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

ANNUAL REPORT 2015

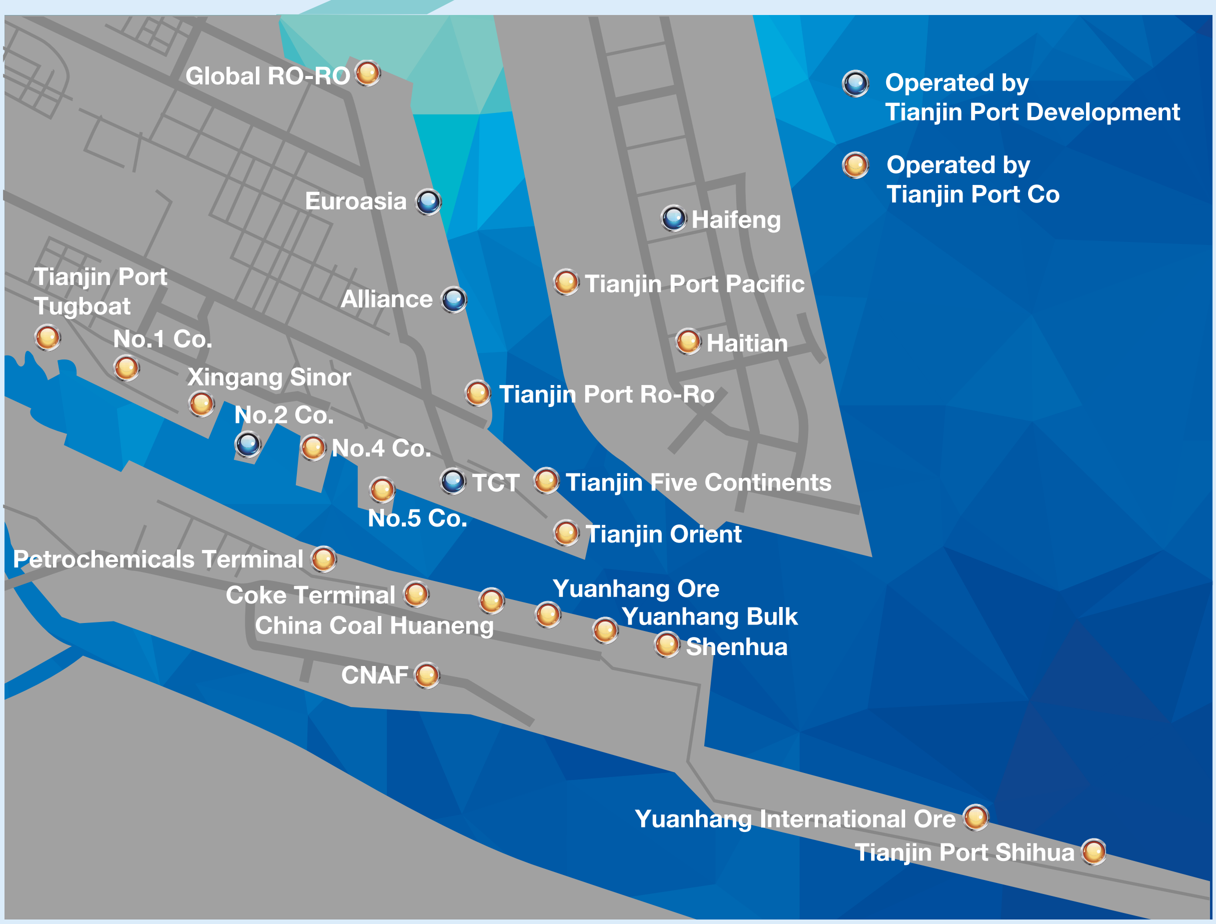
CORPORATE PROFILE

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 referred to as the "Group"), first operated as a non-containerised cargo terminal at the port of Tianjin in 1968 and subsequently expanded into 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"). 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 Group has advanced container terminals, specialised terminals in handling of coke, coal, ore, Ro-Ro, and a 300,000-tonne crude oil terminal. At the end of 2015, the Group had 70 berths for cargo handling, comprising 23 container berths and 47 non-containerised cargo berths.

The port of Tianjin, located at the juncture of the Beijing-Tianjin city belt and the economic circle of the Bohai Rim Region, is the largest comprehensive port and an important foreign trade port in North China, serving 14 provinces, cities and autonomous regions and a hub connecting Northeast Asia with Midwest Asia. It is one of the coastal ports with the most complete functions in China. In 2015, 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.



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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 annual handling 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 approximately HK$1.26 billion.
- Establishment of Euroasia with COSCO and APMT, a container terminal with quay length of 1,100 meters and designed annual handling capacity of 1.8 million TEUs.

2007

- Establishment of Haifeng, the first logistics warehousing company in Dongjiang Bonded Free Port with a gross floor area of approximately 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 annual handling 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 total container throughput of over 10 million TEUs in 2010.

2011

- Completion of acquisition of 50% equity interest in Tianjin Port Shihua, a 300,000-tonne crude oil terminal with quay length of 468 meters and designed annual handling capacity of 20 million tonnes.

2014

- Official opening of the 300,000-tonne specialised ore terminal located at Nanjiang Port Area of the port of Tianjin with quay length of 400 meters and designed annual handling capacity of 23 million tonnes.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2015	2014
Total throughput		
Non-containerised cargo (million tonnes)	**302.35**	286.77
Container (million TEUs)	**14.09**	14.06
Consolidated throughput		
Non-containerised cargo (million tonnes)	**250.14**	234.63
Container (million TEUs)	**6.87**	6.87

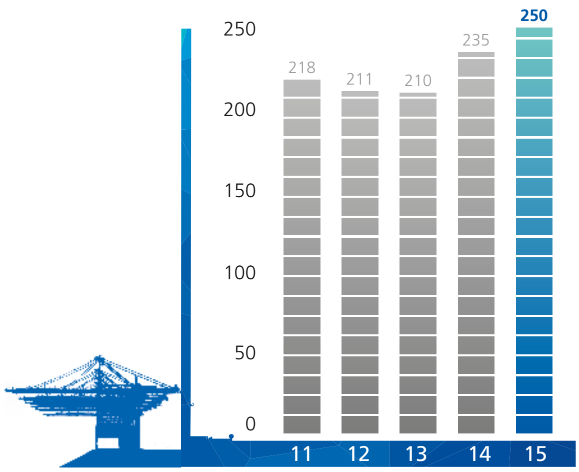
HK$ million	For the year ended 31 December	
	2015	2014
Revenue	**20,542**	33,560
Operating profit	**2,578**	2,643
Profit attributable to equity holders of the Company	**639**	819
Basic earnings per share (HK cents)	**10.4**	13.3
Net cash inflow from operating activities	**3,085**	2,570

HK$ million	As at 31 December	
	2015	2014
Equity attributable to equity holders of the Company	**11,611**	12,006
Non-controlling interests	**13,011**	13,522
Total equity	**24,622**	25,528
Total assets	**46,452**	49,115
Total borrowings	**15,888**	15,050
Financial ratios		
Gearing ratio *(Note)*	**64.5%**	59.0%
Current ratio	**1.3**	1.2
Net assets per share – book value (HK$)	**1.9**	1.9

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

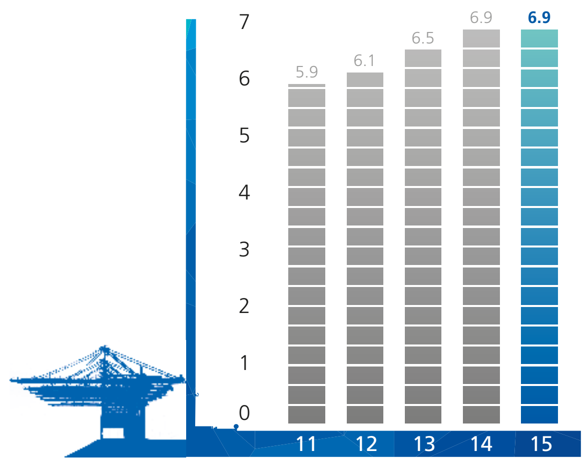
Consolidated non-containerised cargo throughput

(million tonnes)



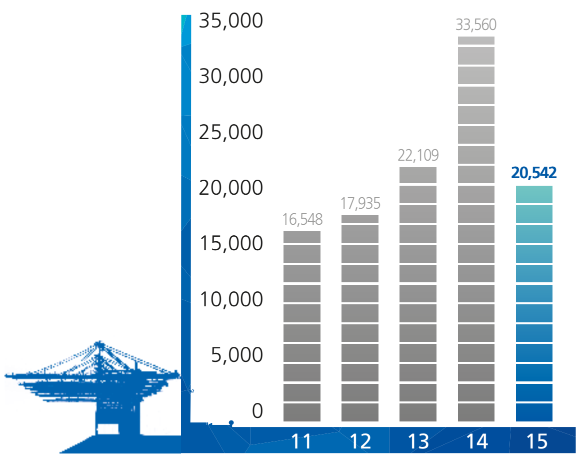
Consolidated container throughput

(million TEUs)



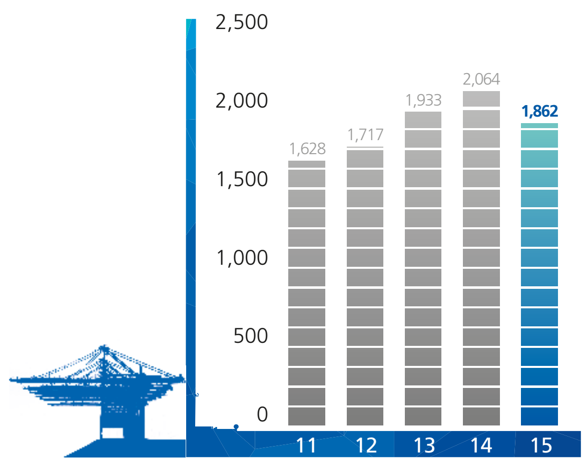
Revenue

(HK$ million)



Profit for the year

(HK$ million)



ZHANG Lili
Chairman

Dear Shareholders,

I am pleased to present the annual results of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year 2015.

