天津港發展控股有限公司

Tianjin Port Development Holdings Limited

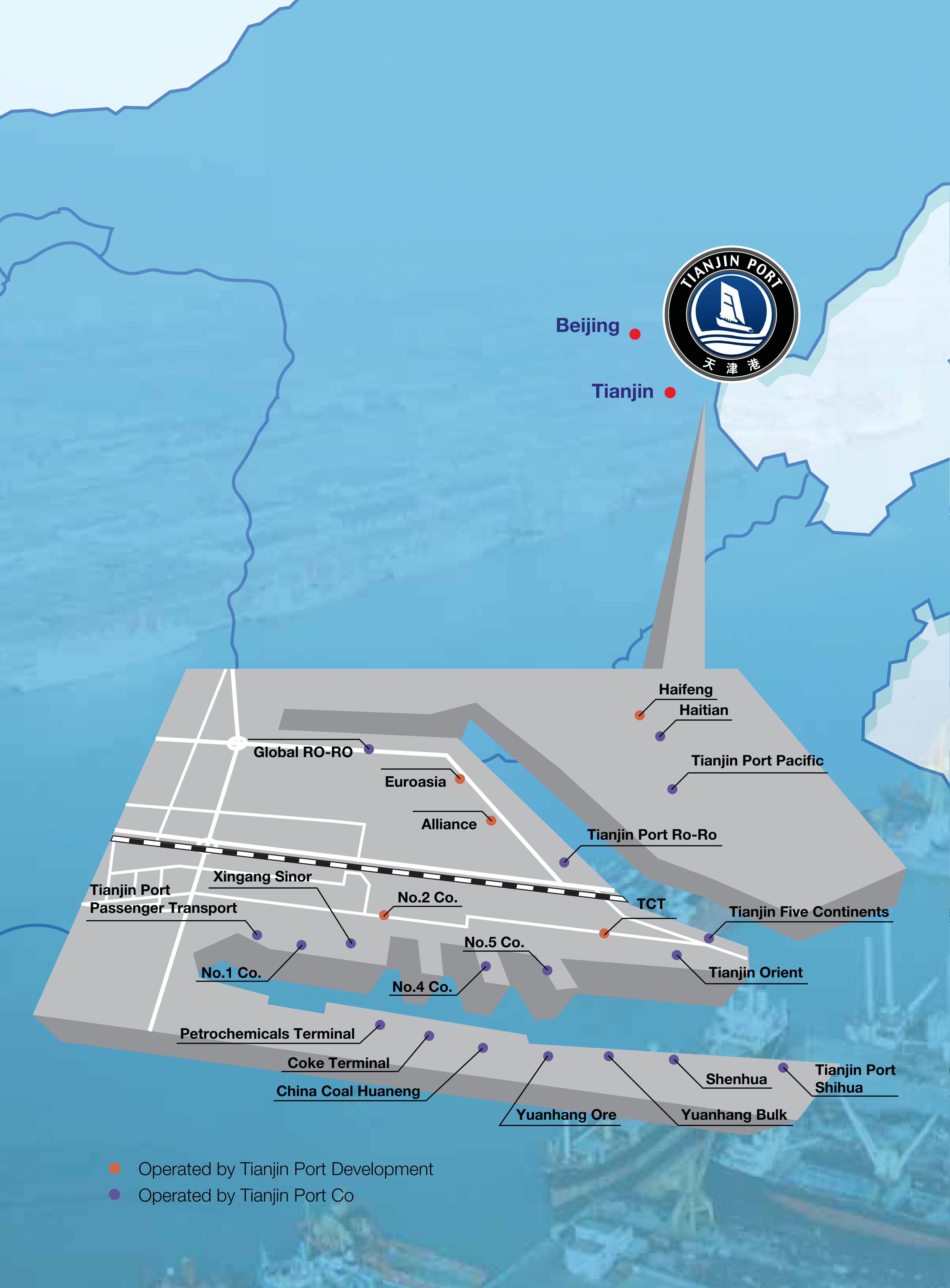
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03382

Optimise Structure

Stable Growth

ANNUAL REPORT 2011



TIANJIN PORT
天 津 港
Beijing
Tianjin
Haifeng
Haitian
Global RO-RO
Tianjin Port Pacific
Euroasia
Alliance
Tianjin Port Ro-Ro
Xingang Sinor
Tianjin Port
Passenger Transport
No.2 Co.
TCT
Tianjin Five Continents
No.5 Co.
No.1 Co.
Tianjin Orient
No.4 Co.
Petrochemicals Terminal
Coke Terminal
China Coal Huaneng
Shenhua
Tianjin Port
Shihua
Yuanhang Ore
Yuanhang Bulk
Operated by Tianjin Port Development
Operated by Tianjin Port Co

Corporate Profile

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

The Company, together with its subsidiaries (collectively known as the “Group”) first operated as a non-containerised cargo terminal at the port of Tianjin in 1968 and subsequently expanded into the container handling business in 1980. In February 2010, the Group completed the acquisition of 56.81% equity interest in Tianjin Port Holdings Co., Ltd. (“Tianjin Port Co”) and had become the largest single-location port operator listed in Hong Kong. Today, the Group is the leading port operator at the port of Tianjin and is principally engaged in container and non-containerised cargo handling businesses, sales business and port ancillary services businesses.

The port of Tianjin is at the prime geographical location situated at the centre of the Bohai Rim Region with vast hinterland, and is the logistics hub of Tianjin Binhai New Area. In 2011, the port of Tianjin was the third largest port in China and the fourth largest port globally in terms of total throughput. During the same period, the port of Tianjin’s total container throughput was the sixth in China, which placed it among the top eleven largest container ports in the world.

Under the “Twelfth Five-Year Plan”, the port of Tianjin will actively promote the development of Dongjiang Bonded Free Port to free trade port area, strive to become the core strategic enterprise in Tianjin City and benefit continuously from the future economic development in the hinterland of North and Northwest China.

Contents

Milestones

1997

- Tianjin Development was listed on the Main Board of the Stock Exchange. The business engaged by the Company was one of the principal businesses of Tianjin Development.

2001

- Renovation of container terminal was completed with designed capacity raised to 1.6 million TEUs, capable of docking and handling container vessels of 10,000 TEUs.

2004

- Installed a new operational system (3C2S) that linked computers, communications control system, global positioning system (GPS) and geographic information system (GIS).
- The second phase of grain terminal construction project was completed, increasing the grain storage capacity to 110,000 tonnes.

2006

- Successfully listed on the Main Board of the Stock Exchange in May 2006 and raised a total of HK$1.26 billion.
- Establishment of Euroasia with COSCO and APMT, a container terminal with quay length of 1,100 meters and designed capacity of 1.8 million TEUs.

2007

- Establishment of Haifeng in August 2007, the first logistics warehousing company in Dongjiang Bonded Free Port with a gross floor area of about 190,000 square meters.

2008

- Completion of acquisition of 40% equity interest in Alliance, a container terminal with quay length of 1,100 meters and designed capacity of 1.7 million TEUs.

2010

- Completion of acquisition of 56.81% equity interest in Tianjin Port Co and become the largest single-location port operator listed in Hong Kong. Achieved container throughput of over 10 million TEUs in 2010.

2011

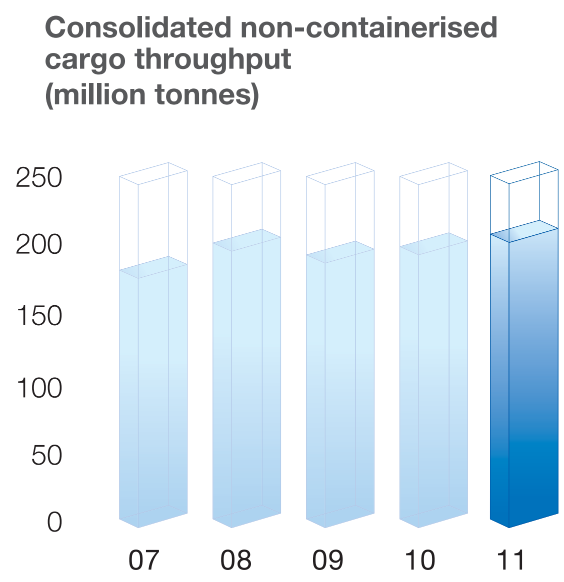
- Completion of acquisition of 50% equity interest in Tianjin Port Shihua, a crude oil terminal with scale of operation up to 300,000-tonne capacity.

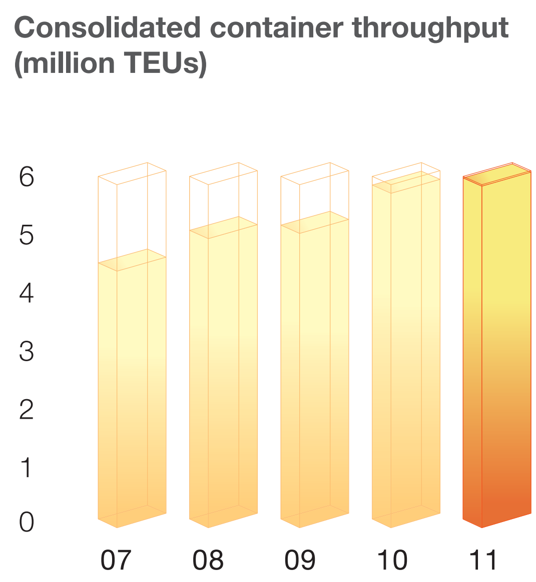
Financial Highlights

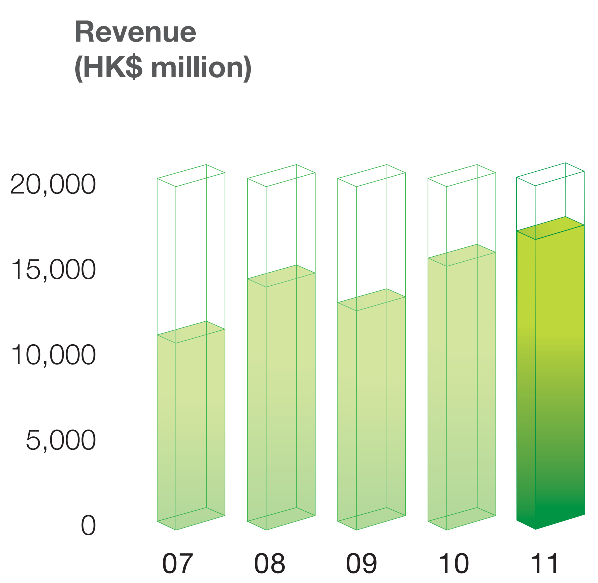
HK$ million	For the year ended 31 December	
	2011	2010
Total throughput		
Non-containerised cargo (million tonnes)	**249.5**	216.8
Container (million TEUs)	**11.6**	10.1
Revenue	**16,548**	15,053
Operating profit	**2,088**	1,835
Profit attributable to equity holders of the Company	**713**	571
Basic earnings per share (HK cents)	**11.6**	9.3
Net cash inflow from operations	**2,604**	1,996

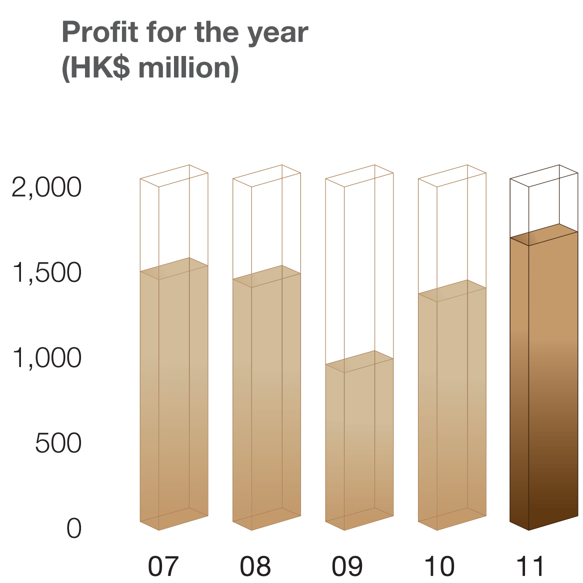
HK$ million	As at 31 December	
	2011	2010
Equity attributable to equity holders of the Company	**9,996**	9,165
Non-controlling interests	**10,012**	9,045
Total equity	**20,008**	18,210
Total assets	**33,563**	31,758
Consolidated borrowings	**9,961**	10,051
Financial Ratios		
Gearing ratio *(Note)*	**49.8%**	55.2%
Current ratio	**1.2**	1.5

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









Note: The financial and throughput information of the Group for the year ended 31 December 2007 to 2009 have been restated on the basis that the structure and business activities of the Group immediately after the acquisition of Tianjin Port Co completed in 2010 had been in existence throughout the years presented.

Dear Shareholders,

I am pleased to present the annual report of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year 2011.

2011 was a year of challenge characterised by global economic slowdown, turbulent financial markets and elevated risks. Against such complexities, Tianjin Port continued to develop its business strategies through functional development and creative marketing initiatives. The inland logistics network was further strengthened with the promotion of network operation for side lines within the Bohai Rim. The access for sea-land combined transport was also expanded and service quality and efficiency continued to be improved. All these efforts were made to ensure a sustained and steady growth in cargo throughput for the port of Tianjin. In 2011, the port of Tianjin continued to be the third largest port in China in terms of total cargo throughput, and ranked sixth among China's ports in terms of container throughput.

In view of the complex and volatile global environment and emerging problems and uncertainties in the Chinese economy, emphasis on foreign trade policies are made on "securing stable growth, streamlining structure and maintaining equilibrium". During the year, China's foreign trade policies remained stable; import and export grew steadily and at a somewhat rapid pace; trade structure continued to be optimised; and foreign trade development mode was more balanced and moving forward with transformation. In 2011, China recorded a total value of US$3.6 trillion in import and export trade, representing an annual growth rate of over 20%. Meanwhile, the Chinese economy maintained steady growth with relatively rapid growth momentum, resulting in a steady increase in total port cargo throughput. The Group recorded a profit attributable to shareholders of HK$713.3 million, representing a year-on-year increase of 25%, with basic earnings per share of HK11.6 cents for the year under review.

The board of directors of the Company (the "Board") is pleased to recommend the payment of a final dividend of HK2.23 cents per share. Together with the interim dividend of HK2.40 cents per share, the total dividend for the year is HK4.63 cents per share, representing a payout ratio of approximately 40%.

"The Company will further enhance its port infrastructure, realign its business structure, improve its port functions and strengthen its market development in the hinterland, with an aim to bring better returns for the shareholders of the Company."

During the year, the Group completed the acquisition of 50% equity interest in Tianjin Port Shihua Crude Oil Terminal Co., Ltd. ("Tianjin Port Shihua"), further expanding the scale of operation and enhancing overall competitiveness. As the world's fourth largest port in terms of total throughput, the port of Tianjin is dedicated to becoming a container port hub in Northeast Asia, the dominant non-containerised cargo port and the largest bonded free port in North China, and the largest comprehensive port in the Bohai Rim Region. The Group will actively participate in the emergence of the port of Tianjin to a world-class comprehensive port.

In 2012, the trend for a recovering world economy and continual growth in China will remain unchanged. The development of the western region as well as the relocation of industries will benefit the hinterland of inland regions and provinces, and will provide us with a vastly expanded market. The radiating effect brought by the rapid economic development of Tianjin and Binhai New Area will become more significant. In the coming year, the Group will further strengthen the coordinations between business segments and actively integrate resources to make new progress in optimisation of our business mix and operational structure. With an aim to enhancing economy of scale while ensuring stable growth, the Group will actively explore innovative modes of operation, more efficiently use of resources and improve its investment portfolio in order to raise the level of profitability and economic efficiency. The Group will further strengthen the port operation system and on-site management to enhance the quality and efficiency of its production; develop new functions and broaden its markets to create further room for growth. We will also enhance our integrated service capabilities and increase our competitiveness in order to bring better returns for our shareholders.

Finally, on behalf of the Board, I would like to thank our dedicated and outstanding staff for their contribution and efforts made in the past year, and to express my most sincere gratitude to our shareholders and business partners for your continued cooperation and support.

Sincerely yours,
YU Rumin
Chairman

Hong Kong, 28 March 2012

Review of Operations and Results ▶▶▶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No.16

Review of Operations and Results

BUSINESS REVIEW

During 2011, the Group achieved a total throughput of 368.8 million tonnes, representing an increase of 13.1% over last year, of which the container throughput rose 14.9% to 11.59 million TEUs. During the year under review, the Group recorded a consolidated revenue of HK$16,547.7 million, achieving profit attributable to shareholders of HK$713.3 million, representing an increase of 25.0% over last year. The basic earnings per share is HK11.6 cents. The Board is pleased to recommend payment of a final dividend of HK2.23 cents per share.

RESULTS OVERVIEW

The Group is the major port operator of the port of Tianjin, engaging in the non-containerised cargo and container handling business, sales business and other port ancillary services business. During the year under review, all the port operations under the Group have achieved growth in both volume and revenue.

