis of costs by segment is as follows:

Type of business	Costs			
	First half of 2016 HK\$ million	First half of 2015 HK\$ million	Amount of change HK\$ million	Change percentage
Cargo handling business	2,255.5	2,376.6	-121.1	-5.1%
Sales business	2,196.7	5,770.4	-3,573.7	-61.9%
Other port ancillary services business	958.1	952.3	+5.8	+0.6%
Total	5,410.3	9,099.3	-3,689.0	-40.5%

Cost of cargo handling business decreased by 5.1% to HK\$2,255.5 million. In RMB, cost increased by 1.0%, primarily attributable to the increase in labour costs and storage costs resulted from the growth in cargo throughput and also to higher repair and maintenance costs.

Cost of sales business was HK\$2,196.7 million, a 61.9% decrease in HK\$ and a 59.5% decrease in RMB. The decrease in sales revenue led to the decrease in the costs of goods sold.

Cost of other port ancillary services business was HK\$958.1 million, a 0.6% increase in HK\$ and a 7.1% increase in RMB, primarily due to the increase in rental costs and storage costs as a result of the growth in the business.

Gross Profit

Gross profit and gross profit margin for the first half of 2016 were HK\$2,253.1 million (2015: HK\$2,360.9 million) and 29.3% (2015: 20.5%) respectively. Gross profit decreased by HK\$107.8 million, primarily due to the decrease in gross profit from sales business and other port ancillary services business. Gross profit margin grew by 8.8 percentage points, reflecting the decrease in the proportion of sales business which has a lower gross profit margin.

Administrative Expenses

Administrative expenses of the Group decreased by 3.9% to HK\$914.5 million. The Group continues to take stringent measures in control and management so as to maintain administrative expenses at a reasonable level.

Other Income and Gains and Other Operating Expenses

Other income and gains amounted to HK\$103.5 million, representing a decrease of HK\$60.7 million over the same period last year. Gain on disposal of subsidiaries of HK\$66.2 million and exchange gain of HK\$12.4 million were included in the same period last year.

Other operating expenses amounted to HK\$91.5 million, representing an increase of HK\$83.3 million over the same period last year, which included exchange loss of HK\$86.9 million.



Finance Costs

Finance costs (excluding capitalised interest) amounted to HK\$300.1 million, a decrease of 3.2% over the same period last year. Interest expenses (including capitalised interest) amounted to HK\$309.2 million, representing a decrease of 16.5% over the same period last year. The decrease in finance costs was attributable to the decrease in average borrowing level and average interest costs as compared with the same period of 2015.

Share of Results of Associates and Joint Ventures

The Group's share of results of associates was HK\$173.0 million, representing a decrease of HK\$17.8 million or 9.3% over the same period last year, mainly resulted from the decrease in profit from financial business and the depreciation of RMB.

The Group's share of results of joint ventures was HK\$74.2 million, representing a decrease of HK\$13.2 million or 15.1% over the same period last year, mainly resulted from the decrease in profit from non-core company and the depreciation of RMB.

Income Tax

During the period under review, the Group's income tax expenses amounted to HK\$292.1 million, representing a decrease of HK\$42.4 million or 12.7% over the same period last year, mainly attributable to the decrease in profit before income tax and the depreciation of RMB.

FINANCIAL POSITION

Cash Flow

During the period under review, net cash inflow of the Group amounted to HK\$888.0 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK\$1,950.9 million, an increase of HK\$642.8 million over the same period last year.

Net cash outflow in investing activities amounted to HK\$403.5 million, mainly attributable to HK\$391.1 million used for capital expenditure. Time deposits with maturity over three months also increased by HK\$133.4 million.

Net cash outflow in financing activities amounted to HK\$659.4 million, which included payment of dividends and interest expenses of HK\$634.2 million, net decrease of HK\$188.5 million in borrowings and capital contribution of HK\$163.3 million from the non-controlling shareholders of subsidiaries.

Capital Structure

The equity attributable to equity holders of the Company as at 30 June 2016 were HK\$11,489.9 million, and the net asset value of the Company was HK\$1.9 per share (31 December 2015: HK\$1.9).

As at 30 June 2016, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK\$6,835.4 million (at the closing market price of the shares of the Company of HK\$1.11 per share on 30 June 2016).