In 2015, the global economy grew modestly but at a slower pace with divergence in performance, U.S. economy maintained steady growth, European economy experienced a modest recovery, and Chinese economy slowed further, with GDP grew by 6.9%, down from 7.3% in 2014. The slow growth of global economy subdued global trade, with total value of import and export trade of China in 2015 fell 8% year-on-year to US$3,958.64 billion. In 2015, the port of Tianjin retained its position as the third largest port in China and the fourth largest port in the world in terms of total cargo throughput, and ranked the sixth among China's ports and one of the top 10 busiest ports in the world in terms of total container throughput.

Affected by the sluggish demand of global trade, growth of cargo throughput of the ports in China slowed down. Amid the challenging operating environment, the Group showed resilience and managed to overcome the difficulties despite tough conditions. After the 8.12 Explosion, the Group took initiatives and implemented a series of measures to ensure its port production and operation continued as normal and safe. With the strong business foundation, the core competencies in our integrated development, and the untiring efforts of the staff, the Group maintained a stable growth through concerted effort, total cargo throughput handled by the Group for the year was up 2.5% year-on-year to 457.09 million tonnes, including total container throughput of 14.09 million TEUs. Profit before income tax was HK$2,494.1 million. Excluding gain on disposal of subsidiaries of HK$65.0 million and exchange loss of HK$315.8 million, profit before income tax was HK$2,744.9 million, representing a year-on-year increase of 3.6%. Profit attributable to shareholders was HK$639.4 million. Basic earnings per share was HK10.4 cents.

The board of directors of the Company (the "Board") is pleased to recommend the payment of a final dividend of HK4.15 cents per share, representing a payout ratio of approximately 40% for the year.

Looking ahead, the global economy growth in 2016 is expected to stay slow. U.S. economy will sustain a recovery momentum, European economy is likely to stay on a weak recovery track, and Chinese economy will continue structural reform with slower expected growth. The diverging monetary policies, the U.S. interest rate normalisation and the decline in commodity prices will continue to create uncertainties on global economic growth. The slowdown on global economy growth will further deter international trade and place further pressure to China's ports.

2016 marks the beginning of the "13th Five-Year Plan" period. On the positive side, the development of Jing-Jin-Ji integration, the Tianjin Pilot Free Trade Zone and the construction of the Core Functional Zone of Northern International Shipping Center will further drive the mid-to-long term economic growth of Tianjin region. In addition, the "One Belt, One Road" strategy by the Chinese government will enable China to deepen and expand its mutually beneficial cooperation with countries and regions along the Belt and Road, bring prosperity to the countries and regions along the routes, provide more opportunities for industries and service trades development, and present new opportunities for the Group.

In the coming year, the Group will continue to adhere to the principal of prudent operation, enhance the efficiency and quality of development, in an effort to achieve the goal of sustainable development. The Group will continue to expand port service network, strengthen service functions, improve service quality, enhance port management, reinforce port safety management, enhance operational efficiency and strengthen cost control, so as to promote the transformation and upgrading of the port. The Group will further enhance its overall competitiveness and deliver superior returns to the shareholders.

On behalf of the Board, I would like to thank our staff for their dedication and commitment, and to express my most sincere gratitude to our customers, suppliers, shareholders and business partners for their trust and continued support.

Sincerely yours,
ZHANG Lili
Chairman

Hong Kong, 29 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

In 2015, the global economy and the monetary policies continued to diverge. United States maintained solid momentum with continued steady growth and labour market improvement, and the U.S. Federal Reserve has raised the interest rates in December 2015. With further monetary easing measures introduced by the European Central Bank, the European economy recovered steadily. The Chinese economy has entered into a new normal and performed within a proper range.

Dragged by the slow pace of global economic recovery, investment and manufacturing activities sagged and international trade weakened. China's imports and exports showed negative growth in 2015, with total export trade value of US$2.28 trillion, down by 2.8% over last year (2014: +6.1%). The total value of import trade recorded US$1.68 trillion, a decrease of 14.1% over last year (2014: +0.4%). The value of import trade slackened further by the fall in commodity prices and slowdown in the commodity import growth resulted from the deceleration in China's economic growth.

Cargo throughput growth at China's ports slowed down. According to the statistics from Ministry of Transport of the PRC, from January to November 2015, total cargo throughput handled by China's ports was 10.50 billion tonnes, grew by 2.0% as compared to the same period last year, but was 2.8 percentage points lower than the 4.8% growth in same period of 2014, and total container throughput handled was up by 4.2% to 192.1 million TEUs as compared to the same period last year, with growth rate being 1.9 percentage points lower than the 6.1% growth in same period of 2014.

ANNUAL RESULTS

In 2015, operation of the Group maintained stable and a total cargo throughput of 457.09 million tonnes (2014: 445.78 million tonnes) was achieved, representing an increase of 2.5% over last year, of which total container throughput grew by 0.2% to 14.09 million TEUs (2014: 14.06 million TEUs).

The Group's profit before income tax was HK$2,494.1 million, including gain on disposal of subsidiaries of HK$65.0 million. Although the businesses remained steady, profit before income tax dropped 6.4% over last year, mainly attributable to exchange loss of HK$315.8 million (2014: exchange gain of HK$15.8 million) on the Group's US dollars ("US$") and Hong Kong dollars ("HK$") liabilities due to the significant depreciation of Renminbi ("RMB") against US$ after China's "exchange rate reform" in August 2015, which offset part of the profit. Excluding gain on disposal of subsidiaries of HK$65.0 million and exchange loss of HK$315.8 million, the Group's profit before income tax was HK$2,744.9 million, representing an increase of 3.6% over last year.

During the year under review, the Group completed the disposal of the entire 51% equity interest in Tianjin Gangjun Logistics Development Co., Ltd. ("Gangjun Logistics Co") and the entire 55% equity interest in Tianjin Lanta Development Co., Ltd. ("Lanta Co") for a cash consideration of RMB237.4 million and RMB57.9 million respectively, and recorded gain on disposal of subsidiaries of HK$65.0 million. Through the equity transfer, the Group obtained funds for the operation and development of core assets and businesses such as terminals and depots to enhance the core business concentration.

The Group recorded a revenue of HK$20,541.8 million, decreased by 38.8% over last year, mainly due to the 60.9% fall in revenue from sales business. Revenue from cargo handling business and other port ancillary services business rose by 8.9% and 3.7% respectively over last year. Gross profit margin increased 9.1 percentage points to 22.7% (2014: 13.6%) reflecting the drop in the proportion of low margin sales business.

During the year under review, profit attributable to shareholders of the Company amounted to HK$639.4 million. Basic earnings per share was HK10.4 cents.

The Board recommends the payment of a final dividend of HK4.15 cents per share for 2015, with a payout ratio of 40% for the year (2014: 40%).

REVIEW OF OPERATIONS

Looking back at 2015, with the slow global economic recovery and the new normal of Chinese economy, operating environment was challenging. The Group strived through the challenges, the core businesses of the Group have maintained steady and achieved cargo throughput of 457.09 million tonnes, an increase of 2.5% over 2014. After the 8.12 Explosion, the Group took initiatives and implemented a series of measures to ensure its port production and operation continued as normal and safe. The 8.12 Explosion did not cause significant loss to the Group other than some damages such as doors and windows of some entities located near the explosion site. The loss of the Group was less than 0.01% of its total assets.

Non-containerised Cargo Handling Business

During the year under review, the Group achieved total non-containerised cargo throughput of 302.35 million tonnes, an increase of 5.4% over last year, of which throughput of the subsidiary terminals grew by 6.6% and throughput of the jointly controlled and affiliated terminals grew by 0.1%.

	Non-containerised cargo throughput			
Nature of terminal	**2015 million tonnes**	2014 million tonnes	Growth amount million tonnes	Growth percentage
Subsidiary terminals	**250.14**	234.63	15.51	6.6%
Jointly controlled and affiliated terminals	**52.21**	52.14	0.07	0.1%
Total	**302.35**	286.77	15.58	5.4%

During the year under review, metal ore, coal and steel handled by the Group showed relatively strong growth. Although automobiles handling dropped as a result of the 8.12 Explosion, the impact was countered by the growth in metal ore and coal. In terms of total throughput, metal ore handling grew by 8.7% to 120.06 million tonnes (2014: 110.50 million tonnes), coal handling rose by 16.4% to 103.45 million tonnes (2014: 88.85 million tonnes), steel handling grew by 15.0% to 23.03 million tonnes (2014: 20.02 million tonnes). Crude oil handling amounted to 18.73 million tonnes (2014: 18.74 million tonnes), which remained the same as last year. Affected by the 8.12 Explosion, automobiles handling decreased by 34.6% to 17.15 million tonnes (2014: 26.21 million tonnes). Moving into the fourth quarter, the ro-ro automobile handling has started to pick up.

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK$26.1 per tonne (2014: HK$25.0 per tonne), an increase of HK$1.1 or 4.4% from last year which was due to the change in cargo mix.

