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

STABLE GROWTH
SHAPING FUTURE

ANNUAL REPORT 2012

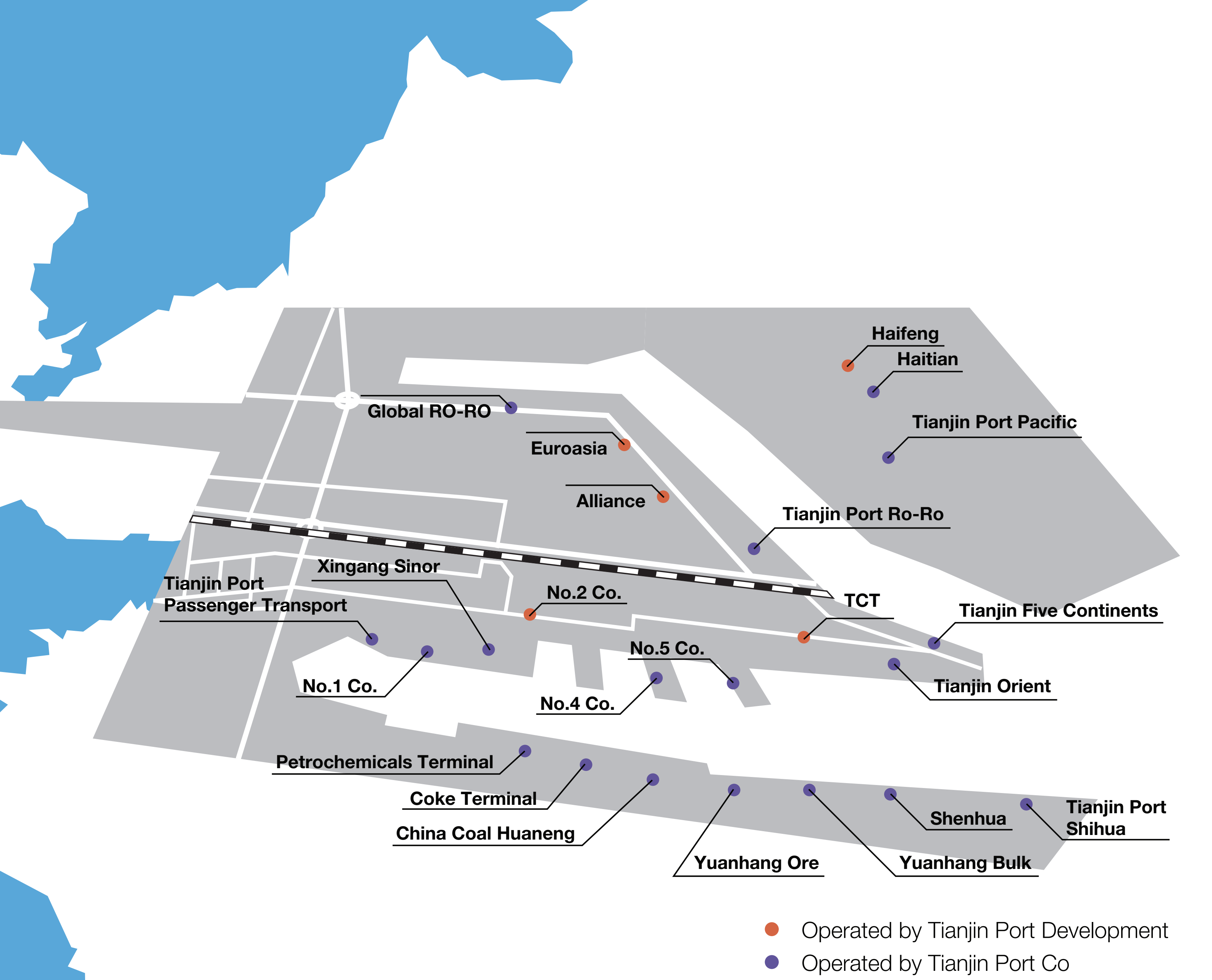
Corporate Profile

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 2012, the port of Tianjin was the third largest port in China and the fourth largest port globally in terms of total cargo throughput. During the same period, the port of Tianjin's total container throughput was the sixth in China, which placed it among the top ten 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.


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.
No.4 Co.
Tianjin Orient
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

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

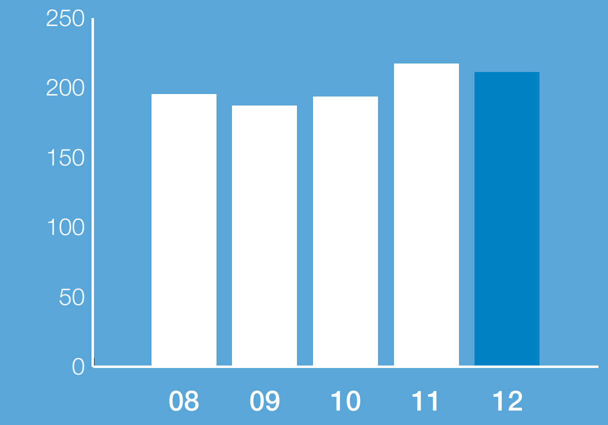
HK$ million	For the year ended 31 December	
	2012	2011
Total throughput		
Non-containerised cargo (million tonnes)	**253.05**	249.49
Container (million TEUs)	**12.30**	11.59
Revenue	**17,935**	16,548
Operating profit	**2,178**	2,088
Profit attributable to equity holders of the Company	**706**	713
Basic earnings per share (HK cents)	**11.5**	11.6
Net cash inflow from operations	**2,272**	2,604

HK$ million	As at 31 December	
	2012	2011
Equity attributable to equity holders of the Company	**10,472**	9,996
Non-controlling interests	**11,189**	10,012
Total equity	**21,661**	20,008
Total assets	**37,241**	33,563
Consolidated borrowings	**10,562**	9,961
Financial ratios		
Gearing ratio *(Note)*	**48.8%**	49.8%
Current ratio	**1.3**	1.2
Net assets per share – book value (HK$)	**1.7**	1.6

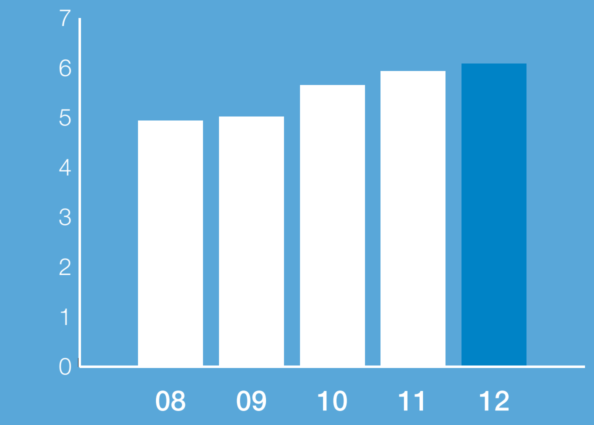
Note: Gearing ratio represents the ratio of consolidated borrowings to total equity.

Financial Highlights

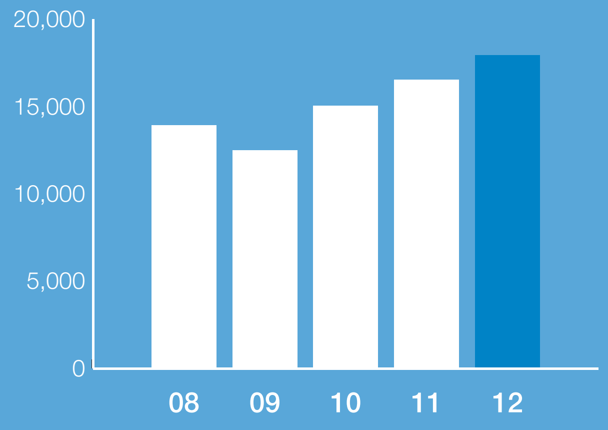
Consolidated non-containerised cargo throughput (million tonnes)



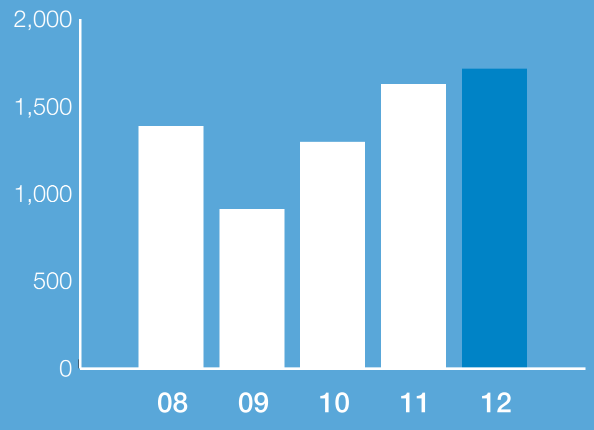
Consolidated container throughput (million TEUs)



Revenue (HK$ million)



Profit for the year (HK$ million)



Note: The financial and throughput information of the Group for the years ended 31 December 2008 and 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.

Letter to Shareholders

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 2012.

With the European debt crisis continued and slowdown in macroeconomic growth of China, the total value of import and export trade of China was US$3,866.76 billion in 2012, year-on-year growth rate slowed to 6.2%. Through the promotion of network operation for side lines within the Bohai Rim, the expansion of the sea-land combined transport and continuous improvement of service quality and efficiency, the port of Tianjin further strengthened the inland logistics network and extended the hinterland served. All these efforts were made to enhance the competitiveness of the port of Tianjin and ensure a sustained and steady growth in cargo throughput for the port of Tianjin. In 2012, the port of Tianjin continued to be the third largest port in China and the fourth largest port in the world in terms of total cargo throughput, and ranked sixth among China's ports and top 10 of the world in terms of container throughput.

By integrating and enhancing the efficiency of resources, improving the standard of service, the Group strengthened its overall competitiveness, which provided it with robust resilience against the volatile economic environment. The Group recorded a profit attributable to shareholders of HK$705.8 million, with basic earnings per share of HK11.5 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 HK2.19 cents per share. Together with the interim dividend of HK2.40 cents per share, the total dividend for the year is HK4.59 cents per share, representing a payout ratio of approximately 40%.

Being the largest comprehensive port in North China, the port of Tianjin will remain dedicated to becoming a container 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.

Letter to Shareholders

In the fourth quarter of 2012, the economy of China and the world has improved. Looking forward to 2013, the trend of economic recovery in China and the world will endure. However, there are still a number of uncertainties, including the European debt crisis and United States fiscal issues.

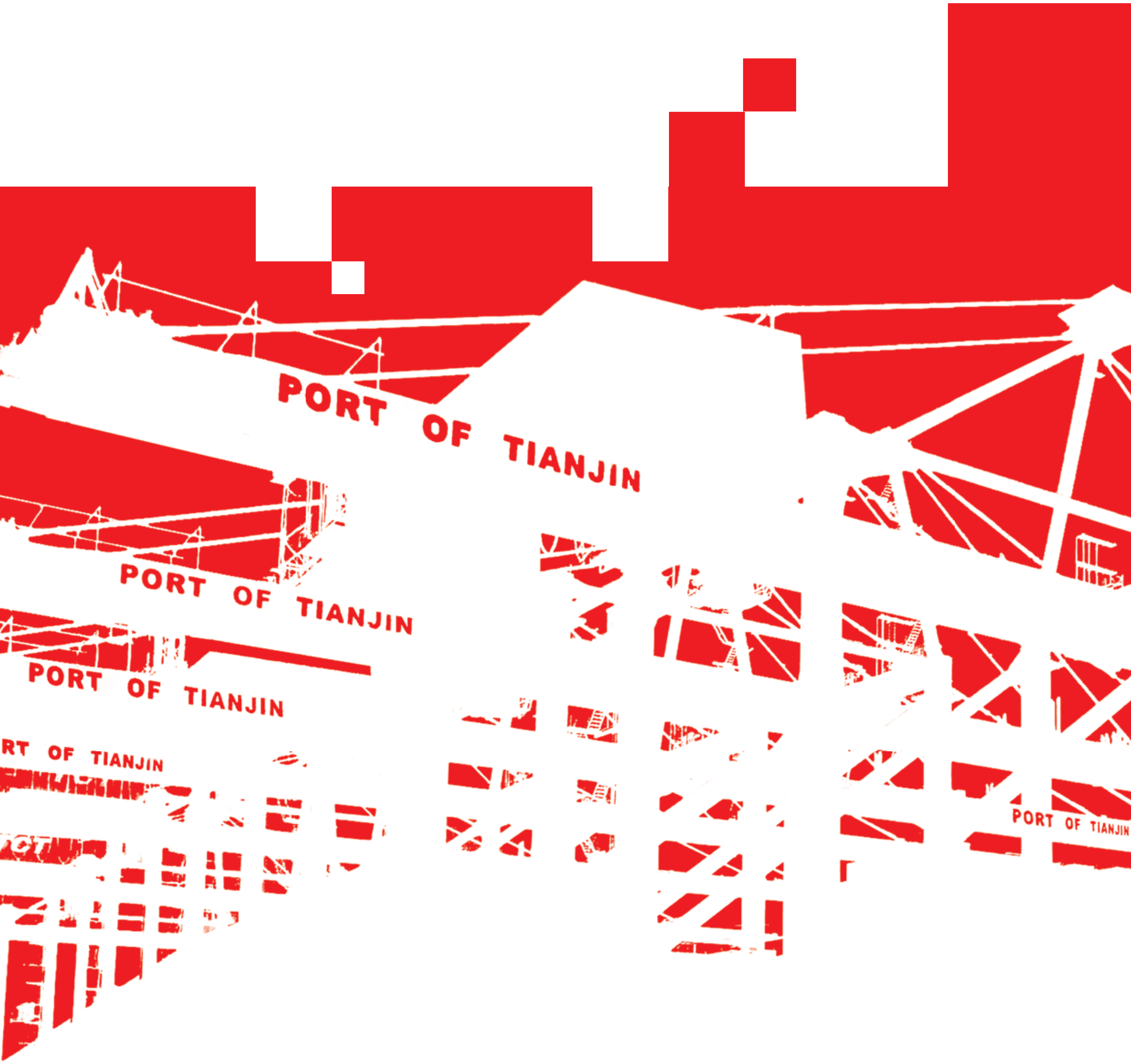
Facing the challenge of an uncertain year ahead, the Group will continue to realise synergies among business segments, expedite the development of new functions and expand the scale of operation; increase investment in infrastructure to enhance their capacity and levels; explore new markets to create further room for business development. The Group is devoted to increasing our overall 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, 26 March 2013

Review of Operations and Results




PORT OF TIANJIN
PORT OF TIANJIN

Review of Operations and Results

ANNUAL RESULTS

For the year ended 31 December 2012, the Group achieved a total cargo throughput of 387.47 million tonnes, an increase of 5.1% over last year, of which container throughput rose by 6.2% to 12.30 million TEUs. During the year under review, profit attributable to shareholders of the Company amounted to HK$705.8 million. Basic earnings per share was HK11.5 cents.