Assets and Liabilities

As at 30 June 2016, the Group's total assets were HK\$45,140.5 million (31 December 2015: HK\$46,451.9 million) and total liabilities were HK\$20,718.5 million (31 December 2015: HK\$21,830.3 million). Net current assets were HK\$5,305.1 million (31 December 2015: HK\$3,381.3 million) as at 30 June 2016.

Liquidity, Financial Resources and Borrowings

As at 30 June 2016, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK\$9,440.4 million (31 December 2015: HK\$9,603.0 million), which were principally denominated in RMB.

The Group's total borrowings as at 30 June 2016 were HK\$15,468.3 million (31 December 2015: HK\$15,888.0 million), with HK\$3,198.7 million repayable within one year, HK\$11,437.5 million repayable after one year and within five years and HK\$832.1 million repayable after five years. About 29.1% and 70.9% of the Group's borrowings were denominated in HK\$ and RMB respectively.

Financial Ratios

As at 30 June 2016, the gearing ratio (total borrowings to total equity) of the Group was 63.3% (31 December 2015: 64.5%), and the current ratio (current assets to current liabilities) was 1.7 (31 December 2015: 1.3).

Pledge of Assets

As at 30 June 2016, none of the Group's assets were pledged.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2016.

Financial Management and Policy

The Group's head office in Hong Kong is responsible for 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 non-functional currencies. As at 30 June 2016, most of the Group's assets and liabilities were denominated in RMB except for certain HK\$ bank borrowings. Since China's RMB exchange rate reform in August 2015, RMB has experienced a significant depreciation. Central Parity Rate of RMB against HK\$ as set by the People's Bank of China at the end of June 2016 declined by over 8% from that before the reform and declined by 2% from the end of December 2015. Although the RMB devaluation appeared to be relatively more moderate in the first half of 2016, the devaluation trend is expected to continue. Depreciation of RMB will subject the Group to exchange loss arising from the translation of foreign currency denominated liabilities, and also HK\$ reported results will be adversely affected by the translation. During the period under review, the Group recorded exchange loss of HK\$86.9 million (2015: exchange gain of HK\$12.4 million). No hedging arrangement was entered into in respect of foreign exchange risk exposure during the period under review.



The Group's interest rate risk arises primarily from the fluctuation on interest rates of borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk while borrowings at fixed rates expose the Group to fair value interest rate risk. As at 30 June 2016, the Group's total borrowings were HK\$15,468.3 million, of which approximately 67.3% were at floating interest rate while the remaining 32.7% were at fixed interest rate. During the period under review, the average interest rate of the Group's borrowings fell from 3.8% at the beginning of the year to 3.7% at 30 June 2016.

The Group will continue to monitor the risks of exchange rate and interest rate closely. In view of the fluctuations in RMB exchange rate and its debt in foreign currencies, the Group will continuously review its treasury strategy, whilst keeping an eye on the US\$ interest rate hike, with the aim to be well prepared and respond quickly and effectively to the rapidly changing conditions in financial market.

CAPITAL EXPENDITURE AND COMMITMENTS

In the first half of 2016, additions to property, plant and equipment of the Group amounted to HK\$317.6 million, primarily used for construction of new terminals and depots, and renovation of terminals and depots.

As at 30 June 2016, the Group's capital commitments (including authorised but not contracted for) amounted to HK\$5,316.8 million (31 December 2015: HK\$3,816.0 million), among which HK\$4,675.0 million is for property, plant and equipment and HK\$641.8 million for investment in an associate.

MATERIAL INVESTMENTS

During the period under review, the Group made a pro rata capital contribution of RMB102.0 million to Tianjin Port Haijia Automobile Terminal Co., Ltd. (a non wholly-owned subsidiary). Tianjin Port Haijia Automobile Terminal Co., Ltd. was established in 2015 to invest, construct and operate the specialised automobile ro-ro terminal project with a registered capital of RMB400.0 million, of which the Group holds 51% equity interest with a contribution of RMB204.0 million to be funded by internal fund.