Container Handling Business

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

During 2015, container handling business remained steady, additional domestic and international routes were developed, and Bohai Rim feeder transshipment volume expanded. The Group achieved total container throughput of 14.09 million TEUs, representing an increase of 0.2% from last year, of which throughput of the subsidiary terminals remained the same as last year and throughput of the jointly controlled and affiliated terminals rose by 0.4%.

Nature of terminal	Container throughput			
	2015 '000 TEUs	2014 '000 TEUs	Growth amount '000 TEUs	Growth percentage
Subsidiary terminals	**6,872**	6,871	1	–
Jointly controlled and affiliated terminals	**7,213**	7,186	27	0.4%
Total	**14,085**	14,057	28	0.2%

During the year under review, on a consolidated basis, the blended average unit price of the container handling business increased by 1.8% to HK$289.6 per TEU (2014: HK$284.5 per TEU) as a result of the change in cargo mix.

Sales Business

The Group's sales business mainly engaged in the supply of fuel to inbound vessels, sales of supplies and other materials.

During the year under review, the Group recorded revenue of HK$8,880.1 million from the sales business segment, representing a decrease of 60.9% over last year. Slowdown of China's economic growth, subdued global commodity prices, substantial decline in the international crude oil prices and commodity prices, together with the two subsidiaries disposed by the Group engaging in sales business that would no longer be consolidated from July 2015 after the disposal have caused the substantial decrease in sales revenue.

Although sales revenue of the Group decreased significantly, completion of the disposal of two subsidiaries has no adverse effects on the Group's financial position and operation as profit margin of sales business is relatively low. The disposal also improved the business concentration and optimised the resources allocation.

Other Port Ancillary Services Business

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

During the year under review, cargo agency rose by 13.9% to 92.55 million tonnes of cargoes (2014: 81.23 million tonnes); shipping agency dropped by 1.4% to 17,932 vessel calls (2014: 18,192 vessel calls); tallying services increased by 2.5% to 117.25 million tonnes of cargoes (2014: 114.37 million tonnes); and tugboat services decreased by 0.2% to 51,013 vessel calls (2014: 51,108 vessel calls).

OUTLOOK

Looking ahead to 2016, the global economy is expected to continue on a modest recovery path. In the "New Normal" of the Chinese economy, downside risks to Chinese growth have risen, and international trade environment remains difficult, placing pressures on port industry. Under structural transformation of the economy and rising operation costs, the businesses of the Group are subject to risks and uncertainties. Competition from surrounding ports exerts pressures and challenges on the development of the Group. Despite the uncertainties, the Group has many distinctive strengths and opportunities. In the development of Jing-Jin-Ji integration, the Group is able to benefit from its unique geographic location. The establishment of Tianjin Pilot Free Trade Zone promotes development in a wide range of area including financial, taxation, trading as well as investments and trading growth. Furthermore, as Tianjin acts as an important hub in "One Belt, One Road" strategy and "China-Mongolia-Russia Economic Corridor", it opens new opportunities to the Group.

The Group will continue to face challenges proactively and enhance operation efficiency through strengthening port functions, reinforcing port safety management, improving port service quality, optimising resource allocation, strengthening delicacy management, enhancing IT application, upgrading port IT management level, improving safety management level, refining safety requirements, building a safety and environmental-friendly port, reinforcing corporate governance and risk control, improving risk management system and strengthening standardised operation.

To promote the transformation and upgrading of the port, the Group will accelerate the development of container business. While efforts will be made to consolidate the scale of existing routes, the Group will also develop new routes, establish international routes with stable supply and explore routes to emerging markets, expand feeder lines within Bohai Rim Region to establish new patterns of cooperation, optimise business process to improve efficiency and create a favorable environment for container business, establish unified service standards and operation system to improve resource efficiency, integrate container business by promoting "integrated container yard operation". The Group will also consolidate and expand the scale of automobile business, formulate overall planning of berths and storage yards by leveraging on the operations of loading bays and stereo garage, create high-end, value-added services and expand integrated automobile logistics services by grasping the opportunities arising from the pilot scheme for the parallel import of automobiles. The Group will also consolidate the sources of bulk cargo and steel supply, strengthen existing market development mechanism and gradually develop a mechanism that business development specialists handle the market development of specialised cargoes so as to ensure stable sources of coal and crude oil supply and sustainable growth in sources of iron ore and steel supply, while expanding the integrated logistics business of coal. The Group will also step up efforts in constructing ore distribution center, developing quality coal transportation routes, exploring new variety of cargo, attracting high value-added cargo and promoting value-added services, expanding cross-border transportation and transshipment, and strengthening logistics business by seizing international trade and e-commerce development opportunities, to constantly improve the operating quality and efficiency.

Adhering to the "One Belt, One Road" strategy and leveraging the opportunities raised from the development of Jing-Jin-Ji integration and the Tianjin Pilot Free Trade Zone, the Group will continue to promote the transformation and upgrading of the port, strive to achieve sustainable development of the Group.

FINANCIAL REVIEW

Revenue

During the year under review, the Group recorded revenue of HK$20,541.8 million, representing a decrease of 38.8% from last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	2015 HK$ million	2014 HK$ million	Amount of change HK$ million	Change percentage
Non-containerised cargo handling business	**6,521.4**	5,859.9	+661.5	+11.3%
Container handling business	**1,990.3**	1,954.8	+35.5	+1.8%
Cargo handling business (total)	**8,511.7**	7,814.7	+697.0	+8.9%
Sales business	**8,880.1**	22,707.5	-13,827.4	-60.9%
Other port ancillary services business	**3,150.0**	3,037.8	+112.2	+3.7%
Total	**20,541.8**	33,560.0	-13,018.2	-38.8%

Driven by the increase in cargo throughput and blended average unit price, revenue from non-containerised cargo handling business increased by 11.3% to HK$6,521.4 million.

Increase in blended average unit price brought an increase of 1.8% in revenue from container handling business to HK$1,990.3 million.

Revenue from sales business was HK$8,880.1 million, representing a decrease of 60.9% over last year. The significant drop in sales revenue came from the decline in oil and commodity prices and the two subsidiaries disposed by the Group engaging in sales business that would no longer be consolidated from July 2015 after the disposal.

Revenue from other port ancillary services business was HK$3,150.0 million, rose by 3.7% over last year which was mainly attributable to the increase in business volume and revenue driven by the growth in cargo handling business.

Cost of Sales

During the year under review, cost of sales of the Group was HK$15,817.9 million, representing a decrease of 45.3% from last year. An analysis of costs by segment is as follows:

Type of business	Costs			
	2015 HK$ million	2014 HK$ million	Amount of change HK$ million	Change percentage
Cargo handling business	**4,927.4**	4,506.3	+421.1	+9.3%
Sales business	**8,786.8**	22,417.4	-13,630.6	-60.8%
Other port ancillary services business	**2,103.7**	1,993.5	+110.2	+5.5%
Total	**15,817.9**	28,917.2	-13,099.3	-45.3%

Cost of cargo handling business was HK$4,927.4 million, representing an increase of 9.3% over last year, primarily attributable to the increase in labour costs, storage costs and cargo reconfiguration costs resulted from the growth in cargo throughput, and the increase in depreciation expenses associated with the commissioning of new facilities. Cost of sales business amounted to HK$8,786.8 million, representing a decrease of 60.8% over last year, mainly attributable to a decrease in sales volume which led to the decrease in cost of goods sold. Cost of other port ancillary services business was HK$2,103.7 million, an increase of 5.5% over last year, which was primarily due to the increase in labour costs and storage costs as a result of the growth in the business.

Gross Profit

Gross profit and gross profit margin for 2015 were HK$4,658.3 million (2014: HK$4,568.4 million) and 22.7% (2014: 13.6%) respectively. Gross profit increased by HK$89.9 million, primarily due to the rise in gross profit from cargo handling business. Gross profit margin grew by 9.1 percentage points, reflecting the decrease in the proportion of sales business which has a lower gross profit margin.

Administrative Expenses

Administrative expenses of the Group for the year under review decreased by 5.3% to HK$2,068.3 million, mainly attributable to the effective measures taken by the Group in costs control and management.

Other Income and Gains and Other Operating Expenses

Other income and gains amounted to HK$324.5 million, representing an increase of HK$32.1 million over last year, which included gain on disposal of subsidiaries of HK$65.0 million. Exchange gain of HK$15.8 million was included in 2014.

Other operating expenses amounted to HK$336.4 million, representing an increase of HK$301.2 million over last year, which included exchange loss of HK$315.8 million.

Finance Costs

Finance costs for 2015 (excluding capitalised interest) amounted to HK$611.5 million, an increase of 27.7% compared to HK$478.9 million in 2014, mainly because borrowing costs of completed construction projects were no longer capitalised.

During the year under review, the Group's interest expenses (including capitalised interest) amounted to HK$695.7 million, representing an increase of 9.0% over last year. The increase in finance costs (including capitalised interest) was attributable to the increase in borrowings during the year resulted in a higher average borrowing level.

Share of Results of Associates and Joint Ventures

During the year under review, the Group's share of results of associates was HK$357.9 million, representing a decrease of HK$16.6 million (-4.4%) from last year, mainly from the decrease in the profit of non-containerised cargo handling business. The Group's share of results of joint ventures was HK$169.6 million, representing an increase of HK$42.7 million (33.6%) over last year, mainly from the increase in the profit of container handling business.

Income Tax

During the year under review, income tax expenses of the Group amounted to HK$632.1 million, representing an increase of 5.1% compared to HK$601.5 million in 2014, mainly attributable to the increase in profit before income tax from core businesses.