The results of the Group's operation are as follows:

	Revenue			
Type of business	**2011 HK$ million**	2010 HK$ million	Growth amount HK$ million	Growth percentage
Non-containerised cargo handling business	**4,615.9**	3,958.7	657.2	16.6%
Container handling business	**1,729.1**	1,505.7	223.4	14.8%
Sales business	**7,914.8**	7,755.5	159.3	2.1%
Other port ancillary services business	**2,287.9**	1,832.8	455.1	24.8%
Total	**16,547.7**	15,052.7	1,495.0	9.9%

Non-containerised Cargo Handling Business

During the year under review, the Group achieved non-containerised cargo throughput of 249.49 million tonnes, representing an increase of 15.1% as compared to last year, of which throughput of the subsidiary terminals grew by 12.3% whereas throughput of the jointly controlled and affiliated terminals grew by 37.9%.

Nature of terminal	Non-containerised cargo throughput 2011 million tonnes	2010 million tonnes	Growth amount million tonnes	Growth percentage
Subsidiary terminals	**217.50**	193.64	23.86	12.3%
Jointly controlled and affiliated terminals	**31.99**	23.20	8.79	37.9%
Total	**249.49**	216.84	32.65	15.1%

During the year under review, the Group attained growth in handling major types of cargoes including coal, metal ore and automobiles. In terms of total throughput, the handling of coal reached 89.57 million tonnes, representing a year-on-year increase of 27.6%; the handling of metal ore increased by 11.9% to 85.73 million tonnes; the handling of automobiles increased by 12.5% to 23.09 million tonnes; and the handling of crude oil increased by 55.9% to 16.56 million tonnes. The handling of steel and grains slightly decreased.

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business of the Group was HK$21.2 per tonne, an increase of HK$0.8 per tonne over that of last year. The Group's revenue from non-containerised cargo handling business amounted to HK$4,615.9 million, representing an increase of 16.6% over last year.

Container Handling Business

Currently, the Group operates all the container handling businesses at the port of Tianjin. During the year under review, the Group achieved a container throughput of 11.59 million TEUs, representing an increase of 14.9% as compared to last year, of which the subsidiary terminals grew by 4.9% and the jointly controlled and affiliated terminals up by 27.7%.

Nature of terminal	Container throughput 2011 '000 TEUs	2010 '000 TEUs	Growth amount '000 TEUs	Growth percentage
Subsidiary terminals	**5,936**	5,659	277	4.9%
Jointly controlled and affiliated terminals	**5,652**	4,427	1,225	27.7%
Total	**11,588**	10,086	1,502	14.9%

Review of Operations and Results

During the year under review, the growth of the container throughput and price adjustment directly drove the increase in revenue. On a consolidated basis, the blended average unit price of the container handling business was HK$291.3 per TEU, an increase of 9.5% over last year. The Group's revenue from container handling business for the year under review was HK$1,729.1 million, an increase of 14.8% over last year.

Sales Business

The Group's sales business mainly engaged in the supply of fuel to inbound vessels and sales of materials. During the year under review, the Group achieved sales revenue of HK$7,914.8 million, representing a rise of 2.1% over last year. The key driver was the growth in throughput, the increase in inbound vessels and increase in the sales of fuel to vessels, leading to the increase in sales revenue of fuel. In addition, revenue from sales of materials also increased primarily due to the accelerated pace of port development.

Other Port Ancillary Services Business

The Group's other port ancillary services mainly include tugboat services, agency services and other services. The Group's throughput achieved persistent growth brought overall growth in the other port ancillary services segment. During the year under review, on a year-on-year basis, our tugboat services grew by 2.4% to 50,244 vessel calls; shipping agency grew by 2.9% to 17,510 vessel calls; cargo agency grew by 16.6% to 88.10 million tonnes of cargoes and tallying services increased by 6.6% to 99.54 million tonnes of cargoes. The Group's revenue from other port ancillary services business was HK$2,287.9 million, representing an increase of 24.8% over last year.

Costs

During the year under review, cost of sales of the Group amounted to HK$12,704.8 million, of which cost of port cargo handling business was HK$3,413.3 million, representing an increase of 20.8% over last year, primarily due to the increase of direct cost in port cargo handling business such as fuel, power and labour costs as a result of the growth in cargo throughput. Cost of sales business amounted to HK$7,810.7 million, representing an increase of 3.7% over last year, mainly due to the expansion of our sales business and the increase in the procurement cost of fuel.

Administrative expenses for the year under review increased by 13.2% to HK$1,775.4 million. Staff cost is the key component of the administrative expenses. The Group will continue to take effective measures in cost control and management. In addition to the maintaining of prudent human resources policies which include the outsourcing of its non-core functions so as to maintain an optimal labour force, the Group will carry out technology innovation and operational optimisation measures with an aim of reducing energy consumption and the operating costs of the Group as a whole.

OUTLOOK AND PROSPECTS

During the year, the Group completed its acquisition of 50% equity interest in Tianjin Port Shihua, further expanding the scale of its operation and enhancing its overall competitiveness. The rapid development of Tianjin Binhai New Area facilitates the overall integration and connectivity in the region. Being the gateway to the hinterland of North and Northwest China, the role of the port of Tianjin as the international shipping and logistics hub in the North China will be further strengthened. In addition to the enhancement of its port infrastructure, we believe the Group can leverage on the advantage of its prime location at the juncture of the Beijing-Tianjin city belt and the centre of the Bohai Rim Region, and the vast hinterland covering 14 provinces, municipalities and autonomous regions including Beijing, Tianjin, Hebei and the Central and Western regions, and seize the opportunity of development of the Tianjin Binhai New Area. The Group will continue to realign its business structure, improve its port functions, and strengthen its market development in the hinterland. The Group will further consolidate its terminal handling assets, improve the port and logistics service system and actively participate in the future development of port of Tianjin as a whole, with an aim to bring better returns for the shareholders of the Company.

FINANCIAL REVIEW

Capital Structure

The capital and reserves attributable to the equity holders of the Company as at 31 December 2011 was HK$9,996.0 million.

As at 31 December 2011, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK$6,281.2 million (at the closing market price of HK$1.02 per share on 31 December 2011).

Cash Flow

For the year ended 31 December 2011, the net cash outflow of the Group amounted to HK$154.4 million.

The net cash inflow from operations amounted to HK$2,604.2 million, representing an increase of 30.5% over last year.

The net cash outflow in investing activities amounted to HK$1,254.3 million, of which HK$770.1 million was capital expenditure, HK$283.1 million was used for capital injection to associates, HK$414.9 million for acquisition of a jointly controlled entity.

The net cash outflow from financing activities amounted to HK$1,504.3 million, mainly was used in repayments of borrowings and payment of dividends and interest.

Liquidity and Financial Resources

As at 31 December 2011, the Group's cash and deposits was HK$4,575.2 million (principally denominated in Renminbi ("RMB")), representing an increase of 3.1% compared to the end of 2010. The Group's total borrowings as at 31 December 2011 was HK$9,960.8 million, which was slightly lower than the end of 2010. The borrowings are denominated in Hong Kong dollars ("HK$"), RMB and US dollars ("US$") and are mainly at floating interest rates, of which HK$3,756.0 million was repayable within one year, HK$4,847.0 million was repayable after one year and within five years and HK$1,357.8 million was repayable over five years.

During the year under review, the Group's interest expenses amounted to HK$380.6 million, an increase of 3.6% over last year, mainly due to the increase in borrowing rates.

As at 31 December 2011, the gearing ratio (ratio of total borrowings to total equity) and current ratio (ratio of current assets to current liabilities) of the Group were 49.8% (31 December 2010: 55.2%) and 1.2 (31 December 2010: 1.5) respectively. As at 31 December 2011, none of the Group's assets were pledged.

Financial Management and Policy

The Group's head office in Hong Kong is responsible for the financial risk management and the finance department is responsible for the daily management of the Group. One of the major objectives of the Group's treasury is to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. It is the Group's policy not to engage in speculative activities.

As at 31 December 2011, most of the Group's assets and liabilities were denominated in RMB except for certain HK$ and US$ borrowings. During the year, RMB exchange rate remained strong, the Group recorded an exchange gain of HK$185.8 million. The Group assesses its foreign exchange rates and interest rate risks exposure from time to time. During the year under review, no hedging arrangement was entered into in respect of foreign currency investment.

SIGNIFICANT INVESTMENTS

On 22 March 2011, the Group resolved to acquire a 50% equity interest in Tianjin Port Shihua from Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") at a consideration of approximately RMB329.6 million. Tianjin Port Shihua is a limited company established in the PRC and is principally engaged in port operation, cargo handling, transshipment and tallying at a crude oil terminal with 300,000–tonne capacity at the port of Tianjin. The acquisition could enhance the scale of crude oil handling business of the Group, resolve the competition between the Group and Tianjin Port Group in the same industry and improve the overall profitability of the Group. The acquisition was completed in July 2011.

On 7 July 2011, the Group approved the injection of approximately RMB230.0 million to the capital of Tianjin Port Finance Co., Ltd. ("Tianjin Port Finance", a 48% owned associate of the Group). The capital injection reduced the reliance on external financing of Tianjin Port Finance. Upon completion of the capital injection, the shareholding interests of the Group in Tianjin Port Finance remained unchanged. The capital injection was completed in September 2011.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2011.

GOING CONCERN

On the basis of current financial projections and facilities available, the Group has adequate financial resources to continue its operation in the foreseeable future. Accordingly, the Group continues to prepare its financial statements on a going concern basis.

EMPLOYEES

As at 31 December 2011, the Group had approximately 11,500 employees. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends. The remuneration policies are also regularly reviewed by the Group. Incentives of the management's remuneration package are paid in form of cash bonuses as well as share options.

APPRECIATION

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

By order of the Board
LI Quanyong
Managing Director

Hong Kong, 28 March 2012

Corporate Governance Report


PORT OF TIANJIN
MSC DANIELA

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The Board recognises the practising of sound corporate governance can enhance transparency of the Company's business, ensuring the Company is accountable to and meet the expectations of shareholders and other stakeholders, and lead the Company to ultimate success.

The Company applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In the opinion of the directors of the Company (the "Directors"), the Company had complied with all the code provisions of the Code throughout the year ended 31 December 2011.

The following sections set out how the principles in the Code have been complied with by the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2011.

BOARD OF DIRECTORS

As at 31 December 2011, the Board consists of eight Directors, comprising five executive Directors namely Mr. Yu Rumin (Chairman), Mr. Tian Changsong (Vice Chairman), Mr. Li Quanyong (Managing Director), Mr. Wang Rui and Mr. Dai Yan, and three independent non-executive Directors namely Mr. Kwan Hung Sang, Francis, Prof. Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie. The biographies of the Directors are set out under the section "Biography of Directors and Senior Management" in the Report of the Directors.

Mr. Yu Rumin is the chairman of each of Tianjin Port Group and Tianjin Development Holdings Limited ("Tianjin Development"). Mr. Tian Changsong is the chief executive officer of Tianjin Port Group. Mr. Dai Yan is an executive director and the executive deputy general manager of Tianjin Development, and also a director and executive deputy general manager of Tsinlien Group Company Limited ("Tsinlien"). Tianjin Port Group, Tianjin Development and Tsinlien are the substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO").

The Board held nine full board meetings during the year ended 31 December 2011. The attendance of the respective Directors of the board meetings held in 2011 are set out below:

Member of the Board	Number of meetings attended/ Number of meetings held
Executive Directors	
Mr. YU Rumin	9/9
Mr. TIAN Changsong	7/9
Mr. LI Quanyong	9/9
Mr. ZHANG Jinming *(Note 1)*	3/3
Mr. WANG Rui *(Note 2)*	6/6
Mr. DAI Yan	7/9
Independent Non-executive Directors	
Mr. KWAN Hung Sang, Francis	9/9
Prof. Japhet Sebastian LAW	8/9
Dr. CHENG Chi Pang, Leslie	9/9

Notes:

1. Mr. ZHANG Jinming resigned on 28 March 2011.

2. Mr. WANG Rui was appointed as Director on 28 March 2011.

The Board oversees the businesses, overall strategic directions, corporate governance, and operational and financial performances of the Group. Daily operations and administration of the Company are delegated to the management and supervised by the executive Directors. The three independent non-executive Directors are highly qualified professionals with extensive experiences in areas including accounting, finance and corporate management.

All independent non-executive Directors have confirmed to the Company their independence during the reporting period pursuant to the requirement of Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive Directors to be independent within the definition of the Listing Rules.

All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

Save for the directorship in the substantial shareholders of the Company as disclosed above, there is no other relationship (including financial, business, family or other material or relevant relationship(s)) among members of the Board.

CHAIRMAN AND MANAGING DIRECTOR

The roles of the chairman and managing director of the Company are segregated and the positions are held by separate individuals.

The chairman of the Company is responsible for leading and effective operation of the Board in setting policies and business directions. The chairman ensures that the Board functions and discharges its responsibilities effectively, and that all key and appropriate issues are discussed by the Board in a timely manner.

The managing director of the Company provides leadership for effective running of the daily operation of the Group and implementation of approved strategies in pursuit of the overall commercial objectives.

REMUNERATION OF DIRECTORS

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") comprises one executive Director, Mr. Wang Rui, and two independent non-executive Directors, namely Mr. Kwan Hung Sang, Francis and Prof. Japhet Sebastian Law. Prof. Law is the chairman of the Remuneration Committee.

Written terms of reference of the Remuneration Committee have been adopted by the Board. The principle roles and functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, determining the specific remuneration packages of all executive Directors and senior management, reviewing and approving performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee held five meetings to discuss remuneration related matters during the year ended 31 December 2011. All members of the Remuneration Committee attended the meetings.

The Remuneration Committee performed the following work during the year ended 31 December 2011:

- assessed performance of executive Directors and approved the terms of executive Directors' service contracts.
- reviewed the remuneration policy for Directors and senior management.
- reviewed and recommended to the Board for approval the annual incentive bonus for Directors and senior management with reference to their performance and the operating results of the Group.
- reviewed and recommended to the Board for the change of personnel.

Remuneration Package for Directors and Senior Management

The remuneration package for the Directors and senior management comprises basic salary, bonus and pensions. Apart from basic salary, executive Directors and employees are eligible to receive discretionary bonus after taking into account factors such as market conditions as well as performance of the corporation and the individual employee during the year.

In order to attract, retain and motivate talented eligible staff, including the Directors, the Company has adopted a Share Option Scheme (as defined in the section headed "Share Option Scheme" in the Report of the Directors). The scheme enables eligible persons to obtain ownership interest in the Company and thus serves to motivate continual optimum contributions to the Group.

Details of the Directors' emoluments during the year ended 31 December 2011 are set out in Note 8 to the financial statements and details of the Share Option Scheme and grant of share options by the Company during the year are set out in the Report of the Directors and Note 24 to the financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Kwan Hung Sang, Francis, Prof. Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie. Dr. Cheng is the chairman of the Audit Committee.

Written terms of reference of the Audit Committee have been adopted by the Board. The principle roles and functions of the Audit Committee include making recommendations to the Board on the appointment and removal of external auditor and approvals of their terms of engagement, reviewing and monitoring external auditor independence and effectiveness of audit process, reviewing the financial information of the Group and overseeing the Group's financial reporting system and internal control procedures.

The Audit Committee held two meetings during the year ended 31 December 2011. All members of the Audit Committee attended the meetings.

The Audit Committee performed the following work during the year ended 31 December 2011:

– reviewed the report of the 2010 annual results and the report for the 2011 interim results.

– reviewed the report of internal control.

– reviewed the auditor's audit findings.

– reviewed the appointment of auditor and their remuneration.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. The roles and functions of the nomination committee are performed by the Board. The Board considers the suitability of a candidate to act as a Director on the basis of his or her qualification, experience and potential contribution to the Company.

AUDITOR REMUNERATION

For the year ended 31 December 2011, the remuneration paid and payable to the auditor of the Company in respect of audit services was HK$2,200,000 and fees related to non-audit services amounted to HK$16,800. The non-audit services were in relation to tax advisory services.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparing the financial statements for each financial year which give a true and fair view of the results and financial position of the Group. The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 47.

INTERNAL CONTROL

The Board has the overall responsibility to maintain a sound and effective internal control system for the Group. The Group's internal control framework covers (i) setting up a defined management structure with limits of authority and clear lines of accountability and (ii) ensuring regular reporting of financial information, in particular, tracking of deviations from budgets and targets.

The Board has reviewed the effectiveness of the system of internal control of the Group on a rotation basis which covers all material controls, including financial, operational and compliance controls and risk management functions. The internal control review report has been reviewed by the Audit Committee and discussed by the Audit Committee with the Board.

COMMUNICATION WITH SHAREHOLDERS

The Company values effective communication with the shareholders and investors. The Company has been proactive in promoting investor relations and communications by way of meetings, press conferences, presentations and company visits.

The Company maintains a regular dialogue with institutional investors and analysts. During the year, the Company actively participated in investor conferences organised by renowned investment banks, one-on-one meetings with institutional investors and analysts and local and overseas roadshows. The Company also organised port visits for fund managers and analysts to provide them with the opportunity to understand the port operations and the Group's business.

After interim and final results are announced, the Company will hold analyst presentations and press conferences. The Directors and senior management will be available at those meetings to answer questions regarding the Group's operational and financial performances.