The Board recommends a final dividend of HK2.19 cents per share for 2012. Together with the interim dividend of HK2.40 cents per share, total dividend for 2012 amounts to HK4.59 cents per share.

REVIEW OF OPERATIONS

Revenue

The consolidated revenue for the year was HK$17,934.7 million, representing an increase of 8.4% from last year. An analysis of revenue by segment is as follows:

	Revenue			
Type of business	**2012** **HK$ million**	2011 HK$ million	Amount of change HK$ million	Percentage of change
Non-containerised cargo handling business	**5,206.3**	4,615.9	590.4	12.8%
Container handling business	**1,891.0**	1,729.1	161.9	9.4%
Sales business	**8,244.3**	7,914.8	329.5	4.2%
Other port ancillary services business	**2,593.1**	2,287.9	305.2	13.3%
Total	**17,934.7**	16,547.7	1,387.0	8.4%

Non-containerised Cargo Handling Business

During the year under review, the Group achieved total non-containerised cargo throughput of 253.05 million tonnes, representing an increase of 1.4% as compared to last year, of which throughput of the subsidiary terminals decreased slightly by 2.9% whereas throughput of the jointly controlled and affiliated terminals grew by 30.6%.

Nature of terminal	Non-containerised cargo throughput			
	2012 million tonnes	2011 million tonnes	Amount of change million tonnes	Percentage of change
Subsidiary terminals	**211.26**	217.50	-6.24	-2.9%
Jointly controlled and affiliated terminals	**41.79**	31.99	9.80	30.6%
Total	**253.05**	249.49	3.56	1.4%

In terms of total throughput, metal ore handling grew by 8.9% to 93.35 million tonnes, crude oil handling increased by 21.0% to 20.04 million tonnes; automobiles handling increased by 3.1% to 23.81 million tonnes. Due to the weakened demand of coal as a result of the slowdown of the economic growth in China, throughput of coal handling slipped by 12.1% to 78.70 million tonnes.

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business for the year was HK$24.6 per tonne, an increase of HK$3.4 or 16.0% from last year which was due to the increase in the proportion of foreign trade cargo throughput. Revenue from the non-containerised cargo handling business amounted to HK$5,206.3 million, an increase of 12.8% 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 total container throughput of 12.30 million TEUs, representing an increase of 6.2% from last year, of which throughput of the subsidiary terminals increased by 2.5% and throughput of the jointly controlled and affiliated terminals grew by 10.0%.

Nature of terminal	Container throughput			
	2012 ’000 TEUs	2011 ’000 TEUs	Amount of change ’000 TEUs	Percentage of change
Subsidiary terminals	**6,087**	5,936	151	2.5%
Jointly controlled and affiliated terminals	**6,216**	5,652	564	10.0%
Total	**12,303**	11,588	715	6.2%

Review of Operations and Results

During the year under review, the consolidated blended average unit price was up by 6.7% to HK$310.7 per TEU as a result of the change in cargo mix. The consolidated revenue from the container handling business for the year was HK$1,891.0 million, up by 9.4% over last year.

Sales Business

The Group's sales business mainly engaged in the supply of fuel to the inbound vessels and the sales of materials. The sales business segment reported consolidated revenue of HK$8,244.3 million in 2012, an increase of 4.2% over last year. The sales revenue of infrastructural materials increased primarily due to the accelerated pace of port development. The increase in the sales volume of other materials has also brought the increase in the overall sales revenue.

Other Port Ancillary Services Business

Other port ancillary services of the Group mainly include tugboat services, agency services and other services. During the year under review, consolidated revenue from other port ancillary services business was HK$2,593.1 million, an increase of 13.3% over last year. The Group's persistent growth in throughput brought overall growth in the other port ancillary services segment.

Costs

During the year under review, cost of sales of the Group amounted to HK$13,671.9 million, representing an increase of 7.6% over last year. Cost of cargo handling business was HK$3,774.9 million, representing an increase of 10.6% over last year, primarily due to the increase in direct costs of cargo handling business such as labour costs and cargo reconfiguration costs as a result of the growth in cargo throughput. Cost of sales business amounted to HK$8,229.1 million, representing an increase of 5.4% over last year, mainly due to an increase in the sales volume which led to the increase in the cost of goods sold.

Administrative expenses for the year under review increased by 9.2% to HK$1,938.5 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 operating costs of the Group as a whole.

OUTLOOK AND PROSPECTS

The global economy is still under structural adjustments, as the recovery of the developed economies continues to be uncertain and the growth rate of the emerging economies remains slow. Although the growth of China's economy has stabilised, rapid rebound remains unlikely. Despites the uncertainties, the Group will be proactive in face of challenges. We will continue to realign our business structure, further enhance port functions and broaden our scope of services. The Group will also seize the opportunities from the economic development in the central and western China, the building of city of Tianjin into an international port city and the opening up of the Binhai New Area to expand its business and development.

FINANCIAL REVIEW

Capital Structure

The capital and reserves attributable to equity holders of the Company as at 31 December 2012 were HK$10,471.8 million.

As at 31 December 2012, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK$6,773.8 million (at the closing market price of HK$1.10 per share on 31 December 2012).

Cash Flow

For the year ended 31 December 2012, the net cash inflow of the Group amounted to HK$646.0 million.

The net cash inflow from operating activities amounted to HK$2,271.6 million, representing a decrease of HK$332.6 million or 12.8% which was mainly due to the increase of HK$321.8 million in restricted bank deposits.

The net cash outflow in investing activities amounted to HK$1,903.0 million, mainly used for capital expenditure.

The net cash inflow from financing activities amounted to HK$277.4 million, which included the payment of dividends and interest expenses of HK$754.7 million, an increase of HK$592.9 million in net borrowings and the capital contribution of HK$439.2 million from the non-controlling shareholders of subsidiaries.

Review of Operations and Results

Liquidity and Financial Resources

As at 31 December 2012, the Group's cash and deposits (including restricted deposits) were HK$5,585.8 million (31 December 2011: HK$4,575.2 million) and principally denominated in Renminbi ("RMB"). The Group's total borrowings as at 31 December 2012 were HK$10,562.0 million (31 December 2011: HK$9,960.8 million), with HK$2,749.2 million repayable within one year, HK$5,412.6 million repayable after one year and within five years and HK$2,400.2 million repayable over five years. The borrowings of the Group were denominated in Hong Kong dollars ("HK$"), US dollars ("US$") and RMB and were mainly at floating interest rates.

During the year under review, the Group's interest expenses (including capitalised interest) amounted to HK$410.6 million, representing an increase of 7.9% over last year, mainly due to the increase in borrowing interest rates.

As at 31 December 2012, the gearing ratio (ratio of total borrowings to total equity) and current ratio (ratio of current assets to current liabilities) of the Group were 48.8% (31 December 2011: 49.8%) and 1.3 (31 December 2011: 1.2) respectively. As at 31 December 2012, 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 2012, most of the Group's assets and liabilities were denominated in RMB except for certain HK$ and US$ bank borrowings. During the year, the Group recorded an exchange gain of HK$27.2 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

As at 31 December 2012, significant planned capital expenditure or capital commitments of the Group were as follows:

1. Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd., a subsidiary of the Group, invests in the depot expansion project of Tianjin Port Yuanhang Bulk Cargo Terminal. Total investment of the project amounts to RMB1.5 billion (equivalent to approximately HK$1.8 billion). As at 31 December 2012, the total costs paid were RMB694.0 million (equivalent to approximately HK$855.8 million).

2. Tianjin Port Yuanhang International Ore Terminal Co., Ltd., a subsidiary of the Group, invests in the construction project of specialised ore terminals at Tianjin Port Nanjiang berth no. 26. Total investment of the construction project amounts to RMB3.0 billion (equivalent to approximately HK$3.7 billion). As at 31 December 2012, the total costs paid were RMB439.0 million (equivalent to approximately HK$541.4 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2012.

EVENTS AFTER BALANCE SHEET DATE

The National Association of Financial Market Institutional Investors has approved the registration of Tianjin Port Co, a subsidiary of the Company, to issue the medium-term notes in an aggregate principal amount up to RMB2 billion in tranches during the period of validity of registration. On 29 January 2013, Tianjin Port Co has issued medium-term notes in an aggregate principal amount of RMB1 billion in two tranches for a term of 5 years and repayable on 31 January 2018. The medium-term notes bear fixed interest rate at 4.98% per annum commencing on 31 January 2013.

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 2012, the Group had approximately 11,400 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, 26 March 2013

Corporate Governance Report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Corporate Governance Report

The Company is committed to attaining and maintaining high standards of corporate governance as the Board recognises effective corporate governance can enhance transparency of the Company's business, ensure the Company is accountable to and meet the expectations of shareholders and other stakeholders, and lead the Company to ultimate success.

CORPORATE GOVERNANCE PRACTICES

The Company complied with all the code provisions of the Code on Corporate Governance Practices (the "Code") during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "CG Code") during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the following deviations:

CG Code provision A.5.1

Mr. Kwan Hung Sang, Francis ("Mr. Kwan") resigned as an independent non-executive director, the chairman and a member of the nomination committee, a member of the audit committee and a member of the remuneration committee of the Company on 5 April 2012 due to his personal commitments which required more of his dedication. Following the resignation of Mr. Kwan, the number of independent non-executive directors and audit committee members of the Company has fallen below the minimum number required by Rule 3.10(1) and Rule 3.21 of the Listing Rules; the number of independent non-executive directors of the remuneration committee of the Company has fallen below a majority required by Rule 3.25 of the Listing Rules. The chairman position of the nomination committee of the Company has vacated and the number of independent non-executive directors of the nomination committee of the Company has fallen below a majority required by the CG Code provision A.5.1. Following the appointment of Mr. Zhang Weidong as an independent non-executive director, the chairman and a member of the nomination committee, a member of the audit committee and a member of the remuneration committee of the Company with effect from 28 June 2012, the Company has complied with the relevant Listing Rules and the CG Code provision A.5.1 and filled in the vacancy on the same date.

CG Code provision A.6.7

In respect of the CG Code provision A.6.7, an independent non-executive director of the Company was not in a position to attend the annual general meeting of the Company held on 31 May 2012 due to an overseas commitment.

The following sections set out how the principles in the Code and the CG 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 to the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company (the "Directors"). Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2012.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2012, 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 Prof. Japhet Sebastian Law, Dr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong.

The biographies of the Directors are set out under the section "Biography of Directors and Senior Management" in the Report of the Directors. In addition, a list containing the names of the Directors and their role and functions is published on the Company's website at www.tianjinportdev.com and the HKExnews website at www.hkexnews.hk.

Mr. Yu Rumin is the chairman of each of Tianjin Port (Group) Co., Ltd. ("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").

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/relevant relationship(s)) between the Board members and in particular between the Chairman and the Managing Director.

Board Meetings and General Meetings

The Company held seven full Board meetings, an annual general meeting and an extraordinary general meeting during the year ended 31 December 2012.

The attendance of each Director at the meetings held in 2012 is set out below:

	Attendance/Number of meetings held		
	Board Meeting	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors			
Mr. YU Rumin	7/7	1/1	1/1
Mr. TIAN Changsong	5/7	1/1	1/1
Mr. LI Quanyong	7/7	1/1	1/1
Mr. WANG Rui	7/7	1/1	1/1
Mr. DAI Yan	7/7	1/1	1/1
Independent Non-executive Directors			
Prof. Japhet Sebastian LAW	7/7	0/1	1/1
Dr. CHENG Chi Pang, Leslie	7/7	1/1	1/1
Mr. ZHANG Weidong *(Note 1)*	4/4	N/A	1/1
Mr. KWAN Hung Sang, Francis *(Note 2)*	2/2	N/A	N/A

Notes:

1. Mr. ZHANG Weidong was appointed as Director on 28 June 2012.

2. Mr. KWAN Hung Sang, Francis resigned on 5 April 2012.

In addition to Board meetings, a meeting of the Chairman and the independent non-executive Directors without the presence of executive Directors and the management was held in 2012.

Responsibilities of the Board

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.

Appointment, Re-election and Removal of Directors

The independent non-executive Directors are appointed for a specific term of two years, subject to re-election.

According to the articles of association of the Company (the "Articles of Association"), all Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years.

Continuous Professional Development

All Directors are committed to participating in continuous professional development to develop and refresh their knowledge and skills. The Company from time to time updates the Directors on the latest development on the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

In 2012, the Company has arranged one in-house seminar covering the topics of the CG Code and inside information under the SFO and all Directors attended the seminar. Directors also participated in continuous professional development programmes such as reviewing updates on regulatory requirements, attending conferences and external seminars organised by qualified professionals.

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.

INDEPENDENT NON-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 all independent non-executive Directors to be independent within the definition of the Listing Rules.

BOARD COMMITTEES

The Board has established three Board Committees, namely the nomination committee (the "Nomination Committee"), the remuneration committee (the "Remuneration Committee") and the audit committee (the "Audit Committee"). The specific terms of reference and membership of all the Board Committees are published on the Company's website at www.tianjinportdev.com and the HKExnews website at www.hkexnews.hk.

The attendance of each member of the Board Committees at the meetings held in 2012 is set out below:

	Attendance/Number of meetings held		
	Nomination Committee	**Remuneration Committee**	**Audit Committee** *(Note 1)*
Executive Directors			
Mr. LI Quanyong	1/1	N/A	N/A
Mr. WANG Rui	N/A	5/5	N/A
Independent Non-executive Directors			
Prof. Japhet Sebastian LAW	N/A	5/5	2/2
Dr. CHENG Chi Pang, Leslie	1/1	N/A	2/2
Mr. ZHANG Weidong *(Note 2)*	N/A	2/2	1/1
Mr. KWAN Hung Sang, Francis *(Note 3)*	N/A	2/2	1/1

Notes:

1. Representative of the external auditor participated in all Audit Committee meetings held in 2012.

2. Mr. ZHANG Weidong was appointed as the chairman and a member of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee on 28 June 2012.

