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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

- Total cargo throughput handled was 474.72 million tonnes, among which total container throughput was 14.487 million TEUs.
- Revenue was HK$16,457 million.
- Profit attributable to equity holders of the Company was HK$530 million.
- Basic earnings per share of HK8.6 cents.
- Proposed final dividend of HK3.44 cents per share, representing a payout ratio of 40%.

The board of directors (the "Board") of Tianjin Port Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	2	**16,456,982**	20,541,760
Business tax and surcharge		**(39,105)**	(65,583)
Cost of sales		**(11,848,641)**	(15,817,854)
Gross profit		**4,569,236**	4,658,323
Other income and gains	3	**226,382**	324,539
Administrative expenses		**(1,979,661)**	(2,068,313)
Other operating expenses		**(320,216)**	(336,423)
Operating profit		**2,495,741**	2,578,126
Finance costs	4	**(584,608)**	(611,479)
Share of results of associates		**326,875**	357,933
Share of results of joint ventures		**121,233**	169,569
Profit before income tax		**2,359,241**	2,494,149
Income tax	6	**(571,717)**	(632,142)
Profit for the year		**1,787,524**	1,862,007
Profit attributable to:			
Equity holders of the Company		**530,479**	639,387
Non-controlling interests		**1,257,045**	1,222,620
		1,787,524	1,862,007
Earnings per share	8		
Basic (HK cents)		**8.6**	10.4
Diluted (HK cents)		**8.6**	10.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**1,787,524**	1,862,007
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of available-for-sale financial assets	**(10,356)**	(2,213)
Currency translation differences	**(1,610,056)**	(1,516,118)
Other comprehensive loss for the year, net of tax	**(1,620,412)**	(1,518,331)
Total comprehensive income for the year	**167,112**	343,676
Total comprehensive income attributable to:		
Equity holders of the Company	**(219,777)**	(67,670)
Non-controlling interests	**386,889**	411,346
	167,112	343,676

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Land use rights		**5,686,092**	5,759,693
Property, plant and equipment		**18,960,072**	20,493,102
Intangible assets		**65,043**	48,977
Interests in associates		**2,963,447**	3,031,415
Interests in joint ventures		**2,457,810**	2,572,561
Available-for-sale financial assets		**518,458**	565,065
Deferred income tax assets		**91,491**	98,890
Other non-current assets		**–**	596,801
		30,742,413	33,166,504
Current assets			
Inventories		**171,930**	192,259
Trade and other receivables	*9*	**3,583,555**	3,490,134
Restricted bank deposits		**14,477**	995,323
Time deposits with maturity over three months		**1,286,752**	1,354,739
Cash and cash equivalents		**6,537,380**	7,252,964
		11,594,094	13,285,419
Total assets		**42,336,507**	46,451,923
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**615,800**	615,800
Other reserves		**3,680,926**	4,553,383
Retained earnings		**6,840,676**	6,441,538
		11,137,402	11,610,721
Non-controlling interests		**12,978,991**	13,010,871
Total equity		**24,116,393**	24,621,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**11,428,366**	11,575,442
Deferred income tax liabilities		**321,095**	349,799
Other long-term liabilities		**21,462**	986
		11,770,923	11,926,227
Current liabilities			
Trade and other payables	*10*	**3,224,483**	5,454,940
Current income tax liabilities		**137,223**	136,639
Borrowings		**3,087,485**	4,312,525
		6,449,191	9,904,104
Total liabilities		**18,220,114**	21,830,331
Total equity and liabilities		**42,336,507**	46,451,923
Net current assets		**5,144,903**	3,381,315
Total assets less current liabilities		**35,887,316**	36,547,819

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which are carried at fair value.

(a) 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.