The Board endeavours to maintain an on-going dialogue with shareholders. Shareholders are encouraged to attend annual general meeting and other general meetings of the Company and are invited to express their views and raise questions thereat. The respective chairman of the Board, the Audit and Remuneration Committees and the auditor of the Company will be available at the annual general meeting to respond to shareholders' questions. The chairman of independent board committee, the independent financial advisor and the legal advisor, as the case may be, will be available at the general meetings to respond to shareholders' questions in relation to proposed resolutions seeking approval at the meetings.

Report of the Directors

Report of the Directors

The Directors have pleasure in presenting the annual report together with the audited financial statements of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in Note 34 to the financial statements.

An analysis of the Group's performance by segments for the year ended 31 December 2011 is set out in Note 4 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement on page 48.

The Board recommends the payment of a final dividend of HK2.23 cents per share for the year ended 31 December 2011 which together with the interim dividend of HK2.40 cents per share, represents a total dividend of HK4.63 cents per share for the year (2010: HK3.70 cents per share).

The final dividend will be payable to shareholders whose names appear on the register of members of the Company on 8 June 2012.

RESERVES

Movements in reserves of the Group and the Company during the year and distributable reserves of the Company as at 31 December 2011 are set out in Note 25 to the financial statements and balance sheet of the Company on page 52 respectively.

MAJOR SUPPLIERS AND CUSTOMERS

The sales attributable to the Group's five largest customers combined accounted for less than 30% of the Group's total sales for the year.

The five largest suppliers of the Group combined accounted for approximately 66% of the Group's total purchases for the year and the largest supplier included therein accounted for approximately 54%.

None of the Directors, their associates, or any shareholder of the Company, which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had interests in any of the Group's five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group and the Company during the year are set out in Note 14 to the financial statements.

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in Note 24 to the financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2011 are set out in Note 26 to the financial statements.

LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT

On 10 December 2007, Tianjin Port Development Finance Limited, a wholly-owned subsidiary of the Company as borrower (the "Borrower"), the Company as guarantor, entered into a facility agreement (the "1st Facility Agreement") with several financial institutions as lenders (the "1st Lenders"), pursuant to which a 5-year revolving/term loan facility in an aggregate amount of HK$1,000,000,000 is made available by the 1st Lenders to the Borrower. The 1st Facility Agreement, as supplemented by an agreement dated 9 December 2009, includes a condition imposing specific performance obligations on Tianjin Port Group, the controlling shareholder of the Company. The loan facility is unsecured, interest bearing and repayable in full on the date falling 60 months from the date of the 1st Facility Agreement.

On 4 September 2008, the Borrower, the Company as guarantor, entered into a facility agreement (the "2nd Facility Agreement") with a financial institution as lender (the "2nd Lender"), pursuant to which a 5-year revolving/term loan facility in an aggregate amount of HK$200,000,000 is made available by the 2nd Lender to the Borrower. The 2nd Facility Agreement, as supplemented by an agreement dated 9 December 2009, includes a condition imposing specific performance obligations on Tianjin Port Group, the controlling shareholder of the Company. The loan facility is unsecured, interest bearing and repayable in full on the date falling 60 months from the date of the 2nd Facility Agreement.

On 15 January 2010, the Borrower, the Company as guarantor, entered into a facility agreement (the "3rd Facility Agreement") with several financial institutions as lenders (the "3rd Lenders"), pursuant to which a 3-year term loan facility in an aggregate amount of HK$1,600,000,000 is made available by the 3rd Lenders to the Borrower. The 3rd Facility Agreement includes a condition imposing specific performance obligations on Tianjin Port Group, the controlling shareholder of the Company. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the 3rd Facility Agreement.

Pursuant to the terms of the 1st Facility Agreement, 2nd Facility Agreement and 3rd Facility Agreement, it will be an event of default if Tianjin Port Group ceases to (1) have (directly or indirectly) the single largest shareholding interest in the Company in aggregate, or (2) hold no less than 35% (directly or indirectly) of the shareholding interest in the Company in aggregate and in such event the 1st Lenders, 2nd Lender and 3rd Lenders may demand immediate repayment of the loans. Such obligation continues to exist as at the date of this report.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 110 to 111.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company had not redeemed any of its securities during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the year.

SHARE OPTION SCHEME

By a written resolution passed by the sole shareholder of the Company on 26 April 2006, a share option scheme (the "Share Option Scheme") was approved and adopted by the Company. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption, i.e. 26 April 2006.

The purpose of the Share Option Scheme is to provide incentive and recognition to eligible persons for their contribution to the Group. The Board may offer to grant share options to any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors of the Company or any of its subsidiaries; any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

Unless approved by the shareholders of the Company in general meeting, the total number of shares in the Company (the "Shares") in respect of which share options may be granted (including Shares in respect of which share options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the date on which the Shares commence listing on the Main Board of the Stock Exchange. The maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

Unless approved by the shareholders of the Company in general meeting, the maximum entitlement of each participant (including exercised, outstanding and cancelled share options) in any 12-month period under the Share Option Scheme shall not exceed 1% of the number of Shares in issue on the offer date.

A total of 143,400,000 Shares are available for issue under the Share Option Scheme, representing approximately 2.3% of the issued share capital of the Company as at the date of this report.

HK$1 by way of consideration for the grant of an option is payable by the grantee to the Company on acceptance of the option within 30 days from the offer date.

The exercise period of the share options is determinable by the Directors and shall not exceed a period of 10 years commencing on the date upon which the option is deemed to be granted and accepted in accordance with the Share Option Scheme.

Unless otherwise determined by the Board, there is no minimum period for which an option must be held before it can be exercised.

The exercise price in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the offer date; (ii) the average of the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the offer date and (iii) the nominal value of a Share.

Details of the share options granted, exercised, lapsed and cancelled during the year ended 31 December 2011 are as follows:

	Date of grant	Exercise price *HK$*	As at 01/01/2011	Granted *(Note 1)*	Exercised	Lapsed	Cancelled	As at 31/12/2011	Exercise period
Directors									
Mr. Yu Rumin	03/02/2007	2.74	1,900,000	–	–	–	–	1,900,000	03/08/2007 – 03/02/2017
	25/01/2008	4.24	400,000	–	–	–	–	400,000	25/07/2008 – 24/01/2018
Mr. Tian Changsong	08/04/2010	2.34	2,200,000	–	–	–	–	2,200,000	08/10/2010 – 07/04/2020
Mr. Li Quanyong	08/04/2010	2.34	2,100,000	–	–	–	–	2,100,000	08/10/2010 – 07/04/2020
Mr. Zhang Jinming *(Note 2)*	01/08/2006	2.28	2,000,000	–	–	(2,000,000)	–	–	01/02/2007 – 27/10/2011
Mr. Wang Rui *(Note 3)*	15/10/2010	1.846	1,000,000	–	–	–	–	1,000,000	15/04/2011 – 14/10/2020
	28/03/2011	1.904	–	1,000,000	–	–	–	1,000,000	28/09/2011 – 27/03/2021

	Date of grant	Exercise price HK$	As at 01/01/2011	Granted (Note 1)	Exercised	Lapsed	Cancelled	As at 31/12/2011	Exercise period
Mr. Dai Yan	01/09/2009	3.036	1,100,000	–	–	–	–	1,100,000	01/03/2010 – 31/08/2019
Mr. Kwan Hung Sang, Francis	25/01/2008	4.24	300,000	–	–	–	–	300,000	25/07/2008 – 24/01/2018
Prof. Japhet Sebastian Law	25/01/2008	4.24	300,000	–	–	–	–	300,000	25/07/2008 – 24/01/2018
Dr. Cheng Chi Pang, Leslie	25/01/2008	4.24	300,000	–	–	–	–	300,000	25/07/2008 – 24/01/2018
Other eligible persons									
	01/08/2006	2.28	1,100,000	–	–	(1,100,000)	–	–	01/02/2007 – 01/08/2016
	21/07/2008	3.45	1,000,000	–	–	(1,000,000)	–	–	21/01/2009 – 14/10/2011
	01/06/2009	2.53	1,100,000	–	–	(1,100,000)	–	–	01/12/2009 – 31/05/2019
	01/06/2009	2.53	700,000	–	–	(700,000)	–	–	01/12/2009 – 30/11/2011
	08/04/2010	2.34	1,000,000	–	–	–	–	1,000,000	08/10/2010 – 07/04/2020
	29/04/2011	1.828	–	700,000	–	–	–	700,000	29/10/2011 – 28/04/2021
			16,500,000	1,700,000	–	(5,900,000)	–	12,300,000	

Notes:

1. The closing prices of the Shares immediately before 28 March 2011 and 29 April 2011, the date on which the share options were granted, were HK$1.87 and HK$1.80 respectively. All share options granted are subject to a vesting period of six months from the date of grant.

2. Mr. Zhang Jinming resigned on 28 March 2011.

3. Mr. Wang Rui was appointed as Director on 28 March 2011.

Details of the value of share options granted under the Share Option Scheme during the year ended 31 December 2011 and the accounting policy adopted for the share options are set out in Note 24 and Note 2 to the financial statements respectively.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year ended 31 December 2011 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. YU Rumin *(Chairman)*
Mr. TIAN Changsong *(Vice Chairman)*
Mr. LI Quanyong *(Managing Director)*
Mr. ZHANG Jinming (resigned on 28 March 2011)
Mr. WANG Rui (appointed on 28 March 2011)
Mr. DAI Yan

Independent Non-executive Directors

Mr. KWAN Hung Sang, Francis
Prof. Japhet Sebastian LAW
Dr. CHENG Chi Pang, Leslie

In accordance with Article 108 of the Articles of Association of the Company, Mr. Yu Rumin, Mr. Li Quanyong and Dr. Cheng Chi Pang, Leslie shall retire from office by rotation at the forthcoming annual general meeting. The above retiring Directors, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract for a specific term of three years. Each of these contracts may be terminated by the executive Directors by giving not less than three months' notice in writing.

The independent non-executive Directors are appointed for a specific term of two years in accordance with their respective appointment letters.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

There were no contracts of significance subsisting during or at the end of the year to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had, either directly or indirectly, a material interest.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or the Group were entered into or existed during the year.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Mr. YU Rumin
Chairman

Aged 62, was appointed as an executive Director on 24 November 2006 and the chairman of the Company on 7 May 2007. Mr. Yu is responsible for the leadership and management of the Board. He graduated from Shanghai Haiyun College (上海海運學院) in 1975 and obtained a master's degree in international transport engineering management.

Mr. Yu has extensive experience in port management for over 25 years. He was the assistant to the head of the Tianjin Port Authority from March 1986 to December 1988. He had been the deputy head of the Tianjin Port Authority since December 1988, the executive deputy head since July 1996 and the head of Tianjin Port Authority since June 2002. He was the deputy head of the Regulatory Commission of Tianjin Port Tax Concession from July 1996 to June 2002. Subsequent to the reorganisation of Tianjin Port Authority in July 2004, he was the vice chairman and chief executive officer of Tianjin Port Group until November 2007. Mr. Yu was the chairman of Tianjin Port Co (Stock Code: 600717), a non-wholly owned subsidiary of the Company whose shares are listed on the Shanghai Stock Exchange, from 2004 to April 2010 and is currently the chairman of Tianjin Port Group.

Mr. Yu has been the vice chairman and executive director of Tianjin Development (Stock Code: 00882), a company whose shares are listed on the Main Board of the Stock Exchange, since November 1997. Mr. Yu was appointed as an acting chairman of Tianjin Development in January 2008, and has been appointed as the chairman of Tianjin Development in July 2010.

Mr. TIAN Changsong
Vice Chairman

Aged 58, was appointed as the vice chairman of the Company and an executive Director on 8 April 2010. Mr. Tian holds a graduate and senior economist qualification. Mr. Tian was the assistant to the head of the Tianjin Port Authority from December 1994 to June 1995, and the deputy head of the Tianjin Port Authority from June 1995 to June 2004. He was the deputy chief executive officer of Tianjin Port Group from June 2004 to November 2007, and has been the chief executive officer since November 2007. Mr. Tian was elected as and has been the vice chairman of Tianjin Port Co since December 2008 and has been the chairman of Tianjin Port Co since April 2010.

Mr. Tian has over 30 years of experience at the port of Tianjin and has solid experience in port operation, corporate management and capital operation.

Mr. LI Quanyong
Managing Director

Aged 49, was appointed as the managing director of the Company and an executive Director on 8 April 2010. Mr. Li possesses a master's degree in engineering and senior economist qualification, and has nearly 20 years of experience in operation management and capital operation in listed companies. Mr. Li was the company secretary and deputy general manager of Tianjin Port Co, from March 1992 to July 1998. He was a director, company secretary and the general manager of the securities department of Tianjin Port Co from August 1998 to January 2004. Mr. Li was appointed as a director and deputy chief executive officer in January 2004, the chief executive officer of the company from February 2007 to April 2010 and is the vice chairman of the company since April 2010. Mr. Li also acts as the chief economist of Tianjin Port Group since January 2009.

Mr. WANG Rui

Aged 49, was appointed as an executive Director and deputy general manager of the Company on 28 March 2011. Mr. Wang assists in overseeing the operation of the Group and the implementation of the approved strategies. Mr. Wang holds senior engineer qualification. He graduated from the Department of Mechanical Engineering in Tianjin University of Technology and Education (天津職業技術師範學院) in 1987, completed the professional course in Administration Management in Tianjin University in 2000, and holds a postgraduate and master's degree from Dalian Maritime University (大連海事大學) in Transportation Planning and Management in 2009.

Mr. Wang has extensive experience in port management. Mr. Wang joined Tianjin Port Group in 1983; he was the lecturer and the head of department in the Tianjin Water Transport Technical School (天津水運技校) and Tianjin Port Training Centre (天津港培訓中心). From 1996 to 2006, he was the deputy general manager, the general manager of Tianjin Port Holdings Co., Ltd. Storage & Transportation Branch (天津港股份有限公司儲運分公司). Mr. Wang was also the general manager of Tianjin Port International Logistics Development Co., Ltd. (天津港國際物流發展有限公司) from 2006 to 2010.

Mr. DAI Yan

Aged 58, was appointed as an executive Director on 1 September 2009. Mr. Dai is a senior economist. He graduated from University of International Business and Economics (對外經濟貿易大學) in 1980. In 1998, he completed the professional course in law in the Party School of the Central Committee of C.P.C. and the postgraduate course of international trade in Tianjin University of Finance and Economics (天津財經大學), respectively. From 1988 to 2002, he acted as the deputy general manager of Tianjin Garments Import & Export Corporation; the deputy general manager of Tianjin Garments Associate Corporation; the director, deputy general manager and general manager of Tianjin Zhong Fu International Group Company Limited and acted as the director and deputy general manager of Tianjin Textile (Holdings) Group Limited. Mr. Dai is currently an executive director and the executive deputy general manager of Tianjin Development and a director and the executive deputy general manager of Tsinlien. Mr. Dai is also a non-executive director of Binhai Investment Company Limited (Stock Code: 08035), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Dai has solid experience in management for over 20 years.

Independent Non-executive Director

Mr. KWAN Hung Sang, Francis

Aged 61, was appointed as an independent non-executive Director on 8 September 2005. He is also a member of the Audit Committee and the Remuneration Committee. Mr. Kwan obtained a management development certificate from the University of British Columbia in Canada in January 1989. He has over 39 years of experience in exchange operations, commercial banking, investment and risk management in Hong Kong and Canada. He has held senior positions in the Hong Kong Exchanges and Clearing Limited for almost 10 years including senior vice president, responsible for the integration programme office and group risk management division of the Hong Kong Exchanges and Clearing Limited and chief operation officer of the Hong Kong Futures Exchange Limited. Prior to that, he had also worked with a number of international banks and financial institutions. Mr. Kwan is currently the chairman of USP Enterprise Limited, Rise & Shine Enterprise Limited and Foods for Beauty Enterprise Limited. These companies are engaged in the production, distribution, sales and marketing of natural health food products.

Mr. Kwan has been an independent non-executive director of New Environmental Energy Holdings Limited (Stock Code: 03989) since June 2006, a company whose shares are listed on the Main Board of the Stock Exchange.

Prof. Japhet Sebastian LAW

Aged 60, was appointed as an independent non-executive Director on 8 September 2005. He is also the chairman of the Remuneration Committee and a member of the Audit Committee. Prof. Law obtained his Doctorate degree of Philosophy in mechanical/industrial engineering from the University of Texas at Austin in 1976. He joined the Chinese University of Hong Kong in 1986 and is currently a Professor in the Department of Decision Sciences and Managerial Economics. He was the Associate Dean and subsequently the Dean of the Faculty of Business Administration from 1993 until 2002. Prior to returning to Hong Kong, Prof. Law was the director of Operations Research at the Cullen College of Engineering and director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U.S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Prof. Law has consulted with various corporations in Hong Kong and overseas. He is also active in public services, having served as a member of the Provisional Regional Council of The Government of the HKSAR and various other committees, and is also active on the boards of profit, non-profit, and charitable organisations in Hong Kong and overseas.

Prof. Law is currently an independent non-executive director of Beijing Capital International Airport Co., Ltd. (Stock Code: 00694) and Ever Fortune International Holdings Limited (Stock Code: 00875), companies whose shares are listed on the Main Board of the Stock Exchange and Global Digital Creations Holdings Limited (Stock Code: 08271) and Binhai Investment Company Limited (Stock Code: 08035), companies whose shares are listed on the Growth Enterprise Market of the Stock Exchange. Prof. Law was also an independent non-executive director of First China Financial Holdings Limited (Stock Code: 08123), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange, from June 2005 to October 2008.