FINANCIAL POSITION

Cash Flow

For the year under review, the net cash inflow of the Group amounted to HK$1,837.2 million.

With stable performance in the core businesses, net cash inflow from operating activities of the Group amounted to HK$3,085.5 million, representing an increase of HK$515.1 million over last year.

Net cash outflow in investing activities amounted to HK$1,673.5 million, mainly attributable to HK$1,859.3 million used for capital expenditure, an increase of HK$584.9 million in time deposits with maturity over three months and net cash inflow arising on disposal of subsidiaries of HK$293.5 million.

Net cash inflow from financing activities amounted to HK$425.2 million, which included payment of dividends and interest expenses of HK$1,443.2 million and net increase of HK$1,878.5 million in borrowings.

Capital Structure

The capital and reserves attributable to equity holders of the Company as at 31 December 2015 were HK$11,610.7 million, and the net asset value of the Company was HK$1.9 per share (31 December 2014: HK$1.9).

As at 31 December 2015, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK$7,943.8 million (at the closing market price of the shares of the Company of HK$1.29 per share on 31 December 2015).

Assets and Liabilities

As at 31 December 2015, the Group's total assets were HK$46,451.9 million (31 December 2014: HK$49,115.4 million) and total liabilities were HK$21,830.3 million (31 December 2014: HK$23,587.8 million). Disposal of two subsidiaries resulted in a decrease of HK$3,228.0 million in total assets and HK$2,631.6 million in total liabilities respectively. Net current assets were HK$3,381.3 million (31 December 2014: HK$2,854.0 million) as at 31 December 2015.

Liquidity, Financial Resources and Borrowings

As at 31 December 2015, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK$9,603.0 million (31 December 2014: HK$7,554.1 million), representing an increase of HK$2,048.9 million (27.1%) over last year, which were principally denominated in RMB.

The Group's total borrowings as at 31 December 2015 were HK$15,888.0 million (31 December 2014: HK$15,049.9 million), with HK$4,312.5 million repayable within one year, HK$10,515.7 million repayable after one year and within five years and HK$1,059.8 million repayable over five years. About 27.6% and 3.1% of the Group's borrowings were denominated in HK$ and US$ respectively, and 69.3% were denominated in RMB.

Financial Ratios

As at 31 December 2015, the gearing ratio (total borrowings to total equity) of the Group was 64.5% (31 December 2014: 59.0%), and the current ratio (current assets to current liabilities) was 1.3 (31 December 2014: 1.2).

Pledge on Assets

As at 31 December 2015, none of the Group's assets were pledged.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2015.

Financial Management and Policy

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

The operations of the Group are in the PRC and its functional currency is RMB. The Group is exposed to foreign exchange risk primarily from assets and liabilities that are denominated in currencies other than the functional currency. As at 31 December 2015, most of the Group's assets and liabilities were denominated in RMB except for certain HK$ and US$ bank borrowings. During the year under review, the Group recorded exchange loss of HK$315.8 million (2014: exchange gain of HK$15.8 million). No hedging arrangement was entered into in respect of foreign exchange risk exposure during the year.

The Group's interest rate risk arises primarily from the fluctuation on interest rates of borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk while borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2015, the Group's total borrowings were HK$15,888.0 million, of which approximately 66.6% were at floating interest rate while the remaining 33.4% were at fixed interest rate.

During the year under review, the Group's interest expenses (including capitalised interest) amounted to HK$695.7 million, increased by 9.0% over last year, which was primarily due to the increase in borrowings. Average interest rate of the Group's borrowings fell from 4.3% at the beginning of the year to 3.8% at the end of the year. With the reform of RMB exchange rate from the Central Government of the PRC, the RMB exchange rate had a significant depreciation in 2015, and the market also anticipated further depreciation. The Group will continue to monitor the risks of exchange rate and interest rate closely. In view of the fluctuations in RMB exchange rate and its debt in foreign currencies, the Group will continuously review its treasury strategy, whilst keeping an eye on the US$ interest rate hike, with the aim to be well prepared and respond quickly and effectively to the rapidly changing conditions in financial market.

CAPITAL EXPENDITURE AND COMMITMENTS

In 2015, additions to property, plant and equipment and land use rights of the Group amounted to HK$2,149.4 million, primarily used for construction of new terminals and depots, and renovation of terminals and depots.

As at 31 December 2015, the Group's capital commitments (including authorised but not contracted for) amounted to HK$3,816.0 million (31 December 2014: HK$5,295.2 million), in which HK$3,161.2 million is for property, plant and equipment and HK$654.8 million for investment in an associate.

MATERIAL INVESTMENTS

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

1. Established Tianjin Port Dongjiang Logistics Park Co., Ltd. (a wholly-owned subsidiary) to invest, construct and operate the Tianjin Port Dongjiang Logistics Park project, with a registered capital of RMB230.0 million to be funded by internal funds. As at 31 December 2015, the paid-in registered capital was RMB163.0 million.

2. Established Tianjin Port Haijia Automobile Terminal Co., Ltd. (a non wholly-owned subsidiary) to invest, construct and operate the specialised automobile ro-ro terminal project, with a registered capital of RMB400.0 million, of which the Group holds 51% equity interest with a contribution of RMB204.0 million to be funded by internal funds.

MATERIAL DISPOSALS

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

1. Disposed the entire 51% equity interest in Gangjun Logistics Co for a cash consideration of RMB237.4 million. After the disposal, the Group did not hold any equity interest in Gangjun Logistics Co, and it ceased to be a subsidiary of the Group.

2. Disposed the entire 55% equity interest in Lanta Co for a cash consideration of RMB57.9 million. After the disposal, the Group did not hold any equity interest in Lanta Co, and it ceased to be a subsidiary of the Group.

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, 29 March 2016

CORPORATE GOVERNANCE

EXECUTIVE DIRECTORS

Ms. ZHANG Lili

Chairman

Aged 50, was appointed as an executive Director and the chairman of the Company on 27 March 2014. Ms. Zhang holds a doctorate degree in engineering and senior engineer qualification at professor level. Ms. Zhang has extensive experience in port construction and management for over 20 years. Ms. Zhang was deputy division chief and deputy head of the planning and construction department of Tianjin Port Authority, general manager of Tianjin Port Bulk Cargo Logistics Co., Ltd. (天津港散貨物流有限責任公司), deputy chief engineer, commander-in-chief of Dongjiang construction command unit, chief engineer and deputy chief executive officer of Tianjin Port (Group) Co., Ltd. (天津港(集團)有限公司) ("Tianjin Port Group") from 1986 to 2011. She was also a director 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 2010 to 2011. Ms. Zhang was the mayor of the Nankai District of Tianjin from 2011 to 2013. Ms. Zhang was the chairperson of Tianjin Port Group from August 2013 to March 2016.

Ms. Zhang also acts as an executive director of Tianjin Development Holdings Limited ("Tianjin Development", Stock Code: 00882), the substantial shareholder of the Company whose shares are listed on the Main Board of the Stock Exchange, since July 2014. Ms. Zhang is also a director of Tianjin Port Overseas Holding Limited.

Ms. Zhang resigned as an executive Director and the chairman of the Company with effect from 22 April 2016.

Mr. Zhang Ruigang (appointed as an executive Director and chairman of the Company with effect from 22 April 2016)

Aged 53, postgraduate qualification, doctorate degree in economics, certified public accountant (non-practising). In the period between March 1992 and March 2016, Mr. Zhang had served as deputy chief of general office, chief of general office, assistant to director and deputy director of Tianjin Economic-Technological Development Area (天津經濟技術開發區) ("TEDA") Audit Bureau, deputy manager and manager of Planning and Finance Department of TEDA Corporation, the director of TEDA Financial Bureau and the director of TEDA State-owned Assets Administration Bureau, deputy director of TEDA Administrative Committee (天津經濟技術開發區管理委員會), deputy director of Tianjin Binhai New Area ("TBNA") Administrative Committee (天津市濱海新區管理委員會) and first deputy head of the People's Government of TBNA. Mr. Zhang has been appointed as the chairman of Tianjin Port Group in March 2016.

Mr. LI Quanyong

Managing Director

Aged 53, was appointed as an executive Director and the managing director of the Company on 8 April 2010. He is also a member of the Nomination Committee. Mr. Li holds a master's degree in engineering and senior economist qualification, and has over 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 53, was appointed as an executive Director and deputy general manager of the Company on 28 March 2011. He is also a member of the Remuneration Committee. 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). 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) from 1996 to 2006. 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. YU Houxin

Aged 51, was appointed as an executive Director on 9 December 2015. Mr. Yu holds a master's degree in management and senior engineering qualification. Mr. Yu joined Tianjin Port Group in August 1985 and was division head and deputy head of the planning and construction department, head of the corporate development department of Tianjin Port Group; general manager of Tianjin Lingang Chanye Investment Holdings Co., Ltd. (天津臨港產業投資控股有限公司). Mr. Yu has extensive experience in management of construction projects and was the team leader of the preparatory teams for Tianjin Port 300,000-tonne crude oil terminal and LNG terminal. Mr. Yu is currently the head of the planning and construction department of Tianjin Port Group.

