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 2017

HIGHLIGHTS

- Total cargo throughput handled was 218.20 million tonnes, of which total container throughput was 7.404 million TEUs.
- Revenue was HK$8,189 million.
- Profit attributable to equity holders of the Company was HK$466 million.
- Basic earnings per share was HK7.6 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 2017 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**8,188,662**	7,689,088
Business tax and surcharge		**(9,873)**	(25,685)
Cost of sales		**(6,375,174)**	(5,410,322)
Gross profit		**1,803,615**	2,253,081
Other income and gains	*4*	**206,920**	103,536
Administrative expenses		**(775,608)**	(914,490)
Other operating expenses		**(6,207)**	(91,524)
Operating profit		**1,228,720**	1,350,603
Finance costs	*5*	**(274,582)**	(300,129)
Share of results of associates		**164,049**	173,018
Share of results of joint ventures		**76,261**	74,232
Profit before income tax		**1,194,448**	1,297,724
Income tax	*7*	**(232,036)**	(292,068)
Profit for the period		**962,412**	1,005,656
Profit attributable to:			
Equity holders of the Company		**465,852**	378,786
Non-controlling interests		**496,560**	626,870
		962,412	1,005,656
Earnings per share	*9*		
Basic (HK cents)		**7.6**	6.2
Diluted (HK cents)		**7.6**	6.2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Profit for the period	**962,412**	1,005,656
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of available-for-sale financial assets	**121,993**	(37,942)
Currency translation differences	**752,214**	(495,944)
Other comprehensive income/(loss) for the period, net of tax	**874,207**	(533,886)
Total comprehensive income for the period	**1,836,619**	471,770
Total comprehensive income attributable to:		
Equity holders of the Company	**854,693**	133,732
Non-controlling interests	**981,926**	338,038
	1,836,619	471,770

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	**Unaudited 30 June 2017** *HK$'000*	Audited 31 December 2016 *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**5,786,525**	5,686,092
Property, plant and equipment		**19,560,154**	18,960,072
Intangible assets		**61,206**	65,043
Interests in associates		**3,098,812**	2,963,447
Interests in joint ventures		**2,627,400**	2,457,810
Available-for-sale financial assets		**699,454**	518,458
Deferred income tax assets		**91,628**	91,491
		31,925,179	30,742,413
Current assets			
Inventories		**224,819**	171,930
Trade and other receivables	*10*	**3,811,851**	3,583,555
Restricted bank deposits		**72,783**	14,477
Time deposits with maturity over three months		**404,424**	1,286,752
Cash and cash equivalents		**8,980,131**	6,537,380
		13,494,008	11,594,094
Total assets		**45,419,187**	42,336,507
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**615,800**	615,800
Other reserves		**3,857,756**	3,680,926
Retained earnings		**7,306,704**	6,840,676
		11,780,260	11,137,402
Non-controlling interests		**13,469,700**	12,978,991
Total equity		**25,249,960**	24,116,393

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	**Unaudited 30 June 2017** *HK$'000*	Audited 31 December 2016 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**8,664,700**	11,428,366
Deferred income tax liabilities		**381,528**	321,095
Other long-term liabilities		**22,120**	21,462
		9,068,348	11,770,923
Current liabilities			
Trade and other payables	*11*	**4,012,311**	3,224,483
Current income tax liabilities		**121,930**	137,223
Borrowings		**6,966,638**	3,087,485
		11,100,879	6,449,191
Total liabilities		**20,169,227**	18,220,114
Total equity and liabilities		**45,419,187**	42,336,507
Net current assets		**2,393,129**	5,144,903
Total assets less current liabilities		**34,318,308**	35,887,316

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 consolidated financial statements for the year ended 31 December 2016 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 consolidated financial statements for the year ended 31 December 2016.

(a) The Group has adopted the following amendments for the accounting period beginning on 1 January 2017:

HKAS 7 (Amendment)	*Statement of Cash Flows – Disclosure Initiative*
HKAS 12 (Amendment)	*Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of these amendments has no significant impact on the results and financial position of the Group for the current or prior periods.