Dr. CHENG Chi Pang, Leslie

Aged 54, was appointed as an independent non-executive Director on 8 September 2005. He is also the chairman of the Audit Committee. Dr. Cheng obtained his Master's degree in Laws (Chinese and Comparative Law) from City University of Hong Kong in July 2009, and a Doctorate Degree in Philosophy in Business Management and a Master's degree in business administration from Burkes University and Heriot-Watt University in the United Kingdom in 2003 and 1997 respectively. He also obtained his bachelor's degree in business from Curtin University of Technology, Australia in 1992. Dr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales, the Australian Society of Certified Practising Accountants and the Taxation Institute of Hong Kong and a fellow member of the Hong Kong Institute of Directors. Dr. Cheng is a Certified Public Accountant practising in Hong Kong and has over 25 years of experience in auditing, business advisory and financial management.

Dr. Cheng is currently a senior partner of Leslie Cheng & Co. Certified Public Accountants and the chief executive officer of L&E Consultants Limited.

Dr. Cheng is currently a non-executive director of Wai Kee Holdings Limited (Stock Code: 00610) and Build King Holdings Limited (Stock Code: 00240) and an independent non-executive director of China Ting Group Holdings Limited (Stock Code: 03398), Nine Dragons Paper (Holdings) Limited (Stock Code: 02689) and Fortune Sun (China) Holdings Limited (Stock Code: 00352), companies whose shares are listed on the Main Board of the Stock Exchange.

Dr. Cheng was the chief executive officer and group financial controller of NWS Holdings Limited (Stock Code: 00659), a company whose shares are listed on the Main Board of the Stock Exchange, from February 2003 to March 2005 and a director of over 70 subsidiaries and associated companies of NWS Holdings Limited and New World Development Company Limited (Stock Code: 00017), a company whose shares are listed on the Main Board of the Stock Exchange, from March 1992 to March 2005.

Senior Management

Mr. ZHANG Zengxin

Aged 40, was appointed as a deputy general manager of the Company on 8 April 2010. Mr. Zhang graduated from the Department of Engineering Management in Hefei University of Technology (合肥工業大學), and holds a bachelor's degree in Engineering, a master's degree in professional accounting and Qualified Senior Accountant qualification. Mr. Zhang has over 16 years of experience in accounting and financial management. He started his career at the port of Tianjin since 1995, held different position in the finance department of Tianjin Port Group. He was the manager of the planning and finance department of Tianjin Port Group from October 2006 to November 2009, and the assistant to the head of planning and finance department from December 2009 to March 2010.

Mdm. CHAN Yeuk Kwan, Winnie

Aged 43, was appointed as the Chief Financial Officer and Company Secretary of the Company on 1 May 2011. Mdm. Chan joined the Company in September 2007 as finance manager, responsible for the accounting and financial reporting functions and corporate regulatory and compliance affairs. Prior to joining the Company, she worked at another listed company in Hong Kong and was responsible for their accounting and financial reporting functions. She has extensive experience in accounting and finance functions in listed companies. Mdm. Chan holds bachelor's degrees in administrative studies and statistics. She is a fellow member of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares	Number of underlying shares *(Note)*	Approximate percentage of issued share capital of the Company
Mr. Yu Rumin	Beneficial owner	–	2,300,000(L)	0.04%(L)
Mr. Tian Changsong	Beneficial owner	–	2,200,000(L)	0.04%(L)
Mr. Li Quanyong	Beneficial owner	–	2,100,000(L)	0.03%(L)
Mr. Wang Rui	Beneficial owner	–	2,000,000(L)	0.03%(L)
Mr. Dai Yan	Beneficial owner	–	1,100,000(L)	0.02%(L)
Mr. Kwan Hung Sang, Francis	Beneficial owner	–	300,000(L)	0.00%(L)
Prof. Japhet Sebastian Law	Beneficial owner	2,700,000	300,000(L)	0.05%(L)
Dr. Cheng Chi Pang, Leslie	Beneficial owner	–	300,000(L)	0.00%(L)

(L) denotes a long position

Note: The interests in underlying shares of unlisted equity derivatives of the Company represented interests in share options granted to the Directors to subscribe for Shares, further details of which are set out in the section headed "Share Option Scheme" above.

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2011, the following persons, other than the Directors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of Shares interested	Approximate percentage of issued share capital of the Company
Tianjin Port Overseas Holding Limited *(Note 1)*	Beneficial owner	3,294,530,000(L)	53.5%(L)
Tianjin Port Group *(Note 1)*	Interest of a controlled corporation	3,294,530,000(L)	53.5%(L)
Leadport Holdings Limited *(Note 2)*	Beneficial owner	1,293,030,000(L)	21.0%(L)
Tianjin Development *(Note 2)*	Interest of controlled corporations	1,293,180,000(L)	21.0%(L)
Tsinlien *(Note 3)*	Interest of controlled corporations	1,303,010,000(L)	21.2%(L)

(L) denotes a long position

Notes:

1. Tianjin Port Overseas Holding Limited is a wholly-owned subsidiary of Tianjin Port Group. By virtue of the SFO, Tianjin Port Group is deemed to be interested in all the Shares held by Tianjin Port Overseas Holding Limited.

2. Leadport Holdings Limited is a wholly-owned subsidiary of Tianjin Development. By virtue of the SFO, Tianjin Development is deemed to be interested in all the Shares held by Leadport Holdings Limited.

3. Tianjin Development is a subsidiary of Tianjin Investment Holdings Limited which in turn is a wholly-owned subsidiary of Tsinlien. As at 31 December 2011, Tianjin Investment Holdings Limited and Tsinlien Investment Limited were directly interested in 6,820,000 Shares and 3,010,000 Shares respectively, representing an aggregate of approximately 0.2% of the issued share capital of the Company. Tsinlien Investment Limited is a wholly-owned subsidiary of Tsinlien. By virtue of the SFO, Tsinlien is deemed to be interested in all the Shares held by each of Tianjin Development, Tianjin Investment Holdings Limited and Tsinlien Investment Limited. As at 31 December 2011, Mr. Yu Rumin and Mr. Dai Yan were directors of Tianjin Development.

Save as disclosed above, as at 31 December 2011, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

The Company has entered into a number of connected transactions and continuing connected transactions with its connected persons during the year ended 31 December 2011.

(A) Connected Transactions

Details of the connected transactions for the year ended 31 December 2011 are as follows:

1. **Formation of 天津港港灣國際汽車物流有限公司(Tianjin Port Harbour International Automobiles Logistics Company Limited*) ("Tianjin Port Automobile Logistics")**

   On 22 March 2011, the board of Tianjin Port Co approved the entering into of a joint venture agreement by 天津港物流發展有限公司(Tianjin Port Logistics Development Co., Ltd.*) ("Tianjin Port Logistics"), a subsidiary of the Group, with 天津港灣電力工程有限公司(Tianjin Port Electricity Project Co., Ltd.*) ("Tianjin Port Electric"), a subsidiary of Tianjin Port Group, and Tianjin Binhai Teda Logistics (Group) Corporation Limited ("Tianjin Binhai Teda") to establish Tianjin Port Automobile Logistics for carrying out logistic services business. According to the agreement, Tianjin Port Automobile Logistics is to be owned by Tianjin Port Logistics as to 51%, Tianjin Port Electric as to 9% and Tianjin Binhai Teda as to 40%. Tianjin Port Logistics shall pay in aggregate RMB76.5 million for the subscription of 51% equity capital in Tianjin Port Automobile Logistics.

   Details of the above connected transaction were disclosed in the announcement of the Company dated 23 March 2011.

2. **Acquisition of Tianjin Port Shihua**

   On 22 March 2011, the board of Tianjin Port Co approved the entering into of an acquisition agreement with Tianjin Port Group pursuant to which Tianjin Port Co agreed to purchase and Tianjin Port Group agreed to sell 50% equity interest in Tianjin Port Shihua at the consideration of RMB329.6 million. The transaction was completed in July 2011.

   Details of the above connected transaction were disclosed in the announcement of the Company dated 23 March 2011.

3. **Purchase of machineries**

   On 31 March 2011, 天津港第二港埠有限公司(Tianjin Harbour Second Stevedoring Co., Ltd.*) ("Second Company"), a subsidiary of the Company, entered into an agreement with 天津港機電設備安裝工程有限公司(Tianjin Port E&M Equipment Installation and Engineering Company Limited*) ("Tianjin Port E&M"), a subsidiary of Tianjin Port Group, pursuant to which Second Company agreed to purchase and Tianjin Port E&M agreed to sell 3 sets of 25T-33M portal cranes at the consideration of RMB26.94 million. The transaction was completed in December 2011.

   Details of the above connected transaction were disclosed in the announcement of the Company dated 31 March 2011.

4. Capital injection into Tianjin Port Finance

On 7 July 2011, the board of directors of Tianjin Port Co approved a capital injection of RMB230,036,553.60 into the capital of Tianjin Port Finance, pursuant to which Tianjin Port Group and Tianjin Port Co agreed to inject an aggregate of RMB479,242,820 into the capital of Tianjin Port Finance. Upon the completion of the capital injection, the Group's aggregate percentage shareholding interest of 48% in Tianjin Port Finance remained unchanged. The transaction was completed in September 2011.

Details of the above connected transaction were disclosed in the announcement of the Company dated 8 July 2011.

(B) Continuing Connected Transactions

The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the transactions have been entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 39 to 45 in accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Details of the continuing connected transactions for the year ended 31 December 2011 are as follows:

Non-exempt Continuing Connected Transactions

1. Property lease

Date of agreement:	15 June 2009 ("Property Lease Framework Agreement")
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	15 June 2009 to 31 December 2011
Transactions involved:	Lease of various freight yards, warehouses, office buildings and port facilities in the Tianjin Binhai New Area from Tianjin Port Group and/or its associates to the Group
Annual cap for the year ended 31 December 2011:	RMB118,000,000
Actual amount for the year ended 31 December 2011:	RMB90,645,000 (equivalent to approximately HK$109,449,000)

2. *Integrated services*

Date of agreement:	15 June 2009 (“Integrated Services Framework Agreement”)
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	15 June 2009 to 31 December 2011
Transactions involved:	Provision of utilities and supporting services by Tianjin Port Group and/or its associates to the Group
Annual cap for the year ended 31 December 2011:	RMB1,115,566,000
Actual amount for the year ended 31 December 2011:	RMB912,170,000 (equivalent to approximately HK$1,101,389,000)

3. *Procurement*

Date of agreement:	15 June 2009 (“Procurement Framework Agreement”)
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	15 June 2009 to 31 December 2011
Transactions involved:	Purchase of products including port machinery, equipment and working tools by the Group from Tianjin Port Group and/or its associates
Annual cap for the year ended 31 December 2011:	RMB64,877,000
Actual amount for the year ended 31 December 2011:	RMB45,763,000 (equivalent to approximately HK$55,256,000)

4. *China Coal cargo handling services*

Date of agreement:	15 June 2009 ("China Coal Cargo Handling Services Framework Agreement")
Parties:	(i) the Company (ii) China Coal Energy Company Limited ("China Coal")
Term:	15 June 2009 to 31 December 2011
Transactions involved:	Provision of cargo handling services by the Group to China Coal and/or its associates
Annual cap for the year ended 31 December 2011:	RMB70,600,000
Actual amount for the year ended 31 December 2011:	RMB48,025,000 (equivalent to approximately HK$57,987,000)

5. *Sales*

Date of agreement:	15 June 2009 ("Sales Framework Agreement")
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	15 June 2009 to 31 December 2011
Transactions involved:	Sale of materials including spare parts, fuel and lubricant products, and construction materials by the Group to Tianjin Port Group and/or its associates
Annual cap for the year ended 31 December 2011:	RMB169,000,000
Actual amount for the year ended 31 December 2011:	RMB82,299,000 (equivalent to approximately HK$99,371,000)

6. Freight yard and warehousing lease

Date of agreement:	15 June 2009 ("Freight Yard and Warehousing Lease Framework Agreement")
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	15 June 2009 to 31 December 2011
Transactions involved:	Lease of various freight yards and warehouses in the Tianjin Binhai New Area from the Group to Tianjin Port Group and/or its associates
Annual cap for the year ended 31 December 2011:	RMB11,000,000
Actual amount for the year ended 31 December 2011:	RMB6,997,000 (equivalent to approximately HK$8,448,000)

7. Cargo reconfiguration and storage services

Date of agreement:	15 June 2009 ("Cargo Reconfiguration and Storage Services Framework Agreement")
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	15 June 2009 to 31 December 2011
Transactions involved:	Provision of cargo reconfiguration and storage services by the Group to Tianjin Port Group and/or its associates
Annual cap for the year ended 31 December 2011:	RMB72,000,000
Actual amount for the year ended 31 December 2011:	RMB31,536,000 (equivalent to approximately HK$38,077,000)

Details of the above non-exempt continuing connected transactions were disclosed in the announcements of the Company dated 15 June 2009 and 21 October 2010, and the circular of the Company dated 19 June 2009.

8. Financial services

Date of agreement:	18 October 2010 ("Financial Services Framework Agreement")
Parties:	(i) the Company (ii) Tianjin Port Finance (iii) Tianjin Port Group
Term:	18 October 2010 to 31 December 2012
Transactions involved:	Provision of financial services by Tianjin Port Finance to the Group, including: (1) deposit services (2) provision of loans (excluding entrustment loans referred to in category (5) below) (3) commercial notes acceptance and discounting services (4) settlement services (5) arrangement of entrustment loans between members of the Group, whereby Tianjin Port Finance serves as an agency through which funds of any member of the Group may be channelled for use by other members of the Group and (6) certification of financial position, financial advisory services and other advisory services
Annual cap for the year ended 31 December 2011:	Maximum daily outstanding balance of the total deposits (including accrued interest) placed by the Group for the deposit services (category (1) of the above financial services) RMB2,200,000,000
Actual amount for the year ended 31 December 2011:	Maximum daily outstanding balance of the total deposits (including accrued interest) RMB1,836,005,000 (equivalent to approximately HK$2,254,981,000)

Details of the above non-exempt continuing connected transactions were disclosed in the announcement of the Company dated 18 October 2010 and the circular of the Company dated 29 October 2010.

9. Labour services

Date of agreement:	21 October 2010 ("Labour Framework Agreement")
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	21 October 2010 to 31 December 2012
Transactions involved:	Provision of labour of various positions to perform various services by the Group to Tianjin Port Group and/or its associates
Annual cap for the year ended 31 December 2011:	RMB30,000,000
Actual amount for the year ended 31 December 2011:	RMB12,558,000 (equivalent to approximately HK$15,164,000)

10. Automobile storage services

Date of agreement:	21 October 2010 ("Automobile Storage Services Framework Agreement")
Parties:	(i) the Company (ii) Tianjin Port Group
Term:	21 October 2010 to 31 December 2012
Transactions involved:	Provision of storage and related services for automobiles (including but not limited to, storage of automobiles, lease of venues and other ancillary services) by the Group to Tianjin Port Group and/or its associates
Annual cap for the year ended 31 December 2011:	RMB26,000,000
Actual amount for the year ended 31 December 2011:	RMB20,170,000 (equivalent to approximately HK$24,355,000)

Details of the above non-exempt continuing connected transactions were disclosed in the announcement of the Company dated 21 October 2010.

11. Land lease

Date of agreements:	Nine land lease agreements entered on various dates from April 2004 to July 2008 ("Land Lease Agreements")
Parties:	(i) various subsidiaries of the Company (ii) Tianjin Port Group and/or its associates
Term:	Various from 12 to 50 years
Transactions involved:	Long-term leases of various pieces of land in the port of Tianjin
Annual cap for the year ended 31 December 2011:	RMB45,430,000
Actual amount for the year ended 31 December 2011:	RMB45,430,000 (equivalent to approximately HK$54,854,000)

Details of the above non-exempt continuing connected transaction were disclosed in the announcement dated 15 June 2009 and the circular of the Company dated 19 June 2009.

New non-exempt Continuing Connected Transactions

The Company had on 9 November 2011 entered into nine new framework agreements, the term of which are from 1 January 2012 to 31 December 2014 with Tianjin Port Group and China Coal (as the case may be) to continue the total of nine existing non-exempt continuing connected transactions, further details of which were set out in the announcement of the Company dated 9 November 2011 and the circular of the Company dated 24 November 2011.

Exempt Continuing Connected Transaction

During the year ended 31 December 2011, the Group had entered into the following continuing connected transaction which is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, the disclosure of which is on a voluntary basis in order to enhance the transparency of the Group's transactions with Tianjin Port Group:

Fee collection services

Pursuant to the agreement between the Group and Tianjin Port Group, the Group agreed to collect various fees, including but not limited to port construction fees and port management fees, from its customers and forward the fees to Tianjin Port Group. No service fee will be charged to Tianjin Port Group by the Group. For the year ended 31 December 2011, the fee collected on behalf of Tianjin Port Group amounted to RMB1,583,830,000 (equivalent to approximately HK$1,912,376,000).

RELATED PARTY TRANSACTIONS

The Group also entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these transactions are set out in Note 31 to the financial statements.