Ms. SHI Jing

Aged 45, was appointed as an executive Director on 16 September 2014. Ms. Shi graduated from the Tianjin University of Finance and Economics with a bachelor's degree in economics in 1992 and a master's degree in economics in 1995. She has been in corporate finance (domestic and foreign) and financial management for many years. Ms. Shi joined Tianjin Development since 2005 and has served in various roles including manager of finance department of Tianjin Development Assets Management Co., Ltd., a wholly-owned subsidiary of Tianjin Development, and general manager of audit and legal affairs department of Tianjin Development. Prior to joining Tianjin Development, she was a commissioner of finance of Ting Hsin International Group (頂新國際集團), vice president of Fengyuan Consulting (Shanghai) Co., Ltd. (豐元諮詢(上海)有限公司) and senior associate of finance department of Tingyi (Cayman Islands) Holding Corp. Ms. Shi is currently the assistant to general manager of Tianjin Development, a director of Tsinlien Group Company Limited ("Tsinlien") and the assistant to general manager of Tianjin Tsinlien Investment Holdings Co., Ltd. (天津津聯投資控股有限公司), both being the controlling shareholders of Tianjin Development, a director of Leadport Holdings Limited, as well as a director of certain subsidiaries of Tianjin Development and Tsinlien. She is also a non-executive director of Dynasty Fine Wines Group Limited (Stock Code: 00828) and Binhai Investment Company Limited (Stock Code: 02886), companies whose shares are listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Japhet Sebastian LAW

Aged 64, 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), Binhai Investment Company Limited (Stock Code: 02886), Regal Hotels International Holdings Limited (Stock Code: 00078), Shougang Fushan Resources Group Limited (Stock Code: 00639) and Shanghai La Chapelle Fashion Co., Ltd. (Stock Code: 06116), companies whose shares are listed on the Main Board of the Stock Exchange, Global Digital Creations Holdings Limited (Stock Code: 08271) 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 58, 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 30 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) 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 51, 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

Ms. CHAN Yeuk Kwan, Winnie

Aged 47, was appointed as the Chief Financial Officer and Company Secretary of the Company on 1 May 2011. Ms. 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. Ms. Chan holds bachelor's degrees in administrative studies and statistics. She is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Ms. MA Suqin, Susan

Aged 43, was appointed as a deputy general manager of the Company on 28 March 2012. Ms. 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. Ms. 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, Ms. Ma was the Chief Representative of Beijing Representative Office of RBS Asia Corporate Finance Limited. Before that, Ms. 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.

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

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2015.

The following sections set out how the principles in 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 Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2015.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2015, the Board consists of eight Directors, comprising five executive Directors namely Ms. Zhang Lili (Chairman), Mr. Li Quanyong (Managing Director), Mr. Wang Rui, Mr. Yu Houxin and Ms. Shi Jing, and three independent non-executive Directors namely Prof. Japhet Sebastian Law, Dr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong.

The biographical details of all current Directors are set out in the section headed "Board of Directors and Senior Management" of this annual report and on the Company's website at www.tianjinportdev.com. In addition, a list containing the names of the Directors and their role and function is published on the Company's website at www.tianjinportdev.com and the HKExnews website at www.hkexnews.hk.

None of the Directors have any financial, business, family or other material/relevant relationship(s) with each other, in particular, between the Chairman and the Managing Director.

On 22 April 2016, Ms. Zhang Lili resigned as an executive Director and chairman of the Company and Mr. Zhang Ruigang was appointed as an executive Director and chairman of the Company.

In accordance with Article 108 of the Articles of Association, Mr. Li Quanyong, Ms. Shi Jing and Dr. Cheng Chi Pang, Leslie shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with Article 112 of the Articles of Association, Mr. Zhang Ruigang and Mr. Yu Houxin who were appointed by the Board shall hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Responsibilities of the Board

The Board is responsible for overseeing 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.

Board Meetings and General Meetings

The Company held seven full Board meetings, an annual general meeting and an extraordinary general meeting in 2015.

The attendance of each Director at the meetings held in 2015 is set out below:

	Attendance/Number of meetings held during Director's tenure		
	Board Meeting	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors			
Ms. ZHANG Lili	6/7	1/1	1/1
Mr. ZHENG Qingyue *(Note 1)*	2/7	0/1	0/1
Mr. LI Quanyong	7/7	1/1	1/1
Mr. WANG Rui	7/7	1/1	1/1
Mr. YU Houxin *(Note 2)*	0/0	0/0	0/0
Ms. SHI Jing	7/7	0/1	0/1
Independent Non-executive Directors			
Prof. Japhet Sebastian LAW	6/7	1/1	1/1
Dr. CHENG Chi Pang, Leslie	7/7	1/1	1/1
Mr. ZHANG Weidong	7/7	1/1	1/1

Notes:

1. Mr. Zheng Qingyue was removed as an executive Director on 9 December 2015.

2. Mr. Yu Houxin was appointed as an executive Director on 9 December 2015.

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 2015.

Appointment, Re-election and Removal of Directors

Changes in Directors during the year are as follows:

- Mr. Zheng Qingyue was removed as an executive Director on 9 December 2015.
- Mr. Yu Houxin was appointed as an executive Director on 9 December 2015.

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 either party to the other giving not less than three months' notice in writing.

The independent non-executive Directors are appointed for a specific term of two years.

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.

Induction and Development

Induction programme was arranged for each newly appointed Director upon his appointment to ensure that he has a firm understanding of the Group's operations as well as his associated role and responsibilities.

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 2015, the Company has arranged one in-house seminar covering the Listing Rules compliance updates 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.

Board Diversity Policy

The Company has adopted a board diversity policy (the "Board Diversity Policy") which sets out the principles and approach to achieve diversity on the Board. The nomination committee of the Company (the "Nomination Committee") is responsible for the review of the Board Diversity Policy from time to time to ensure its effectiveness.

The Board Diversity Policy is summarised as follows:

– the Company ensures that its Board has the appropriate balance of skills, experience and diversity of perspective of the Board to support the execution of its business strategy and in order for the Board to be effective; and
– selection of candidates will be based on a range of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Board's appointment should be based on meritocracy and diversity of perspectives appropriate for the Company's business and specific needs and the contribution that the selected candidates will bring to the Board.

CHAIRMAN AND MANAGING DIRECTOR

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

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

The managing director of the Company is responsible for leading the management and daily operation of the Group and implementation of approved strategies and policies to achieve the objectives set by the Board.

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.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all of the independent non-executive Directors meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules and considers them to be independent.

BOARD COMMITTEES

The Board has established three Board Committees, namely 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 2015 is set out below:

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

Note: Representative of the external auditor participated in all Audit Committee meetings held in 2015.

Details of the Board Committees, including their members, responsibilities and the work performed during 2015 are set out below.

Nomination Committee

The Nomination Committee 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 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, experience and diversity) of the Board on an annual basis, and reviewing the Board Diversity Policy, as appropriate.

The major work performed by the Nomination Committee during the year ended 31 December 2015 included reviewing and, where applicable, making recommendations to the Board on and approving the following matters, in accordance with its responsibilities and authorities:

- appointment of executive Director.
- structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.
- independence of independent non-executive Directors.
- Directors for re-election at the annual general meeting held in 2015.

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.

The Remuneration Committee is responsible for, amongst other things, making recommendations to the Board on the Company's policy and structure for remuneration of 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 with reference to corporate goals and objectives resolved by the Board, and recommending to the Board on the remuneration of non-executive Directors. No Director is involved in determining his or her own remuneration.

The major work performed by the Remuneration Committee during the year ended 31 December 2015 included reviewing and, where applicable, making recommendations to the Board on and approving the following matters, in accordance with its responsibilities and authorities:

– remuneration package for the appointment of executive Director.
– terms of executive Directors' service contracts.
– remuneration policy and remuneration package for Directors and senior management.
– discretionary bonus for Directors and senior management with reference to their performance and the annual results of the Group.

Remuneration Package for Directors and Senior Management

The remuneration package for executive Directors and senior management comprises basic salary, discretionary bonus and pensions. Discretionary bonus is determined with reference to the annual results and the employees' performance.

In order to attract, retain and motivate the best talent, including the Directors, the Company has adopted a Share Option Scheme (as defined in the section headed "Share Option Scheme" in the Directors' Report). 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 2015 are set out in Note 7 to the consolidated financial statements and details of the Share Option Scheme are set out in the Directors' Report and Note 23 to the consolidated financial statements.

Pursuant to the CG Code provision B.1.5, the remuneration of senior management who are not executive Directors by band for the year ended 31 December 2015 is set out below:

Remuneration band	2015 Number of individuals
HK$1,500,001 – HK$2,000,000	1
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 in December 2015 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 its 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, risk management and internal control systems.

The major work performed by the Audit Committee during the year ended 31 December 2015 included reviewing and, where applicable, making recommendations to the Board on and approving the following matters, in accordance with its responsibilities and authorities:

– financial statements and continuing connected transactions included in the 2014 Annual Report and audit findings by external auditor.
– interim financial statements included in the 2015 Interim Report and review findings by external auditor.
– 2015 internal audit plan and 2014 internal audit reports.
– effectiveness of the internal control system of the Group.
– re-appointment of external auditor and its 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 Company's compliance with the CG Code and the disclosure in the annual report.

The major work performed by the Board during the year ended 31 December 2015 included reviewing and, where applicable, approving the following matters:

– the Company's policies and practices on corporate governance including the revised terms of reference of the Audit Committee.
– training and continuous professional development of Directors and senior management.
– the Company's policies and practices on compliance with legal and regulatory requirements.
– compliance with the CG Code and Corporate Governance Report disclosure.

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, the remuneration paid and payable to the external auditor of the Company in respect of audit services and non-audit services was HK$2,400,000 and HK$21,000 respectively. The non-audit services were in relation to tax advisory services.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparing the consolidated financial statements for each financial year which give a true and fair view of the results and financial position of the Group. In preparing the consolidated financial statements for the year ended 31 December 2015, the Board consistently adopted the appropriate accounting policies. 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 consolidated financial statements on a going concern basis.