(b) The Group has not early adopted the following new standards and amendments which have been issued but are not yet effective:

HKAS 7 (Amendment)	*Statement of Cash Flows – Disclosure Initiative*[1]
HKAS 12 (Amendment)	*Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*[1]
HKFRS 2 (Amendment)	*Share-based Payment – Classification and Measurement of Share-based Payment Transactions*[2]
HKFRS 4 (Amendment)	*Insurance Contracts – Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9 (2014)	*Financial Instruments*[2]
HKFRS 10 (Amendment) and HKAS 28 (2011) (Amendment)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]

[1] Effective for annual periods beginning on or after 1 January 2017

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for annual periods beginning on or after 1 January 2019

[4] Effective for annual periods beginning on or after a date to be determined

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

2. 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:

	For the year ended 31 December 2016			
	Cargo handling	**Sales**	**Other port ancillary services**	**Total**
	HK\$'000	***HK\$'000***	***HK\$'000***	***HK\$'000***
Total segment revenue	**8,305,425**	**5,785,665**	**3,564,911**	**17,656,001**
Inter-segment revenue	**–**	**(548,593)**	**(650,426)**	**(1,199,019)**
Revenue from external customers	**8,305,425**	**5,237,072**	**2,914,485**	**16,456,982**
Segment results	**3,604,808**	**91,802**	**911,731**	**4,608,341**
Business tax and surcharge				**(39,105)**
Other income and gains				**226,382**
Administrative expenses				**(1,979,661)**
Other operating expenses				**(320,216)**
Finance costs				**(584,608)**
Share of results of associates				**326,875**
Share of results of joint ventures				**121,233**
Profit before income tax				**2,359,241**

	For the year ended 31 December 2015			
	Cargo handling	Sales	Other port ancillary services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	8,511,724	10,137,215	3,900,227	22,549,166
Inter-segment revenue	–	(1,257,136)	(750,270)	(2,007,406)
Revenue from external customers	8,511,724	8,880,079	3,149,957	20,541,760
Segment results	3,584,339	93,286	1,046,281	4,723,906
Business tax and surcharge				(65,583)
Other income and gains				324,539
Administrative expenses				(2,068,313)
Other operating expenses				(336,423)
Finance costs				(611,479)
Share of results of associates				357,933
Share of results of joint ventures				169,569
Profit before income tax				2,494,149

3. OTHER INCOME AND GAINS

	2016	2015
	HK$'000	*HK$'000*
Interest income		
– from deposits	**119,688**	120,461
– from loan to a joint venture	**2,857**	2,717
– from loans receivable	**34,732**	21,786
Dividend income from available-for-sale financial assets	**9,035**	14,991
Gain on disposal of subsidiaries	**–**	65,008
Government grants	**47,078**	79,931
Others	**12,992**	19,645
	226,382	324,539

4. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest expenses on borrowings	**632,559**	695,706
Less: Amount capitalised in construction in progress	**(47,951)**	(84,227)
	584,608	611,479

5. EXPENSES BY NATURE

	2016	2015
	HK$'000	*HK$'000*
Costs of goods sold	**5,075,156**	8,712,023
Depreciation of property, plant and equipment	**1,032,493**	1,098,661
Amortisation of land use rights	**141,219**	146,861
Amortisation of intangible assets	**14,051**	13,091
Exchange loss, net	**296,602**	315,770

6. INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
PRC income tax		
– Current	**574,681**	567,908
– Deferred	**(2,964)**	64,234
	571,717	632,142

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 year (2015: nil).

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

7. DIVIDEND

	2016	2015
	HK$'000	*HK$'000*
Proposed final dividend of HK3.44 cents (2015: HK4.15 cents) per ordinary share	**211,835**	255,557

The Board proposed the payment of a final dividend of HK3.44 cents per ordinary share for the year ended 31 December 2016 (2015: HK4.15 cents). These consolidated financial statements do not reflect this dividend payable.

8. EARNINGS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	**530,479**	639,387

	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	**947**	3,513
Weighted average number of ordinary shares for calculating diluted earnings per share	**6,158,947**	6,161,513

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 year, after adjusting for the number of dilutive potential ordinary shares from share options granted by the Company where dilutive.