INTERESTS IN COMPETITORS

Mr. Yu Rumin and Mr. Tian Changsong are directors of Tianjin Port Group. Tianjin Port Group operates the businesses of container and non-containerised cargo handling through its various subsidiaries and associated companies.

As the Board is independent of the board of Tianjin Port Group (save for Mr. Yu and Mr. Tian who are the only common directors in the Company and Tianjin Port Group) and Mr. Yu and Mr. Tian have no control over the Board, the Group is capable of carrying on its businesses independently of the businesses of Tianjin Port Group.

Save as disclosed above and within the knowledge of the Directors, none of the Directors and their respective associates had any interest in a business which competes or may compete with the business of the Group throughout the year ended 31 December 2011.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2011. A report on the principal corporate governance practices adopted by the Company is set out on pages 16 to 23.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained during the year the amount of public float as required under the Listing Rules.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forth coming annual general meeting.

On behalf of the Board
YU Rumin
Chairman

Hong Kong, 28 March 2012

* *The English names of the PRC incorporated entities are for identification purposes only.*

羅兵咸永道

To the shareholders of Tianjin Port Development Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 48 to 109, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2012

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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Consolidated Income Statement

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	4	**16,547,695**	15,052,720
Business tax and surcharge		**(319,811)**	(267,696)
Cost of sales		**(12,704,778)**	(11,576,885)
Gross profit		**3,523,106**	3,208,139
Other income and gains	5	**353,881**	204,618
Administrative expenses		**(1,775,372)**	(1,568,180)
Other operating expenses		**(13,855)**	(9,142)
		2,087,760	1,835,435
Finance costs	6	**(380,573)**	(367,464)
Share of results of associates	17	**173,750**	118,593
Share of results of jointly controlled entities	18	**55,177**	(4,315)
Profit before income tax	7	**1,936,114**	1,582,249
Income tax	9	**(308,157)**	(283,672)
Profit for the year		**1,627,957**	1,298,577
Attributable to:			
Equity holders of the Company		**713,264**	570,586
Non-controlling interests		**914,693**	727,991
		1,627,957	1,298,577
Dividends	11	**285,115**	227,846
Earnings per share			
Basic and diluted (HK cents)	12	**11.6**	9.3

The notes on pages 55 to 109 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**1,627,957**	1,298,577
Other comprehensive income		
Fair value (loss)/gain on available-for-sale financial assets, net of tax	**(105,093)**	16,598
Exchange differences	**840,882**	611,260
Other comprehensive income for the year, net of tax	**735,789**	627,858
Total comprehensive income for the year	**2,363,746**	1,926,435
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**1,096,793**	892,102
Non-controlling interests	**1,266,953**	1,034,333
	2,363,746	1,926,435

The notes on pages 55 to 109 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Land use rights	*13*	**4,657,259**	4,436,395
Property, plant and equipment	*14*	**15,628,926**	14,949,153
Intangible assets	*15*	**32,667**	30,198
Interests in associates	*17*	**2,214,685**	1,797,348
Interests in jointly controlled entities	*18*	**2,178,853**	1,660,189
Available-for-sale financial assets	*19*	**359,233**	483,050
Deferred income tax assets	*20*	**121,034**	109,123
		25,192,657	23,465,456
Current assets			
Inventories	*21*	**474,194**	561,515
Trade and other receivables	*22*	**3,320,710**	3,292,777
Cash and cash equivalents	*23*	**4,575,156**	4,438,366
		8,370,060	8,292,658
Total assets		**33,562,717**	31,758,114
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*24*	**615,800**	615,800
Reserves	*25*	**5,349,301**	4,998,668
Retained earnings		**4,030,926**	3,550,425
		9,996,027	9,164,893
Non-controlling interests		**10,011,663**	9,044,911
Total equity		**20,007,690**	18,209,804

The notes on pages 55 to 109 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	26	6,204,755	8,002,251
Deferred income tax liabilities	20	172,072	170,178
Other long term liabilities		1,014	971
		6,377,841	8,173,400
Current liabilities			
Trade and other payables	27	3,371,459	3,288,598
Current income tax liabilities		49,696	38,043
Borrowings	26	3,756,031	2,048,269
		7,177,186	5,374,910
Total liabilities		13,555,027	13,548,310
Total equity and liabilities		33,562,717	31,758,114
Net current assets		1,192,874	2,917,748
Total assets less current liabilities		26,385,531	26,383,204

YU Rumin
Director

LI Quanyong
Director

The notes on pages 55 to 109 are an integral part of these financial statements.

Balance Sheet

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	3,395	425
Interests in subsidiaries	16	18,115,569	17,511,453
Interests in jointly controlled entities	18	645,585	617,741
Available-for-sale financial assets	19	33,600	36,400
		18,798,149	18,166,019
Current assets			
Other receivables	22	1,948	2,605
Amounts due from subsidiaries	16	247,307	247,593
Cash and cash equivalents	23	12,137	9,275
		261,392	259,473
Total assets		19,059,541	18,425,492
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	615,800	615,800
Reserves	25	15,095,878	14,517,526
Retained earnings		358,999	413,529
		16,070,677	15,546,855
LIABILITIES			
Current liabilities			
Other payables	27	28,474	81,797
Current income tax liabilities		1,444	341
Amount due to a subsidiary	16	2,958,946	2,796,499
Total liabilities		2,988,864	2,878,637
Total equity and liabilities		19,059,541	18,425,492
Net current liabilities		(2,727,472)	(2,619,164)
Total assets less current liabilities		16,070,677	15,546,855

YU Rumin
Director

LI Quanyong
Director

The notes on pages 55 to 109 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to equity holders of the Company					
	Share capital HK$'000	Reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2010	178,710	6,471,687	3,162,309	9,812,706	8,381,136	18,193,842
Total comprehensive income for the year	–	321,516	570,586	892,102	1,034,333	1,926,435
Shares issued *(Note 24i)*	107,637	2,583,288	–	2,690,925	–	2,690,925
Shares issue expenses *(Note 24i)*	–	(68,100)	–	(68,100)	–	(68,100)
Common control business combination *(Note 24ii)*	329,453	(4,399,665)	–	(4,070,212)	–	(4,070,212)
Transfers	–	74,089	(74,089)	–	–	–
Share-based compensation	–	5,883	–	5,883	–	5,883
Dividends paid	–	–	(108,381)	(108,381)	(348,585)	(456,966)
Acquisition of additional interests in subsidiaries	–	9,970	–	9,970	(21,973)	(12,003)
Balance at 31 December 2010	**615,800**	**4,998,668**	**3,550,425**	**9,164,893**	**9,044,911**	**18,209,804**
Total comprehensive income for the year	**–**	**383,529**	**713,264**	**1,096,793**	**1,266,953**	**2,363,746**
Transfers	**–**	**84,971**	**(84,971)**	**–**	**–**	**–**
Share-based compensation	**–**	**1,660**	**–**	**1,660**	**–**	**1,660**
Dividends paid	**–**	**(119,465)**	**(147,792)**	**(267,257)**	**(356,748)**	**(624,005)**
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**62,589**	**62,589**
Disposal of interests in subsidiaries	**–**	**(62)**	**–**	**(62)**	**(6,042)**	**(6,104)**
Balance at 31 December 2011	**615,800**	**5,349,301**	**4,030,926**	**9,996,027**	**10,011,663**	**20,007,690**

The notes on pages 55 to 109 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Cash generated from operations	*28(a)*	2,824,716	2,210,156
Interest received		60,989	56,389
PRC income tax paid		(281,549)	(270,808)
Net cash generated from operating activities		2,604,156	1,995,737
Cash flows from investing activities			
Purchase of property, plant and equipment		(626,683)	(603,888)
Purchase of land use rights		(133,551)	(78,094)
Purchase of intangible assets		(9,833)	(5,333)
Acquisition of subsidiaries under common control		–	(4,070,212)
Acquisition of additional interests in subsidiaries		–	(13,470)
Acquisition of subsidiaries, net of cash		–	926
Investments in associates		(283,145)	(8,825)
Acquisition of a jointly controlled entity		(414,892)	–
Proceeds from disposal of associates		7,021	–
Proceeds from disposal of a jointly controlled entity		2,884	–
Proceeds from disposal of available-for-sale financial assets		325	–
Proceeds from disposal of property, plant and equipment		61,635	12,875
Proceeds from disposal of land use rights		1,358	–
Dividends received from associates		108,781	73,246
Dividends received from jointly controlled entities		19,717	16,079
Dividends received from available-for-sale financial assets		12,072	11,436
Net cash used in investing activities		(1,254,311)	(4,665,260)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares, net of share issue expenses		–	2,622,825
Proceeds from borrowings		2,176,028	7,077,697
Repayments of borrowings		(2,540,509)	(5,684,157)
Interest paid		(377,922)	(372,625)
Dividends paid to equity holders of the Company		(325,241)	(50,397)
Dividends paid to non-controlling interests		(499,233)	(218,410)
Capital contribution from non-controlling interests of subsidiaries		62,589	–
Net cash (used in)/from financing activities		(1,504,288)	3,374,933
Net (decrease)/increase in cash and cash equivalents		(154,443)	705,410
Cash and cash equivalents at 1 January		4,438,366	3,543,204
Effects of changes in exchange rates		291,233	189,752
Cash and cash equivalents at 31 December		4,575,156	4,438,366

The notes on pages 55 to 109 are an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its principal address is Suite 3904-3907, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries, associates and jointly controlled entities are disclosed in Note 34.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention, except for certain financial assets which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 33.

(a) The Group has adopted the following standards, amendments and interpretations for the accounting period beginning 1 January 2011:

HKFRS (Amendments)	*Improvements to HKFRS issued in 2010*
HKAS 32 (Amendment)	*Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC) – Int 14 (Amendment)	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement*
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

The adoption of these standards, amendments and interpretations has no significant impact on the results and financial position of the Group.

The Group had early adopted HKAS 24 (Revised) "Related Party Disclosures" for the year ended 31 December 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(b) The following standards, amendments and interpretations which have been issued and are not yet effective have not been early adopted by the Group:

HKAS 1 (Amendment)	*Amendments to HKAS 1 (Revised) Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 (Amendment)	*Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 (Amendment)	*Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HKFRS 7 (Amendments)	*Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 7 (Amendment) and HKFRS 9 (Amendment)	*Financial Instruments: Disclosures – Mandatory Effective Date and Transition Disclosures*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

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

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries *(continued)*

(i) Common control acquisitions:

For common control combination, the consolidated financial statements incorporate the financial statements of the combining entities or businesses as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

(ii) Other acquisitions:

The acquisition method of accounting is used to account for the acquisition of subsidiaries except for those under common control by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(b) Changes in ownership interests without change of control

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Changes in ownership interests losing control or significant influence

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests in associates are incorporated in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's interests in associates include goodwill identified on acquisition, net of any accumulated impairment loss (Note 2.8).

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the income statement where appropriate.

(e) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties having unilateral control over the economic activity of the jointly controlled entity. Interests in jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's interests in jointly controlled entities include goodwill identified on acquisition, net of any accumulated impairment loss (Note 2.8).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(e) Jointly controlled entities *(continued)*

The Group's share of the post-acquisition results of jointly controlled entities is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the interests in jointly controlled entities are stated at cost less impairment. Cost also includes direct attributable costs of investment. The results of jointly controlled entities are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the information used for the purposes of assessing the performance and allocating resources between segments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries in the People's Republic of China (the "PRC") is Renminbi ("RMB"). The financial statements are presented in Hong Kong dollars ("HK$").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

– all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for and over the remaining lease term or the operating license period, whichever is shorter.

2.6 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5-10 years on a straight-line basis.

2.7 Property, plant and equipment

Buildings comprise mainly office premises and warehouses. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate costs to their residual values over their estimated useful lives, as follows:

–	Buildings	5 – 40 years
–	Port facilities	35 – 50 years
–	Plant, machinery and vessels	8 – 35 years
–	Leasehold improvements, furniture and equipment	5 – 10 years
–	Motor vehicles	5 – 12 years

Assets under construction represent plant and equipment under construction and pending installation and are stated at cost less accumulated impairment losses. Cost includes all direct costs relating to the construction of the assets and acquisition.

No depreciation is provided for assets under construction until such time as the relevant assets are completed and ready for intended use. Assets under construction are transferred to relevant categories of property, plant and equipment upon the completion of their respective construction/installation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the income statement.

2.8 Impairment of interests in subsidiaries, associates, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the interests in subsidiaries, associates or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' (Note 2.12), 'amounts due from subsidiaries' and 'cash and cash equivalents' (Note 2.13) in the balance sheet. Loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the income statement; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(a) Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.11 Inventories

Inventories, mainly comprising fuel oil and consumable materials, are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and represents purchase costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits with banks and other financial institutions, and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associates and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Current and deferred income tax *(continued)*

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) Pension obligations

The employees of the Group's subsidiaries in the PRC are members of a state-managed employee pension scheme operated by the Tianjin Municipal People's Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees. The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligation once the contributions have been paid.

In addition, the Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. All these contributions are based on a certain percentage of the employee's salary and are charged to the income statement as incurred.

(b) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (option) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.20 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks and financial institutions on behalf of subsidiaries to secure banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group and is recognised as follows:

(a) Provision of services

Provision of services is recognised in the period in which the services are rendered.

(b) Sale of goods

Sale of goods is recognised in the period when the goods are delivered and title has passed.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions, if any.

2.23 Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.24 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. BUSINESS COMBINATION

(a) On 16 March 2009, the Company, its wholly-owned subsidiary Grand Point Investment Limited ("Grand Point") and Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") entered into a sale and purchase agreement, pursuant to which the Company, through Grand Point, conditionally agreed to acquire from Tianjin Port Group its 56.81% interest in the registered share capital of Tianjin Port Holdings Co., Ltd. ("Tianjin Port Co"), which is listed on the Shanghai Stock Exchange (stock code: 600717) at a consideration of approximately HK$10.96 billion.

The acquisition was completed on 4 February 2010. The acquisition was settled by way of issue of 3,294,530,000 new shares of the Company (Note 24ii) and payment of approximately HK$4,070 million of cash from internal resources, bank borrowings and placing of new shares (Note 24i). The Company ceased to be a subsidiary of Tianjin Development Holdings Limited and Tianjin Port Group became the ultimate shareholder of the Company upon completion of the acquisition.

The acquisition has been accounted for as a common control combination for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants in preparing the consolidated financial statements. The consolidated financial statements for the year ended 31 December 2010 have been prepared on the basis as if the current group structure had been in existence throughout the year presented.

(b) The Group acquired an additional 25% equity interest in Tianjin Agency Logistics Co., Ltd., a then associate of the Group at a consideration of RMB5 million in November 2010. Upon completion of the transaction, Tianjin Agency Logistics Co., Ltd. became a subsidiary of the Group and has been accounted for as common control combination. The consolidated financial statements for the year ended 31 December 2010 have been prepared on the basis as if the current group structure had been in existence throughout the year presented.

3. BUSINESS COMBINATION *(continued)*

(c) The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheet as at 31 December 2010:

	The Group before the acquisition HK$'000	Tianjin Port Co and its subsidiaries HK$'000	Adjustments HK$'000 *(Note)*	Consolidated HK$'000
Net assets	15,592,389	15,962,679	(13,345,264)	18,209,804
Share capital	615,800	1,898,831	(1,898,831)	615,800
Merger reserve	820,962	(1,343,102)	(8,589,307)	(9,111,447)
Retained earnings and other reserves	14,149,571	11,631,979	(8,121,010)	17,660,540
Non-controlling interests	6,056	3,774,971	5,263,884	9,044,911
	15,592,389	15,962,679	(13,345,264)	18,209,804

Note: The above adjustments represent elimination of investment in the combining entities against share capital, reserves and retained earnings.

No other significant adjustments were made to the net assets and net profit or loss of any entities as a result of the common control combination to achieve consistency of accounting policies.