The statement by the external auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on page 53.

INTERNAL CONTROLS

The Board has the responsibility to monitor the Group's internal control system so as to ensure the effectiveness of the internal control system. 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.

During the year, the Board has reviewed the effectiveness of all material aspects of the internal control system of the Group, 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

Ms. Chan Yeuk Kwan, Winnie was appointed as company secretary of the Company ("Company Secretary") on 1 May 2011. The biographical details of Ms. Chan are set out in the section headed "Board of Directors and Senior Management" of this annual report. Ms. Chan has taken no less than 15 hours of relevant professional training for the year ended 31 December 2015 and complied with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for making enquiries to the Board

Shareholders of the Company (the "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 Company's principal place of business 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 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 stating 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 the 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 external auditor of the Company will be available at the annual general meeting to respond to Shareholders' questions. The chairman of independent board committee, independent financial advisor and 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.

The respective chairman of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee and the external auditor of the Company had attended the annual general meeting of the Company held on 3 June 2015 to answer questions from the Shareholders.

The chairman of the Board and all members of independent board committee, Prof. Japhet Sebastian Law, Dr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong, had attended the extraordinary general meeting of the Company held on 8 December 2015 to approve the continuing connected transactions. The Company had also 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 2015, there was no change to the memorandum and articles of association of the Company.

DIRECTORS' REPORT

The Directors have pleasure in presenting the annual report together with the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries, associates and joint ventures are set out in Note 33 to the consolidated financial statements.

An analysis of the Group's performance by segment for the year ended 31 December 2015 is set out in Note 3 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement on page 54.

The Board recommends the payment of a final dividend of HK4.15 cents per share for the year ended 31 December 2015.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the final dividend will be payable to shareholders of the Company whose names appear on the register of members of the Company on 10 June 2016.

BUSINESS REVIEW

The business review of the Group is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", and "Corporate Governance Report" of this annual report. Details about the Group's financial risk management are set out in note 31 to the consolidated financial statements.

Compliance with the Relevant Laws and Regulations

The Company compiles with the requirements under the Companies Law of the Cayman Islands, the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") for, among other things, the disclosure of information and corporate governance.

There was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business for the year ended 31 December 2015.

Environmental Policies and Performance

The Group has always been dedicated to reducing the environmental impact of our operation, and implemented policies regarding environmental management and resources conservation. The Group strives to create a green production and living environment, vigorously promotes the use of new, clean and renewable energies, reinforces the construction of energy supply facilities, proactively carries out dust control, oil vapor recovery and control as well as sewage treatment and upgrading, promotes the application of environmental-friendly facilities and equipment, enhances ecological environment protection and water environment management at the port, to ensure that environmental indicators such as air and water quality meet the standards, and build a beautiful port with blue sky, green land, clear water and environment.

In 2015, a series of measures were in place to reduce energy consumption, such as the use of LNG clean energy equipment, LED energy saving lights, which enhanced the energy and resources efficiency.

Key Relationships with Employees, Customers and Suppliers

Employees

As at 31 December 2015, the Group had approximately 10,000 employees.

The Group offers remuneration packages for employees based on their position, performance and the labour market conditions. Share options are also granted to the management as remuneration. In addition to basic salary, mandatory provident fund scheme (in accordance with the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or the state-managed pension scheme (for PRC employees), discretionary bonus is also awarded to the employees with reference to the annual results and the employees' performance. The Group reviews the remuneration polices and packages on a regular basis.

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

Customers

The Group is committed to create values for our customers by providing quality services to meet their needs. The Group also strives to grow together with our customers and uphold service integrity. Through this principle and the evaluation of industry background, scale of operation and credibility of the customers to give us an insight, we have established long-term relationships with our customers. The Group engaged in a number of activities such as quality services month and customer forums, allowing us to offer our customer a personalised and refined service.

Suppliers

To ensure quality and quantity of our performance and minimise cost, the Group constantly conducts supplier assessment every year to rate the performance on the operation quality, industry background, scale of production, product quality and business integrity of the suppliers. Through sincere cooperation, the Group has set up long-term and win-win cooperation relationships with our suppliers and enjoys a good reputation.

MAJOR CUSTOMERS AND SUPPLIERS

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

The five largest suppliers of the Group combined accounted for approximately 87% of the Group's total purchases for the year and the largest supplier included therein accounted for approximately 33%.

None of the Directors, their close 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.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 119.

SHARE CAPITAL

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme", no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2015 are set out in Note 35 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2015 are set out in Note 25 to the consolidated financial statements.

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 2015.

LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT

On 21 November 2013, 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 with a financial institution as lender for a term loan facility in an aggregate amount of HK$400,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of first drawdown.

On 17 December 2013, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK$500,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of drawdown.

On 18 December 2013, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK$400,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of first drawdown.

On 28 March 2014, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for term loan facilities in an aggregate amount of HK$500,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

On 29 August 2014, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK$500,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

On 8 June 2015, the Borrower and the Company as guarantor entered into a facility agreement with a financial institution as lender for term loan facilities in an aggregate amount of HK$800,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

On 18 June 2015, the Borrower and the Company as guarantor entered into a facility agreement with several financial institutions as lenders for a term loan facility in an aggregate amount of HK$1,400,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of the facility agreement.

Each of the above facility agreements includes 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 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 relevant financial institutions may demand immediate repayment of the loan facilities. As at 31 December 2015, the aggregate balance of the loan facilities subject to the above obligations was HK$4,400,000,000. Such obligations continue to exist as at the date of this report.

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 126,950,000 Shares are available for issue under the Share Option Scheme, representing approximately 2.1% 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.

Movements of the outstanding share options under the Share Option Scheme during the year ended 31 December 2015 were as follows:

	Date of grant	Exercise price HK$	Number of share options: As at 01/01/2015	Granted (*Note 1*)	Lapsed	As at 31/12/2015	Exercise period
Directors							
Ms. Zhang Lili	27/03/2014	1.24	3,450,000	–	–	3,450,000	27/09/2014 – 26/03/2024
Mr. Zheng Qingyue (*Note 2*)	27/03/2014	1.24	3,300,000	–	(3,300,000)	–	27/09/2014 – 26/03/2024
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
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. Yu Houxin (*Note 3*)	09/12/2015	1.21	–	1,100,000	–	1,100,000	09/06/2016 – 08/12/2025
Ms. Shi Jing	16/09/2014	1.514	1,100,000	–	–	1,100,000	16/03/2015 – 15/09/2024
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	28/06/2012	0.896	450,000	–	–	450,000	28/12/2012 – 27/06/2022
Employees							
	29/04/2011	1.828	700,000	–	–	700,000	29/10/2011 – 28/04/2021
	28/06/2012	0.896	1,400,000	–	–	1,400,000	28/12/2012 – 27/06/2022
Others							
	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
Total			19,100,000	1,100,000	(4,950,000)	15,250,000	

Notes:

1. The closing price of the Shares immediately before 9 December 2015, the date on which the share options were granted, was HK$1.18 per Share. All share options granted are subject to a vesting period of six months from the date of grant.

2. Mr. Zheng Qingyue was removed as an executive Director on 9 December 2015.

3. Mr. Yu Houxin was appointed as an executive Director on 9 December 2015.

4. No share options were exercised or cancelled under the Share Option Scheme during the year ended 31 December 2015.

Details of the value of share options granted under the Share Option Scheme during the year ended 31 December 2015 and the accounting policy adopted for the share options are set out in Note 23 and Note 2 to the consolidated financial statements respectively.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, during the year ended 31 December 2015 or at the end the year was the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

DIRECTORS

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

Executive Directors

Ms. ZHANG Lili *(Chairman)*	
Mr. ZHENG Qingyue *(Vice Chairman)*	(removed on 9 December 2015)
Mr. LI Quanyong *(Managing Director)*	
Mr. WANG Rui	
Mr. YU Houxin	(appointed on 9 December 2015)
Ms. SHI Jing	

Independent Non-executive Directors

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

In accordance with Article 108 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

In accordance with Article 112 of the Articles of Association, a Director appointed by the Board either to fill a casual vacancy or as an additional Director shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at the meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management of the Company are set out on pages 19 and 22.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract for a specific term of three years, which shall continue for further successive periods. Each of these contracts may be terminated by either party to the other 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, which shall continue for further successive periods.

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.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has maintained directors' and officers' liability insurance for the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There were no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company or its holding companies or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or his or her connected entity had a material interest, either directly or indirectly, subsisted during or at the end of the year.