9. 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**2,481,601**	2,714,495
91 – 180 days	**51,794**	50,680
Over 180 days	**61,626**	89,358
	2,595,021	2,854,533

10. TRADE AND OTHER PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**1,227,230**	1,562,756
91 – 180 days	**106,332**	695,668
181 – 365 days	**39,777**	33,470
Over 365 days	**19,207**	29,200
	1,392,546	2,321,094

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

In 2016, the global economy continued at a low, but positive pace of growth, and economic performance and monetary policies continued to diverge between countries. The U.S. economy sustained steady growth with positive momentum, the U.S. labour market continued to show strength, and in December 2016, the U.S. Federal Reserve delivered the second interest rate hike. European economy maintained modest growth as the European Central Bank continued its monetary easing programme. The Chinese economy recorded a stable growth, the 6.7% GDP growth was in line with expectation.

China's imports and exports continued to show negative year-on-year growth in 2016 as global trade has remained weak. China's total export trade value were US$2.10 trillion, dropped by 7.7% over last year (2015:-2.8%) and was the second year in a row that China's exports recorded negative year-on-year growth. While China's total import trade value fell at a slower pace, by 5.5% year-on-year to US$1.59 trillion in 2016 on the back of the recovering commodity prices and relatively stable Chinese economy after dropping by 14.1% year-on-year in 2015.

Cargo throughput growth at China's ports rebound slightly. According to the statistics from Ministry of Transport of the PRC, cargo throughput handled by China's ports of significant scale was 11.83 billion tonnes in 2016, grew by 3.2% over last year (2015: +1.9%), which was 1.3 percentage points higher than last year, of which container throughput handled was 217.98 million TEUs, grew by 3.6% over last year.

ANNUAL RESULTS

For 2016, total cargo throughput handled by the Group was 474.72 million tonnes (2015: 457.09 million tonnes), representing an increase of 3.9% over last year, of which total container throughput was 14.487 million TEUs (2015: 14.085 million TEUs), grew by 2.9% over last year.

	2016	2015	Amount of change	Change percentage
	HK$ million	*HK$ million*	*HK$ million*	
Revenue	**16,457**	20,542	-4,085	-19.9%
Cost of sales	**11,849**	15,818	-3,969	-25.1%
Gross profit	**4,569**	4,658	-89	-1.9%
Profit before income tax	**2,359**	2,494	-135	-5.4%
Gain on disposal of subsidiaries	**–**	65	-65	-100.0%
Recurring profit before income tax *(Note)*	**2,359**	2,429	-70	-2.9%

Note: Recurring profit before income tax represents profit before income tax less non-recurring items (e.g. gain or loss on disposal of long-term investments).

The Group's core businesses continued to give a steady performance. However, depreciation of RMB against HK$ (the Group's presentation currency for reporting purpose) had an adverse impact on the Group's results reported in HK$.

The Group's recurring profit before income tax was HK$ 2,359 million, which included HK$297 million in exchange loss (2015: HK$316 million), decreased by 2.9% compared with 2015 (excluding gain on disposal of subsidiaries). The exchange loss arose mainly from the Group's HK$ liabilities as a result of the depreciation of RMB. Excluding the impact of exchange loss in both years, the Group's recurring profit before income tax was HK$2,656 million, representing a decrease of 3.2% from HK$2,745 million in 2015. Depreciation of RMB also led to a lower reported results over last year on translation to HK$. In terms of RMB, the Group's recurring profit before income tax (excluding exchange loss) was RMB2,277 million, representing an increase of 3.0% from RMB2,210 million in 2015.

The Group recorded a revenue of HK$16,457 million, decreased by 19.9% from HK$20,542 million when compared with last year, mainly due to the decrease in revenue from sales business and the depreciation of RMB. Gross profit margin increased 5.1 percentage points to 27.8% (2015: 22.7%) reflecting the drop in the proportion of sales business which has a lower gross profit margin.

During the year under review, profit attributable to shareholders of the Company amounted to HK$530 million. Basic earnings per share was HK8.6 cents.

The Board recommends the payment of a final dividend of HK3.44 cents per share for 2016, representing a payout ratio of 40% for the year (2015: 40%).