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

HKFRS 2 (Amendment)	*Share-based Payment – Classification and Measurement of Share-based Payment Transactions*[1]
HKFRS 4 (Amendment)	*Insurance Contracts – Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9 (2014)	*Financial Instruments*[1]
HKFRS 10 (Amendment) and HKAS 28 (2011) (Amendment)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 15	*Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] 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.

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 2017				
Total segment revenue	**3,450,762**	**3,634,448**	**1,528,875**	**8,614,085**
Inter-segment revenue	**–**	**(191,611)**	**(233,812)**	**(425,423)**
Revenue from external customers	**3,450,762**	**3,442,837**	**1,295,063**	**8,188,662**
Segment results	**1,338,931**	**77,686**	**396,871**	**1,813,488**
Business tax and surcharge				**(9,873)**
Other income and gains				**206,920**
Administrative expenses				**(775,608)**
Other operating expenses				**(6,207)**
Finance costs				**(274,582)**
Share of results of associates				**164,049**
Share of results of joint ventures				**76,261**
Profit before income tax				**1,194,448**

	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

4. OTHER INCOME AND GAINS

	Unaudited Six months ended 30 June	
	2017 ***HK$'000***	2016 *HK$'000*
Exchange gain, net	**129,494**	–
Interest income		
– from deposits	**47,108**	57,510
– from loan to a joint venture	**1,681**	1,042
– from other loans receivable	**13,633**	19,411
Dividend income from available-for-sale financial assets	**9,207**	5,785
Government grants	**2,250**	18,042
Others	**3,547**	1,746
	206,920	103,536

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Interest expenses on borrowings	**281,560**	309,245
Less: Amount capitalised in construction in progress	**(6,978)**	(9,116)
	274,582	300,129

6. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Costs of goods sold	**3,333,874**	2,171,748
Depreciation of property, plant and equipment	**492,407**	530,427
Amortisation of land use rights	**72,650**	71,525
Amortisation of intangible assets	**8,323**	6,816
Exchange loss, net	**–**	86,890

7. INCOME TAX

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
PRC income tax		
– Current	**220,853**	278,052
– Deferred	**11,183**	14,016
	232,036	292,068

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profit arising in or derived from Hong Kong for the period (2016: 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	
	2017	2016
	HK$'000	*HK$'000*
2016 final dividend of HK3.44 cents per ordinary share (2016: 2015 final dividend of HK4.15 cents per ordinary share)	**211,835**	255,557

At the meeting held on 28 March 2017, the Board recommended the payment of a final dividend of HK3.44 cents per ordinary share for the year ended 31 December 2016. The 2016 final dividend was approved at the annual general meeting of the Company held on 9 June 2017.

The Board resolved not to pay an interim dividend for the six months ended 30 June 2017 (2016: Nil).

9. EARNINGS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	**465,852**	378,786

	Unaudited	
	Six months ended 30 June	
	2017	2016
	'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	**1,572**	822
Weighted average number of ordinary shares for calculating diluted earnings per share	**6,159,572**	6,158,822

Diluted earnings per share for the six months ended 30 June 2017 and 30 June 2016 assumed the effect of exercise of certain of the Company's outstanding share options since they would have a dilutive effect.

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 is as follows:

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK$'000	*HK$'000*
0 - 90 days	**2,881,492**	2,481,601
91 - 180 days	**151,599**	51,794
Over 180 days	**70,353**	61,626
	3,103,444	2,595,021

11. TRADE AND OTHER PAYABLES

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

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK$'000	*HK$'000*
0 - 90 days	**1,347,799**	1,227,230
91 - 180 days	**117,645**	106,332
181 - 365 days	**61,862**	39,777
Over 365 days	**18,863**	19,207
	1,546,169	1,392,546

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

In the first half of 2017, total cargo throughput handled by the Group was 218.20 million tonnes (2016: 235.42 million tonnes), representing a decrease of 7.3% over the same period last year, of which total container throughput grew by 2.2% to 7.404 million TEUs (2016: 7.244 million TEUs).