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.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, 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
Ms. Zhang Lili	Beneficial owner	–	3,450,000 (L)	0.06%
Mr. Li Quanyong	Beneficial owner	–	3,150,000 (L)	0.05%
Mr. Wang Rui	Beneficial owner	–	3,000,000 (L)	0.05%
Mr. Yu Houxin	Beneficial owner	–	1,100,000 (L)	0.02%
Ms. Shi Jing	Beneficial owner	–	1,100,000 (L)	0.02%
Prof. Japhet Sebastian Law	Beneficial owner	2,700,000 (L)	450,000 (L)	0.05%
Dr. Cheng Chi Pang, Leslie	Beneficial owner	–	450,000 (L)	0.01%
Mr. Zhang Weidong	Beneficial owner	–	450,000 (L)	0.01%

(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 the Shares, further details of which are set out in the section headed "Share Option Scheme" above.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company 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 2015, 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 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%
Tianjin Port Group *(Note 1)*	Interest of a controlled corporation	3,294,530,000 (L)	53.5%
Leadport Holdings Limited *(Note 2)*	Beneficial owner	1,293,030,000 (L)	21.0%
Tianjin Development *(Note 2)*	Interest of controlled corporations	1,293,180,000 (L)	21.0%
Tsinlien *(Note 3)*	Interest of controlled corporations	1,303,010,000 (L)	21.2%
天津市醫藥集團有限公司 (Tianjin Pharmaceutical Group Co., Ltd.*) ("Tianjin Pharmaceutical") *(Note 3)*	Interest of controlled corporations	1,303,010,000 (L)	21.2%
天津渤海國有資產經營管理有限公司 (Tianjin Bohai State-owned Assets Management Co., Ltd.*) ("Bohai") *(Note 3)*	Interest of controlled corporations	1,303,010,000 (L)	21.2%
天津津聯投資控股有限公司 (Tianjin Tsinlien Investment Holdings Co., Ltd.*) ("Tsinlien Investment Holdings") *(Note 3)*	Interest of controlled corporations	1,303,010,000 (L)	21.2%

(L) denotes a long position

Notes:

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

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

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 2015, 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. Tsinlien is a direct wholly-owned subsidiary of Tianjin Pharmaceutical, which in turn is a direct wholly-owned subsidiary of Bohai and an indirect wholly-owned subsidiary of Tsinlien Investment Holdings. By virtue of the SFO, Tsinlien, Tianjin Pharmaceutical, Bohai and Tsinlien Investment Holdings are deemed to be interested in all the Shares held by each of Tianjin Development, Tianjin Investment Holdings Limited and Tsinlien Investment Limited.

Save as disclosed above, as at 31 December 2015, 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 as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group entered into a number of connected transactions and continuing connected transactions with connected persons as defined in the Listing Rules.

Tianjin Port Group is the controlling shareholder of the Company indirectly interested in 53.5% of the issued share capital of the Company. Hence, Tianjin Port Group and/or its associates are connected persons of the Company as defined in the Listing Rules. Accordingly, transactions with Tianjin Port Group and/or its associates constitute connected transactions or 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 2015 required to be disclosed in the annual report are as follows:

1. On 13 January 2015, 天津港第二港埠有限公司 (Tianjin Port No. 2 Stevedoring Co., Ltd.*) ("Second Company"), a subsidiary of the Group, 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 renovation project of freight yard of Second Company located at Beijiang Port Area of the port of Tianjin. The consideration was approximately RMB23.40 million and shall be paid by instalments in accordance with the progress of the renovation works.

   Tianjin Port Engineering is a 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 13 January 2015.

2. On 26 March 2015, 天津港南疆礦石物流有限公司 (Tianjin Port Nanjiang Ore Logistics Co., Ltd.*) ("Nanjiang Ore Logistics"), a subsidiary of the Group, entered into an agreement with 天津港灣電力工程有限公司 (Tianjin Port Electricity Project Co., Ltd.*) ("Tianjin Port Electric") for the purchase and installation of power supply and distribution equipment for the construction project of ore depot located at Nanjiang Port Area of the port of Tianjin (the "Ore Depot Project"). The consideration was approximately RMB9.51 million and shall be paid by instalments in accordance with the progress of the delivery and installation of power supply and distribution equipment.

   On 26 March 2015, Nanjiang Ore Logistics entered into an agreement with Tianjin Port Electric for the purchase and installation of illumination equipment for the Ore Depot Project. The consideration was approximately RMB9.44 million and shall be paid by instalments in accordance with the progress of the delivery and installation of illumination equipment.

   Tianjin Port Electric is a subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the agreements constitute connected transactions of the Company. Details of the above connected transactions were disclosed in the announcement of the Company dated 26 March 2015.

3. On 27 August 2015, 天津港第四港埠有限公司 (Tianjin Port No. 4 Stevedoring Co., Ltd.*) ("Fourth Company"), a subsidiary of the Group, entered into an agreement with 天津金岸重工有限公司 (Tianjin Jinan Heavy Equipment Co., Ltd.*) ("Tianjin Jinan"), pursuant to which Fourth Company agreed to purchase and Tianjin Jinan agreed to sell two sets of 12t-33m portal cranes. The consideration was approximately RMB14.53 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 improve the overall operating efficiency of the cargo handling of the Group.

   Tianjin Jinan is a 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 27 August 2015.

4. On 27 August 2015, Tianjin Port Co, a subsidiary of the Group, entered into two purchase agreements with 天津振港通信工程有限公司 (Tianjin Zhengang Communication Engineering Co., Ltd.*) ("Tianjin Zhengang") in relation to the renovation of the video surveillance system. The aggregate consideration was approximately RMB11.73 million and shall be paid by instalments in accordance with the progress of the delivery and installation.

   Tianjin Zhengang is a subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the agreements constitute connected transactions of the Company. Details of the above connected transactions were disclosed in the announcement of the Company dated 27 August 2015.

5. On 9 December 2015, 天津港遠航礦石碼頭有限公司 (Tianjin Port Yuanhang Ore Terminal Co., Ltd.*) ("Yuanhang Ore"), a subsidiary of the Group, entered into an agreement with Tianjin Jinan, pursuant to which Yuanhang Ore agreed to purchase and Tianjin Jinan agreed to sell two sets of 40t-45m portal cranes. The consideration was approximately RMB32.71 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 Jinan is a 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 9 December 2015.

6. On 9 December 2015, 天津港第五港埠有限公司 (Tianjin Port No. 5 Stevedoring Co., Ltd.*) ("Fifth Company"), a subsidiary of the Group, entered into an agreement with Tianjin Jinan, pursuant to which Fifth Company agreed to purchase and Tianjin Jinan agreed to sell one set of 40t-45m portal crane. The consideration was approximately RMB16.08 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 Jinan is a 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 9 December 2015.

7. On 9 December 2015, Fifth Company entered into an agreement with Tianjin Jinan for the renovation of six sets of 40t portal cranes. The consideration was approximately RMB9.03 million and shall be paid by instalments in accordance with the progress of the renovation of the portal cranes. The purpose of renovating the portal cranes is to improve the overall operating efficiency of the cargo handling of the Group.

   Tianjin Jinan is a 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 9 December 2015.

8. On 9 December 2015, 天津港遠航國際礦石碼頭有限公司 (Tianjin Port Yuanhang International Ore Terminal Co., Ltd.*) ("Yuanhang International"), a subsidiary of the Group, 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 construction project of general bulk cargo berth of Yuanhang International located at Nanjiang Port Area of the port of Tianjin (the "Project"). The consideration was approximately RMB5.12 million and shall be paid by instalments in accordance with the progress of the Project.

   On 9 December 2015, Yuanhang International entered into a management agreement with 天津港建設公司 (Tianjin Port Construction Company*) ("Tianjin Port Construction") relating to the provision of management services for the Project by Tianjin Port Construction. The consideration was approximately RMB7.30 million and shall be paid by instalments in accordance with the progress of the Project.

   Tianjin Port Project Consulting and Tianjin Port Construction are subsidiaries of Tianjin Port Group, and are therefore connected persons of the Company. Accordingly, the transactions contemplated under the agreements constitute connected transactions of the Company. Details of the above connected transactions were disclosed in the announcement of the Company dated 9 December 2015.

9. On 11 December 2015, 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") entered into a construction agreement with Tianjin Port Engineering relating to the construction of windbreak fence for the depot of Tianjin Port China Coal terminals located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB71.27 million and shall be paid by instalments in accordance with the progress of construction works.

   Tianjin Port Engineering is a 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 11 December 2015.

(B) Continuing Connected Transactions

Non-exempt 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 Group; (ii) on normal commercial terms or better; and (iii) according to 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 44 to 50 in accordance with Rule 14A.56 of the Listing Rules. The Company has provided a copy of the auditor's letter to the Stock Exchange.

A summary of the non-exempt continuing connected transactions for the year ended 31 December 2015 is set out as follows:

	Annual cap	Actual amount	
			equivalent to approximately
	RMB'000	RMB'000	HK$'000
With Tianjin Port Group and/or its associates			
Property lease framework agreement	263,000	154,793	192,290
Integrated services framework agreement	1,494,000	1,249,324	1,551,956
Procurement framework agreement	39,000	16,585	20,603
Sales framework agreement	173,000	57,489	71,415
Freight yard and warehousing lease framework agreement	12,000	6,958	8,644
Cargo reconfiguration and storage services framework agreement	57,000	55,675	69,162
Labour framework agreement	26,000	24,546	30,492
Financial services framework agreement			
– Maximum daily outstanding balance of deposits (including accrued interest) placed by the Group for deposit services (category (1) of the financial services mentioned below)	2,200,000	2,199,286	2,625,073
Land lease agreements	42,432	42,432	52,711
With 天津開發區聚泰工貿有限公司 (Tianjin Development Zone Jutai Gongmao Co., Ltd.*) ("Jutai Gongmao")			
Jutai Gongmao coal sales agreement	52,800	29,412	36,537

Pursuant to Chapter 14A of the Listing Rules, details of the continuing connected transactions for the year ended 31 December 2015 required to be disclosed in the annual report are as follows:

1. On 23 October 2014, the Company entered into the following framework agreements with Tianjin Port Group, each for a term of three years from 1 January 2015 to 31 December 2017. As Tianjin Port Group is the controlling shareholder of the Company and therefore a connected person of the Company, the transactions contemplated under the following agreements constitute continuing connected transactions of the Company.

