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 RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS

- Total cargo throughput handled was 235.42 million tonnes, among which total container throughput of 7.24 million TEUs.
- Revenue was HK$7,689.1 million.
- Profit attributable to equity holders of the Company was HK$378.8 million.
- Basic earnings per share of HK6.2 cents.

The board of directors (the "Board") of Tianjin Port Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**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	*4*	**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	*5*	**(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	*6*	**1,297,724**	1,533,458
Income tax	*7*	**(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	*9*		
Basic (HK cents)		**6.2**	8.3
Diluted (HK cents)		**6.2**	8.3

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

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		**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		**–**	596,801
		31,728,929	33,166,504
Current assets			
Inventories		**209,990**	192,259
Trade and other receivables	*10*	**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		**615,800**	615,800
Other reserves		**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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	**Unaudited 30 June 2016** *HK$'000*	Audited 31 December 2015 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**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	*11*	**4,723,615**	5,454,940
Current income tax liabilities		**184,109**	136,639
Borrowings		**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

Notes:

1. 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 of Hong Kong Limited (the "Listing Rules").

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").

2. 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:

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

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

3. SEGMENT INFORMATION

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

Principal activities of the three reportable segments are as follows:

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

The segment information for the reportable segments is as follows:

	Unaudited			
	Cargo handling *HK$'000*	**Sales** *HK$'000*	**Other port ancillary services** *HK$'000*	**Total** *HK$'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**

	Unaudited			
	Cargo handling *HK$'000*	Sales *HK$'000*	Other port ancillary services *HK$'000*	Total *HK$'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

4. 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

5. FINANCE COSTS

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

6. EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'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**	–

7. INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'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.

8. DIVIDEND

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'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).

9. EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'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	2015
	'000	*'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.

10. 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	Audited 31 December 2015
	HK$'000	*HK$'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

11. TRADE AND OTHER PAYABLES

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

	Unaudited 30 June 2016	Audited 31 December 2015
	HK$'000	*HK$'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

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 Hong Kong dollars ("HK$") was impacted by the depreciation of Renminbi ("RMB") on the translation to HK$, 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$1,454.8 million in the first half of 2015. Depreciation of RMB led a lower reported results over the same period last year when translated into HK$.

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%.

	Non-containerised cargo throughput			
Nature of terminal	**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%.

	Container throughput			
Nature of terminal	**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 as 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:

	Revenue			
Type of business	**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:

	Costs			
Type of business	**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 around 2% from the end of December 2015. Despite the RMB devaluation appeared to be relatively more moderate in the first half of 2016, the devaluation trend 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 dollars 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.

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.

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 results for 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.

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.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company (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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Company at www.tianjinportdev.com and the HKExnews website at www.hkexnews.hk. The 2016 Interim Report of the Company will be published on the website of the Company and the HKExnews website, and despatched to the shareholders of the Company in due course.

By Order of the Board
Tianjin Port Development Holdings Limited
Zhang Ruigang
Chairman

Hong Kong, 25 August 2016

As at the date of this announcement, the Board consists of Mr. Zhang Ruigang, Mr. Li Quanyong, Mr. Wang Rui, Mr. Yu Houxin and Ms. Shi Jing as executive Directors; Professor Japhet Sebastian Law, Dr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong as independent non-executive Directors.