3. Mr. KWAN Hung Sang, Francis resigned as the chairman and a member of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee on 5 April 2012.

Corporate Governance Report

Details of the Board Committees, including their members, responsibilities and the work performed during 2012 are set out below.

Nomination Committee

Prior to 1 April 2012, the Company has not established a nomination committee and the roles and functions of the nomination committee were performed by the Board. In order to comply with the CG Code, the Company has established the Nomination Committee on 1 April 2012.

Written terms of reference of the Nomination Committee have been adopted by the Board.

The Nomination Committee now comprises one executive Director, Mr. Li Quanyong, and two independent non-executive Directors, namely Dr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong. Mr. Zhang is the chairman of the Nomination Committee.

The Nomination Committee is responsible for, amongst other things, identification of qualified individuals and making recommendations to the Board for the directorships, making recommendations on the appointment or re-appointment of Directors and succession planning for Directors, assessing the independence of independent non-executive Directors, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on an annual basis.

The work performed by the Board (from 1 January 2012 to 31 March 2012) and the Nomination Committee (from 1 April 2012 to 31 December 2012) included the review and, where applicable, making recommendations to the Board and approval according to the responsibilities and authorities:

– appointment and re-appointment of the independent non-executive Director.

– Directors for re-election at the annual general meeting held in 2012 and the independence of independent non-executive Directors.

Remuneration Committee

The Remuneration Committee comprises one executive Director, Mr. Wang Rui, and two independent non-executive Directors, namely Prof. Japhet Sebastian Law and Mr. Zhang Weidong. Prof. Law is the chairman of the Remuneration Committee.

Written terms of reference of the Remuneration Committee have been amended to reflect the changes arising from the CG Code and adopted by the Board.

The Remuneration Committee is responsible for, amongst other things, 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 remuneration policy, determining, with delegated responsibilities, the remuneration packages of individual executive Directors and senior management, reviewing and approving performance based remuneration by reference to corporate goals and objectives resolved by the Board, recommending to the Board on the remuneration of non-executive Directors.

The work performed during the year ended 31 December 2012 included the review and, where applicable, making recommendations to the Board and approval according to the responsibilities and authorities:

- performance of the executive Directors and the terms of executive Directors' service contracts.
- remuneration policy and the remuneration package for Directors and senior management.
- annual bonus for Directors and senior management with reference to their performance and the operating results of the Group.
- remuneration package for the appointment of an independent non-executive Director.
- remuneration package for the appointment of a senior management.

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 2012 are set out in Note 7 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 23 to the financial statements.

Pursuant to the CG Code provision B.1.5, the remuneration of the senior management by band for the year ended 31 December 2012 is set out below:

Remuneration band	**Number of individuals**
HK$1,500,001 – HK$2,000,000	2
HK$2,000,001 – HK$2,500,000	1

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Dr. Cheng Chi Pang, Leslie, Prof. Japhet Sebastian Law and Mr. Zhang Weidong. Dr. Cheng is the chairman of the Audit Committee.

Written terms of reference of the Audit Committee have been amended to reflect the changes arising from the CG Code and adopted by the Board.

The Audit Committee is responsible for, amongst other things, making recommendations to the Board on the appointment, re-appointment and removal of external auditor and approvals of their terms of engagement, reviewing and monitoring external auditor's 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 work performed during the year ended 31 December 2012 included the review and, where applicable, making recommendations to the Board and approval according to the responsibilities and authorities:

– report for the 2011 annual results and the report for the 2012 interim results.

– effectiveness of the internal control systems of the Group.

– auditor's audit findings.

– appointment of auditor and their remuneration.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for, amongst other things, the development and review of the policies and practices on corporate governance of the Group and monitoring the compliance with legal and regulatory requirements, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing the corporate governance compliance with the CG Code and disclosure in the annual report.

The work performed during the year ended 31 December 2012 included the review and, where applicable, approval of:

– establishment of the Nomination Committee.

– corporate governance practices including the terms of reference of the Nomination Committee and the revised terms of reference of the Remuneration Committee and the Audit Committee.

– corporate governance policies including the shareholders communication policy and the inside information disclosure policy.

AUDITOR REMUNERATION

For the year ended 31 December 2012, the remuneration paid and payable to the auditor of the Company in respect of audit services was HK$2,200,000 and the fees related to non-audit services amounted to HK$447,800. The non-audit services were in relation to tax advisory services and other services in respect of major and continuing connected transactions.

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 56.

INTERNAL CONTROLS

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 conducted an annual review of the effectiveness of the internal control systems of the Group, which covers all material controls, including financial, operational and compliance controls and risk management functions. The report of the review has been reviewed by the Audit Committee and discussed by the Audit Committee with the Board.

COMPANY SECRETARY

Mdm. Chan Yeuk Kwan, Winnie was appointed as company secretary of the Company ("Company Secretary") on 1 May 2011. The biography of Mdm. Chan is set out under the section "Biography of Directors and Senior Management" in the Report of the Directors. Mdm. Chan has taken no less than 15 hours of relevant professional training for the year ended 31 December 2012 and complied with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Making Enquiries to the Board

Shareholders are encouraged to maintain direct communication with the Company. Shareholders who have any questions for the Board may send written enquiries by post to the principal place of business of the Company in Hong Kong or by e-mail to ir@tianjinportdev.com for the attention of the Investor Relations Department.

Procedures for Convening an Extraordinary General Meeting by the Shareholders of the Company (the "Shareholders")

Extraordinary general meetings can be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

The signed written requisition, which should specify the purpose of the meeting, should be delivered to the Company's principal place of business in Hong Kong. The meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at General Meetings of the Company

Pursuant to Article 113 of the Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of the Director at any general meeting, unless notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company. The period for lodgment of the notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

If a Shareholder wishes to propose a person to stand for election as a Director, the following documents must be lodged at the Company: (i) a notice of intention to propose a person for election as Director at the general meeting, and (ii) a notice executed by the nominated candidate of the candidate's willingness to be elected together with that candidate's biographical details as required by Rule 13.51(2) of the Listing Rules.

The period for lodgment of above written notices shall commence no earlier than the day after the despatch of the notice of general meeting and end no later than seven days prior to the date of the general meeting. The Company is required under Rule 13.73 of the Listing Rules to provide the information about the proposal in a supplementary circular or by way of an announcement not later than ten business days before the general meeting. If the above notices are received by the Company less than twenty-one days prior to the general meeting, the Company may need to consider the adjournment of the general meeting.

INVESTOR RELATIONS

Communications 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 held analyst presentations following the announcement of interim and final results. In addition, the Company actively participated in investor conferences organised by renowned investment banks, one-on-one meetings with institutional investors and analysts, 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.

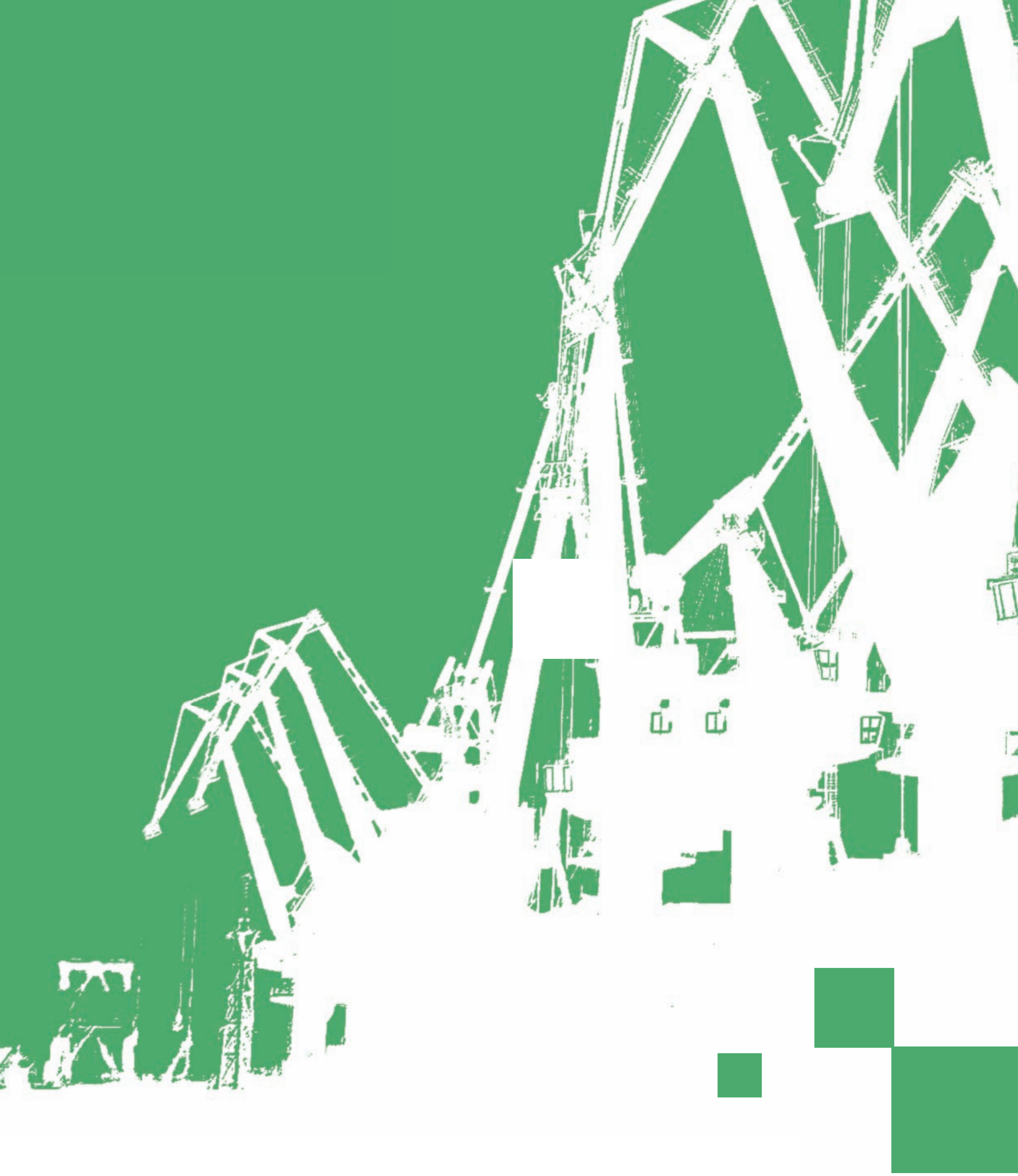
The Board endeavours to maintain an on-going dialogue with Shareholders. Shareholders are encouraged to attend annual general meeting and other general meetings of the Company and are invited to express their views and raise questions thereat. The respective chairman of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee 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.

All the independent board committee members, Prof. Japhet Sebastian Law, Dr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong had attended the extraordinary general meeting of the Company held on 19 December 2012. The Company had invited the independent financial adviser to attend the meeting and answer questions from the Shareholders.

CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company is published on the Company's website at www.tianjinportdev.com and the HKExnews website at www.hkexnews.hk. During the year ended 31 December 2012, there is no change to the memorandum and articles of association of the Company.

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 2012.

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 segment for the year ended 31 December 2012 is set out in Note 3 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement on page 57.

The Board recommends a final dividend of HK2.19 cents per share for the year ended 31 December 2012 which together with the interim dividend of HK2.40 cents per share, represents a total dividend of HK4.59 cents per share for the year (2011: HK4.63 cents per share).

The final dividend will be payable to shareholders whose names appear on the register of members of the Company on 7 June 2013.

RESERVES

Movements in reserves of the Group and the Company during the year and distributable reserves of the Company as at 31 December 2012 are set out in Note 24 to the financial statements and the balance sheet of the Company on page 61 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 79% of the Group's total purchases for the year and the largest supplier included therein accounted for approximately 43%.

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 13 to the financial statements.

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in Note 23 to the financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2012 are set out in Note 25 to the financial statements.

LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT

On 4 September 2008, Tianjin Port Development Finance Limited, a wholly-owned subsidiary of the Company as borrower (the "Borrower") and the Company as guarantor entered into a facility agreement (the "1st Facility Agreement") with a financial institution as lender (the "1st Lender"), pursuant to which a revolving/term loan facility in an aggregate amount of HK$200,000,000 is made available by the 1st Lender to the Borrower. 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 16 August 2012, the Borrower and the Company as guarantor entered into a facility agreement (the "2nd Facility Agreement") with several financial institutions as lenders (the "2nd Lenders"), pursuant to which a term loan facility in an aggregate amount of HK$2,000,000,000 is made available by the 2nd Lenders to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the 2nd Facility Agreement.

On 20 August 2012, the Borrower and the Company as guarantor entered into a facility agreement (the "3rd Facility Agreement") with a financial institution as lender (the "3rd Lender"), pursuant to which a term loan facility in an aggregate amount of HK$800,000,000 is made available by the 3rd Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on 10 August 2015.

On 17 October 2012, the Borrower and the Company as guarantor entered into a facility agreement (the "4th Facility Agreement") with a financial institution as lender (the "4th Lender"), pursuant to which a term loan facility in an aggregate amount of HK$200,000,000 is made available by the 4th Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on 10 August 2015.

On 1 November 2012, the Borrower and the Company as guarantor entered into a facility agreement (the "5th Facility Agreement") with a financial institution as lender (the "5th Lender"), pursuant to which a term loan facility in an aggregate amount of HK$200,000,000 is made available by the 5th Lender to the Borrower. The loan facility is unsecured, interest bearing and repayable in full on the date falling 12 months from the date of drawdown.

The 1st Facility Agreement (as supplemented by an agreement dated 9 December 2009), the 2nd Facility Agreement, the 3rd Facility Agreement, the 4th Facility Agreement and the 5th Facility Agreement include a condition imposing specific performance obligations on Tianjin Port Group, the Company's controlling shareholder. If Tianjin Port Group, together with its subsidiaries, ceases to (1) have (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, the 1st Lender, the 2nd Lenders, the 3rd Lender, the 4th Lender and the 5th Lender may demand immediate repayment of the loans. Such obligation continues to exist as at the date of this report.