In the first half of 2017, profit attributable to shareholders of the Company amounted to HK$466 million and basic earnings per share was HK7.6 cents.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017.

REVIEW OF OPERATIONS

In the first half of 2017, the global economy continued to strengthen, the U.S. economic growth was on a steady path, and the Eurozone economy continued to grow moderately. The Chinese economy has maintained a momentum of steady and sound growth with GDP achieved 6.9% growth in the first half of the year. Benefitted from an improving global economic environment, China's total import and export value rose to US$1.91 trillion in the first half of 2017, representing a year-on-year increase of 13.0%. The rebound in demand of global trade drove up the growth rate of cargo throughput at China's ports. According to the statistics from Ministry of Transport of the PRC, cargo throughput handled by China's ports of significant scale was 6,247 million tonnes, grew by 7.5% (2016: 2.2%) on a year-on-year basis, which was 5.3 percentage points higher than the same period last year, of which container throughput handled was up by 8.8% (2016: 2.5%) on a year-on-year basis to 114.64 million TEUs, at growth rate of 6.3 percentage points higher than the same period last year.

The Group faced significant changes in the requirements for safety production, environmental remediation and environmental protection. In particular, in order to meet the requirements for air pollution prevention and control in Jing-Jin-Ji to reduce air pollution resulting from the long-distance transportation of coal by diesel vehicles, the Group shifted the coal transportation by truck to rail, which have impacted the Group's non-containerised cargo handling business. In the first half of the year, total cargo throughput handled by the Group was 218.20 million tonnes, a decrease of 7.3% year-on-year mainly due to the decrease in non-containerised cargo throughput.

Non-containerised Cargo Handling Business

In the first half of 2017, the Group handled total non-containerised cargo throughput of 141.25 million tonnes, representing a decrease of 12.1% over the same period last year, of which throughput of subsidiary terminals dropped by 14.9% whereas throughput of jointly controlled and affiliated terminals increased by 1.5%.

	Non-containerised cargo throughput			
Nature of terminal	**First half of 2017** ***million tonnes***	First half of 2016 *million tonnes*	Amount of change *million tonnes*	Change percentage
Subsidiary terminals	**113.49**	133.31	-19.82	-14.9%
Jointly controlled and affiliated terminals	**27.76**	27.36	0.40	1.5%
Total	**141.25**	160.67	-19.42	-12.1%

Non-containerised cargo throughput was affected by the policies on safety production, environmental remediation and the ban on coal transportation by truck, resulting in a lower throughput in the first half of 2017. In terms of total throughput, coal handling dropped by 24.2% to 46.73 million tonnes (2016: 61.66 million tonnes), steel handling was down by 27.4% to 9.71 million tonnes (2016: 13.37 million tonnes), metal ore handling decreased by 8.9% to 49.12 million tonnes (2016: 53.91 million tonnes), crude oil handling grew by 6.1% to 11.81 million tonnes (2016: 11.13 million tonnes), automobiles handling increased by 32.9% to 14.23 million tonnes (2016: 10.71 million tonnes).

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK$22.0 per tonne (2016: HK$23.3 per tonne), a decrease of 5.6% over the same period last year. In RMB, the blended average unit price decreased by 1.0% over the same period last year which was due to the change in cargo mix.

Container Handling Business

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

In the first half of 2017, the container handling business remained stable. The Group achieved total container throughput of 7.404 million TEUs, representing an increase of 2.2% over the same period last year, of which throughput of the subsidiary terminals increased by 1.7% and throughput of the jointly controlled and affiliated terminals rose by 2.7%.

Nature of terminal	Container throughput			
	First half of 2017	First half of 2016	Growth amount	Growth percentage
	'000 TEUs	*'000 TEUs*	*'000 TEUs*	
Subsidiary terminals	**3,577**	3,517	60	1.7%
Jointly controlled and affiliated terminals	**3,827**	3,727	100	2.7%
Total	**7,404**	7,244	160	2.2%

On a consolidated basis, the blended average unit price of the container handling business increased by 1.5% to HK$267.7 per TEU (2016: HK$263.7 per TEU). In RMB, the blended average unit price increased by 6.4% over the same period last year, reflecting a faster growth in foreign trade 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.