REVIEW OF OPERATIONS

Looking back at 2016, the Group continued to face challenges of slow global economic recovery, China's economic "new normal" and weak global trade. Facing such a complex operating environment, the Group's core operations performed steadily and achieved total cargo throughput of 474.72 million tonnes, an increase of 3.9% over 2015.

Non-containerised Cargo Handling Business

During the year under review, the Group achieved total non-containerised cargo throughput of 318.07 million tonnes, an increase of 5.2% over last year, of which throughput of the subsidiary terminals grew by 5.4% and throughput of the jointly controlled and affiliated terminals grew by 4.3%.

	Non-containerised cargo throughput			
Nature of terminal	**2016**	2015	Growth amount	Growth percentage
	million tonnes	*million tonnes*	*million tonnes*	
Subsidiary terminals	**263.60**	250.14	13.46	5.4%
Jointly controlled and affiliated terminals	**54.47**	52.21	2.26	4.3%
Total	**318.07**	302.35	15.72	5.2%

During the year under review, coal handled by the Group showed relatively strong growth. Although metal ore handling dropped, the impact was countered by the growth in coal handling. In terms of total throughput, coal handling rose by 9.6% to 113.34 million tonnes (2015: 103.45 million tonnes), steel handling increased by 1.5% to 23.37 million tonnes (2015: 23.03 million tonnes), crude oil handling grew by 17.4% to 21.99 million tonnes (2015: 18.73 million tonnes), automobiles handling increased by 46.5% to 25.13 million tonnes (2015: 17.15 million tonnes), while metal ore handling decreased by 4.6% to 114.59 million tonnes (2015: 120.06 million tonnes) over last year.

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK$24.2 per tonne (2015: HK$26.1 per tonne), a decrease of 7.3% over last year. In RMB, the blended average unit price decreased by 1.4% over last year due to changes in cargo mix.

Container Handling Business

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

In 2016, container handling business remained steady, additional domestic and international routes were established, and Bohai Rim feeder transshipment volume expanded. The Group achieved total container throughput of 14.487 million TEUs, representing an increase of 2.9% from last year, of which throughput of the subsidiary terminals increased by 2.2% and throughput of the jointly controlled and affiliated terminals rose by 3.5%.

Nature of terminal	Container throughput			
	2016	2015	Growth amount	Growth percentage
	'000 TEUs	*'000 TEUs*	*'000 TEUs*	
Subsidiary terminals	**7,020**	6,872	148	2.2%
Jointly controlled and affiliated terminals	**7,467**	7,213	254	3.5%
Total	**14,487**	14,085	402	2.9%

On a consolidated basis, the blended average unit price of the container handling business decreased by 5.3% to HK$274.3 per TEU (2015: HK$289.6 per TEU). In RMB, the blended average unit price increased by 0.9% over last year reflecting that foreign trade grew at a faster pace than domestic 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 year under review, the Group recorded revenue of HK$5,237 million from the sales business segment, representing a decrease of 41.0% over last year, mainly reflecting the deconsolidation impact from July 2015 onwards as a result of the completion of disposal of two subsidiaries in 2015 which are engaged in sales business.

The decrease in sales revenue 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.

During the year under review, cargo agency rose by 19.6% to 110.71 million tonnes of cargoes (2015: 92.55 million tonnes); shipping agency increased by 1.9% to 18,280 vessel calls (2015: 17,932 vessel calls); tallying services decreased by 4.6% to 111.84 million tonnes of cargoes (2015: 117.25 million tonnes); and tugboat services decreased by 1.7% to 50,122 vessel calls (2015: 51,013 vessel calls) over last year.