Report of the Directors

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 114 to 115.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

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 135,900,000 Shares are available for issue under the Share Option Scheme, representing approximately 2.2% 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 under the Share Option Scheme during the year ended 31 December 2012 are as follows:

	Date of grant	Exercise price HK$	As at 01/01/2012	Granted *(Note 1)*	Exercised	Lapsed	Cancelled	As at 31/12/2012	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
	28/06/2012	0.896	–	1,150,000	–	–	–	1,150,000	28/12/2012 – 27/06/2022
Mr. Tian Changsong	08/04/2010	2.34	2,200,000	–	–	–	–	2,200,000	08/10/2010 – 07/04/2020
	28/06/2012	0.896	–	1,100,000	–	–	–	1,100,000	28/12/2012 – 27/06/2022
Mr. Li Quanyong	08/04/2010	2.34	2,100,000	–	–	–	–	2,100,000	08/10/2010 – 07/04/2020
	28/06/2012	0.896	–	1,050,000	–	–	–	1,050,000	28/12/2012 – 27/06/2022

	Date of grant	Exercise price HK$	As at 01/01/2012	Granted *(Note 1)*	Exercised	Lapsed	Cancelled	As at 31/12/2012	Exercise period
Mr. Wang Rui	15/10/2010	1.846	1,000,000	–	–	–	–	1,000,000	15/04/2011 – 14/10/2020
	28/03/2011	1.904	1,000,000	–	–	–	–	1,000,000	28/09/2011 – 27/03/2021
	28/06/2012	0.896	–	1,000,000	–	–	–	1,000,000	28/12/2012 – 27/06/2022
Mr. Dai Yan	01/09/2009	3.036	1,100,000	–	–	–	–	1,100,000	01/03/2010 – 31/08/2019
	28/06/2012	0.896	–	550,000	–	–	–	550,000	28/12/2012 – 27/06/2022
Prof. Japhet Sebastian Law	25/01/2008	4.24	300,000	–	–	–	–	300,000	25/07/2008 – 24/01/2018
	28/06/2012	0.896	–	150,000	–	–	–	150,000	28/12/2012 – 27/06/2022
Dr. Cheng Chi Pang, Leslie	25/01/2008	4.24	300,000	–	–	–	–	300,000	25/07/2008 – 24/01/2018
	28/06/2012	0.896	–	150,000	–	–	–	150,000	28/12/2012 – 27/06/2022
Mr. Zhang Weidong *(Note 2)*	28/06/2012	0.896	–	450,000	–	–	–	450,000	28/12/2012 – 27/06/2022
Mr. Kwan Hung Sang, Francis *(Note 3)*	25/01/2008	4.24	300,000	–	–	(300,000)	–	–	25/07/2008 – 24/01/2018

	Date of grant	Exercise price HK$	As at 01/01/2012	Granted (Note 1)	Exercised	Lapsed	Cancelled	As at 31/12/2012	Exercise period
Employees									
	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
	28/06/2012	0.896	–	1,900,000	–	–	–	1,900,000	28/12/2012 – 27/06/2022
Total			12,300,000	7,500,000	–	(300,000)	–	19,500,000	

Notes:

1. The closing price of the Shares immediately before 28 June 2012, the date on which the share options were granted, was HK$0.88 per share. All share options granted are subject to a vesting period of six months from the date of grant.

2. Mr. Zhang Weidong was appointed as Director on 28 June 2012.

3. Mr. Kwan Hung Sang, Francis resigned on 5 April 2012.

Details of the value of share options granted under the Share Option Scheme during the year ended 31 December 2012 and the accounting policy adopted for the share options are set out in Note 23 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 2012 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.

Report of the Directors

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. WANG Rui
Mr. DAI Yan

Independent Non-executive Directors

Prof. Japhet Sebastian LAW	
Dr. CHENG Chi Pang, Leslie	
Mr. ZHANG Weidong	*(appointed on 28 June 2012)*
Mr. KWAN Hung Sang, Francis	*(resigned on 5 April 2012)*

In accordance with Article 108 of the Articles of Association, Mr. Tian Changsong, Mr. Wang Rui and Prof. Japhet Sebastian Law 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 63, 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 59, 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. He has solid experience in port operation, corporate management and capital operation. 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 the vice chairman of Tianjin Port Co since December 2008 and has been appointed as the chairman of Tianjin Port Co since April 2010.

Mr. LI Quanyong
Managing Director

Aged 50, 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 Tianjin Port Co from February 2007 to April 2010 and is the vice chairman of Tianjin Port Co since April 2010. Mr. Li also acts as the chief economist of Tianjin Port Group since January 2009.

Mr. WANG Rui

Aged 50, 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 59, 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

Prof. Japhet Sebastian LAW

Aged 61, 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 was a Professor in the Department of Decision Sciences and Managerial Economics of the Chinese University of Hong Kong from 1986 until 2012, 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 acted as a consultant for various corporations in Hong Kong and overseas. He is active in public services, having served as a member of the Provisional Regional Council of The Government of the HKSAR and various other government advisory committees, and is also active in serving 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), Cypress Jade Agricultural Holdings Limited (Stock Code: 00875) and Regal Hotels International Holdings Limited (Stock Code: 00078), companies whose shares are listed on the Main Board of the Stock Exchange and Global Digital Creations Holdings Limited (Stock Code: 08271), Binhai Investment Company Limited (Stock Code: 08035) and Tianjin Binhai Teda Logistics (Group) Corporation Limited (Stock Code: 08348), companies whose shares are listed on the Growth Enterprise Market of the Stock Exchange.

Dr. CHENG Chi Pang, Leslie

Aged 55, was appointed as an independent non-executive Director on 8 September 2005. He is also the chairman of the Audit Committee and a member of the Nomination 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 of 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.

Mr. ZHANG Weidong

Aged 48, was appointed as an independent non-executive Director on 28 June 2012. He is also the chairman of the Nomination Committee, a member of the Remuneration Committee and the Audit Committee. Mr. Zhang holds a master's degree from Renmin University in Economics, a diploma of Programme for Management Development of Harvard Business School, and held a fellowship from Columbia University in New York.

Mr. Zhang is currently the deputy chief executive officer of OP Financial Investments Limited (Stock Code: 01140), a company whose shares are listed on the Main Board of the Stock Exchange. He is also the general manager of Jin Dou Development Fund, L.P., a joint venture investee of China Investment Corporation (CIC) and OP Financial Investments Limited, and a partner of Oriental Patron Financial Group primarily responsible for private equity investments. Mr. Zhang has over 13 years of experience in the operation and management of commercial banking, during which he worked in the international business department of the Industrial and Commercial Bank of China Limited ("ICBC") with final position level as deputy general manager of department, including 3 years in ICBC Almaty Branch, where he was in charge of treasury, credit lending and office operations. Moreover, Mr. Zhang has 11 years of investment banking experience, served as executive director of ICEA Finance Group (the investment banking arm of ICBC) and managing director of Alpha Alliance Finance Holdings, responsible for corporate finance and sales department respectively.

Senior Management

Mr. ZHANG Zengxin

Aged 41, 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 44, 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.

Mdm. MA Suqin, Susan

Aged 40, was appointed as a deputy general manager of the Company on 28 March 2012. Mdm. Ma obtained her master's degree in Economics from Fudan University in 1999 and subsequently went to the Wharton School of the University of Pennsylvania as a visiting scholar in 2008. She is also a CFA charterholder. Mdm. Ma is a seasoned investment banker with over 12 years of investment banking experience in Hong Kong and mainland China. Prior to joining the Company, Mdm. Ma was the Beijing Chief Representative of Beijing Representative Office of RBS Asia Corporate Finance Limited. Before that, Mdm. Ma was engaged in overseas and mainland China investment banking businesses at Citigroup Global Markets Asia Limited, China Merchants Securities (HK) Co., Ltd., Everbright Securities Co., Ltd. and China Merchants Securities Co., Ltd.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2012, 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 to 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	–	3,450,000 (L)	0.06% (L)
Mr. Tian Changsong	Beneficial owner	–	3,300,000 (L)	0.05% (L)
Mr. Li Quanyong	Beneficial owner	–	3,150,000 (L)	0.05% (L)
Mr. Wang Rui	Beneficial owner	–	3,000,000 (L)	0.05% (L)
Mr. Dai Yan	Beneficial owner	–	1,650,000 (L)	0.03% (L)
Prof. Japhet Sebastian Law	Beneficial owner	2,700,000 (L)	450,000 (L)	0.05% (L)
Dr. Cheng Chi Pang, Leslie	Beneficial owner	–	450,000 (L)	0.01% (L)
Mr. Zhang Weidong	Beneficial owner	–	450,000 (L)	0.01% (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.

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executive or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2012, the 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 2012, 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 2012, Mr. Yu Rumin and Mr. Dai Yan were directors of Tianjin Development.

Save as disclosed above, as at 31 December 2012, 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

For the year ended 31 December 2012, the Company has entered into a number of connected transactions and continuing connected transactions with its connected persons as defined under the Listing Rules.

Tianjin Port Group is a controlling shareholder of the Company indirectly interested in 53.5% of the issued capital of the Company. Hence, Tianjin Port Group and/or its associates are connected persons of the Company as defined under the Listing Rules. Accordingly, transactions with Tianjin Port Group and/or its associates constitute connected transactions and continuing connected transactions of the Company.

(A) Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, details of the connected transactions for the year ended 31 December 2012 required to be disclosed in the annual report are as follows:

1. On 16 January 2012,天津港第一港埠有限公司(Tianjin Harbour First Stevedoring Co., Ltd.*) ("First 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"), pursuant to which First Company agreed to purchase one set of 38t-35m portal crane and hire the relocation services of one set of existing 25t-33m portal crane and Tianjin Port E&M agreed to sell the portal crane and provide the services. The consideration was approximately RMB13.79 million and shall be paid by instalments in accordance with the progress of the manufacturing work. The purpose of purchasing the portal crane is to increase the cargo handling capacity of the Group and improve the overall operating efficiency. Tianjin Port E&M is a wholly-owned subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 16 January 2012.

2. On 30 March 2012,天津港第四港埠有限公司(Tianjin Port No. 4 Stevedoring Co., Ltd.*) ("Fourth Company"), a subsidiary of the Company, entered into an agreement with Tianjin Port E&M, pursuant to which Fourth Company agreed to purchase and Tianjin Port E&M agreed to sell two sets of 25t/35t-33m/24m portal cranes. The consideration was approximately RMB19.86 million and shall be paid by instalments in accordance with the progress of the manufacturing work. The purpose of purchasing the portal cranes is for the terminal renovation project of Fourth Company and to improve the overall operating efficiency. Tianjin Port E&M is a wholly-owned subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 30 March 2012.

3. On 30 August 2012,天津港俊物流發展有限公司(Tianjin Port Logistics Development Co., Ltd.*) ("Tianjin Port Logistics"), a subsidiary of the Company, entered into a design agreement with 天津港建設公司(Tianjin Port Construction Company*) ("Tianjin Port Construction") relating to the provision of design services by Tianjin Port Construction for the depot construction project located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB5.79 million and shall be paid by instalments in accordance with the progress of the design services of the project.

On 30 August 2012, Tianjin Port Logistics entered into a supervision agreement with 天津港工程監理諮詢有限公司 (Tianjin Port Engineering Supervisory & Consultant Co., Ltd.*) ("Tianjin Port Project Consulting") relating to the provision of supervisory services by Tianjin Port Project Consulting for the depot construction project located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB3.10 million and shall be paid by instalments in accordance with the progress of the project.

On 30 August 2012, Tianjin Port Logistics entered into a construction agreement with 天津港航工程有限公司 (Tianjin Port & Channel Engineering Co., Ltd.*) ("Tianjin Port Engineering") relating to the construction of the depot located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB91.05 million and shall be paid by instalments in accordance with the progress of the project.

On 30 August 2012, Tianjin Port Logistics entered into a management agreement with Tianjin Port Construction relating to the provision of management services by Tianjin Port Construction for the depot construction project located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB3.41 million and shall be paid by instalments in accordance with the progress of the project.

Tianjin Port Construction, Tianjin Port Project Consulting and Tianjin Port Engineering are subsidiaries of Tianjin Port Group, and are therefore connected persons of the Company. Accordingly, the transactions contemplated under the above agreements constitute connected transactions of the Company. Details of the above connected transactions were disclosed in the announcement of the Company dated 30 August 2012.

4. On 30 August 2012, 天津港遠航散貨碼頭有限公司 (Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd.*) ("Tianjin Port Yuanhang"), a subsidiary of the Company, entered into a management agreement with Tianjin Port Construction relating to the provision of management services by Tianjin Port Construction for the depot expansion project located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB4.07 million and shall be paid by instalments in accordance with the progress of the project.

   On 30 August 2012, Tianjin Port Yuanhang entered into a supervision agreement with Tianjin Port Project Consulting relating to the provision of supervisory services by Tianjin Port Project Consulting for the depot expansion project located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB6.55 million and shall be paid by instalments in accordance with the progress of the project.

   Tianjin Port Construction and Tianjin Port Project Consulting are subsidiaries of Tianjin Port Group, and are therefore connected persons of the Company. Accordingly, the transactions contemplated under the above agreements constitute connected transactions of the Company. Details of the above connected transactions were disclosed in the announcement of the Company dated 30 August 2012.

5. On 20 December 2012, 天津港環球滾裝碼頭有限公司 (TPG Global Ro-Ro Terminal Co., Ltd.*) ("TPG Global Ro-Ro"), a subsidiary of the Company, entered into an agreement with Tianjin Port E&M for the construction project of the commercial vehicle carport located at the TPG Global Ro-Ro Terminal at Beijiang Port Area of the port of Tianjin. The consideration was approximately RMB7.99 million and shall be paid by instalments in accordance with the progress of the construction of the project. Tianjin Port E&M is a wholly-owned subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 20 December 2012.