4. 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 the 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 2011			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	6,344,974	8,684,902	2,838,927	17,868,803
Inter-segment revenue	–	(770,106)	(551,002)	(1,321,108)
Revenue from external customers	6,344,974	7,914,796	2,287,925	16,547,695
Segment results	2,931,693	104,107	807,117	3,842,917
Business tax and surcharge				(319,811)
Other income and gains				353,881
Administrative expenses				(1,775,372)
Other operating expenses				(13,855)
Finance costs				(380,573)
Share of results of associates				173,750
Share of results of jointly controlled entities				55,177
Profit before income tax				1,936,114
Other information:				
Depreciation and amortisation	814,537	19,818	141,963	976,318
Share of results of associates	69,499	3,000	30,621	103,120
Share of results of jointly controlled entities	60,168	6,675	(11,666)	55,177
Segment assets	23,563,912	2,623,361	6,126,404	32,313,677
Unallocated assets:				
– Deferred income tax assets				121,034
– Available-for-sale financial assets				359,233
– Interest in an associate				689,485
– Head office and corporate assets				79,288
Total assets				33,562,717
Total assets include:				
– Interests in associates	1,343,470	26,710	155,020	1,525,200
– Interests in jointly controlled entities	1,763,514	41,151	374,188	2,178,853
– Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,012,822	191,455	259,977	1,464,254

4. SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2010			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	5,464,382	8,488,882	2,235,331	16,188,595
Inter-segment revenue	–	(733,355)	(402,520)	(1,135,875)
Revenue from external customers	5,464,382	7,755,527	1,832,811	15,052,720
Segment results	2,639,055	219,923	616,857	3,475,835
Business tax and surcharge				(267,696)
Other income and gains				204,618
Administrative expenses				(1,568,180)
Other operating expenses				(9,142)
Finance costs				(367,464)
Share of results of associates				118,593
Share of results of jointly controlled entities				(4,315)
Profit before income tax				1,582,249
Other information:				
Depreciation and amortisation	741,758	14,884	147,501	904,143
Share of results of associates	48,188	2,649	18,569	69,406
Share of results of jointly controlled entities	4,957	5,874	(15,146)	(4,315)
Segment assets	22,052,118	2,513,129	6,201,349	30,766,596
Unallocated assets:				
– Deferred income tax assets				109,123
– Available-for-sale financial assets				483,050
– Interest in an associate				368,551
– Head office and corporate assets				30,794
Total assets				31,758,114
Total assets include:				
– Interests in associates	1,253,816	23,462	151,519	1,428,797
– Interests in jointly controlled entities	1,242,187	32,878	385,124	1,660,189
– Additions to non-current assets (other than financial instruments and deferred income tax assets)	317,840	54,299	209,156	581,295

5. OTHER INCOME AND GAINS

	2011 HK$'000	2010 HK$'000
Exchange gain, net	**185,825**	117,944
Interest income		
– from deposits	**60,989**	56,389
– from loan to a jointly controlled entity	**4,205**	5,316
Dividends from available-for-sale financial assets	**12,072**	11,436
Government subsidies	**53,040**	4,595
Gain on disposal of property, plant and equipment	**33,895**	–
Others	**3,855**	8,938
	353,881	204,618

6. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest expense on borrowings	**380,573**	367,464

7. EXPENSES BY NATURE

	2011 HK$'000	2010 HK$'000
Auditor's remuneration	**2,200**	1,770
Employee benefit expense, including directors' emoluments *(Note 8)*	**2,443,240**	2,074,367
Cost of goods sold	**7,731,322**	7,438,898
Depreciation of property, plant and equipment *(Note 14)*	**859,093**	796,842
Amortisation of prepaid lease payments *(Note 13)*	**109,529**	100,761
Amortisation of intangible assets *(Note 15)*	**8,536**	7,512
Loss on disposal of property, plant and equipment	**–**	1,248
Provision for impairment of trade receivables *(Note 22)*	**8,383**	1,735
Operating lease rental	**292,323**	251,090

8. EMPLOYEE BENEFIT EXPENSE

	2011 HK$'000	2010 HK$'000
Wages and salaries, social security costs and other benefits	2,155,824	1,818,509
Share-based payments	1,660	5,883
Employer's contribution to pension schemes	285,756	249,975
	2,443,240	2,074,367

(a) Directors' emoluments

	For the year ended 31 December 2011				
Name of director	Fees HK$'000	Salaries, share-based payments and other benefits HK$'000	Discretionary bonus HK$'000	Employer's contribution to pension schemes HK$'000	Total HK$'000
Executive directors					
Mr. Yu Rumin	1,774	44	558	113	2,489
Mr. Tian Changsong *(Note i)*	1,742	5	552	111	2,410
Mr. Li Quanyong *(Note i)*	1,710	66	525	108	2,409
Mr. Wang Rui *(Note ii)*	1,257	793	472	62	2,584
Mr. Dai Yan	439	–	124	27	590
Mr. Zhang Jinming *(Note iii)*	384	15	84	41	524
Independent non-executive directors					
Mr. Kwan Hung Sang, Francis	348	104	–	–	452
Prof. Japhet Sebastian Law	348	104	–	–	452
Dr. Cheng Chi Pang, Leslie	348	104	–	–	452
	8,350	1,235	2,315	462	12,362

8. EMPLOYEE BENEFIT EXPENSE *(continued)*

(a) Directors' emoluments *(continued)*

	For the year ended 31 December 2010				
Name of director	Fees	Salaries, share-based payments and other benefits	Discretionary bonus	Employer's contribution to pension schemes	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Yu Rumin	1,680	187	480	120	2,467
Mr. Tian Changsong *(Note i)*	1,238	2,167	475	62	3,942
Mr. Li Quanyong *(Note i)*	1,215	2,104	450	61	3,830
Mr. Zhang Jinming *(Note iii)*	1,559	60	420	103	2,142
Mr. Dai Yan	416	324	99	25	864
Mr. Xue Lingsen *(Note iv)*	104	86	–	13	203
Mr. Liu Qingshan *(Note iv)*	104	80	–	13	197
Non-executive director					
Mr. Wang Guanghao *(Note iv)*	–	–	–	–	–
Independent non-executive directors					
Mr. Kwan Hung Sang, Francis	330	85	–	–	415
Prof. Japhet Sebastian Law	330	85	–	–	415
Dr. Cheng Chi Pang, Leslie	330	85	–	–	415
	7,306	5,263	1,924	397	14,890

Notes:

i. Appointed on 8 April 2010.

ii. Appointed on 28 March 2011.

iii. Resigned on 28 March 2011.

iv. Resigned on 8 April 2010.

8. EMPLOYEE BENEFIT EXPENSE *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2010: four) directors whose emoluments are reflected in the analysis presented above. The emoluments in respect of the remaining one (2010: one) individual are as follows:

	2011 HK$'000	2010 HK$'000
Salaries, share-based payments and other benefits	1,510	1,351
Discretionary bonus	320	371
Employer's contribution to pension schemes	41	83
	1,871	1,805

	2011 Number of individual	2010 Number of individual
The emoluments fell within the following band:		
HK$1,500,001 – HK$2,000,000	1	1

9. INCOME TAX

	2011 HK$'000	2010 HK$'000
PRC income tax		
– Current	286,541	255,815
– Deferred	21,616	27,857
	308,157	283,672

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits for the year (2010: nil).

Provision for the PRC income tax has been calculated based on the estimated assessable profit for the year at the prevailing income tax rates. The standard PRC corporate income tax rate is 25%. For foreign invested enterprises established in the PRC before 1 January 2008, PRC corporate income tax rate for the year is 24% (2010: 22%). Certain subsidiaries are entitled to exemption or a 50% relief rate of 12% (2010: 11%).

9. INCOME TAX *(continued)*

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average income tax rate applicable to profit of the consolidated entities as follows:

	2011 **HK$'000**	2010 HK$'000
Profit before income tax	**1,936,114**	1,582,249
Less: Share of results of associates and jointly controlled entities	**(228,927)**	(114,278)
	1,707,187	1,467,971
Calculated at weighted average income tax rate	**428,977**	366,278
Income not subject to income tax	**(24,264)**	(16,437)
Expenses not deductible for tax purposes	**30,605**	12,683
Tax losses for which no deferred income tax asset was recognised	**7,235**	15,768
Withholding tax on undistributed profits of PRC subsidiaries and jointly controlled entities	**28,490**	26,652
Utilisation of previously unrecognised tax losses	**(1,293)**	(4,668)
Tax exemptions and concessions	**(161,593)**	(116,604)
Income tax	**308,157**	283,672

10. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$93,262,000 (2010: HK$464,009,000).

11. DIVIDENDS

	2011 **HK$'000**	2010 HK$'000
Paid interim dividend: HK2.40 cents (2010: HK1.76 cents) per ordinary share	**147,792**	108,381
Proposed final dividend: HK2.23 cents (2010: HK1.94 cents) per ordinary share	**137,323**	119,465
	285,115	227,846

The board of directors proposed a final dividend of HK2.23 cents per ordinary share for the year ended 31 December 2011 (2010: HK1.94 cents). These financial statements do not reflect this dividend payable.

12. EARNINGS PER SHARE

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

	2011 HK$'000	2010 HK$'000
Earnings		
Profit attributable to equity holders of the Company	713,264	570,586

	2011	2010
Number of shares (thousands)		
Weighted average number of ordinary shares *(Note)*	6,158,000	6,104,919

For the year ended 31 December 2011 and 2010, the exercise of share options would have no material dilutive effect to earnings per share.

Note: The weighted average number of ordinary shares for the year ended 31 December 2010 has been adjusted for the 3,294,530,000 consideration shares issued for the acquisition of Tianjin Port Co under common control combination (Note 3(a)) as if these consideration shares had been in issue throughout the relevant year.

13. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid lease payments analysed as follows:

	2011 HK$'000	2010 HK$'000
Group		
At 1 January	4,436,395	4,312,788
Exchange differences	198,086	146,151
Additions	15,685	78,217
Disposals	(1,244)	–
Transfers	117,866	–
Amortisation of prepaid lease payments	(109,529)	(100,761)
Net book values		
At 31 December	4,657,259	4,436,395

All land use rights are located in Tianjin, the PRC and are held under medium lease terms (10 to 50 years).

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Port facilities HK$'000	Plant, machinery and vessels HK$'000	Leasehold improvements, furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Group							
Cost							
At 1 January 2010	5,272,749	6,182,577	8,245,161	307,975	365,980	90,060	20,464,502
Exchange differences	181,561	212,891	283,915	10,605	12,604	3,101	704,677
Additions	–	–	–	1,510	–	481,322	482,832
Disposals	(3,489)	(134)	(115,332)	(7,591)	(32,160)	–	(158,706)
Acquisition of subsidiaries	–	–	–	255	–	–	255
Transfers to construction in progress	(84,060)	–	(503,189)	–	–	225,149	(362,100)
Transfers	85,654	20,329	437,976	33,589	40,004	(635,619)	(18,067)
At 31 December 2010	5,452,415	6,415,663	8,348,531	346,343	386,428	164,013	21,113,393
Exchange differences	245,767	289,184	376,311	15,610	17,419	7,394	951,685
Additions	–	–	–	11,994	–	1,014,424	1,026,418
Disposals	(7,400)	(3,557)	(146,935)	(9,255)	(22,965)	–	(190,112)
Transfers to construction in progress	(267,458)	(44,691)	(290,834)	(36,111)	–	480,760	(158,334)
Transfers	302,445	358,724	532,900	27,644	53,827	(1,393,406)	(117,866)
At 31 December 2011	5,725,769	7,015,323	8,819,973	356,225	434,709	273,185	22,625,184
Accumulated depreciation							
At 1 January 2010	1,104,704	609,990	3,571,329	183,115	194,626	–	5,663,764
Exchange differences	41,121	24,724	133,527	6,920	7,370	–	213,662
Charge for the year	137,779	152,923	448,116	29,514	28,510	–	796,842
Disposals	(1,768)	(63)	(99,373)	(6,931)	(30,044)	–	(138,179)
Transfers to construction in progress	(31,929)	–	(330,171)	–	–	–	(362,100)
Transfers	–	–	–	(9,749)	–	–	(9,749)
At 31 December 2010	1,249,907	787,574	3,723,428	202,869	200,462	–	6,164,240
Exchange differences	59,308	38,005	176,122	9,593	9,599	–	292,627
Charge for the year	172,706	145,656	481,875	26,073	32,783	–	859,093
Disposals	(2,141)	(3,135)	(126,694)	(8,662)	(20,736)	–	(161,368)
Transfers to construction in progress	(50,724)	(36,957)	(50,245)	(20,408)	–	–	(158,334)
At 31 December 2011	1,429,056	931,143	4,204,486	209,465	222,108	–	6,996,258
Net book values							
At 31 December 2010	4,202,508	5,628,089	4,625,103	143,474	185,966	164,013	14,949,153
At 31 December 2011	4,296,713	6,084,180	4,615,487	146,760	212,601	273,185	15,628,926

The Group is in the process of applying the title documents of certain buildings with carrying value of approximately RMB239 million (2010: RMB269 million). The directors of the Company believe that title documents will be obtained in due course without significant additional costs and would not affect the Group's rights to use the buildings.

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold improvements, furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Company			
Cost			
At 1 January 2010	2,934	1,982	4,916
Exchange differences	100	69	169
Additions	25	–	25
Disposals	(65)	–	(65)
At 31 December 2010	2,994	2,051	5,045
Exchange differences	135	92	227
Additions	3,389	–	3,389
Disposals	(2,259)	–	(2,259)
At 31 December 2011	4,259	2,143	6,402
Accumulated depreciation			
At 1 January 2010	2,703	1,129	3,832
Exchange differences	98	51	149
Charge for the year	192	491	683
Disposals	(44)	–	(44)
At 31 December 2010	2,949	1,671	4,620
Exchange differences	136	79	215
Charge for the year	211	217	428
Disposals	(2,256)	–	(2,256)
At 31 December 2011	1,040	1,967	3,007
Net book values			
At 31 December 2010	45	380	425
At 31 December 2011	3,219	176	3,395

15. INTANGIBLE ASSETS

Computer software

	2011 HK$'000	2010 HK$'000
Group		
Cost		
At 1 January	**62,913**	38,467
Exchange differences	**2,837**	1,323
Additions	**10,063**	5,539
Disposals	**(661)**	(483)
Transfers	**–**	18,067
At 31 December	**75,152**	62,913
Accumulated amortisation		
At 1 January	**32,715**	15,237
Exchange differences	**1,622**	700
Charge for the year	**8,536**	7,512
Disposals	**(388)**	(483)
Transfers	**–**	9,749
At 31 December	**42,485**	32,715
Net book values		
At 31 December	**32,667**	30,198

16. SUBSIDIARIES

	2011 HK$'000	2010 HK$'000
Company		
Non-current assets		
Unlisted shares, at cost	**1,957,243**	1,872,826
Amounts due from subsidiaries	**16,158,326**	15,638,627
	18,115,569	17,511,453
Current assets		
Amounts due from subsidiaries	**247,307**	247,593
Current liabilities		
Amount due to a subsidiary	**(2,958,946)**	(2,796,499)

Amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms. The Company has agreed not to demand repayment from certain subsidiaries within twelve months from the balance sheet date and the amounts are therefore shown as non-current. Particulars of principal subsidiaries are set out in Note 34(a).

17. INTERESTS IN ASSOCIATES

	2011 HK$'000	2010 HK$'000
Group		
Share of net assets	**2,214,685**	1,797,348

The Group's share of assets, liabilities, revenue and results of the associates are as follows:

	2011 HK$'000	2010 HK$'000
Total assets	**7,898,403**	6,237,790
Total liabilities	**(5,683,718)**	(4,440,442)
Net assets	**2,214,685**	1,797,348
Revenue	**1,327,212**	851,193
Share of results	**173,750**	118,593

Particulars of principal associates are set out in Note 34(b).

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2011 HK$'000	2010 HK$'000
Group		
Share of net assets	**2,037,274**	1,518,566
Loan to a jointly controlled entity *(Note)*	**141,579**	141,623
	2,178,853	1,660,189

Note: The loan is unsecured, interest bearing at LIBOR plus 1.5% and repayable in 2013.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

The Group's share of assets, liabilities, revenue, expenses and results of the jointly controlled entities are as follows:

	2011 HK$'000	2010 HK$'000
Assets		
Non-current assets	3,908,910	3,149,669
Current assets	219,228	175,553
	4,128,138	3,325,222
Liabilities		
Non-current liabilities	(1,501,655)	(1,480,094)
Current liabilities	(589,209)	(326,562)
	(2,090,864)	(1,806,656)
Net assets	2,037,274	1,518,566
Revenue	799,529	434,802
Expenses	(744,352)	(439,117)
Share of results	55,177	(4,315)

There are no contingent liabilities relating to the Group's interests in jointly controlled entities and jointly controlled entities themselves do not have any contingent liabilities (2010: Nil).

Particulars of principal jointly controlled entities are set out in Note 34(c).

	2011 HK$'000	2010 HK$'000
Company		
Unlisted investments, at cost	645,585	617,741

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011 HK$'000	2010 HK$'000
Group		
Available-for-sale financial assets comprise:		
Equity securities listed in the PRC *(Note i)*	220,032	343,294
Equity securities listed in Hong Kong *(Note i)*	33,600	36,400
Unlisted equity investments *(Note ii)*	105,601	103,356
	359,233	483,050

	2011 HK$'000	2010 HK$'000
Company		
Available-for-sale financial assets comprise:		
Equity securities listed in Hong Kong *(Note i)*	33,600	36,400

Notes:

i. The fair value of the listed equity securities is based on quoted market price.

ii. The unlisted equity investments are stated at cost less any accumulated impairment losses rather than fair value as they do not have quoted market prices in an active market and their fair values cannot be reliably measured.

20. DEFERRED INCOME TAX

Deferred income tax assets

Movements of the deferred income tax assets, which are realisable more than 12 months after the respective balance sheet date are as follows:

	Unrealised profit on inter-company transfer of property, plant and equipment HK$'000	Tax losses HK$'000	Provision, impairment losses and others HK$'000	Total HK$'000
Group				
At 1 January 2010	57,139	32,511	17,032	106,682
Exchange differences	1,847	1,205	594	3,646
(Charged)/credited to consolidated income statement	(5,154)	3,593	356	(1,205)
At 31 December 2010	53,832	37,309	17,982	109,123
Exchange differences	2,308	2,040	689	5,037
(Charged)/credited to consolidated income statement	(6,903)	20,904	(7,127)	6,874
At 31 December 2011	49,237	60,253	11,544	121,034

The Group had unused tax losses of approximately HK$127 million (2010: HK$282 million) available to offset future profits. No deferred income tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Losses amounting to approximately HK$50 million will expire from 2013 to 2016 (2010: HK$212 million will expire from 2012 to 2015). Other losses are carried forward indefinitely.