OUTLOOK

Looking ahead to 2017, the global economy is expected to maintain moderate growth, the prospect of U.S. economy is expected to be more positive, the European economic recovery is expected to firm further, and the Chinese economy will continue to attain stable growth. However, a number of uncertainties remain, including the divergence in monetary policies among major central banks, economic policies under the new U.S. administration, the pace of interest rates normalisation in U.S. and the progress of Brexit; the downside risks are firmly in the center of attention. The slow recovery of the global economy, the rise of international trade protectionism and the uncertainty surrounding global trade will continue to weigh on China's foreign trade and exert pressure on port industry. Despite the uncertainties, the Group has many distinctive strengths and opportunities. In the development of Jing-Jin-Ji integration, the Group is able to benefit from its unique geographic location. The Tianjin Pilot Free Trade Zone promotes development in areas including financial, taxation, trading, enabling investments and trade. Furthermore, as Tianjin acts as an important hub in "One Belt, One Road" strategy and "China-Mongolia-Russia Economic Corridor", it opens new opportunities to the Group.

The Group will continuously endeavour to enhance the professionalism of its management. The Group will strengthen delicacy management, increase operational efficiency, reinforce investment and asset management and focus on the whole investment management process, facilitate effective corporate governance and risk management, improve risk management system and strengthen internal audit, expedite the development of information technology and improve the quality of port information technology, so as to accelerate operational effectiveness, further promote safety management, refine safety requirements, and build a safety and environmental-friendly port.

In order to promote the transformation and upgrading of the port and achieve sustainable development of the Group, the Group will deepen our work set for all business areas. Aiming to scale our strengths to drive the container business forward, the Group will deepen the cooperation with shipping companies, so as to further enhance the competitiveness of Bohai Rim feeder. The Group will accelerate the consolidation of container business resources and optimise the depots layout, to develop an integrated operation model. Aiming to achieve the mode of segmental operation for the non-containerised cargo business, the Group will focus on each segment: optimise the cargo source structure of ore business and expand its distribution network, increase the cargo volume of coal business and expand its one-stop coal logistics services business, reinforce cooperation with refinery enterprises and integrate resources in oil business, develop new routes for steel business, and will make efforts in developing potential cargo sources. While maintaining its existing customers of auto business, the Group will proactively explore and develop new customers, accelerate the construction of logistics parks at the terminal area, and improve the overall service of the auto business through the operation of multi-story stereo garage. The logistics business will strive to upgrade from traditional logistics business to modern logistics business, achieve one-stop integrated logistics operation model, and expand the emerging business to achieve economies of scale, with an aim to provide high-end and high-quality services. Meanwhile, the Group will commence construction of the unified data center to achieve data centralised management. The Group will also establish the external service management platform, in a bid to establish the integrated logistics information service system. In addition, the Group will deploy high-speed networks to accelerate the development of smart ports. The Group will strengthen security management by building a sound and all-round security technology supporting system. The Group will also step up efforts in infrastructure construction and renovation, carry out energy audit and management system certification, develop an integrated energy monitoring platform, and promote the application of new technologies such as marine shore power station and green lighting.

Building on the solid foundation, and adhering to the "One Belt, One Road" strategy, leveraging the opportunities raised from the development of Jing-Jin-Ji integration and the Tianjin Free Trade Zone, the Group will continue to face challenges proactively through expanding port functions, extending service areas, integrating resources, promoting the transformation and upgrading of the port, improving core competitiveness and profitability, striving to achieve sustainable development of the Group.

FINANCIAL REVIEW

Revenue

During the year under review, the Group recorded revenue of HK$16,457 million, representing a decrease of 19.9% from last year. An analysis of revenue by segment is as follows:

	Revenue			
Type of business	**2016**	2015	Amount of change	Change percentage
	HK$ million	*HK$ million*	*HK$ million*	
Non-containerised cargo handling business	**6,380**	6,522	-142	-2.2%
Container handling business	**1,926**	1,990	-64	-3.2%
Cargo handling business (total)	**8,306**	8,512	-206	-2.4%
Sales business	**5,237**	8,880	-3,643	-41.0%
Other port ancillary services business	**2,914**	3,150	-236	-7.5%
Total	**16,457**	20,542	-4,085	-19.9%

Revenue from non-containerised cargo handling business decreased by 2.2% over last year to HK$6,380 million. In RMB, revenue increased by 4.2% which was driven by the increase in non-containerised cargo throughput.