APPRECIATION

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

By order of the Board
ZHANG Ruigang
Chairman

Hong Kong, 25 August 2016

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 condensed consolidated statement of financial position of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of 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, 25 August 2016

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CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016



	Note	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Revenue	5	7,689,088	11,493,340
Business tax and surcharge		(25,685)	(33,084)
Cost of sales		(5,410,322)	(9,099,330)
Gross profit		2,253,081	2,360,926
Other income and gains	6	103,536	164,217
Administrative expenses		(914,490)	(951,702)
Other operating expenses		(91,524)	(8,268)
Operating profit		1,350,603	1,565,173
Finance costs	7	(300,129)	(309,933)
Share of results of associates		173,018	190,779
Share of results of joint ventures		74,232	87,439
Profit before income tax	8	1,297,724	1,533,458
Income tax	9	(292,068)	(334,475)
Profit for the period		1,005,656	1,198,983
Profit attributable to:			
Equity holders of the Company		378,786	513,548
Non-controlling interests		626,870	685,435
		1,005,656	1,198,983
Earnings per share	11		
Basic (HK cents)		6.2	8.3
Diluted (HK cents)		6.2	8.3

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 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Profit for the period	1,005,656	1,198,983
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of available-for-sale financial assets	(37,942)	62,103
Currency translation differences	(495,944)	12,313
Other comprehensive (loss)/income for the period, net of tax	(533,886)	74,416
Total comprehensive income for the period	471,770	1,273,399
Total comprehensive income attributable to:		
Equity holders of the Company	133,732	547,518
Non-controlling interests	338,038	725,881
	471,770	1,273,399

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016



	Note	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
ASSETS			
Non-current assets			
Land use rights		5,575,369	5,759,693
Property, plant and equipment	12	19,877,847	20,493,102
Intangible assets		44,639	48,977
Interests in associates		3,035,193	3,031,415
Interests in joint ventures		2,596,930	2,572,561
Available-for-sale financial assets		503,974	565,065
Deferred income tax assets		94,977	98,890
Other non-current assets	13	–	596,801
		31,728,929	33,166,504
Current assets			
Inventories		209,990	192,259
Trade and other receivables	13	3,761,196	3,490,134
Restricted bank deposits		3,247	995,323
Time deposits with maturity over three months		1,461,331	1,354,739
Cash and cash equivalents		7,975,802	7,252,964
		13,411,566	13,285,419
Total assets		45,140,495	46,451,923
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	615,800	615,800
Other reserves	15	4,053,814	4,553,383
Retained earnings		6,820,324	6,441,538
		11,489,938	11,610,721
Non-controlling interests		12,932,024	13,010,871
Total equity		24,421,962	24,621,592

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Note</i>	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	12,269,545	11,575,442
Deferred income tax liabilities		341,578	349,799
Other long-term liabilities		966	986
		12,612,089	11,926,227
Current liabilities			
Trade and other payables	17	4,723,615	5,454,940
Current income tax liabilities		184,109	136,639
Borrowings	16	3,198,720	4,312,525
		8,106,444	9,904,104
Total liabilities		20,718,533	21,830,331
Total equity and liabilities		45,140,495	46,451,923
Net current assets		5,305,122	3,381,315
Total assets less current liabilities		37,034,051	36,547,819

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 2016



	Unaudited					
	Equity attributable to equity holders of the Company					
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2015	615,800	5,472,447	5,917,549	12,005,796	13,521,761	25,527,557
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	-	(24)	24	-	(288,324)	(288,324)
Deregistration of a subsidiary	-	-	-	-	(1,199)	(1,199)
At 30 June 2015	615,800	5,179,034	6,431,121	12,225,955	13,381,803	25,607,758
At 1 January 2016	615,800	4,553,383	6,441,538	11,610,721	13,010,871	24,621,592
Total comprehensive (loss)/income for the period	-	(245,054)	378,786	133,732	338,038	471,770
Share-based compensation	-	1,042	-	1,042	-	1,042
Dividends	-	(255,557)	-	(255,557)	(580,136)	(835,693)
Capital contributions from non-controlling interests	-	-	-	-	163,251	163,251
At 30 June 2016	615,800	4,053,814	6,820,324	11,489,938	12,932,024	24,421,962