6. On 20 December 2012, Tianjin Port Yuanhang entered into an agreement with Tianjin Port E&M, pursuant to which Tianjin Port Yuanhang agreed to purchase and Tianjin Port E&M agreed to sell one set of 40t-45m portal crane. The consideration was approximately RMB15.48 million and shall be paid by instalments in accordance with the progress of the delivery and installation of the portal crane. The purpose of purchasing the portal crane is to increase the cargo handling capacity of the Group and improve the overall operating efficiency. Tianjin Port E&M is a wholly-owned subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction disclosed in the announcement of the Company dated 20 December 2012.

7. On 20 December 2012, 天津港中煤華能煤碼頭有限公司 (Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd.*) ("Tianjin Port China Coal Huaneng"), a subsidiary of the Company, entered into an agreement with Tianjin Port E&M, pursuant to which Tianjin Port China Coal Huaneng agreed to purchase and Tianjin Port E&M agreed to sell two sets of 40t-45m portal cranes. The consideration was approximately RMB29.00 million and shall be paid by instalments in accordance with the progress of the delivery and installation of the portal cranes. The purpose of purchasing the portal cranes is to increase the cargo handling capacity of the Group and improve the overall operating efficiency. Tianjin Port E&M is a wholly-owned subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 20 December 2012.

8. On 20 December 2012, 天津港第五港埠有限公司 (Tianjin Port No. 5 Stevedoring Co., Ltd.*) ("Fifth Company"), a subsidiary of the Company, entered into an agreement with Tianjin Port E&M, pursuant to which Fifth Company agreed to purchase and Tianjin Port E&M agreed to sell two sets of 25t-35m portal cranes. The consideration was approximately RMB20.88 million and shall be paid by instalments in accordance with the progress of the delivery and installation of the portal cranes. The purpose of purchasing the portal cranes is to increase the cargo handling capacity of the Group and improve the overall operating efficiency. Tianjin Port E&M is a wholly-owned subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 20 December 2012.

9. On 20 December 2012, Fourth Company entered into an agreement with Tianjin Port E&M, pursuant to which Fourth Company agreed to purchase and Tianjin Port E&M agreed to sell two sets of 25t-33m portal cranes. The consideration was approximately RMB19.86 million and shall be paid by instalments in accordance with the progress of the delivery and installation of the portal cranes. The purpose of purchasing the portal cranes is to increase the cargo handling capacity of the Group and improve the overall operating efficiency. Tianjin Port E&M is a wholly-owned subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 20 December 2012.

10. On 20 December 2012, 中國天津外輪代理有限公司(China Ocean Shipping Agency Company Tianjin Limited*) ("China Ocean Shipping Agency"), a subsidiary of the Company, as lender, entered into an entrustment loan agreement with 天津港財務有限公司(Tianjin Port Finance Co., Ltd.*) ("Tianjin Port Finance") as lending agent and 天津外代物流有限公司(Tianjin Shipping Agency Logistics Co., Ltd.*) ("Tianjin Shipping Agency Logistics"), a subsidiary of the Company, as borrower, pursuant to which an entrustment loan of a principal sum of RMB6.00 million was made to Tianjin Shipping Agency Logistics. The loan is interest bearing at 5.4% per annum and repayable in full on 19 December 2013. The grant of entrustment loan to Tianjin Shipping Agency Logistics can provide sufficient working capital for its operation and China Ocean Shipping Agency can earn a higher return from the entrustment loan than from bank deposits. Tianjin Shipping Agency Logistics is a 35% owned associate of Tianjin Port Group and Tianjin Port Finance is a 40.24% owned associate company of Tianjin Port Group. Therefore, Tianjin Shipping Agency Logistics and Tianjin Port Finance are connected persons of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 20 December 2012.

(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 47 to 53 in accordance with Rule 14A.38 of the Listing Rules.

Non-exempt Continuing Connected Transactions

A summary of the non-exempt continuing connected transactions for the year ended 31 December 2012 is set out as follows:

	Annual cap	Actual amount	
			equivalent to approximately
	RMB'000	RMB'000	HK$'000
Non-exempt continuing connected transactions with Tianjin Port Group and/or its associates			
Property lease framework agreement	163,000	88,057	108,232
Integrated services framework agreement	1,335,000	1,042,281	1,281,074
Procurement framework agreement	59,000	22,744	27,955
Sales framework agreement	221,000	161,051	197,949
Freight yard and warehousing lease framework agreement	18,000	8,307	10,211
Cargo reconfiguration and storage services framework agreement	54,000	31,146	38,282
Labour services framework agreement	19,000	17,249	21,201
Automobile storage services framework agreement	25,000	20,527	25,230
Financial services framework agreement			
– Maximum daily outstanding balance of the total deposits (including accrued interests) placed by the Group for the deposit services (category (1) of the financial services mentioned below)	2,200,000	2,181,716	2,690,488
Land lease agreements	42,432	42,432	52,154
Non-exempt continuing connected transactions with China Coal Energy Company Limited ("China Coal") and/or its associates			
China Coal cargo handling services framework agreement	71,000	46,820	57,547

Pursuant to Chapter 14A of the Listing Rules, details of the continuing connected transactions for the year ended 31 December 2012 required to be disclosed in the annual report are as follows:

1. On 9 November 2011, the Company entered into the following framework agreements with Tianjin Port Group, each for a term of three years from 1 January 2012 to 31 December 2014. Tianjin Port Group is a controlling shareholder of the Company, hence, Tianjin Port Group and/or its associates are connected persons of the Company. Accordingly, the transactions contemplated under the following agreements constitute continuing connected transactions of the Company.

Property lease framework agreement

Transactions involved:	Lease of various freight yards, warehouses, office buildings and facilities in the Tianjin Binhai New Area from Tianjin Port Group and/or its associates to the Group
Price determination:	Payments for the lease are determined with reference to market price and on terms comparable to those freight yards, warehouses, office buildings and facilities in the Tianjin Binhai New Area
Payment terms:	Payments are made by the Group to Tianjin Port Group and/or its associates on a quarterly or half-yearly basis

Integrated services framework agreement

Transactions involved:	Provision of utilities and supporting services by Tianjin Port Group and/or its associates to the Group
Price determination:	Prices in respect of the various services are determined in accordance with the following general pricing principles: (1) PRC State prescribed prices, which are prices set by or with reference to the relevant laws, regulations, determinations, orders and policies issued by the relevant departments of the PRC government (2) where there is no PRC State prescribed price, then according to the relevant market prices including local, national or international market prices or (3) where neither of the above is applicable, then on an arm's length basis through a tender procedure, and at prices that are in line with market rates and on terms that are no less favourable to the Group than those offered by the independent third party bidders
Payment terms:	Payments are made by the Group to Tianjin Port Group and/or its associates on a monthly basis

Procurement framework agreement

Transactions involved:	Purchase of products including port machinery, equipment and working tools by the Group from Tianjin Port Group and/or its associates

Price determination:	Prices in respect of the various products purchased are determined in accordance with the following general pricing principles: (1) PRC State prescribed prices, which are prices set by or with reference to the relevant laws, regulations, determinations, orders and policies issued by the relevant departments of the PRC government (2) where there is no PRC State prescribed price, then according to the relevant market prices including the local, national or international market prices or (3) where neither of the above is applicable, then on an arm's length basis through a tender procedure, and at prices that are in line with market rates and on terms that are no less favourable to the Group than those offered by independent third party bidders
Payment terms:	Payments are made by the Group to Tianjin Port Group and/or its associates on a monthly basis

Sales framework agreement

Transactions involved:	Sale of materials including spare parts, fuel and construction materials by the Group to Tianjin Port Group and/or its associates
Price determination:	Prices in respect of the various materials sold are determined in accordance with the following general pricing principles: (1) PRC State prescribed prices, which are prices set by or with reference to the relevant laws, regulations, determinations, orders and policies issued by the relevant departments of the PRC government (2) where there is no PRC State prescribed price, then according to the relevant market prices including the local, national or international market prices or (3) where neither of the above is applicable, then on an arm's length basis through a tender procedure, and at prices that are in line with market rates and on terms that are no less favourable to the Group than those with independent third party bidders
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly basis

Freight yard and warehousing lease framework agreement

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
Price determination:	Payments for the lease are determined with reference to market price and on terms comparable to those freight yards and warehouses in the Tianjin Binhai New Area
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a quarterly basis

Cargo reconfiguration and storage services framework agreement

Transactions involved:	Provision of cargo reconfiguration and storage services by the Group to Tianjin Port Group and/or its associates
Price determination:	Prices in respect of the services provided are determined with reference to (1) the actual volume of cargo stored; and (2) PRC State prescribed prices, which are prices set by or with reference to the relevant laws, regulations, determinations, orders and policies issued by the relevant departments of the PRC government
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly basis

Labour services framework agreement

Transactions involved:	Provision of labour of various positions to perform various services by the Group to Tianjin Port Group and/or its associates
Price determination:	Prices in respect of the services provided are determined with reference to factors such as PRC State prescribed prices, position and types of labour provided, market prices and standard wage rates (if any). Adjustment shall be made to the price if there are any changes in the PRC State prescribed prices
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly or quarterly basis

Automobile storage services framework agreement

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
Price determination:	Prices in respect of the services provided are determined with reference to (1) the actual storage space required; (2) the actual volume of automobiles stored; (3) the quality of the ancillary services; and (4) market price and terms comparable to those storage and related services and in accordance with the following general pricing principles: (1) PRC State prescribed prices, which are prices set by or with reference to the relevant laws, regulations, determinations, orders and policies issued by the relevant departments of the PRC government (2) where there is no PRC State prescribed price, then according to the relevant market prices including the local, national or international market prices or (3) where neither of the above is applicable, then on the basis of the contractual price, such "contractual price" is the sum of the actual cost incurred plus a reasonable profit to be made from the provision of the services
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly basis

2. On 9 November 2011, the Company entered into the following agreement with China Coal for a term of three years from 1 January 2012 to 31 December 2014. China Coal is a connected person of the Company by virtue of being a substantial shareholder of a subsidiary of the Group. Hence, China Coal and/or its associates are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the agreement constitute continuing connected transactions of the Company.

China Coal cargo handling services framework agreement

Transactions involved:	Provision of cargo handling services by the Group to China Coal and/or its associates
Price determination:	Prices in respect of the services provided are determined in accordance with PRC State prescribed prices, which are prices set by or with reference to the relevant laws, regulations, determinations, orders and policies issued by the relevant departments of the PRC government
Payment terms:	Payments are made by China Coal and/or its associates to the Group on a monthly basis

Details of the above non-exempt continuing connected transactions were disclosed in the announcement of the Company dated 9 November 2011 and the circular of the Company dated 24 November 2011.

3. On 18 October 2010, the Company entered into the following agreement with Tianjin Port Finance and Tianjin Port Group for a term from 18 October 2010 to 31 December 2012. Tianjin Port Finance is an associate of Tianjin Port Group. Hence, Tianjin Port Group and Tianjin Port Finance are connected persons of the Company. Accordingly, the transactions contemplated under the agreement constitute continuing connected transactions of the Company, of which deposit services (category (1) of the financial services mentioned below) constitute non-exempt continuing connected transactions of the Company.

Financial services framework agreement

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
Fees and charges:	Fees and charges payable by the Group to Tianjin Port Finance are on terms not less favourable than the benchmark rates set by the People’s Bank of China (if applicable) as well as those available from independent commercial banks in the PRC

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.

As the financial services framework agreement dated 18 October 2010 expired on 31 December 2012, the Company had on 26 September 2012 entered into a new financial services framework agreement for a term of three years from 1 January 2013 to 31 December 2015, with Tianjin Port Finance and Tianjin Port Group to continue the transactions. The new financial services framework agreement, the deposit services and the related proposed annual caps for the three years ending 31 December 2015 were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 19 December 2012. Further details of the transactions were set out in the announcement of the Company dated 26 September 2012 and the circular of the Company dated 27 November 2012.

4. Tianjin Port Co (a subsidiary of the Company) and/or its subsidiaries had entered into eight land lease agreements on various dates from April 2004 to July 2008 with Tianjin Port Group and/or its associates.

Land lease agreements

Transactions involved:	Long-term leases of various pieces of land in the port of Tianjin from Tianjin Port Group and/or its associates to the Group
Price determination:	Payments for the long-term land lease are determined with reference to (1) the transfer value of the land as appraised by an independent qualified property valuer in the PRC and approved by the relevant PRC government departments; (2) the yield for one-year PRC government bonds; (3) relevant PRC tax; and (4) the number of years of usage
Payment terms:	Payments are made by the Group to Tianjin Port Group and/or its associates on a quarterly basis

Historically, the Tianjin Port Authority, the business of which was subsequently reorganised into Tianjin Port Group, owned the land and operated the port business in the port of Tianjin. As such, Tianjin Port Group is the only owner and provider of land in the port of Tianjin. In addition, usage of land for port operations is of a long-term nature and can only be changed with significant investment. Therefore, the lease of land must be of a long duration in order to justify the investment made by the Group. The terms of 19 to 50 years under the land lease agreements are similar to those in comparable ports in the PRC.

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

Exempt Continuing Connected Transaction

During the year ended 31 December 2012, 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

Various fees, including but not limited to port construction fees and port management fees, are collected by the Group 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 2012, the fees collected by the Group on behalf of Tianjin Port Group amounted to RMB483,637,000 (equivalent to approximately HK$594,441,000).

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the significant related party transactions of the Group for the year ended 31 December 2012 are disclosed in Note 30 to the financial statements. A summary is set out as follows:

		Note	HK$'000
(1)	With Tianjin Port Group and its subsidiaries, associates and jointly controlled entities:	*1*	
	Sales of goods and services		217,504
	Purchases of goods and services		695,728
	Expenses for rental of land, property, plant and equipment		167,422
	Acquisition of property, plant and equipment		209,089
(2)	With associates of the Group:	*2*	
	Sales of goods and services		94,868
	Purchases of goods and services		740,136
	Expenses for rental of property, plant and equipment		17,941
	Income for rental of property, plant and equipment		31,783
	Interest Income		42,281
	Interest expenses		152,317
	Investments in associates		21,192
(3)	With jointly controlled entities of the Group:		
	Sales of goods and services	*2*	90,112
	Purchases of goods and services	*2*	137,386
	Interest Income		758
	Investment in a jointly controlled entity		44,025

Notes:

1. The transactions with Tianjin Port Group and/or its subsidiaries, associates and jointly controlled entities (meaning given to them under the applicable accounting standards) constituted connected transactions or continuing connected transactions of the Company.