20. DEFERRED INCOME TAX *(continued)*

Deferred income tax liabilities

Movements of the deferred income tax liabilities, which are realisable more than 12 months after the respective balance sheet date are as follows:

	Available-for-sale financial assets revaluation HK$'000	Withholding tax on undistributed profits HK$'000	Total HK$'000
Group			
At 1 January 2010	79,884	56,679	136,563
Exchange differences	2,788	2,575	5,363
Charged to consolidated income statement	–	26,652	26,652
Charged to other comprehensive income	1,600	–	1,600
At 31 December 2010	84,272	85,906	170,178
Exchange differences	3,212	4,290	7,502
Charged to consolidated income statement	–	28,490	28,490
Credited to other comprehensive income	(34,098)	–	(34,098)
At 31 December 2011	53,386	118,686	172,072

Under the applicable income tax law in the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries and jointly controlled entities from 1 January 2008 onwards. Deferred taxation has been provided to the extent of the undistributed profits of the PRC subsidiaries and jointly controlled entities since 1 January 2008.

21. INVENTORIES

	2011 HK$'000	2010 HK$'000
Group		
Bunker and other fuel oil	**403,416**	472,531
Consumable materials and others	**70,778**	88,984
	474,194	561,515

The cost of inventories recognised as expense and included in cost of sales was HK$8,515,663,000 (2010: HK$8,049,781,000), of which cost of goods sold amounted to HK$7,731,322,000 (2010: HK$7,438,898,000).

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Trade receivables	**2,436,708**	2,219,232	**–**	–
Less: Provision for impairment	**(34,467)**	(24,822)	**–**	–
	2,402,241	2,194,410	**–**	–
Bank notes receivables	**725,537**	914,413	**–**	–
Trade and bank notes receivables, net	**3,127,778**	3,108,823	**–**	–
Other receivables	**103,789**	52,949	**1,948**	2,605
Prepayments	**67,776**	113,071	**–**	–
Amount due from a jointly controlled entity	**21,367**	17,934	**–**	–
	3,320,710	3,292,777	**1,948**	2,605

The carrying amounts of trade and other receivables approximate their fair values and are mainly denominated in Renminbi.

The amount due from a jointly controlled entity is unsecured, interest free and repayable on demand.

22. TRADE AND OTHER RECEIVABLES *(continued)*

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

	2011 HK$'000	2010 HK$'000
0 – 90 days	2,693,212	2,789,247
91 – 180 days	191,395	302,578
181 – 365 days	230,239	15,003
Over 365 days	12,932	1,995
	3,127,778	3,108,823

As at 31 December 2011, trade receivables of HK$30,906,000 (2010: HK$18,218,000) were past due but not impaired as the management considered that there has not been a significant change in credit quality and that the amounts are still recoverable. The ageing analysis of these trade receivables is as follows:

	2011 HK$'000	2010 HK$'000
91 – 180 days	250	3,215
181 – 365 days	17,724	15,003
Over 365 days	12,932	–
	30,906	18,218

Trade receivables of HK$34,467,000 (2010: HK$26,817,000), which aged over 365 days, were considered as impaired by the management after taking into account the past settlement history and credit quality of customers and provision for impairment of HK$34,467,000 (2010: HK$24,822,000) was made. Movements on the provision for impairment of the Group's trade receivables are as follows:

	2011 HK$'000	2010 HK$'000
At 1 January	24,822	22,284
Exchange differences	1,262	803
Provision for receivables impairment	8,383	1,735
At 31 December	34,467	24,822

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash on hand and deposits *(Note 31(b)(2))*	**4,575,156**	4,438,366	**12,137**	9,275

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**4,062,212**	4,104,325	**–**	–
US dollars	**500,720**	324,667	**–**	–
HK dollars	**12,224**	9,374	**12,137**	9,275
	4,575,156	4,438,366	**12,137**	9,275

The maximum exposure to credit risk at the balance sheet date is the fair value of each class of deposits mentioned above.

The conversion of Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

24. SHARE CAPITAL

	2011 Number of shares	2011 HK$	2010 Number of shares	2010 HK$
Ordinary shares of HK$0.10 each:				
Authorised:				
At 31 December	**12,000,000,000**	**1,200,000,000**	12,000,000,000	1,200,000,000
Issued and fully paid:				
At 1 January	**6,158,000,000**	**615,800,000**	1,787,100,000	178,710,000
Shares issued upon placing of new shares *(Note i)*	–	–	1,076,370,000	107,637,000
Shares issued upon acquisition of subsidiaries under common control *(Note ii)*	–	–	3,294,530,000	329,453,000
At 31 December	**6,158,000,000**	**615,800,000**	6,158,000,000	615,800,000

Notes:

i. On 19 January 2010, the Company issued 1,076,370,000 new shares with nominal value of HK$0.10 each, at a price of HK$2.50 per share via placing. The placing proceeds, net of shares issue expenses of approximately HK$2,623 million, were for financing the acquisition of Tianjin Port Co (Note 3(a)).

ii. On 20 January 2010, the Company issued 3,294,530,000 new shares with nominal value of HK$0.10 each, for settling part of the consideration for the acquisition of Tianjin Port Co (Note 3(a)). At the date of share issue, the closing market price of the Company's share was HK$2.68 per share. The fair value of the issued shares was approximately HK$8,829 million.

24. SHARE CAPITAL *(continued)*

Share option

Pursuant to the written resolutions passed by the sole shareholder of the Company on 26 April 2006, a share option scheme (the "Scheme") was approved and adopted.

Under the Scheme, the directors of the Company may, at their discretion, grant to any eligible person as defined under the Scheme to take up options to subscribe for shares of the Company at a subscription price to be determined by the directors of the Company pursuant to the relevant Rules Governing the Listing of Securities on the Stock Exchange. The maximum number of shares issuable upon the exercise of all outstanding options to be granted under the Scheme must not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date of listing of the Company's shares, unless separate approval is obtained. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

(a) Movements in share options and their related weighted average exercise price are as follows:

	2011		2010	
	Average exercise price HK$	**Share options '000**	Average exercise price HK$	Share options '000
At 1 January	**2.63**	**16,500**	2.66	15,600
Granted	**1.87**	**1,700**	2.26	6,300
Lapsed	**2.55**	**(5,900)**	2.28	(5,400)
At 31 December	**2.56**	**12,300**	2.63	16,500
Exercisable at 31 December		**12,300**		15,500

24. SHARE CAPITAL *(continued)*

Share option *(continued)*

(b) Share options at the balance sheet date and their remaining contractual lives are as follows:

	2011 Remaining contractual life No. of years	2011 Share options '000	2010 Remaining contractual life No. of years	2010 Share options '000
Exercise price				
HK$2.28		–	5.59	3,100
HK$2.74	5.10	1,900	6.10	1,900
HK$4.24	6.07	1,300	7.07	1,300
HK$3.45		–	7.56	1,000
HK$2.53		–	8.42	1,800
HK$3.036	7.67	1,100	8.67	1,100
HK$2.34	8.28	5,300	9.28	5,300
HK$1.846	8.80	1,000	9.80	1,000
HK$1.904	9.25	1,000		–
HK$1.828	9.33	700		–
At 31 December		12,300		16,500

(c) The fair value of share options determined at the date of grant using the Binomial model and the significant inputs are as follows:

Date of grant	29 April 2011	28 March 2011	15 October 2010	8 April 2010
Exercise price	HK$1.828	HK$1.904	HK$1.846	HK$2.34
Expected volatility	61%	62%	64%	66%
Expected option life	5.1 years	4.3 years	5.0 years	4.2 & 3.9 years
Risk free interest rate	2.56%	2.73%	2.075%	2.82%
Dividend yield	1.20% (annual)	1.20% (annual)	0.60% (semi-annual)	0.47% (semi-annual)
Fair value	HK$0.80	HK$0.79	HK$0.81	HK$0.98 & HK$0.84

The Binomial model requires input of certain subjective assumptions, thus the fair value calculated varies with different assumptions.

The expected volatility measured at the standard deviation is based on statistical analysis of the historical volatility of shares of the Company.

25. RESERVES

	Share premium HK$'000 *(Note i)*	Merger reserve HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Statutory reserves HK$'000 *(Note ii)*	Other reserves HK$'000	Total HK$'000
Group								
Balance at 1 January 2010	1,096,834	3,788,105	91,351	11,349	555,093	660,077	268,878	6,471,687
Total comprehensive income for the year	–	–	13,436	–	308,080	–	–	321,516
Shares issued *(Note 24i)*	2,583,288	–	–	–	–	–	–	2,583,288
Shares issue expenses *(Note 24i)*	(68,100)	–	–	–	–	–	–	(68,100)
Common control business combination *(Note 24ii)*	8,499,887	(12,899,552)	–	–	–	–	–	(4,399,665)
Transfers	–	–	–	–	–	74,089	–	74,089
Share-based compensation	–	–	–	5,883	–	–	–	5,883
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	9,970	9,970
Balance at 31 December 2010	12,111,909	(9,111,447)	104,787	17,232	863,173	734,166	278,848	4,998,668
Total comprehensive income for the year	–	–	(37,667)	–	421,196	–	–	383,529
Transfers	–	–	–	–	–	84,971	–	84,971
Share-based compensation	–	–	–	1,660	–	–	–	1,660
Dividend paid	(119,465)	–	–	–	–	–	–	(119,465)
Disposal of interests in subsidiaries	–	–	–	–	–	–	(62)	(62)
Balance at 31 December 2011	11,992,444	(9,111,447)	67,120	18,892	1,284,369	819,137	278,786	5,349,301

Notes:

i. Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

ii. In accordance with the PRC laws and regulations, companies established in the PRC are required to transfer a percentage of profit attributable to equity holders to reserves. The percentage of appropriation may be determined at the discretion of the board of directors of these companies. The reserves can be used to set off accumulated losses, capitalisation into capital and expansion of production.

25. RESERVES *(continued)*

	Share premium HK$'000 *(Note)*	Capital reserve HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
Company						
Balance at 1 January 2010	1,096,834	1,450,909	9,800	11,349	454,036	3,022,928
Exchange differences	–	–	–	–	461,840	461,840
Shares issued *(Note 24i)*	2,583,288	–	–	–	–	2,583,288
Shares issue expenses *(Note 24i)*	(68,100)	–	–	–	–	(68,100)
Common control business combination *(Note 24ii)*	8,499,887	–	–	–	–	8,499,887
Fair value gain on available-for-sale financial assets	–	–	11,800	–	–	11,800
Share-based compensation	–	–	–	5,883	–	5,883
Balance at 31 December 2010	12,111,909	1,450,909	21,600	17,232	915,876	14,517,526
Exchange differences	–	–	–	–	698,957	698,957
Fair value loss on available-for-sale financial assets	–	–	(2,800)	–	–	(2,800)
Share-based compensation	–	–	–	1,660	–	1,660
Dividend paid	(119,465)	–	–	–	–	(119,465)
Balance at 31 December 2011	11,992,444	1,450,909	18,800	18,892	1,614,833	15,095,878

Note: Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

26. BORROWINGS

Details of the Group's borrowings are as follows:

	2011 HK$'000	2010 HK$'000
(a) Unsecured borrowings *(Note 31(b))*:		
Non-current		
Long-term borrowings	**6,204,755**	8,002,251
Current		
Short-term borrowings	**1,644,972**	1,796,771
Current portion of long-term borrowings	**2,111,059**	251,498
	3,756,031	2,048,269
	9,960,786	10,050,520
(b) Repayable:		
Within 1 year	**3,756,031**	2,048,269
Between 1 and 2 years	**3,506,612**	2,170,478
Between 2 and 5 years	**1,340,368**	3,207,560
Over 5 years	**1,357,775**	2,624,213
	9,960,786	10,050,520
(c) Carrying amounts are denominated in the following currencies:		
Renminbi	**5,932,192**	6,216,465
HK dollars	**3,026,726**	2,826,726
US dollars	**1,001,868**	1,007,329
	9,960,786	10,050,520
(d) Effective interest rates per annum at 31 December:		
Renminbi	**4.0% – 6.3%**	3.3% – 6.1%
HK dollars	**0.8% – 1.9%**	0.7% – 1.8%
US dollars	**0.8% – 1.8%**	0.8% – 1.8%

The carrying amounts of borrowings approximate their fair values.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**2,231,879**	1,856,838	**–**	–
Bank notes payables	**173,967**	190,035	**–**	–
Trade and bank notes payables	**2,405,846**	2,046,873	**–**	–
Deposits from customers	**538,416**	506,900	**–**	–
Dividend payable to				
– equity holders of the Company	**–**	57,984	**–**	57,984
– non-controlling interests	**35,061**	167,419	**–**	–
Other non-trade payables	**392,136**	509,422	**28,474**	23,813
	3,371,459	3,288,598	**28,474**	81,797

The carrying amounts of trade and other payables approximate their fair values and are mainly denominated in Renminbi.

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

	2011	2010
	HK$'000	HK$'000
0 – 90 days	**2,090,175**	1,653,148
91 – 180 days	**175,238**	257,866
181 – 365 days	**72,171**	83,079
Over 365 days	**68,262**	52,780
	2,405,846	2,046,873

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2011 HK$'000	2010 HK$'000
Profit before income tax	1,936,114	1,582,249
Adjustments for:		
– Interest income	(65,194)	(61,705)
– Finance costs	380,573	367,464
– Share of results of associates	(173,750)	(118,593)
– Share of results of jointly controlled entities	(55,177)	4,315
– Dividends from available-for-sale financial assets	(12,072)	(11,436)
– (Gain)/loss on disposal of property, plant and equipment	(33,895)	1,248
– Loss on disposal of intangible assets	268	–
– Provision for impairment of trade receivables	8,383	1,735
– Loss on disposal of available-for-sale financial assets	1,293	–
– Amortisation of prepaid lease payments	109,529	100,761
– Amortisation of intangible assets	8,536	7,512
– Depreciation of property, plant and equipment	859,093	796,842
– Share-based payments	1,660	5,883
– Exchange differences	(185,825)	(117,944)
Changes in working capital:		
– Inventories	87,321	(152,817)
– Trade and other receivables	(30,097)	(476,342)
– Trade and other payables	(12,044)	280,984
Cash generated from operations	2,824,716	2,210,156

(b) Non-cash transactions

The principal non-cash transaction during the year ended 31 December 2010 was the issue of shares of the Company as consideration for the acquisition of Tianjin Port Co disclosed in Note 3(a).

29. COMMITMENTS

(a) Capital commitments

	2011 HK$'000	2010 HK$'000
Group		
Contracted but not provided for		
– Property, plant and equipment	290,572	176,842
– Formation of a subsidiary	187,915	–
	478,487	176,842
Authorised but not contracted for		
– Property, plant and equipment	1,419,979	1,285,792
– Formation of a subsidiary	93,957	–
	1,513,936	1,285,792

In addition to the above, the following is the progress of other construction project investment plans:

1. On 18 August 2008, the board of Tianjin Port Co resolved that Tianjin Port Co will set up a joint venture company, Tianjin Port Shenghua International Container Terminal Co., Ltd. ("Shenghua International"), with Grand Asia International Shipping Ltd. and Terminal Link Tianjin Limited. Shenghua International will invest in the construction project of container terminals at Beigangchi berth no. 8-10. Total investment of the construction project amounted to approximately RMB4.20 billion. The joint venture will have a registered capital of RMB1.47 billion and Tianjin Port Co will hold a 60% of the equity interest in the joint venture. As at 31 December 2011, the formation of the joint venture and the preparatory work of the construction project are in progress.

2. On 23 December 2008, the board of Tianjin Port Co resolved that Tianjin Port Co will set up a joint venture company, Tianjin Port Yuan Hang International Ore Terminal Co., Ltd. ("Yuan Hang International"), with Ocean Line Holdings Ltd. Yuan Hang International will invest in the construction project of specialised ore terminals at Tianjin Port Nanjiang berth no. 26. Total investment of the construction project amounted to approximately RMB2.99 billion. The joint venture will have a registered capital of RMB1.05 billion and Tianjin Port Co will hold a 51% of the equity interest in the joint venture. As at 31 December 2011, the formation of the joint venture and the preparatory work of the construction project are in progress.

29. COMMITMENTS *(continued)*

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**105,942**	117,442	**4,008**	3,902
In the second to fifth year inclusive	**229,353**	256,571	**6,746**	–
More than five years	**679,221**	704,480	**–**	–
	1,014,516	1,078,493	**10,754**	3,902

30. FINANCIAL GUARANTEE

The Company has given guarantee of HK$3,150,000,000 (2010: HK$3,050,000,000) for one of its wholly-owned subsidiaries in respect of its banking facilities. As at 31 December 2011, HK$3,080,000,000 of the banking facilities has been utilised (2010: HK$2,880,000,000).