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 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Net cash from operating activities	1,950,910	1,308,134
Cash flows from investing activities		
Purchases of property, plant and equipment, land use rights and intangible assets	(391,083)	(922,565)
Other investing activities	(12,378)	(361,681)
Net cash used in investing activities	(403,461)	(1,284,246)
Cash flows from financing activities		
Proceeds from borrowings	3,384,007	5,885,735
Repayments of borrowings	(3,572,544)	(3,670,388)
Other financing activities	(470,903)	(862,563)
Net cash (used in)/from financing activities	(659,440)	1,352,784
Net increase in cash and cash equivalents	888,009	1,376,672
Cash and cash equivalents at 1 January	7,252,964	5,890,558
Effects of exchange rate changes on cash and cash equivalents	(165,171)	14,255
Cash and cash equivalents at 30 June	7,975,802	7,281,485

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 2016



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 were approved for issue by the board of directors of the Company (the "Board") on 25 August 2016.

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 2015 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 and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2015.

The Group has adopted the following new standard and amendments for the accounting period beginning on 1 January 2016:

<i>HKFRSs (Amendments)</i>	<i>Annual Improvements to HKFRSs 2012-2014 Cycle</i>
<i>HKAS 1 (Amendment)</i>	<i>Presentation of Financial Statements – Disclosure Initiative</i>
<i>HKAS 16 (Amendment) and HKAS 38 (Amendment)</i>	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
<i>HKAS 16 (Amendment) and HKAS 41 (Amendment)</i>	<i>Bearer Plants</i>
<i>HKAS 27 (2011) (Amendment)</i>	<i>Separate Financial Statements – Equity Method in Separate Financial Statements</i>
<i>HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 28 (2011) (Amendment)</i>	<i>Investment Entities: Applying the Consolidation Exception</i>
<i>HKFRS 11 (Amendment)</i>	<i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation</i>
<i>HKFRS 14</i>	<i>Regulatory Deferral Accounts</i>

The adoption of these new standard and amendments has no significant impact on the results and financial position of the Group.

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 2015.

Compared to 31 December 2015, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

4.2 Fair value estimation

Financial instruments that are measured in the consolidated statement of financial position 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 2016, financial instruments included in level 1 comprise listed equity securities with fair value of HK\$438,076,000 (31 December 2015: HK\$497,839,000) classified as available-for-sale financial assets and measured at the quoted bid prices in active markets.

There were no transfers between different levels of the fair value hierarchy during the period.

For the six months ended 30 June 2016, 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, loan to a joint venture and loans receivable, 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 2016



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			Total HK\$'000
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	
Six months ended 30 June 2016				
Total segment revenue	4,027,590	2,447,855	1,739,338	8,214,783
Inter-segment revenue	–	(223,871)	(301,824)	(525,695)
Revenue from external customers	4,027,590	2,223,984	1,437,514	7,689,088
Segment results	1,772,113	27,233	479,420	2,278,766
Business tax and surcharge				(25,685)
Other income and gains				103,536
Administrative expenses				(914,490)
Other operating expenses				(91,524)
Finance costs				(300,129)
Share of results of associates				173,018
Share of results of joint ventures				74,232
Profit before income tax				1,297,724

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 2015				
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

6. OTHER INCOME AND GAINS

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Exchange gain, net	–	12,423
Interest income		
– from deposits	57,510	54,184
– from loan to a joint venture	1,042	1,112
– from loans receivable	19,411	–
Dividend income from available-for-sale financial assets	5,785	5,051
Gain on disposal of subsidiaries	–	66,201
Government grants	18,042	20,304
Others	1,746	4,942
	103,536	164,217

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016



7. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Interest expenses on borrowings	309,245	370,354
Less: Amount capitalised in construction in progress	(9,116)	(60,421)
	300,129	309,933

8. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Costs of goods sold	2,171,748	5,718,396
Depreciation of property, plant and equipment	530,427	564,122
Amortisation of land use rights	71,525	73,398
Amortisation of intangible assets	6,816	6,609
Exchange loss, net	86,890	–

9. INCOME TAX

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
PRC income tax		
– Current	278,052	324,687
– Deferred	14,016	9,788
	292,068	334,475

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 (2015: nil).