Revenue from container handling business decreased by 3.2% over last year to HK$1,926 million. In RMB, revenue increased by 3.0% which was attributable to the increase in container throughput.

Revenue from sales business was HK$5,237 million, a 41.0% decrease over last year in HK$ and a 37.2% decrease in RMB. The drop in sales revenue mainly came from the disposal of two subsidiaries by the Group in 2015 which are engaged in sales business and were deconsolidated from July 2015 upon completion of the disposal.

Revenue from other port ancillary services business was HK$2,914 million, a 7.5% decrease over last year in HK$ and a 1.5% decrease in RMB. The decrease was primarily due to changes in the mix of services.

Costs of Sales

During the year under review, cost of sales of the Group was HK$11,849 million, representing a decrease of 25.1% over last year. An analysis of costs by segment is as follows:

Type of business	Costs 2016 *HK$ million*	2015 *HK$ million*	Amount of change *HK$ million*	Change percentage
Cargo handling business	**4,701**	4,927	-226	-4.6%
Sales business	**5,145**	8,787	-3,642	-41.4%
Other port ancillary services business	**2,003**	2,104	-101	-4.8%
Total	**11,849**	15,818	-3,969	-25.1%

Cost of cargo handling business decreased by 4.6% over last year to HK$4,701 million. In RMB, cost increased by 1.6%, primarily attributable to the increase in labour costs and rental costs resulted from the growth in cargo throughput and also due to higher repair and maintenance costs.

Cost of sales business decreased by 41.4% over last year to HK$5,145 million. In RMB, cost decreased by 37.6%. The decrease in sales revenue led to the decrease in the costs of goods sold.

Cost of other port ancillary services business decreased by 4.8% over last year to HK$2,003 million. In RMB, cost increased by 1.4%, primarily due to the increase in rental costs for depot.

Gross Profit

Gross profit and gross profit margin for 2016 were HK$4,569 million (2015: HK$4,658 million) and 27.8% (2015: 22.7%) respectively. Gross profit decreased by HK$89 million, primarily due to the decrease in gross profit from other port ancillary services business and the depreciation of RMB. Gross profit margin grew by 5.1 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 4.3% over last year to HK$1,980 million. The Group will continue to take strict 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$226 million, representing a decrease of HK$98 million over last year. Gain on disposal of subsidiaries of HK$65 million was included in last year.

Other operating expenses amounted to HK$320 million, representing a decrease of HK$16 million as compared with HK$336 million last year, which included exchange loss of HK$297 million (2015: HK$316 million).

Finance Costs

Finance costs (excluding capitalised interest) amounted to HK$585 million, a decrease of 4.4% over last year. Interest expenses (including capitalised interest) amounted to HK$633 million, representing a decrease of 9.1% over last year. The decrease in finance costs was attributable to both a lower average borrowing level and average borrowing costs as compared with 2015.

Share of Results of Associates and Joint Ventures

The Group's share of results of associates was HK$327 million, representing a decrease of HK$31 million or 8.7% over 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$121 million, representing a decrease of HK$48 million or 28.5% over last year, mainly resulted from the decrease in profit from non-core company and the depreciation of RMB.

Income Tax

During the year under review, the Group's income tax expenses amounted to HK$572 million, representing a decrease of HK$60 million or 9.6% over last year. In RMB, income tax expenses increased by 3.1% compared with 2015 (excluding income tax expenses on gain on disposal of subsidiaries), primarily due to higher recurring profit before income tax of the Group.

FINANCIAL POSITION

Cash Flow

In 2016, net cash outflow of the Group amounted to HK$166 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK$2,918 million.

Net cash outflow in investing activities amounted to HK$603 million, mainly attributable to HK$864 million used for capital expenditure.

Net cash outflow in financing activities amounted to HK$2,481 million, which included payment of dividends and interest expenses of HK$2,063 million, net decrease of HK$644 million in borrowings and capital contribution of HK$226 million from non-controlling shareholders of subsidiaries.