2. Certain associates and jointly controlled entities (meaning given to them under the applicable accounting standards) of the Group are also the associates of Tianjin Port Group under the Listing Rules. The transactions with these associates and jointly controlled entities of the Group constituted connected transactions or continuing connected transactions of the Company.

In relation to the related party transactions which also constituted connected transactions or continuing connected transactions of the Company under the Listing Rules, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules, the details of which are required to be disclosed in the annual report and have been set out in the section headed “Connected Transactions” above.

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 directors 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 2012.

CORPORATE GOVERNANCE

Particulars of the Company’s corporate governance practices are set out in the Corporate Governance Report on pages 16 to 27.

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, 26 March 2013

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

Independent Auditor's Report

pwc 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 57 to 113, which comprise the consolidated and company balance sheets as at 31 December 2012, 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 2012, 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, 26 March 2013

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

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	3	**17,934,680**	16,547,695
Business tax and surcharge		**(290,265)**	(319,811)
Cost of sales		**(13,671,856)**	(12,704,778)
Gross profit		**3,972,559**	3,523,106
Other income and gains	4	**160,558**	353,881
Administrative expenses		**(1,938,460)**	(1,775,372)
Other operating expenses		**(17,052)**	(13,855)
		2,177,605	2,087,760
Finance costs	5	**(403,770)**	(380,573)
Share of results of associates	16	**229,436**	173,750
Share of results of jointly controlled entities	17	**89,235**	55,177
Profit before income tax	6	**2,092,506**	1,936,114
Income tax	8	**(375,548)**	(308,157)
Profit for the year		**1,716,958**	1,627,957
Attributable to:			
Equity holders of the Company		**705,794**	713,264
Non-controlling interests		**1,011,164**	914,693
		1,716,958	1,627,957
Dividends	10	**282,652**	285,115
Earnings per share	11		
Basic (HK cents)		**11.5**	11.6
Diluted (HK cents)		**11.5**	11.6

The notes on pages 64 to 113 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**1,716,958**	1,627,957
Other comprehensive income		
Fair value gain/(loss) on available-for-sale financial assets, net of tax	**44,347**	(105,093)
Currency translation differences	**86,052**	840,882
Other comprehensive income for the year, net of tax	**130,399**	735,789
Total comprehensive income for the year	**1,847,357**	2,363,746
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**757,894**	1,096,793
Non-controlling interests	**1,089,463**	1,266,953
	1,847,357	2,363,746

The notes on pages 64 to 113 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Land use rights	12	**5,109,441**	4,657,259
Property, plant and equipment	13	**17,079,593**	15,628,926
Intangible assets	14	**38,644**	32,667
Interests in associates	16	**2,367,092**	2,214,685
Interests in jointly controlled entities	17	**2,133,705**	2,178,853
Available-for-sale financial assets	18	**438,690**	359,233
Deferred income tax assets	19	**162,068**	121,034
		27,329,233	25,192,657
Current assets			
Inventories	20	**420,786**	474,194
Trade and other receivables	21	**3,904,937**	3,320,710
Restricted bank deposits	22	**321,840**	–
Cash and cash equivalents	22	**5,263,950**	4,575,156
		9,911,513	8,370,060
Total assets		**37,240,746**	33,562,717
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	**615,800**	615,800
Reserves	24	**5,355,847**	5,349,301
Retained earnings		**4,500,111**	4,030,926
		10,471,758	9,996,027
Non-controlling interests		**11,189,020**	10,011,663
Total equity		**21,660,778**	20,007,690

The notes on pages 64 to 113 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	25	**7,812,791**	6,204,755
Deferred income tax liabilities	19	**218,465**	172,072
Other long-term liabilities		**1,019**	1,014
		8,032,275	6,377,841
Current liabilities			
Trade and other payables	26	**4,708,965**	3,371,459
Current income tax liabilities		**89,484**	49,696
Borrowings	25	**2,749,244**	3,756,031
		7,547,693	7,177,186
Total liabilities		**15,579,968**	13,555,027
Total equity and liabilities		**37,240,746**	33,562,717
Net current assets		**2,363,820**	1,192,874
Total assets less current liabilities		**29,693,053**	26,385,531

YU Rumin
Director

LI Quanyong
Director

The notes on pages 64 to 113 are an integral part of these financial statements.

Balance Sheet

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	6,593	3,395
Interests in subsidiaries	15	18,164,524	18,115,569
Interests in jointly controlled entities	17	648,212	645,585
Available-for-sale financial assets	18	26,000	33,600
		18,845,329	18,798,149
Current assets			
Other receivables	21	37,909	1,948
Amounts due from subsidiaries	15	254,480	247,307
Cash and cash equivalents	22	99,437	12,137
		391,826	261,392
Total assets		19,237,155	19,059,541
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	615,800	615,800
Reserves	24	15,017,615	15,095,878
Retained earnings		194,963	358,999
		15,828,378	16,070,677
LIABILITIES			
Current liabilities			
Other payables	26	191,313	28,474
Current income tax liabilities		5,027	1,444
Amount due to a subsidiary	15	3,212,437	2,958,946
Total liabilities		3,408,777	2,988,864
Total equity and liabilities		19,237,155	19,059,541
Net current liabilities		(3,016,951)	(2,727,472)
Total assets less current liabilities		15,828,378	16,070,677

YU Rumin
Director

LI Quanyong
Director

The notes on pages 64 to 113 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	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 2011	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 contributions from non-controlling interests	–	–	–	–	62,589	62,589
Disposal of interests in subsidiaries with loss of control	–	(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
Total comprehensive income for the year	–	52,100	705,794	757,894	1,089,463	1,847,357
Transfers	–	88,817	(88,817)	–	–	–
Share-based compensation	–	2,840	–	2,840	–	2,840
Dividends paid	–	(137,323)	(147,792)	(285,115)	(344,059)	(629,174)
Capital contributions from non-controlling interests	–	–	–	–	439,214	439,214
Acquisition of additional interest in a subsidiary	–	112	–	112	(3,007)	(2,895)
Disposal of interests in subsidiaries with loss of control	–	–	–	–	(4,254)	(4,254)
Balance at 31 December 2012	615,800	5,355,847	4,500,111	10,471,758	11,189,020	21,660,778

The notes on pages 64 to 113 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	27	**2,552,007**	2,824,716
Interest received		**69,018**	60,989
PRC income tax paid		**(349,420)**	(281,549)
Net cash generated from operating activities		**2,271,605**	2,604,156
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,410,241)**	(626,683)
Purchases of land use rights		**(535,070)**	(133,551)
Purchases of intangible assets		**(9,285)**	(9,833)
Acquisition of additional interest in a subsidiary		**(2,895)**	–
Investments in associates		**(27,192)**	(283,145)
Acquisition of a jointly controlled entity		**–**	(414,892)
Investment in a jointly controlled entity		**(44,025)**	–
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		**6,744**	61,635
Proceeds from disposal of land use rights		**–**	1,358
Dividends received from associates		**98,971**	108,781
Dividends received from jointly controlled entities		**10,888**	19,717
Dividends received from available-for-sale financial assets		**9,050**	12,072
Net cash used in investing activities		**(1,903,055)**	(1,254,311)
Cash flows from financing activities			
Proceeds from borrowings		**7,844,512**	2,176,028
Repayments of borrowings		**(7,251,560)**	(2,540,509)
Interests paid		**(413,345)**	(377,922)
Dividends paid to equity holders of the Company		**(132,578)**	(325,241)
Dividends paid to non-controlling interests		**(208,826)**	(499,233)
Capital contributions from non-controlling interests		**439,214**	62,589
Net cash from/(used in) financing activities		**277,417**	(1,504,288)
Net increase/(decrease) in cash and cash equivalents		**645,967**	(154,443)
Cash and cash equivalents at 1 January		**4,575,156**	4,438,366
Effects of changes in exchange rates		**42,827**	291,233
Cash and cash equivalents at 31 December		**5,263,950**	4,575,156

The notes on pages 64 to 113 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2012

1. GENERAL INFORMATION

Tianjin Port Development Holdings Limited (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 Company and its subsidiaries (collectively the "Group") are principally engaged in the provision of containerised and non-containerised cargo handling services, sales and other port ancillary services at the port of Tianjin in the People's Republic of China (the "PRC").

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 the management to exercise its judgement in the process of applying the Group's accounting policies. The areas 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 amendments for the accounting period beginning 1 January 2012:

HKAS 12 (Amendment)	*Income Taxes – Deferred Tax: Recovery of Underlying Assets*
HKFRS 7 (Amendment)	*Financial Instruments: Disclosures – Transfers of Financial Assets*

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

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:

HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2009-2011 Cycle*[2]
HKAS 1 (Amendment)	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 (Amendment)	*Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HKFRS 7 (Amendment)	*Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 7 (Amendment) and HKFRS 9 (Amendment)	*Financial Instruments: Disclosures and Financial Instruments – Mandatory Effective Date of HKFRS 9 and Transition Disclosures*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10 (Amendment), HKFRS 11 (Amendment) and HKFRS 12 (Amendment)	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*[2]
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 27 (2011) (Amendment)	*Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]

[1] Effective for annual periods beginning on or after 1 July 2012

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 January 2014

[4] 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 losses (Note 2.8). 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.

(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 are recognised as expenses in the year in which they are incurred.

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

2.2 Consolidation *(continued)*

(a) Subsidiaries *(continued)*

(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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Changes in ownership interests without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, 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 losses (Note 2.8).

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.

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

2.2 Consolidation *(continued)*

(d) Associates *(continued)*

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.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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.

(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 losses (Note 2.8).

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 losses (Note 2.8). 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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 other comprehensive income.

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.

(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 in other comprehensive income.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses (Note 2.8). Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

2.9 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 the amounts that are settled or expected to be settled more 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', 'restricted bank deposits' 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.

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 considered as an indicator 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 bunker and other 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 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.

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, associates and jointly controlled entities, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 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. The contributions are recognised as employee benefit expenses when they are due.

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 (options) 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.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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

2.21 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.

2.22 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.

2.23 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.

2.24 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. 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 2012			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	7,097,251	8,941,376	3,190,529	19,229,156
Inter-segment revenue	–	(697,049)	(597,427)	(1,294,476)
Revenue from external customers	7,097,251	8,244,327	2,593,102	17,934,680
Segment results	3,322,388	15,211	925,225	4,262,824
Business tax and surcharge				(290,265)
Other income and gains				160,558
Administrative expenses				(1,938,460)
Other operating expenses				(17,052)
Finance costs				(403,770)
Share of results of associates				229,436
Share of results of jointly controlled entities				89,235
Profit before income tax				2,092,506
Other information:				
Depreciation and amortisation	849,356	20,402	154,242	1,024,000
Share of results of associates	90,004	3,119	25,253	118,376
Share of results of jointly controlled entities	86,191	7,780	(4,736)	89,235
Segment assets	25,056,037	2,985,296	7,676,698	35,718,031
Unallocated assets:				
– Deferred income tax assets				162,068
– Available-for-sale financial assets				438,690
– Interest in an associate				770,573
– Head office and corporate assets				151,384
Total assets				37,240,746
Total assets include:				
– Interests in associates	1,392,061	28,615	175,843	1,596,519
– Interests in jointly controlled entities	1,822,639	47,891	263,175	2,133,705
– Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,188,954	306,026	445,877	2,940,857

3. SEGMENT INFORMATION *(continued)*

	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. OTHER INCOME AND GAINS

	2012 HK$'000	2011 HK$'000
Exchange gain, net	27,154	185,825
Interest income		
– from deposits	69,018	60,989
– from loan to a jointly controlled entity	758	4,205
Dividend income from available-for-sale financial assets		
– listed investments	4,275	3,933
– unlisted investments	6,008	8,139
Government subsidies	39,577	53,040
Gain on disposal of property, plant and equipment	–	33,895
Others	13,768	3,855
	160,558	353,881

5. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest expenses on borrowings	410,550	380,573
Less: Amount capitalised in construction in progress	(6,780)	–
	403,770	380,573

6. EXPENSES BY NATURE

	2012 HK$'000	2011 HK$'000
Costs of goods sold	8,145,871	7,731,322
Employee benefit expenses, including directors' emoluments *(Note 7)*	2,756,772	2,443,240
Depreciation of property, plant and equipment *(Note 13)*	898,096	859,093
Amortisation of land use rights *(Note 12)*	117,406	109,529
Amortisation of intangible assets *(Note 14)*	10,001	8,536
Operating lease rental	322,374	292,323
Provision for impairment of trade receivables *(Note 21)*	11,452	8,383
Auditor's remuneration	2,200	2,200

7. EMPLOYEE BENEFIT EXPENSES

	2012	2011
	HK$'000	HK$'000
Wages and salaries, social security costs and other benefits	2,442,798	2,155,824
Share-based payments	2,840	1,660
Employer's contribution to pension schemes	311,134	285,756
	2,756,772	2,443,240

(a) Directors' emoluments

	For the year ended 31 December 2012				
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	1,962	477	922	119	3,480
Mr. Tian Changsong	1,927	416	912	117	3,372
Mr. Li Quanyong	1,892	463	867	114	3,336
Mr. Wang Rui *(Note i)*	1,821	373	776	108	3,078
Mr. Dai Yan	486	205	192	28	911
Independent non-executive directors					
Prof. Japhet Sebastian Law	386	227	–	–	613
Dr. Cheng Chi Pang, Leslie	386	227	–	–	613
Mr. Zhang Weidong *(Note ii)*	197	300	–	–	497
Mr. Kwan Hung Sang, Francis *(Note iii)*	7	–	–	–	7
	9,064	2,688	3,669	486	15,907

7. EMPLOYEE BENEFIT EXPENSES *(continued)*

(a) Directors' emoluments *(continued)*

	For the year ended 31 December 2011				
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	1,774	44	558	113	2,489
Mr. Tian Changsong	1,742	5	552	111	2,410
Mr. Li Quanyong	1,710	66	525	108	2,409
Mr. Wang Rui *(Note i)*	1,257	793	472	62	2,584
Mr. Dai Yan	439	–	124	27	590
Mr. Zhang Jinming *(Note iv)*	384	15	84	41	524
Independent non-executive directors					
Prof. Japhet Sebastian Law	348	104	–	–	452
Dr. Cheng Chi Pang, Leslie	348	104	–	–	452
Mr. Kwan Hung Sang, Francis *(Note iii)*	348	104	–	–	452
	8,350	1,235	2,315	462	12,362

Notes:

i. Appointed on 28 March 2011.

ii. Appointed on 28 June 2012.

iii. Resigned on 5 April 2012.

iv. Resigned on 28 March 2011.