The Group recorded revenue of HK$3,443 million from the sales business segment, representing an increase of 54.8% over the same period last year, which was boosted by increased sales volume and higher selling prices.

Other Port Ancillary Services Business

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

In the first half of 2017, cargo agency dropped by 12.2% to 48.20 million tonnes of cargoes (2016: 54.89 million tonnes); shipping agency stayed flat at 9,042 vessel calls (2016: 9,028 vessel calls); tallying services decreased by 8.2% to 53.97 million tonnes of cargoes (2016: 58.80 million tonnes); and tugboat services decreased by 8.1% to 23,639 vessel calls (2016: 25,734 vessel calls).

OUTLOOK

Looking ahead to the second half of the year, the global economy is expected to continue to make solid progress, while the Chinese economic growth rate is expected to maintain stable. However, the pace of the U.S. monetary policy normalisation, the progress of Brexit negotiation, geopolitical risks, will continue to add uncertainty to the global economy.

Facing the challenges of more stringent policies on safety production and environmental protection, as well as the competition with the nearby ports, the Group will continue to act proactively, focus on segmentation operation strategy and push forward the transformation of bulk cargo operations, accelerate the development of container business, expand logistics business and build a one-stop logistics service system, extend the economic hinterlands coverage of the port, strengthen direct hinterland market and penetrate overlapping hinterland to develop comprehensive logistics connections, and explore new business areas and functions of port cargo handling and logistics. The Group will improve port integrated services functions, enhance operational efficiency and service standards, strengthen delicacy management, and promote the transformation and upgrading of the port. In the second half of the year, after the completion of assets restructuring, the Group will step up efforts in consolidation of resources, enhancement of management capability, optimisation of assets allocation, which will enhance shareholders' value as well as further strengthen the core competitiveness, laying a solid foundation for the Group to achieve long-term planning and sustainable development.

FINANCIAL REVIEW

Revenue

In the first half of 2017, the Group recorded revenue of HK$8,189 million, representing an increase of 6.5% over the same period last year. An analysis of revenue by segment is as follows:

	Revenue			
Type of business	**First half of 2017** *HK$ million*	First half of 2016 *HK$ million*	Amount of change *HK$ million*	Change percentage
Non-containerised cargo handling business	**2,493.4**	3,100.2	-606.8	-19.6%
Container handling business	**957.4**	927.4	30.0	3.2%
Cargo handling business (total)	**3,450.8**	4,027.6	-576.8	-14.3%
Sales business	**3,442.8**	2,224.0	1,218.8	54.8%
Other port ancillary services business	**1,295.1**	1,437.5	-142.4	-9.9%
Total	**8,188.7**	7,689.1	499.6	6.5%

Revenue from non-containerised cargo handling business decreased by 19.6% to HK$2,493 million compared to the same period last year. In RMB, revenue decreased by 15.7%. This was mainly due to the decrease in non-containerised cargo throughput.

Revenue from container handling business increased by 3.2% over the same period last year to HK$957 million. In RMB, revenue increased by 8.2%, which was attributable to the increase in both container throughput and blended average unit price.

Revenue from sales business was HK$3,443 million, a 54.8% increase over the same period last year and a 62.2% increase in RMB. This was mainly resulted from the increase in sales volume and selling prices.

Revenue from other port ancillary services business was HK$1,295 million, a 9.9% decrease over the same period last year and a 5.6% decrease in RMB. The drop in business volume caused the decrease in revenue from other port ancillary services business.