PRC income tax has been provided 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 2016

10. DIVIDEND

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
2015 final dividend of HK4.15 cents (2015: 2014 final dividend of HK5.32 cents) per ordinary share	255,557	327,606

At a meeting held on 29 March 2016, the Board recommended the payment of a final dividend of HK4.15 cents per ordinary share for the year ended 31 December 2015. The final dividend was approved at the annual general meeting of the Company held on 1 June 2016.

The Board resolved not to pay an interim dividend for the six months ended 30 June 2016 (2015: 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	
	2016 HK\$'000	2015 HK\$'000
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	378,786	513,548

	Unaudited Six months ended 30 June	
	2016 '000	2015 '000
Number of shares		
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	822	4,888
Weighted average number of ordinary shares for calculating diluted earnings per share	6,158,822	6,162,888

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 2016



12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, additions to the Group's property, plant and equipment amounted to HK\$318 million (30 June 2015: HK\$1,056 million).

13. 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 trade and notes receivables (net of provision for impairment) based on the invoice date was as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
0 – 90 days	2,455,728	2,714,495
91 – 180 days	154,793	50,680
Over 180 days	116,664	89,358
	2,727,185	2,854,533

Included in trade and other receivables are loans receivable of HK\$585,001,000 which were classified as other non-current assets as at 31 December 2015. The loans receivable are secured, interest bearing at 5.7% (31 December 2015: 6.9%) per annum and repayable in 2017.

14. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 December 2015 and 30 June 2016	12,000,000	1,200,000
Issued and fully paid:		
At 31 December 2015 and 30 June 2016	6,158,000	615,800

Share option

During the six months ended 30 June 2016, the Company has granted 3,450,000 share options. The fair value of share options is determined at the date of grant using the Binomial model and the significant inputs are as follows:

Date of grant	22 April 2016
Exercise price	HK\$1.244
Expected volatility	51%
Expected option life	6.0 years
Risk-free interest rate	1.35%
Annual dividend yield	3.26%
Fair value	HK\$0.45

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 2016



15. 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
At 1 January 2015	11,396,350	(9,111,447)	134,203	25,553	1,628,315	1,120,777	278,696	5,472,447
Other comprehensive income for the period	-	-	28,388	-	5,582	-	-	33,970
Share-based compensation	-	-	-	247	-	-	-	247
Dividend	(327,606)	-	-	-	-	-	-	(327,606)
Disposal of subsidiaries	-	-	-	-	-	-	(24)	(24)
At 30 June 2015	11,068,744	(9,111,447)	162,591	25,800	1,633,897	1,120,777	278,672	5,179,034
At 1 January 2016	11,068,744	(9,111,447)	134,192	25,866	921,269	1,236,199	278,560	4,553,383
Other comprehensive loss for the period	-	-	(12,237)	-	(232,817)	-	-	(245,054)
Share-based compensation	-	-	-	1,042	-	-	-	1,042
Dividend	(255,557)	-	-	-	-	-	-	(255,557)
At 30 June 2016	10,813,187	(9,111,447)	121,955	26,908	688,452	1,236,199	278,560	4,053,814

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 2016

16. BORROWINGS

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Unsecured borrowings:		
Non-current		
Long-term borrowings	12,269,545	11,575,442
Current		
Short-term borrowings	1,618,335	1,793,758
Current portion of long-term borrowings	1,580,385	2,518,767
	3,198,720	4,312,525
	15,468,265	15,887,967
Repayable:		
Loans		
Within 1 year	3,198,720	4,312,525
Between 1 and 2 years	3,855,462	2,036,644
Between 2 and 5 years	5,242,000	6,091,794
Over 5 years	832,081	1,059,799
	13,128,263	13,500,762
Medium-term notes		
Between 1 and 2 years	2,340,002	–
Between 2 and 5 years	–	2,387,205
	2,340,002	2,387,205
	15,468,265	15,887,967
Carrying amounts are denominated in the following currencies:		
Renminbi	10,973,593	11,010,325
HK dollars	4,494,672	4,383,651
US dollars	–	493,991
	15,468,265	15,887,967

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016



17. TRADE AND OTHER PAYABLES

The ageing analysis of trade and notes payables based on the invoice date was as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
0 – 90 days	1,162,269	1,562,756
91 – 180 days	150,618	695,668
181 – 365 days	48,396	33,470
Over 365 days	20,210	29,200
	1,381,493	2,321,094

Included in trade and other payables are dividends payable of HK\$828,805,000 (31 December 2015: HK\$573,248,000) to equity holders of the Company and dividends payable of HK\$345,497,000 (31 December 2015: HK\$41,035,000) to non-controlling interests.