Mr. Li Quanyong is also the Managing Director of the Company and his emoluments disclosed above include those for services rendered by him as the Managing Director.

7. EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2011: four) directors whose emoluments are reflected in the analysis presented above. The emoluments in respect of the remaining one (2011: one) individual are as follows:

	2012 **HK$'000**	2011 HK$'000
Salaries, share-based payments and other benefits	**1,416**	1,510
Discretionary bonus	**597**	320
Employer's contribution to pension schemes	**80**	41
	2,093	1,871

	2012 **Number of individual**	2011 Number of individual
The emoluments fell within the following band:		
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	–
	1	1

8. INCOME TAX

	2012 **HK$'000**	2011 HK$'000
PRC income tax		
– Current	**387,722**	286,541
– Deferred	**(12,174)**	21,616
	375,548	308,157

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits arising in or derived from Hong Kong for the year (2011: 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 is gradually increased to 25% in a 5-year period from 2008 to 2012 and the applicable tax rate for the year is 25% (2011: 24%). Certain subsidiaries are entitled to exemption or a 50% relief rate of 12.5% (2011: 12%).

8. 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:

	2012 HK$'000	2011 HK$'000
Profit before income tax	2,092,506	1,936,114
Less: Share of results of associates and jointly controlled entities	(318,671)	(228,927)
	1,773,835	1,707,187
Calculated at weighted average income tax rate	460,349	428,977
Income not subject to income tax	(4,793)	(24,264)
Expenses not deductible for tax purposes	26,453	30,605
Tax losses for which no deferred income tax asset was recognised	7,619	7,235
Withholding tax on undistributed profits of PRC subsidiaries and jointly controlled entities	28,234	28,490
Utilisation of previously unrecognised tax losses	(2,541)	(1,293)
Tax exemptions and concessions	(139,773)	(161,593)
Income tax	375,548	308,157

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$16,244,000 (2011: profit of HK$93,262,000).

10. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Paid interim dividend: HK2.40 cents (2011: HK2.40 cents) per ordinary share	147,792	147,792
Proposed final dividend: HK2.19 cents (2011: HK2.23 cents) per ordinary share	134,860	137,323
	282,652	285,115

The board of directors proposed a final dividend of HK2.19 cents per ordinary share for the year ended 31 December 2012 (2011: HK2.23 cents). These financial statements do not reflect this dividend payable.

11. EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000
Earnings		
Profit attributable to equity holders of the Company for the purposes of calculating basic and diluted earnings per share	705,794	713,264

	2012	2011
Number of shares (thousands)		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	6,158,000	6,158,000
Effect of dilutive potential ordinary shares:		
– Share options	64	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	6,158,064	6,158,000

For the year ended 31 December 2012, the computation of diluted earnings per share only assumes the exercise of the Company's outstanding share options which were granted during the year as the exercise prices of the share options granted in prior years were higher than the average market price of the Company's shares.

For the year ended 31 December 2011, the exercise of share options would have no material dilutive effect to earnings per share as the exercise prices of share options were higher than the average market price of the Company's shares.

12. LAND USE RIGHTS

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

	2012 HK$'000	2011 HK$'000
Group		
At 1 January	4,657,259	4,436,395
Exchange differences	18,562	198,086
Additions	–	15,685
Disposals	–	(1,244)
Transfers	551,026	117,866
Amortisation for the year	(117,406)	(109,529)
Net book values		
At 31 December	5,109,441	4,657,259

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

The Group is in the process of applying the title documents of certain land use rights with carrying value of approximately RMB450 million (2011: nil). 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 land and the related assets.

13. 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 2011	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
Exchange differences	23,301	28,549	35,893	1,449	1,769	1,112	92,073
Additions	–	–	–	639	–	2,853,636	2,854,275
Disposals	(624)	–	(58,520)	(11,752)	(28,155)	–	(99,051)
Transfers to construction in progress	–	–	(13,466)	–	–	2,068	(11,398)
Transfers	616,739	307,549	253,060	5,765	23,202	(1,757,585)	(551,270)
At 31 December 2012	6,365,185	7,351,421	9,036,940	352,326	431,525	1,372,416	24,909,813
Accumulated depreciation							
At 1 January 2011	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
Exchange differences	6,436	4,315	18,747	949	1,015	–	31,462
Charge for the year	185,927	158,165	491,517	28,973	33,514	–	898,096
Disposals	(184)	–	(47,825)	(10,648)	(25,541)	–	(84,198)
Transfers to construction in progress	–	–	(11,398)	–	–	–	(11,398)
Transfers	–	–	19,700	(21,418)	1,718	–	–
At 31 December 2012	1,621,235	1,093,623	4,675,227	207,321	232,814	–	7,830,220
Net book values							
At 31 December 2011	4,296,713	6,084,180	4,615,487	146,760	212,601	273,185	15,628,926
At 31 December 2012	4,743,950	6,257,798	4,361,713	145,005	198,711	1,372,416	17,079,593

The Group is in the process of applying the title documents of certain buildings with carrying value of approximately RMB184 million (2011: RMB239 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.

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

	Land and buildings in the PRC HK$'000	Leasehold improvements, furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Company				
Cost				
At 1 January 2011	–	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
Exchange differences	–	17	9	26
Additions	4,623	599	698	5,920
Disposals	–	(70)	–	(70)
At 31 December 2012	4,623	4,805	2,850	12,278
Accumulated depreciation				
At 1 January 2011	–	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
Exchange differences	2	9	11	22
Charge for the year	527	1,449	743	2,719
Disposals	–	(63)	–	(63)
At 31 December 2012	529	2,435	2,721	5,685
Net book values				
At 31 December 2011	–	3,219	176	3,395
At 31 December 2012	4,094	2,370	129	6,593

14. INTANGIBLE ASSETS

Computer software

	2012 HK$'000	2011 HK$'000
Group		
Cost		
At 1 January	**75,152**	62,913
Exchange differences	**306**	2,837
Additions	**15,635**	10,063
Disposals	**–**	(661)
Transfers	**244**	–
At 31 December	**91,337**	75,152
Accumulated amortisation		
At 1 January	**42,485**	32,715
Exchange differences	**207**	1,622
Charge for the year	**10,001**	8,536
Disposals	**–**	(388)
At 31 December	**52,693**	42,485
Net book values		
At 31 December	**38,644**	32,667

15. SUBSIDIARIES

	2012 HK$'000	2011 HK$'000
Company		
Non-current assets		
Unlisted shares, at cost	**1,965,209**	1,957,243
Amounts due from subsidiaries	**16,199,315**	16,158,326
	18,164,524	18,115,569
Current assets		
Amounts due from subsidiaries	**254,480**	247,307
Current liabilities		
Amount due to a subsidiary	**(3,212,437)**	(2,958,946)

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).

16. INTERESTS IN ASSOCIATES

	2012 HK$'000	2011 HK$'000
Group		
Share of net assets	**2,367,092**	2,214,685

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

	2012 HK$'000	2011 HK$'000
Total assets	**8,728,040**	7,898,403
Total liabilities	**(6,360,948)**	(5,683,718)
Net assets	**2,367,092**	2,214,685
Revenue	**1,258,704**	1,327,212
Share of results	**229,436**	173,750

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

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2012 HK$'000	2011 HK$'000
Group		
Non-current assets		
Share of net assets	**2,133,705**	2,037,274
Loan to a jointly controlled entity *(Note)*	**–**	141,579
	2,133,705	2,178,853
Current assets		
Loan to a jointly controlled entity *(Note)*	**141,040**	–

Note: The loan is unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2013. The loan is therefore shown as current and included in trade and other receivables as at 31 December 2012 (Note 21). The Group has waived the interest income from the jointly controlled entity for the year ended 31 December 2012.

17. 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:

	2012 HK$'000	2011 HK$'000
Assets		
Non-current assets	3,812,403	3,908,910
Current assets	255,767	219,228
	4,068,170	4,128,138
Liabilities		
Non-current liabilities	(1,262,349)	(1,501,655)
Current liabilities	(672,116)	(589,209)
	(1,934,465)	(2,090,864)
Net assets	2,133,705	2,037,274
Revenue	945,269	799,529
Expenses	(856,034)	(744,352)
Share of results	89,235	55,177

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 (2011: nil).

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

	2012 HK$'000	2011 HK$'000
Company		
Unlisted investments, at cost	648,212	645,585

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Available-for-sale financial assets comprise:				
Equity securities listed in the PRC *(Note i)*	**290,420**	220,032	**–**	–
Equity securities listed in Hong Kong *(Note i)*	**26,000**	33,600	**26,000**	33,600
Unlisted equity investments *(Note ii)*	**122,270**	105,601	**–**	–
	438,690	359,233	**26,000**	33,600

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.

19. 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	**Tax losses**	**Provision, impairment losses and others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Group				
At 1 January 2011	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
Exchange differences	179	391	56	626
(Charged)/credited to consolidated income statement	(6,382)	43,930	2,860	40,408
At 31 December 2012	43,034	104,574	14,460	162,068

The Group had unused tax losses of approximately HK$120 million (2011: HK$127 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$41 million will expire from 2014 to 2017 (2011: HK$50 million will expire from 2013 to 2016). Other losses are carried forward indefinitely.

19. 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	Withholding tax on undistributed profits	Total
	HK$'000	HK$'000	HK$'000
Group			
At 1 January 2011	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
Exchange differences	275	568	843
Charged to consolidated income statement	–	28,234	28,234
Charged to other comprehensive income	17,316	–	17,316
At 31 December 2012	70,977	147,488	218,465

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.

20. INVENTORIES

	2012 HK$'000	2011 HK$'000
Group		
Bunker and other fuel oil	**336,385**	403,416
Consumable materials and others	**84,401**	70,778
	420,786	474,194

The costs of inventories recognised as expense and included in costs of sales were HK$8,906,044,000 (2011: HK$8,515,663,000), of which costs of goods sold amounted to HK$8,145,871,000 (2011: HK$7,731,322,000).

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Trade receivables	**2,598,859**	2,436,708	**–**	–
Less: Provision for impairment	**(46,098)**	(34,467)	**–**	–
	2,552,761	2,402,241	**–**	–
Bank notes receivables	**488,045**	725,537	**–**	–
Trade and bank notes receivables, net	**3,040,806**	3,127,778	**–**	–
Other receivables	**183,353**	103,789	**37,909**	1,948
Prepayments	**518,452**	67,776	**–**	–
Loan to a jointly controlled entity (Note 17)	**141,040**	–	**–**	–
Amount due from a jointly controlled entity	**21,286**	21,367	**–**	–
	3,904,937	3,320,710	**37,909**	1,948

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.

21. 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:

	2012 HK$'000	2011 HK$'000
0 – 90 days	2,646,210	2,693,212
91 – 180 days	130,239	191,395
Over 180 days	264,357	243,171
	3,040,806	3,127,778

As at 31 December 2012, trade receivables of HK$216,791,000 (2011: HK$30,906,000) 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:

	2012 HK$'000	2011 HK$'000
91 – 180 days	338	250
Over 180 days	216,453	30,656
	216,791	30,906

Trade receivables of HK$46,098,000 (2011: HK$34,467,000), which aged over 180 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$46,098,000 (2011: HK$34,467,000) was made. Movements on the provision for impairment of the Group's trade receivables are as follows:

	2012 HK$'000	2011 HK$'000
At 1 January	34,467	24,822
Exchange differences	179	1,262
Provision for impairment of receivables	11,452	8,383
At 31 December	46,098	34,467

22. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Total bank deposits and cash and cash equivalents *(Note 30(b)(2))*	**5,585,790**	4,575,156	**99,437**	12,137
Less: Restricted bank deposits *(Note)*	**(321,840)**	–	**–**	–
Cash and cash equivalents	**5,263,950**	4,575,156	**99,437**	12,137

Note: Restricted bank deposits represented the guarantee deposits for the bank notes payables.

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**5,105,256**	4,062,212	**39,299**	–
US dollars	**417,790**	500,720	**–**	–
HK dollars	**60,215**	12,224	**60,138**	12,137
Others	**2,529**	–	**–**	–
	5,585,790	4,575,156	**99,437**	12,137

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.

23. SHARE CAPITAL

	2012 Number of shares	2012 HK$	2011 Number of shares	2011 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 31 December	**6,158,000,000**	**615,800,000**	6,158,000,000	615,800,000

Share option

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

Under the Share Option Scheme, the directors of the Company may, at their discretion, grant to any eligible person as defined under the Share Option 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 "Listing Rules"). The maximum number of shares issuable upon the exercise of all outstanding options to be granted under the Share Option 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 Share Option 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:

	2012 Average exercise price HK$	2012 Number of share options '000	2011 Average exercise price HK$	2011 Number of share options '000
At 1 January	**2.56**	**12,300**	2.63	16,500
Granted	**0.90**	**7,500**	1.87	1,700
Lapsed	**4.24**	**(300)**	2.55	(5,900)
At 31 December	**1.89**	**19,500**	2.56	12,300
Exercisable at 31 December		**19,500**		12,300

23. SHARE CAPITAL *(continued)*

Share option *(continued)*

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

	2012		2011	
	Remaining contractual life No. of years	Number of share options '000	Remaining contractual life No. of years	Number of share options '000
Exercise price				
HK$2.74	4.10	1,900	5.10	1,900
HK$4.24	5.07	1,000	6.07	1,300
HK$3.036	6.67	1,100	7.67	1,100
HK$2.34	7.28	5,300	8.28	5,300
HK$1.846	7.80	1,000	8.80	1,000
HK$1.904	8.25	1,000	9.25	1,000
HK$1.828	8.33	700	9.33	700
HK$0.896	9.50	7,500		–
At 31 December		19,500		12,300

(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	28 June 2012	29 April 2011	28 March 2011
Exercise price	HK$0.896	HK$1.828	HK$1.904
Expected volatility	59%	61%	62%
Expected option life	5.1 & 7.3 years	5.1 years	4.3 years
Risk free interest rate	0.98%	2.56%	2.73%
Annual dividend yield	1.96%	1.20%	1.20%
Fair value	HK$0.37 & HK$0.43	HK$0.80	HK$0.79

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.