Cost of Sales

In the first half of 2017, cost of sales of the Group was HK$6,375 million, representing an increase of 17.8% over the same period last year. An analysis of costs by segment is as follows:

	Costs			
Type of business	**First half of 2017** ***HK$ million***	First half of 2016 *HK$ million*	Amount of change *HK$ million*	Change percentage
Cargo handling business	**2,111.8**	2,255.5	-143.7	-6.4%
Sales business	**3,365.2**	2,196.7	1,168.5	53.2%
Other port ancillary services business	**898.2**	958.1	-59.9	-6.3%
Total	**6,375.2**	5,410.3	964.9	17.8%

Due to the decrease in cargo throughput, cost of cargo handling business decreased by 6.4% over the same period last year to HK$2,112 million. In RMB, cost decreased by 1.9%.

Cost of sales business was HK$3,365 million, a 53.2% increase over the same period last year and a 60.5% increase in RMB. This was mainly due to the increase in sales revenue which led to the corresponding increase in costs of goods sold.

Cost of other port ancillary services business was HK$898 million, a decrease of 6.3% over the same period last year and a 1.8% decrease in RMB, which was due to the decrease in business volume.

Gross Profit

Gross profit and gross profit margin for the first half of 2017 were HK$1,804 million (2016: HK$2,253 million) and 22.0% (2016: 29.3%) respectively. Gross profit decreased by HK$449 million, primarily due to the decrease in gross profit from cargo handling business. Gross profit margin was down by 7.3 percentage points, reflecting the increase in the proportion of sales business which has a lower gross profit margin.

Administrative Expenses

Administrative expenses of the Group decreased by 15.2% over the same period last year to HK$776 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$207 million, representing an increase of HK$103 million over the same period last year, which included the exchange gain of HK$129 million.

Other operating expenses amounted to HK$6.21 million, representing a decrease of HK$85.31 million from HK$91.52 million for the same period last year, which was primarily due to the exchange loss of HK$86.89 million included in the same period last year.

Finance Costs

Finance costs (excluding capitalised interest) were HK$275 million, a decrease of 8.5% over the same period last year. Interest expenses (including capitalised interest) were HK$282 million, representing a decrease of 9.0% over the same period last year. The decrease in finance costs was attributable to the decrease in both the average borrowing level and average borrowing cost as compared with the same period last year.

Share of Results of Associates and Joint Ventures

The Group's share of results of associates was HK$164 million, representing a decrease of HK$8.97 million (5.2%) over the same period last year, which mainly resulted from the depreciation of RMB.

The Group's share of results of joint ventures was HK$76.26 million, representing an increase of HK$2.03 million (2.7%) over the same period last year, which mainly resulted from the increase in profit from non-core company.

Income Tax

The Group's income tax expenses amounted to HK$232 million, representing a decrease of HK$60.03 million (20.6%) over the same period last year due to the decrease in the Group's profits before tax.

FINANCIAL POSITION

Cash Flow

In the first half of 2017, net cash inflow of the Group amounted to HK$2,230 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK$946 million.

Net cash inflow from investing activities amounted to HK$1,188 million, mainly attributable to the decrease of HK$922 million in time deposits with maturity over three months, repayment of loans receivable of HK$576 million and capital expenditure of HK$471 million.

Net cash inflow from financing activities amounted to HK$95.34 million, which included payment of dividends and interest expenses of HK$837 million, net increase of HK$813 million in borrowings and capital contribution of HK$120 million from the non-controlling shareholders of subsidiaries.

Capital Structure

The equity attributable to equity holders of the Company as at 30 June 2017 were HK$11,780 million, and the net asset value of the Company was HK$1.9 per share (31 December 2016: HK$1.8 per share).

As at 30 June 2017, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK$8,005 million (at the closing price of the shares of the Company of HK$1.3 per share on 30 June 2017).

Assets and Liabilities

As at 30 June 2017, the Group's total assets were HK$45,419 million (31 December 2016: HK$42,337 million) and total liabilities were HK$20,169 million (31 December 2016: HK$18,220 million). Net current assets were HK$2,393 million (31 December 2016: HK$5,145 million) as at 30 June 2017.