Capital Structure

The equity attributable to equity holders of the Company as at 31 December 2016 were HK$11,137 million, and the net asset value of the Company was HK$1.8 per share (31 December 2015: HK$1.9 per share).

As at 31 December 2016, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK$7,328 million (at the closing market price of the shares of the Company of HK$1.19 per share on 31 December 2016).

Assets and Liabilities

As at 31 December 2016, the Group's total assets were HK$42,337 million (31 December 2015: HK$46,452 million) and total liabilities were HK$18,220 million (31 December 2015: HK$21,830 million). Net current assets were HK$5,145 million (31 December 2015: HK$3,381 million) as at 31 December 2016.

Liquidity, Financial Resources and Borrowings

As at 31 December 2016, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK$7,839 million (31 December 2015: HK$9,603 million), which were principally denominated in RMB.

The Group's total borrowings as at 31 December 2016 were HK$14,516 million (31 December 2015: HK$15,888 million), with HK$3,087 million repayable within one year, HK$10,825 million repayable after one year and within five years and HK$604 million repayable after five years. About 31.6% and 68.4% of the Group's borrowings were denominated in HK$ and RMB respectively.

Financial Ratios

As at 31 December 2016, the gearing ratio (total borrowings divided by total equity) of the Group was 60.2% (31 December 2015: 64.5%), and the current ratio (current assets divided by current liabilities) was 1.8 (31 December 2015: 1.3).

Pledge of Assets

As at 31 December 2016, none of the Group's assets were pledged.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 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 31 December 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 December 2016 declined by over 13% from that before the reform. Depreciation in RMB continued and the Central Parity Rate of RMB against HK$ fell 6.8% (2015: 6.2%) in 2016. 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 year under review, the Group recorded exchange loss of HK$297 million (2015: HK$316 million). No hedging arrangement was entered into in respect of foreign exchange risk exposure during the year 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 31 December 2016, the Group's total borrowings were HK$14,516 million, of which approximately 70.2% were at floating interest rate while the remaining 29.8% were at fixed interest rate, and the average borrowing interest rate was 3.8% (31 December 2015: 3.8%).

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 debts 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 to respond quickly and effectively to the rapidly changing conditions in financial market.

CAPITAL EXPENDITURE AND COMMITMENTS

In 2016, additions to property, plant and equipment of the Group amounted to HK$1,223 million, primarily used for construction of new terminals and depots, and renovation of terminals and depots.

As at 31 December 2016, the Group's capital commitments (including authorised but not contracted for) amounted to HK$5,545 million (31 December 2015: HK$3,816 million), among which HK$4,972 million is for property, plant and equipment and HK$573 million for investment in an associate.

MATERIAL INVESTMENTS

During the year under review, material investments of the Group were as follows:

1. 天津港海嘉汽車碼頭有限公司 (Tianjin Port Haijia Automobile Terminal Co., Ltd.*) (a non wholly-owned subsidiary of the Group) was established in 2015 to invest, construct and operate the specialised automobile ro-ro terminal project with a registered capital of RMB400 million. The Group holds 51% equity interest in it and the capital contribution (on a pro rata basis) by the Group amounted to RMB204 million, which will be funded by internal fund. In 2016, the Group made a capital contribution of RMB102 million.

2. The registered capital of 天津港遠航國際礦石碼頭有限公司 (Tianjin Port Yuanhang International Ore Terminal Co., Ltd.*) (a non wholly-owned subsidiary of the Group) was increased by RMB424 million which will be used to invest and construct No.27 terminal project at Nanjiang Port Area of the port of Tianjin. The Group holds 51% equity interest in it and the capital contribution (on a pro rata basis) by the Group amounted to RMB216 million, which will be funded by internal fund. In 2016, the Group made a capital contribution of RMB108 million.