18. CAPITAL COMMITMENTS

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Contracted but not provided for		
– Property, plant and equipment	905,079	589,699
– Investment in an associate	641,820	654,767
Authorised but not contracted for		
– Property, plant and equipment	3,769,946	2,571,486

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., with Grand Asia International Shipping Ltd. and Terminal Link Tianjin Limited and invest in the construction project of container terminals at Beigangchi berth no. 8-10. Total investment of the construction project will be approximately RMB4.20 billion and the registered capital will be RMB1.47 billion. Tianjin Port Co will hold 60% equity interest in it. As at 30 June 2016, the formation of the company and the preparatory work of the construction project were still in progress.

19. 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	
	2016	2015
	HK\$'000	HK\$'000
With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures		
Sales of goods and services	50,995	67,788
Purchases of goods and services	350,825	386,330
Expenses for rental of land, property, plant and equipment	108,125	123,251
Interest expenses	–	32,661
Acquisition of property, plant and equipment	39,542	61,921
With associates		
Sales of goods and services	25,914	38,902
Purchases of goods and services	434,688	435,577
Expenses for rental of property, plant and equipment	8,189	5,604
Interest income	17,020	25,142
Interest expenses	60,773	81,249
Acquisition of property, plant and equipment	9,034	–
With joint ventures		
Sales of goods and services	85,242	60,806
Purchases of goods and services	44,598	38,606
Interest income	1,042	1,112

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016



19. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties of the Group

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
With Tianjin Port Group and its subsidiaries, associates and joint ventures		
Trade and other receivables (Note iii)	59,471	76,996
Trade and other payables (Note iii)	814,479	716,777
With associates		
Trade and other receivables (Note iii)	12,173	3,041
Trade and other payables (Note iii)	20,882	21,292
Deposits (Note i)	3,176,639	2,564,402
Borrowings (Note ii)	3,232,971	3,092,027
With joint ventures		
Trade and other receivables (Note iii)	23,278	23,932
Trade and other payables (Note iii)	18,633	10,992
Loan to a joint venture (Note iv)	141,172	141,031
Borrowings (Note v)	11,700	11,936

Notes:

- i. Deposits placed with Tianjin Port Finance Co., Ltd. ("Tianjin Port Finance"), a 48% owned associate of the Group, carry interests at prevailing market rates.
- ii. Borrowings from Tianjin Port Finance amounted to HK\$3,232,971,000 (31 December 2015: HK\$3,092,027,000), in which the aggregate principal amount of HK\$2,898,725,000 (31 December 2015: HK\$2,741,227,000) are repayable within 5 years and the remaining HK\$334,246,000 (31 December 2015: HK\$350,800,000) are repayable over 5 years. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 3.9% to 4.9% (31 December 2015: from 3.9% to 5.5%) per annum.
- iii. Trade and other receivables and trade and other payables are unsecured, interest-free and due within 1 year.
- iv. Loan to a joint venture is unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2019.
- v. Borrowings from a joint venture are unsecured, bear interests at prevailing market rates and are repayable within 1 year.

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 (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 (a) and (b) above.

In addition to those disclosed above, as at 30 June 2016, 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 significant related party transactions in the condensed consolidated interim financial statements.

OTHER INFORMATION



REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 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 2016.

EMPLOYEES

As at 30 June 2016, the Group had approximately 9,900 employees. The Group offers remuneration packages for employees based on their position, performance and the labour market conditions. Share options were also granted to the management as remuneration. In addition to basic salary, mandatory provident fund scheme (in accordance with the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or the state-managed pension scheme (for PRC employees), discretionary bonus is also awarded to the employees with reference to the annual results and the employees’ performance.

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 2016.

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 2016.

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 2016.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 18 December 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 28 March 2014, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for term loan facilities in an aggregate amount of HK\$500,000,000. The loan facilities are 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 term loan facilities in an aggregate amount of HK\$800,000,000. The loan facilities are unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

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.

On 29 June 2016, 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\$900,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of first drawdown.