Liquidity, Financial Resources and Borrowings

As at 30 June 2017, the Group's cash and bank balances (including restricted bank deposits and time deposits with maturity over three months) were HK$9,457 million (31 December 2016: HK$7,839 million), which were principally denominated in RMB.

The Group's total borrowings as at 30 June 2017 were HK$15,631 million (31 December 2016: HK$14,516 million), with HK$6,967 million repayable within one year, HK$7,941 million repayable after one year and within five years and HK$723 million repayable after five years. About 29.8% and 70.2% of the Group's borrowings were denominated in HK$ and RMB respectively.

Financial Ratios

As at 30 June 2017, the gearing ratio (total borrowings to total equity) of the Group was 61.9% (31 December 2016: 60.2%), and the current ratio (current assets to current liabilities) was 1.2 (31 December 2016: 1.8).

Pledge of Assets

As at 30 June 2017, none of the Group's assets were pledged.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2017.

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 policy 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 2017, most of the Group's assets and liabilities were denominated in RMB except for certain bank borrowings denominated in HK$. Since China's RMB exchange rate reform in August 2015, RMB has experienced a significant depreciation. Central Parity Rate of RMB against HK$ as set by the People's Bank of China at the end of December 2016 declined by over 13% from that before the reform in August 2015. With the rebound of the exchange rate of RMB in the first half of 2017, the Central Parity Rate of RMB against HK$ increased by 3% from the end of 2016 to the end of June 2017. The appreciation in the exchange rate of RMB will bring exchange gain arising from the translation of foreign currency denominated liabilities held by the Group. In the first half of 2017, the Group recorded exchange gain of HK$129 million (2016: exchange loss of HK$86.89 million). However, the exchange rate of RMB was still lower than that of the same period last year and therefore, the HK$ reported results for the first half for 2017 were adversely affected by the translation. During the period under review, no hedging arrangement was entered into in respect of foreign exchange risk exposure.

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 2017, the Group's total borrowings were HK$15,631 million, of which approximately 69.6% were at floating interest rate while the remaining 30.4% were at fixed interest rate. The average interest rate of the Group's borrowings was 3.7% (31 December 2016: 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 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 2017, additions to property, plant and equipment of the Group amounted to HK$523 million, primarily used for construction of new terminals and depots, and renovation of terminals and depots.

As at 30 June 2017, the Group's capital commitments (including authorised but not contracted for) amounted to HK$4,940 million (31 December 2016: HK$5,545 million), among which HK$4,350 million is for property, plant and equipment and HK$590 million is for investment in an associate.

MATERIAL INVESTMENTS

In the first half of 2017, material investments of the Group were as follows:

1. 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 in 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 the first half of 2017, the Group made a capital contribution of RMB108 million. As of 30 June 2017, the Group had made full payment of its capital contribution.

2. 天津港東疆物流園有限公司 (Tianjin Port Dongjiang Logistics Park Co., Ltd.*) (a wholly-owned subsidiary of the Group) was established in 2015 to invest in, construct and operate the Tianjin Port Dongjiang Logistics Park project with the registered capital of RMB230 million. The capital contribution by the Group will be funded by internal fund. In the first half of 2017, the Group made a capital contribution of RMB23.74 million. As of 30 June 2017, the cumulative capital contribution made by the Group was RMB187 million.

SIGNIFICANT EVENT

On 21 April 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 equity transfer agreements respectively 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 aforesaid wholly-owned subsidiaries respectively agreed to dispose of 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.*) to Tianjin Port Co, and (ii) Champion Sky Enterprises Limited 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 details of the equity transfers were set out in the announcement of the Company dated 21 April 2017 and the circular of the Company dated 1 June 2017. The equity transfers were approved by the Company's shareholders at the extraordinary general meeting held on 22 June 2017.

EMPLOYEES

As at 30 June 2017, the Group had approximately 9,500 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 benefiting business development of the Group. The management proactively communicates with the employees to foster the employer-employee relationship.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 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 2017.

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 2017.

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 2017.

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 throughout the six months ended 30 June 2017.

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 2017 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, 29 August 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*