24. 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 2011	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 with loss of control	–	–	–	–	–	–	(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
Total comprehensive income for the year	–	–	10,107	–	41,993	–	–	52,100
Transfers	–	–	–	–	–	88,817	–	88,817
Share-based compensation	–	–	–	2,840	–	–	–	2,840
Dividend paid	(137,323)	–	–	–	–	–	–	(137,323)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	112	112
Balance at 31 December 2012	11,855,121	(9,111,447)	77,227	21,732	1,326,362	907,954	278,898	5,355,847

	Share premium HK$'000 (Note i)	Capital reserve HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
Company						
Balance at 1 January 2011	12,111,909	1,450,909	21,600	17,232	915,876	14,517,526
Currency translation 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
Currency translation differences	–	–	–	–	63,820	63,820
Fair value loss on available-for-sale financial assets	–	–	(7,600)	–	–	(7,600)
Share-based compensation	–	–	–	2,840	–	2,840
Dividend paid	(137,323)	–	–	–	–	(137,323)
Balance at 31 December 2012	11,855,121	1,450,909	11,200	21,732	1,678,653	15,017,615

24. RESERVES *(continued)*

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. BORROWINGS

Details of the Group's borrowings are as follows:

		2012 HK$'000	2011 HK$'000
(a)	**Unsecured borrowings** *(Note 30(b))*:		
	Non-current		
	Long-term borrowings	**7,812,791**	6,204,755
	Current		
	Short-term borrowings	**2,140,676**	1,644,972
	Current portion of long-term borrowings	**608,568**	2,111,059
		2,749,244	3,756,031
		10,562,035	9,960,786
(b)	**Repayable:**		
	Within 1 year	**2,749,244**	3,756,031
	Between 1 and 2 years	**288,054**	3,506,612
	Between 2 and 5 years	**5,124,540**	1,340,368
	Over 5 years	**2,400,197**	1,357,775
		10,562,035	9,960,786
(c)	**Carrying amounts are denominated in the following currencies:**		
	Renminbi	**6,406,689**	5,932,192
	HK dollars	**3,328,847**	3,026,726
	US dollars	**826,499**	1,001,868
		10,562,035	9,960,786
(d)	**Effective interest rates per annum at 31 December:**		
	Renminbi	**4.0% – 6.6%**	4.0% – 6.3%
	HK dollars	**1.8% – 3.2%**	0.8% – 1.9%
	US dollars	**0.9% – 1.8%**	0.8% – 1.8%

The carrying amounts of borrowings approximate their fair values.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	2,004,181	2,231,879	–	–
Bank notes payables	826,719	173,967	–	–
Trade and bank notes payables	2,830,900	2,405,846	–	–
Deposits from customers	840,202	538,416	–	–
Dividend payable to				
– equity holders of the Company	152,537	–	152,537	–
– non-controlling interests	170,604	35,061	–	–
Other non-trade payables	714,722	392,136	38,776	28,474
	4,708,965	3,371,459	191,313	28,474

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:

	2012	2011
	HK$'000	HK$'000
0 – 90 days	2,487,244	2,090,175
91 – 180 days	238,633	175,238
181 – 365 days	21,026	72,171
Over 365 days	83,997	68,262
	2,830,900	2,405,846

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations

	2012 HK$'000	2011 HK$'000
Profit before income tax	**2,092,506**	1,936,114
Adjustments for:		
– Interest income	**(69,776)**	(65,194)
– Finance costs	**403,770**	380,573
– Share of results of associates	**(229,436)**	(173,750)
– Share of results of jointly controlled entities	**(89,235)**	(55,177)
– Dividend income from available-for-sale financial assets	**(10,283)**	(12,072)
– Loss/(gain) on disposal of property, plant and equipment	**2,439**	(33,895)
– Loss on disposal of intangible assets	**–**	268
– Loss on disposal of available-for-sale financial assets	**–**	1,293
– Depreciation of property, plant and equipment	**898,096**	859,093
– Amortisation of land use rights	**117,406**	109,529
– Amortisation of intangible assets	**10,001**	8,536
– Provision for impairment of trade receivables	**11,452**	8,383
– Share-based payments	**2,840**	1,660
– Exchange differences	**(27,154)**	(185,825)
Changes in working capital:		
– Inventories	**53,408**	87,321
– Trade and other receivables	**(416,768)**	(30,097)
– Restricted bank deposits	**(321,840)**	–
– Trade and other payables	**124,581**	(12,044)
Cash generated from operations	**2,552,007**	2,824,716

28. COMMITMENTS

(a) Capital commitments

	2012 HK$'000	2011 HK$'000
Group		
Contracted but not provided for		
– Property, plant and equipment	2,413,581	290,572
– Formation of a subsidiary	–	187,915
	2,413,581	478,487
Authorised but not contracted for		
– Property, plant and equipment	3,715,166	1,419,979
– Formation of a subsidiary	–	93,957
	3,715,166	1,513,936

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

On 18 August 2008, the board of directors of Tianjin Port Holdings Co., Ltd. ("Tianjin Port Co") 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 2012, the formation of the joint venture and the preparatory work of the construction project are in progress.

(b) Operating lease commitments

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

	Group		Company	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Not later than one year	120,597	105,942	4,008	4,008
Later than one year and not later than five years	235,268	229,353	2,738	6,746
Later than five years	633,546	679,221	–	–
	989,411	1,014,516	6,746	10,754

29. FINANCIAL GUARANTEE

The Company has given guarantees of HK$3,550,000,000 (2011: HK$3,150,000,000) for one of its wholly-owned subsidiaries in respect of its banking facilities. As at 31 December 2012, HK$3,400,000,000 of the banking facilities has been utilised (2011: HK$3,080,000,000).

30. 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

	2012 HK$'000	2011 HK$'000
(1) With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and jointly controlled entities		
Sales of goods and services	**217,504**	103,766
Purchases of goods and services	**695,728**	523,411
Expenses for rental of land, property, plant and equipment	**167,422**	167,854
Sales of property, plant and equipment	**–**	11,054
Acquisition of property, plant and equipment	**209,089**	56,334
Acquisition of a jointly controlled entity	**–**	414,892
(2) With associates:		
Sales of goods and services	**94,868**	94,396
Purchases of goods and services	**740,136**	585,439
Expenses for rental of property, plant and equipment	**17,941**	20,947
Income for rental of property, plant and equipment	**31,783**	27,210
Interest income	**42,281**	14,836
Interest expenses	**152,317**	109,477
Investments in associates	**27,192**	283,145
(3) With jointly controlled entities:		
Sales of goods and services	**90,112**	103,958
Purchases of goods and services	**137,386**	143,268
Interest income	**758**	4,205
Investment in a jointly controlled entity	**44,025**	–

30. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties of the Group

	2012 HK$'000	2011 HK$'000
(1) With Tianjin Port Group and its subsidiaries, associates and jointly controlled entities		
Trade and other receivables *(Note i)*	37,741	52,704
Trade and other payables *(Note i)*	275,753	67,368
(2) With associates:		
Trade and other receivables *(Note i)*	12,198	16,153
Trade and other payables *(Note i)*	46,935	13,525
Deposits *(Note ii)*	2,442,976	2,226,846
Borrowings *(Note iii)*	2,423,832	2,200,319
(3) With jointly controlled entities:		
Trade and other receivables *(Note i)*	29,744	37,267
Trade and other payables *(Note i)*	472	8,855
Loan to a jointly controlled entity *(Note 17)*	141,040	141,579
Borrowings *(Note iv)*	12,332	6,141

Notes:

i. Trade and other receivables from and trade and other payables to related parties are unsecured, interest free and due within 1 year.

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

iii. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 5.04% to 5.99% per annum. The borrowings with aggregate principal amount of HK$2,105,667,000 are repayable within 5 years and the remaining HK$318,165,000 are repayable over 5 years.

iv. Borrowings from Vopak Nanjiang Petrochemical Terminal Tianjin Company Limited are unsecured, bear interests at prevailing market rates and are repayable within 1 year.

30. 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 notes (a) and (b) above.

In addition to those disclosed above, as at 31 December 2012, 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 7.

31. EVENTS AFTER BALANCE SHEET DATE

The National Association of Financial Market Institutional Investors has approved the registration of Tianjin Port Co, a subsidiary of the Company, to issue the medium-term notes in an aggregate principal amount up to RMB2 billion in tranches during the period of validity of registration. On 29 January 2013, Tianjin Port Co has issued medium-term notes in an aggregate principal amount of RMB1 billion in two tranches for a term of 5 years and repayable on 31 January 2018. The medium-term notes bear fixed interest rate at 4.98% per annum commencing on 31 January 2013.

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The 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 2012, 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 2012, 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$176 million (2011: HK$164 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 2012, 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$45 million (2011: HK$40 million) lower/higher, mainly as a result of higher/lower interest expenses 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 2012, 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$32 million (2011: HK$25 million) as a result of changes in fair value of 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 bank 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 HK$'000	**Between 1 and 2 years** HK$'000	**Between 2 and 5 years** HK$'000	**Over 5 years** HK$'000
Group				
At 31 December 2012				
Trade and other payables	**4,708,965**	**–**	**–**	**–**
Borrowings	**3,162,509**	**604,961**	**5,683,069**	**2,613,662**
	7,871,474	**604,961**	**5,683,069**	**2,613,662**
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

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 2012 was 48.8% (2011: 49.8%).

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 2012, 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 2012, 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 2012, 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$115,110,000	51	Non-containerised cargo handling and ancillary services
Tianjin Port Yuanhang International Ore Terminal Co., Ltd.**	RMB1,046,500,000	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.**	RMB149,000,000	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 2012, all of which are unlisted, established and operating in the PRC:

Name	Registered capital	Interest held (%)	Principal activities
Tianjin Port Finance Co., Ltd.	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 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

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

(c) Jointly controlled entities

The following are principal jointly controlled entities at 31 December 2012, 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.	RMB370,000,000	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
Vopak Nanjiang Petrochemical Terminal Tianjin Company Limited	US$8,460,000	50	Warehousing, logistics and ancillary services
Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	RMB482,660,000	50	Non-containerised cargo handling 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

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 26 March 2013.

Five Years Summary

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000 *(Note)*	HK$'000	HK$'000	**HK$'000**
Revenue	1,258,991	12,507,534	15,052,720	16,547,695	**17,934,680**
Business tax and surcharge	(38,415)	(236,578)	(267,696)	(319,811)	**(290,265)**
Cost of sales	(689,691)	(9,434,508)	(11,576,885)	(12,704,778)	**(13,671,856)**
Gross profit	530,885	2,836,448	3,208,139	3,523,106	**3,972,559**
Other income and gains	57,956	129,515	204,618	353,881	**160,558**
Administrative expenses	(363,600)	(1,602,132)	(1,568,180)	(1,775,372)	**(1,938,460)**
Other operating expenses	(2,675)	(2,084)	(9,142)	(13,855)	**(17,052)**
	222,566	1,361,747	1,835,435	2,087,760	**2,177,605**
Provision for impairment losses on available-for-sale financial assets	(25,253)	–	–	–	**–**
Finance costs	(26,529)	(315,878)	(367,464)	(380,573)	**(403,770)**
Share of results of associates	1,495	78,616	118,593	173,750	**229,436**
Share of results of jointly controlled entities	8,755	16,678	(4,315)	55,177	**89,235**
Profit before income tax	181,034	1,141,163	1,582,249	1,936,114	**2,092,506**
Income tax	(50,414)	(229,388)	(283,672)	(308,157)	**(375,548)**
Profit for the year	130,620	911,775	1,298,577	1,627,957	**1,716,958**
Attributable to:					
Equity holders of the Company	130,289	370,383	570,586	713,264	**705,794**
Non-controlling interests	331	541,392	727,991	914,693	**1,011,164**
	130,620	911,775	1,298,577	1,627,957	**1,716,958**

CONSOLIDATED BALANCE SHEET

	As at 31 December				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
		(Note)			
Land use rights	792,437	4,312,788	4,436,395	4,657,259	**5,109,441**
Property, plant and equipment	1,842,794	14,800,738	14,949,153	15,628,926	**17,079,593**
Intangible assets	–	23,230	30,198	32,667	**38,644**
Interests in associates	28,513	1,680,024	1,797,348	2,214,685	**2,367,092**
Interests in jointly controlled entities	1,430,037	1,630,301	1,660,189	2,178,853	**2,133,705**
Available-for-sale financial assets	20,873	450,051	483,050	359,233	**438,690**
Deferred income tax assets	9,410	106,682	109,123	121,034	**162,068**
Net current assets	635,037	1,317,708	2,917,748	1,192,874	**2,363,820**
Employment of capital	4,759,101	24,321,522	26,383,204	26,385,531	**29,693,053**
Share capital	178,710	178,710	615,800	615,800	**615,800**
Reserves	2,679,812	6,471,687	4,998,668	5,349,301	**5,355,847**
Retained earnings	755,896	3,162,309	3,550,425	4,030,926	**4,500,111**
Shareholders' funds	3,614,418	9,812,706	9,164,893	9,996,027	**10,471,758**
Non-controlling interests	4,433	8,381,136	9,044,911	10,011,663	**11,189,020**
Long term liabilities	1,140,250	6,127,680	8,173,400	6,377,841	**8,032,275**
Capital employed	4,759,101	24,321,522	26,383,204	26,385,531	**29,693,053**

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 is 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

Prof. Japhet Sebastian LAW*+
Dr. CHENG Chi Pang, Leslie*△
Mr. ZHANG Weidong*+△

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
Bank of Communications Co., Ltd.
DBS Bank Ltd.
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR

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+ Members of Remuneration Committee, Prof. Law is the chairman of the committee
* Members of Audit Committee, Dr. Cheng is the chairman of the committee
△ Members of Nomination Committee, Mr. Zhang is the chairman of the committee

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