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 2016, the aggregate balance of the loan facilities subject to the above obligations was HK\$4,400,000,000. Such obligations continue to exist as at the date of this report.

UPDATES ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the Directors' information since the date of the 2015 Annual Report of the Company are set out below:

Japhet Sebastian Law, an independent non-executive Director, resigned as an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (Stock Code: 06116), a company whose shares are listed on the Main Board of the Stock Exchange, with effect from 25 July 2016.

Cheng Chi Pang, Leslie, an independent non-executive Director, retired from a non-executive director of Wai Kee Holdings Limited (Stock Code: 00610) and Build King Holdings Limited (Stock Code: 00240), companies whose shares are listed on the Main Board of the Stock Exchange, with effect from 19 May 2016.

OTHER INFORMATION



SHARE OPTION SCHEME

By a written resolution passed by the sole shareholder of the Company on 26 April 2006, the Share Option Scheme was adopted by the Company. The Share Option Scheme was effective for a period of 10 years and expired on 25 April 2016. All outstanding share options granted under the Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

Movements of the outstanding share options under the Share Option Scheme during the six months ended 30 June 2016 were as follows:

	Date of grant	Exercise price HK\$	Number of share options				As at 30/06/2016	Exercise period
			As at 01/01/2016	Granted (Note 1)	Exercised	Lapsed		
Directors								
Zhang Ruigang (Note 2)	22/04/2016	1.244	–	3,450,000	–	–	3,450,000	22/10/2016 – 21/04/2026
Zhang Lili (Note 3)	27/03/2014	1.24	3,450,000	–	–	(3,450,000)	–	27/09/2014 – 26/03/2024
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
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
Yu Houxin	09/12/2015	1.21	1,100,000	–	–	–	1,100,000	09/06/2016 – 08/12/2025
Shi Jing	16/09/2014	1.514	1,100,000	–	–	–	1,100,000	16/03/2015 – 15/09/2024
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
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
Zhang Weidong	28/06/2012	0.896	450,000	–	–	–	450,000	28/12/2012 – 27/06/2022
Employees								
	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
Total			15,250,000	3,450,000	–	(3,450,000)	15,250,000	

Notes:

1. The closing price of the Shares immediately before 22 April 2016, the date on which the share options were granted, was HK\$1.24 per Share. All share options granted are subject to a vesting period of six months from the date of grant.
2. Zhang Ruigang was appointed as an executive Director on 22 April 2016.
3. Zhang Lili resigned as an executive Director on 22 April 2016.

Details of the value of share options granted under the Share Option Scheme during the six months ended 30 June 2016 are set out in Note 14 to the condensed consolidated interim financial statements.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, during the six months ended 30 June 2016 or at the end of the period was the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable 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 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company 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, were as follows:

	Capacity	Number of Shares	Number of underlying shares (Note)	Percentage of issued share capital of the Company
Zhang Ruigang	Beneficial owner	–	3,450,000 (L)	0.06%
Li Quanyong	Beneficial owner	–	3,150,000 (L)	0.05%
Wang Rui	Beneficial owner	–	3,000,000 (L)	0.05%
Yu Houxin	Beneficial owner	–	1,100,000 (L)	0.02%
Shi Jing	Beneficial owner	–	1,100,000 (L)	0.02%
Japhet Sebastian Law	Beneficial owner	2,700,000 (L)	450,000 (L)	0.05%
Cheng Chi Pang, Leslie	Beneficial owner	–	450,000 (L)	0.01%
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 2016, 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 2016, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares interested	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 (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 2016, Tianjin Investment Holdings Limited and Tsinlien Investment Limited, a wholly-owned subsidiary of Tsinlien, were beneficially 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 is a wholly-owned subsidiary of Tianjin Pharmaceutical, which in turn is a wholly-owned subsidiary of Bohai. Bohai is a 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 2016, there are no other 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.

FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				For the six months ended 30 June		2016 HK\$'000
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2015 HK\$'000	
Revenue	16,547,695	17,934,680	22,108,849	33,559,969	20,541,760	11,493,340	7,689,088
Business tax and surcharge	(319,811)	(290,265)	(67,560)	(74,357)	(65,583)	(33,084)	(25,685)
Cost of sales	(12,704,778)	(13,671,856)	(17,985,873)	(28,917,206)	(15,817,854)	(9,099,330)	(5,410,322)
Gross profit	3,523,106	3,972,559	4,055,416	4,568,406	4,658,323	2,360,926	2,253,081
Other income and gains	353,881	160,558	396,820	292,439	324,539	164,217	103,536
Administrative expenses	(1,775,372)	(1,938,460)	(2,017,083)	(2,183,040)	(2,068,313)	(951,702)	(914,490)
Other operating expenses	(13,855)	(17,052)	(9,929)	(35,220)	(336,423)	(8,268)	(91,524)
Operating profit	2,087,760	2,177,605	2,425,224	2,642,585	2,578,126	1,565,173	1,350,603
Finance costs	(380,573)	(403,770)	(427,670)	(478,915)	(611,479)	(309,933)	(300,129)
Share of results of associates	173,750	229,436	314,718	374,553	357,933	190,779	173,018
Share of results of joint ventures	55,177	89,235	86,972	126,910	169,569	87,439	74,232
Profit before income tax	1,936,114	2,092,506	2,399,244	2,665,133	2,494,149	1,533,458	1,297,724
Income tax	(308,157)	(375,548)	(466,645)	(601,496)	(632,142)	(334,475)	(292,068)
Profit for the year/period	1,627,957	1,716,958	1,932,599	2,063,637	1,862,007	1,198,983	1,005,656
Profit attributable to:							
Equity holders of the Company	713,264	705,794	811,047	819,125	639,387	513,548	378,786
Non-controlling interests	914,693	1,011,164	1,121,552	1,244,512	1,222,620	685,435	626,870
	1,627,957	1,716,958	1,932,599	2,063,637	1,862,007	1,198,983	1,005,656



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December					As at 30 June
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Land use rights	4,657,259	5,109,441	5,423,843	5,834,689	5,759,693	5,575,369
Property, plant and equipment	15,628,926	17,079,593	21,682,171	21,895,298	20,493,102	19,877,847
Intangible assets	32,667	38,644	47,121	51,115	48,977	44,639
Interests in associates	2,214,685	2,367,092	2,604,950	3,128,977	3,031,415	3,035,193
Interests in joint ventures	2,178,853	2,133,705	2,390,517	2,616,927	2,572,561	2,596,930
Available-for-sale financial assets	359,233	438,690	385,297	601,279	565,065	503,974
Deferred income tax assets	121,034	162,068	170,757	132,587	98,890	94,977
Other non-current assets	–	–	–	–	596,801	–
Current assets	8,370,060	9,911,513	11,366,231	14,854,505	13,285,419	13,411,566
Total assets	33,562,717	37,240,746	44,070,887	49,115,377	46,451,923	45,140,495
Total liabilities	(13,555,027)	(15,579,968)	(20,071,795)	(23,587,820)	(21,830,331)	(20,718,533)
Non-controlling interests	(10,011,663)	(11,189,020)	(12,510,022)	(13,521,761)	(13,010,871)	(12,932,024)
Shareholders' equity	9,996,027	10,471,758	11,489,070	12,005,796	11,610,721	11,489,938

DEFINITIONS

In this interim report, unless the context requires otherwise, the following expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Tianjin Port Development Holdings Limited
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 26 April 2006
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Port Group”	天津港（集團）有限公司 (Tianjin Port (Group) Co., Ltd.*), a limited liability company incorporated in the PRC and the Company’s ultimate holding company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

* for identification purposes only

CORPORATE INFORMATION



EXECUTIVE DIRECTORS

ZHANG Ruigang (*Chairman*)
LI Quanyong (*Managing Director*)[△]
WANG Rui⁺
YU Houxin
SHI Jing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Japhet Sebastian LAW^{**}
CHENG Chi Pang, Leslie^{*△}
ZHANG Weidong ^{**△}

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

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

Estera Trust (Cayman) Limited
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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STOCK CODE

Hong Kong Stock Exchange: 03382

[△] Members of Nomination Committee, Zhang Weidong is the chairman of the committee
⁺ Members of Remuneration Committee, Japhet Sebastian Law is the chairman of the committee
^{*} Members of Audit Committee, Cheng Chi Pang, Leslie is the chairman of the committee

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