3. The registered capital of 神華天津煤炭碼頭有限責任公司 (Shenhua Tianjin Coal Terminal Co., Ltd.*) (an associate of the Group) was increased by RMB1,400 million which will be used for the formation of a wholly-owned subsidiary, 神華（天津）港口有限責任公司 (Shenhua (Tianjin) Port Co., Ltd.*) to invest and construct Shenhua coal terminal (Phase II) project at Nanjiang Port Area of the port of Tianjin. The Group holds 45% equity interest in it and the capital contribution (on a pro rata basis) by the Group amounted to RMB630 million, which will be funded by internal fund. In 2016, the Group made a capital contribution of RMB36.22 million. As at 31 December 2016, the cumulative capital contribution made by the Group was RMB117 million.

SIGNIFICANT EVENT

On 10 March 2017, the Company and its 4 wholly-owned subsidiaries, Champion Sky Enterprises Limited, Well Light Enterprises Limited, Win Many Investments Limited and Tianjin Port Development International Limited, entered into a framework agreement with 天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*) ("Tianjin Port Co"), pursuant to which (i) the Company and its 4 wholly-owned subsidiaries respectively agreed to dispose of the 40% equity interest in 天津港聯盟國際集裝箱碼頭有限公司 (Tianjin Port Alliance International Container Terminal Co., Ltd.*), 100% equity interest in 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*), 100% equity interest in 天津港第二港埠有限公司 (Tianjin Port No. 2 Stevedoring Co., Ltd.*), 51% equity interest in 天津港海豐保税物流有限公司 (Tianjin Port Haifeng Bonded Logistics Co., Ltd.*) and 40% equity interest in 天津港歐亞國際集裝箱碼頭有限公司 (Tianjin Port Euroasia International Container Terminal Co., Ltd.*) and other related rights to Tianjin Port Co (the "Proposed Disposals"), and (ii) the Company or its designated party agreed to acquire from Tianjin Port Co its 100% equity interest in 天津港輪駁有限公司 (Tianjin Port Tugboat Lighter Co., Ltd.*) (the "Proposed Acquisition"). The Proposed Disposals and the Proposed Acquisition are interdependent and shall take place simultaneously. Neither of the transactions will be implemented if any one of them fails to be implemented. The consideration for the Proposed Disposals and the Proposed Acquisition will be determined by arm's length negotiations among the parties to the agreement with reference to the results of valuation. The Company, its 4 wholly-owned subsidiaries and Tianjin Port Co agreed to enter into the formal agreement to confirm specific matters (including the consideration) of the Proposed Disposals and the Proposed Acquisition after the completion of necessary procedures such as auditing and valuation in respect of the Proposed Disposals and the Proposed Acquisition. The details of the framework agreement, the Proposed Disposals and the Proposed Acquisition are set out in the announcements of the Company dated 9 December 2016, 16 December 2016, 23 December 2016 and 10 March 2017 respectively.

EMPLOYEES

As at 31 December 2016, the Group had 9,722 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. The Group reviews the remuneration policies and packages on a regular basis.

The Group highly values life-long learning and individual development of the employees, and enhances their productivity through provision of training, thereby benefits business development of the Group. The management proactively communicates with the employees to foster the employer-employee relationship.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DIVIDEND

The Board recommends the payment of a final dividend of HK3.44 cents per share for 2016 subject to the approval of shareholders of the Company at the forthcoming annual general meeting. The Company will announce the date of annual general meeting, the record date for the proposed final dividend, the book closure dates for determining the entitlement for the proposed final dividend and the proposed payment date for the final dividend in due course in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and applicable laws.

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 year ended 31 December 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 year ended 31 December 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 Model Code at all applicable times throughout the year ended 31 December 2016.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Cheng Chi Pang, Leslie, Japhet Sebastian Law and Zhang Weidong. Cheng Chi Pang, Leslie is the chairman of the Audit Committee. The annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee.

PUBLICATION OF FINAL RESULTS

This results announcement is published on the website of the Company at www.tianjinportdev.com and the HKExnews website at www.hkexnews.hk.

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

Hong Kong, 28 March 2017

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.

* *For identification purposes only*