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to those mentioned elsewhere in the financial statements, the following are the significant related party transactions entered into in the normal course of business between the Group and its related parties:

(a) Transactions with related parties of the Group

	2011 HK$'000	2010 HK$'000
(1) With Tianjin Port Group and fellow subsidiaries:		
Sales of goods and services	103,766	111,675
Purchases of goods and services	523,411	429,077
Expenses paid for rental of land, property, plant and equipment	167,854	137,072
Interest expenses	–	1,334
Sales of property, plant and equipment	11,054	5,521
Acquisition of property, plant and equipment	56,334	6,972
Acquisition of a jointly controlled entity	414,892	–
(2) With associates:		
Sales of goods and services	94,396	98,479
Purchases of goods and services	585,439	526,811
Expenses paid for rental of property, plant and equipment	20,947	19,404
Income received for rental of property, plant and equipment	27,210	19,566
Interest income	14,836	6,556
Interest expenses	109,477	99,989
Investments in associates	283,145	8,825
(3) With jointly controlled entities:		
Sales of goods and services	103,958	116,866
Purchases of goods and services	143,268	95,120
Interest income	4,205	5,316

31. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties of the Group

	2011 HK$'000	2010 HK$'000
(1) With Tianjin Port Group and fellow subsidiaries:		
Trade and other receivables	**52,704**	14,505
Trade and other payables	**67,368**	293,666
Borrowings	**–**	29,381
(2) With associates:		
Trade and other receivables	**16,153**	13,236
Trade and other payables	**13,525**	36,826
Deposits *(Note i)*	**2,226,846**	1,017,291
Borrowings *(Note ii)*	**2,200,319**	2,109,531
(3) With jointly controlled entities:		
Trade and other receivables	**37,267**	19,497
Trade and other payables	**8,855**	16,235
Loan to a jointly controlled entity	**141,579**	141,623
Borrowings *(Note iii)*	**6,141**	–

Notes:

i. Deposits placed with Tianjin Port Finance Co., Ltd. ("Tianjin Port Finance"), a 48% owned associate, carry interests at prevailing market rates.

ii. Borrowings from Tianjin Port Finance are unsecured, bear interests at market rates ranging from 5.2% to 6.2% per annum and are repayable within 5 years.

iii. Borrowings from Vopak Nanjiang Petrochemical Terminal Tianjin Company Limited are unsecured, bear interests at prevailing market rates and are repayable in 2012.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions and balances with other state-owned entities in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "state-owned entities". The directors of the Company consider those state-owned entities are independent third parties so far as the Group's business transactions with them are concerned.

The ultimate holding company, Tianjin Port Group, is a state-owned entity whilst most of the associates and jointly controlled entities of the Group are also owned or controlled by the PRC government, the transactions and balances of which are disclosed in note (a) and (b) above.

In addition to those disclosed above, as at 31 December 2011, majority of the Group's cash and deposits and borrowings held by subsidiaries in the PRC are with state-owned banks and financial institutions.

In accordance with HKAS 24 (Revised), certain transactions with other state-owned entities in the PRC, which are individually or collectively not significant, are exempted from disclosure. The Group is of the opinion that it has provided, in the best of its knowledge, adequate and appropriate disclosure of related party transactions in the financial statements.

(d) Key management compensation

The key management of the Group comprises solely the executive directors of the Company, details of their remuneration disclosed in Note 8.

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. As at 31 December 2011, the Group does not use any derivative financial instruments to hedge against its financial risk exposures.

(a) Market risk

(1) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in currency that is not the functional currency of the entity.

The operations and customers of the Group's subsidiaries are located in the PRC with most of the assets/liabilities and transactions denominated and settled in Renminbi.

At 31 December 2011, if Renminbi had weakened/strengthened by 5% against non-functional currency, with all other variables held constant, the Group's profit for the year would have been approximately HK$164 million (2010: HK$162 million) lower/higher, mainly as a result of foreign exchange losses/gains on translation of the outstanding non-functional currency denominated monetary items including deposits, receivables, payables and borrowings of the Group.

(2) Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from loan to a jointly controlled entity, deposits and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's loan to a jointly controlled entity is issued at variable rate. The Group's borrowings are issued at variable rates and fixed rates.

At 31 December 2011, if interest rate had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been approximately HK$40 million (2010: HK$41 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(3) Price risk

The Group is exposed to equity securities price risk because certain of the Group's investments are classified as available-for-sale financial assets which are required to be stated at fair values.

At 31 December 2011, if the price of the listed equity investments had been 10% higher/lower with all other variables held constant, the Group's total equity would have increased/decreased by approximately HK$25 million (2010: HK$38 million) as a result of changes in fair value for the listed equity investments classified as available-for-sale.

32. FINANCIAL RISK MANAGEMENT *(continued)*

32.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk arises from trade and other receivables and deposits with banks and financial institutions. The carrying amounts of these balances substantially represent the Group's maximum exposure to credit risk at the balance sheet date. The credit risk for deposits with banks and financial institutions is limited because majority of its deposits are placed in banks in Hong Kong and top tier state-owned/listed banks and financial institutions in the PRC with high credit rating. For trade and notes receivables, the Group has no significant concentrations of credit risk. The Group assesses the credit quality of the customers, taking into account their financial position, past settlement history and trading relationships. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and availability of funding from an adequate amount of committed credit facilities. The Group maintains flexibility in funding by keeping credit lines available.

Management monitors the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents.

The Group's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, using the contractual undiscounted cash flows, as follows:

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	HK$'000	HK$'000	HK$'000	HK$'000
Group				
At 31 December 2011				
Trade and other payables	**3,371,459**	**–**	**–**	**–**
Borrowings	**4,070,371**	**3,647,523**	**1,642,365**	**1,526,832**
	7,441,830	**3,647,523**	**1,642,365**	**1,526,832**
At 31 December 2010				
Trade and other payables	3,288,598	–	–	–
Borrowings	2,357,509	2,382,151	3,483,648	2,888,902
	5,646,107	2,382,151	3,483,648	2,888,902

32. FINANCIAL RISK MANAGEMENT *(continued)*

32.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital structure using the gearing ratio (consolidated total borrowings to total equity). The Group's gearing ratio at 31 December 2011 was 49.8% (2010: 55.2%).

Management reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. In order to maintain or balance the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or debts or redeem existing debts.

32.3 Fair value estimation

Financial instruments that are measured in the balance sheet at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

At 31 December 2011, financial instruments included in level 1 comprise listed equity securities classified as available-for-sale financial assets and measured by the quoted price.

33. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

33.1 Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss for property, plant and equipment is recognised to the extent by which the carrying amount exceeds their recoverable amount.

33.2 Provision for impairment of receivables

The Group's management determines the provision for impairment of receivables (including trade and other receivables and amounts due from subsidiaries). This estimate is based on the credit history and financial position of the debtors and all other relevant factors. Management will reassess the provision by each balance sheet date.

33.3 Deferred income tax

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred income tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be recovered. Management will revise the assumptions and profit projections by each balance sheet date.

34. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

At 31 December 2011, the Group had the following principal subsidiaries, associates and jointly controlled entities which, in the opinion of the directors of the Company, materially affect the results and/or assets of the Group.

(a) Subsidiaries

The following are principal subsidiaries in which the Company has indirect interest at 31 December 2011, all of which are established and operating in the PRC:

Name	Registered capital	Interest held (%)	Principal activities
Listed			
Tianjin Port Holdings Co., Ltd.#	RMB1,674,769,120	56.81	Cargo handling, agency and ancillary services
Unlisted			
Tianjin Port No. 1 Stevedoring Co., Ltd.**	RMB212,244,000	100	Container handling, non-containerised cargo handling and ancillary services
Tianjin Port No. 2 Stevedoring Co., Ltd.***	RMB815,180,100	100	Non-containerised cargo handling and ancillary services
Tianjin Port No. 4 Stevedoring Co., Ltd.**	RMB254,761,000	100	Non-containerised cargo handling and ancillary services
Tianjin Port No. 5 Stevedoring Co., Ltd.**	RMB496,278,000	100	Non-containerised cargo handling and ancillary services
Tianjin Port Container Terminal Co., Ltd.***	RMB1,021,230,000	100	Container handling and ancillary services

34. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(a) Subsidiaries *(continued)*

Name	Registered capital	Interest held (%)	Principal activities
Tianjin Port Coke Terminals Co., Ltd.**	RMB600,000,000	100	Non-containerised cargo handling and ancillary services
Tianjin Port Goods and Materials Supplying Co., Ltd.**	RMB80,896,000	100	Sales of materials
Tianjin Port Logistics Development Co., Ltd.**	RMB666,730,000	100	Agency and port ancillary services
Tianjin Port Petrochemicals Terminal Company Limited**	RMB110,700,000	100	Non-containerised cargo handling and ancillary services
Tianjin Port Tugboat Lighter Co., Ltd.**	RMB227,741,000	100	Tugboat services
Tianjin Port Passenger Transport Co., Ltd.**	RMB58,968,000	100	Non-containerised cargo handling, passenger and ancillary services
Tianjin Xingang Sinor Terminal Co., Ltd.**	RMB26,079,000	100	Non-containerised cargo handling and ancillary services
Tianjin Ocean Shipping Tally Co., Ltd.**	RMB1,610,000	84	Tallying services
China Ocean Shipping Agency Company Tianjin Limited**	RMB101,220,000	60	Agency services
TPG Global RO-RO Terminal Co., Ltd.*	RMB264,460,000	56.17	Non-containerised cargo handling and ancillary services
Tianjin Port Ro-Ro Terminal Co., Ltd.*	US$23,500,000	56.17	Non-containerised cargo handling and ancillary services
CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd.**	RMB200,000,000	53	Sales of fuel oil

34. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(a) Subsidiaries *(continued)*

Name	Registered capital	Interest held (%)	Principal activities
Tianjin Orient Container Terminals Co., Ltd.*	US$29,200,000	51	Container handling and ancillary services
Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd.**	RMB1,125,000,000	51	Non-containerised cargo handling and ancillary services
Tianjin Port Pacific International Container Terminal Co., Ltd.*	RMB2,303,350,000	51	Container handling and ancillary services
Tianjin Port Yuanhang Ore Terminal Co., Ltd.*	US$58,895,400	51	Non-containerised cargo handling and ancillary services
Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd.*	US$38,400,000	51	Non-containerised cargo handling and ancillary services
Tianjin Haitian Bonded Logistics Co., Ltd.*	RMB210,000,000	51	Warehousing, logistics and ancillary services
Tianjin Port CNAF Terminal Co., Ltd.**	RMB130,000,000	51	Non-containerised cargo handling and ancillary services

Notes:

- # Joint stock company with limited liability
- * Sino-foreign joint venture
- ** Limited liability company
- *** Wholly-foreign owned enterprise

34. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(b) Associates

The following are principal associates at 31 December 2011, all of which are unlisted, established and operating in the PRC:

Name	Registered capital	Interest held (%)	Principal activities
Tianjin Port Finance Co., Ltd. *(Note)*	RMB850,000,000	48	Financial services
Shenhua Tianjin Coal Terminal Co., Ltd.	RMB1,264,000,000	45	Non-containerised cargo handling and ancillary services
Tianjin Gangjian Commercial Concrete Co., Ltd.	RMB17,680,000	41	Port ancillary services
Tianjin Five Continents International Container Terminal Co., Ltd.	RMB1,145,000,000	40	Container handling and ancillary services
Tianjin Port Bulk Cargo Exchange Market Co., Ltd.	RMB30,000,000	40	Exchange market services
Tianjin Henggang Refueling Service Co., Ltd.	RMB9,000,000	30	Sales of fuel
Tianjin Port International Automobile Logistics Co., Ltd.	RMB5,000,000	20	Agency services

Note: The Group injected the capital of RMB230 million into Tianjin Port Finance during the year ended 31 December 2011.

34. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(c) Jointly controlled entities

The following are principal jointly controlled entities at 31 December 2011, all of which are unlisted, established and operating in the PRC:

Name	Registered capital	Interest held (%)	Principal activities
Tianjin Port Haifeng Bonded Logistics Co., Ltd.	RMB300,000,000	51	Warehousing, logistics and ancillary services
Tianjin Port Alliance International Container Terminal Co., Ltd.	US$160,000,000	40	Container handling and ancillary services
Tianjin Port Euroasia International Container Terminal Co., Ltd.	RMB1,260,000,000	40	Container handling and ancillary services
Tianjin Port Shihua Crude Oil Terminal Co., Ltd. ("Tianjin Port Shihua") *(Note)*	RMB482,660,000	50	Non-containerised cargo handling and ancillary services
Vopak Nanjiang Petrochemical Terminal Tianjin Company Limited	US$8,460,000	50	Warehousing, logistics and ancillary services
Tianjin Nanjiang Gas Station Co., Ltd.	RMB6,800,000	50	Sales of fuel
Tianjin Dehai Petroleum Products Sales Co., Ltd.	RMB30,000,000	50	Sales of fuel

Note: Tianjin Port Shihua was acquired during the year ended 31 December 2011.

None of the investors in the above entities have unilateral control of their respective economic activities, resulting in joint control over these entities by the respective investors.

35. ULTIMATE HOLDING COMPANY

The directors of the Company consider Tianjin Port (Group) Co., Ltd., a company established in the PRC, as the ultimate holding company.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 28 March 2012.

Five Years Summary

Consolidated Income Statement

	For the year ended 31 December				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
			(Note)		
Revenue	1,193,777	1,258,991	12,507,534	15,052,720	**16,547,695**
Business tax and surcharge	(36,347)	(38,415)	(236,578)	(267,696)	**(319,811)**
Cost of sales	(561,701)	(689,691)	(9,434,508)	(11,576,885)	**(12,704,778)**
Gross profit	595,729	530,885	2,836,448	3,208,139	**3,523,106**
Other income and gains	35,615	57,956	129,515	204,618	**353,881**
Administrative expenses	(309,808)	(363,600)	(1,602,132)	(1,568,180)	**(1,775,372)**
Other operating expenses	(31,204)	(2,675)	(2,084)	(9,142)	**(13,855)**
	290,332	222,566	1,361,747	1,835,435	**2,087,760**
Provision for impairment losses on available-for-sale financial assets	–	(25,253)	–	–	**–**
Finance costs	(3,329)	(26,529)	(315,878)	(367,464)	**(380,573)**
Share of results of associates	790	1,495	78,616	118,593	**173,750**
Share of results of jointly controlled entities	–	8,755	16,678	(4,315)	**55,177**
Profit before income tax	287,793	181,034	1,141,163	1,582,249	**1,936,114**
Income tax	(47,151)	(50,414)	(229,388)	(283,672)	**(308,157)**
Profit for the year	240,642	130,620	911,775	1,298,577	**1,627,957**
Attributable to:					
Equity holders of the Company	240,394	130,289	370,383	570,586	**713,264**
Non-controlling interests	248	331	541,392	727,991	**914,693**
	240,642	130,620	911,775	1,298,577	**1,627,957**

Consolidated Balance Sheet

	As at 31 December				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000 *(Note)*	HK$'000	**HK$'000**
Land use rights	768,696	792,437	4,312,788	4,436,395	**4,657,259**
Property, plant and equipment	1,802,656	1,842,794	14,800,738	14,949,153	**15,628,926**
Intangible assets	–	–	23,230	30,198	**32,667**
Interests in associates	24,981	28,513	1,680,024	1,797,348	**2,214,685**
Interests in jointly controlled entities	704,467	1,430,037	1,630,301	1,660,189	**2,178,853**
Available-for-sale financial assets	5,744	20,873	450,051	483,050	**359,233**
Deferred income tax assets	8,899	9,410	106,682	109,123	**121,034**
Net current assets	468,556	635,037	1,317,708	2,917,748	**1,192,874**
Employment of capital	3,783,999	4,759,101	24,321,522	26,383,204	**26,385,531**
Share capital	178,710	178,710	178,710	615,800	**615,800**
Reserves	2,442,864	2,679,812	6,471,687	4,998,668	**5,349,301**
Retained earnings	768,224	755,896	3,162,309	3,550,425	**4,030,926**
Shareholders' funds	3,389,798	3,614,418	9,812,706	9,164,893	**9,996,027**
Non-controlling interests	4,201	4,433	8,381,136	9,044,911	**10,011,663**
Long term liabilities	390,000	1,140,250	6,127,680	8,173,400	**6,377,841**
Capital employed	3,783,999	4,759,101	24,321,522	26,383,204	**26,385,531**

Note: The financial information of the Group for the year ended 31 December 2009 and as at 31 December 2009 have been restated on the basis that the structure and business activities of the Group immediately after the acquisition of Tianjin Port Co completed in 2010 had been in existence throughout the year presented. The financial information of the Group prior to 2009 are not restated.

Corporate Information

EXECUTIVE DIRECTORS

Mr. YU Rumin *(Chairman)*
Mr. TIAN Changsong *(Vice Chairman)*
Mr. LI Quanyong *(Managing Director)*
Mr. WANG Rui+
Mr. DAI Yan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KWAN Hung Sang, Francis*+
Prof. Japhet Sebastian LAW*+
Dr. CHENG Chi Pang, Leslie*

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mdm. CHAN Yeuk Kwan, Winnie

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL LEGAL ADVISORS

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Development Bank
DBS Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Nanyang Commercial Bank, Limited

PRINCIPAL SHARE REGISTRAR

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* Members of Audit Committee, Dr. Cheng is the chairman of the committee

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