Property lease framework agreement

Nature of the transactions:	Leasing of various freight yards, warehouses, office buildings and facilities in Tianjin Binhai New Area from Tianjin Port Group and/or its associates to the Group
Pricing determination:	Prices for the leases are determined with reference to (1) the actual content of the leases, area and number under the leases, and the term of the leases; and (2) the market price of similar leasing services in 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

Nature of the transactions: Provision of utilities and supporting services by Tianjin Port Group and/or its associates to the Group

Pricing determination: Prices of the various services provided are determined with reference to the content, quantities and qualities of the services in accordance with the following general pricing principles:

(1) where there are PRC State prescribed prices, such PRC State prescribed prices

(2) where there is no PRC State prescribed price, then according to the relevant comparable market prices (including the comparable local, national or international market prices) or

(3) where neither of the above is applicable, then on an arm's length basis, through tender or other open procedures, 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 parties

In respect of water supply services and electricity supply services, prices are determined based on (1) the relevant PRC State prescribed prices; and (2) the quantities of the relevant services to be provided to the Group

In respect of other transactions, prices are determined based on (1) the relevant comparable market prices of the relevant services with reference to the content of the services (such as types, qualities and quantities); and (2) the quantities of the relevant services to be provided to the Group

Payment terms: Payments are made by the Group to Tianjin Port Group and/or its associates on a monthly basis

Procurement framework agreement

Nature of the transactions:	Purchase of products including port machinery, equipment and working tools by the Group from Tianjin Port Group and/or its associates
Pricing determination:	Prices of various products purchased are determined with reference to the types, quantities and qualities of the products in accordance with the following general pricing principles: (1) where there are PRC State prescribed prices, such PRC State prescribed prices (2) where there is no PRC State prescribed price, then according to the relevant comparable market prices (including the comparable local, national or international market prices) or (3) where neither of the above is applicable, then on an arm's length basis, through tender or other open procedures, 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 parties Prices of the transactions are determined based on (1) the relevant comparable market prices of the relevant products with reference to the content of the relevant products (such as types and qualities); and (2) the quantities of the relevant products
Payment terms:	Payments are made by the Group to Tianjin Port Group and/or its associates on a monthly basis

Sales framework agreement

Nature of the transactions:	Sale of materials including spare parts, fuel and construction materials by the Group to Tianjin Port Group and/or its associates
Pricing determination:	Prices of various materials sold are determined with reference to the types, quantities and qualities of the products sold in accordance with the following general pricing principles: (1) where there are PRC State prescribed prices, such PRC State prescribed prices (2) where there is no PRC State prescribed price, then according to the relevant comparable market prices (including the comparable local, national or international market prices) or (3) where neither of the above is applicable, then on an arm's length basis, through tender or other open procedures, and at prices that are in line with market rates and on terms that are no less favourable to the Group than those offered to independent third parties Prices of the transactions are determined based on (1) the relevant comparable market prices of the relevant products with reference to the types, qualities (except for fuel, which refers to the international market prices for fuel); and (2) the quantities of the relevant products
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

Nature of the transactions:	Leasing of various freight yards and warehouses in Tianjin Binhai New Area from the Group to Tianjin Port Group and/or its associates
Pricing determination:	Prices for the leases are determined with reference to (1) the actual content of the leases, area and number of the leased freight yards and warehouses, and the terms of the leases; and (2) the market price of similar leasing services in Tianjin Binhai New Area
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly basis

Cargo reconfiguration and storage services framework agreement

Nature of the transactions:	Provision of cargo reconfiguration (transportation using vehicles and other transportation means), storage (custody and storage for cargoes) and other related services by the Group to Tianjin Port Group and/or its associates
Pricing determination:	Prices of the services provided are determined with reference to (1) the actual content of the services, the volume of cargo handled or stored, and the duration of storage; and (2) the market price of similar services
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly basis

Labour framework agreement

Nature of the transactions:	Provision of labour of various positions to perform various services by the Group to Tianjin Port Group and/or its associates
Pricing determination:	Prices of the services provided are determined with reference to (1) the relevant laws and regulations, the actual content of services, position and types of labour provided; and (2) the market prices of similar services
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly or quarterly basis

Details of the above non-exempt continuing connected transactions were disclosed in the announcements of the Company dated 23 October 2014 and 10 November 2014 and the circular of the Company dated 21 November 2014.

2. On 26 September 2012, the Company entered into the following agreement with 天津港財務有限公司 (Tianjin Port Finance Co., Ltd.*) ("Tianjin Port Finance") and Tianjin Port Group for a term of three years from 1 January 2013 to 31 December 2015. Tianjin Port Finance is a subsidiary 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

Nature of the transactions:	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 a financial 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 other independent commercial banks in the PRC

Details of the above non-exempt continuing connected transactions were disclosed in the announcement of the Company dated 26 September 2012 and the circular of the Company dated 27 November 2012.

As the financial services framework agreement dated 26 September 2012 expired on 31 December 2015, the Company had on 23 September 2015 entered into a new financial services framework agreement, for a term of three years from 1 January 2016 to 31 December 2018, with Tianjin Port Group and Tianjin Port Finance to continue the transactions. Details of the transactions were set out in the announcement of the Company dated 23 September 2015 and the circular of the Company dated 3 November 2015. The new financial services framework agreement, deposit services (category (1) of the financial services mentioned above) and the related proposed annual caps for the three years ending 31 December 2018 were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 8 December 2015.

3. On 23 October 2014, 天津中鐵儲運有限公司 (Tianjin Zhongtie Storage & Transportation Co., Ltd.*) ("Tianjin Zhongtie"), a subsidiary of the Group, entered into the following agreement with Jutai Gongmao for a term from 1 January 2015 to 31 December 2017. Jutai Gongmao holds 40% equity interest in Tianjin Zhongtie and is therefore a connected person of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the agreement constitute continuing connected transactions of the Company.

Jutai Gongmao coal sales agreement

Nature of the transactions:	Sale of coal by Tianjin Zhongtie to Jutai Gongmao
Pricing determination:	Prices of coal sold are determined with reference to the market price of the products with similar types and qualities and the pricing policy adopted is the same as that for the independent third party customers of Tianjin Zhongtie
Payment terms:	Delivery upon payment

Details of the above non-exempt continuing connected transactions were disclosed in the announcements of the Company dated 23 October 2014 and 10 November 2014.

4. Tianjin Port Co (a subsidiary of the Group) 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. As Tianjin Port Group is the controlling shareholder of the Company, Tianjin Port Group and its associates are connected persons of the Company. Accordingly, the transactions contemplated under the agreements constitute continuing connected transactions of the Company.

Land lease agreements

Nature of the transactions:	Long-term leases of various pieces of land in the port of Tianjin from Tianjin Port Group and/or its associates to the Group
Pricing determination:	Prices for the long-term land leases 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 Transactions

During the year ended 31 December 2015, the Group had entered into the following continuing connected transactions which are exempt from the reporting, announcement, annual review 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 management fees, are collected by the Group from its customers and forwarded to Tianjin Port Group. No service fee will be charged to Tianjin Port Group by the Group. For the year ended 31 December 2015, the fees collected by the Group on behalf of Tianjin Port Group amounted to RMB510,380,000 (equivalent to approximately HK$634,013,000).

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 for the year ended 31 December 2015 are disclosed in Note 30 to the consolidated financial statements. A summary is set out as follows:

	Note	**2015** **HK$'000**
With Tianjin Port Group and its subsidiaries, associates and joint ventures	*1*	
Sales of goods and services		115,691
Purchases of goods and services		879,609
Expenses for rental of land, property, plant and equipment		247,010
Interest expenses		32,073
Acquisition of property, plant and equipment		160,332
Acquisition of an associate		2,405
With associates of the Group	*2*	
Sales of goods and services		91,581
Purchases of goods and services		939,247
Expenses for rental of property, plant and equipment		17,753
Interest income		51,881
Interest expenses		156,394
Investments in associates		2,674
With joint ventures of the Group	*2*	
Sales of goods and services		143,671
Purchases of goods and services		128,416
Interest income		2,717

Notes:

1. The transactions with Tianjin Port Group and/or its subsidiaries, associates and joint ventures (meaning given to them under the applicable accounting standards) constituted connected transactions or continuing connected transactions of the Company (as defined in Chapter 14A of the Listing Rules).

2. Certain associates and joint ventures (meaning given to them under the applicable accounting standards) of the Group are also the associates of Tianjin Port Group as defined under the Listing Rules. The transactions with these associates and joint ventures of the Group constituted connected transactions or continuing connected transactions of the Company (as defined in Chapter 14A of the Listing Rules).

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 required to be disclosed in the annual report have been set out in the section headed "Connected Transactions" above.

INTERESTS IN COMPETITORS

Ms. Zhang Lili and Mr. Zheng Qingyue are directors of Tianjin Port Group during the year. The principal business of Tianjin Port Group includes port handling and stevedoring services, warehousing, logistics, and port land development at the port of Tianjin in the PRC through its group companies.

As the Board is independent from the board of directors of Tianjin Port Group (save for Ms. Zhang and Mr. Zheng who are the only common directors in the Company and Tianjin Port Group) and Ms. Zhang and Mr. Zheng have no control over the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, 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 likely to compete, either directly or indirectly, with business of the Group throughout the year ended 31 December 2015 pursuant to the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 23 to 31.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

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

On behalf of the Board
ZHANG Lili
Chairman

Hong Kong, 29 March 2016

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

羅兵咸永道

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

We have audited the consolidated financial statements of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries set out on pages 54 to 118, which comprise the consolidated statement of financial position as at 31 December 2015, 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2016

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	3	**20,541,760**	33,559,969
Business tax and surcharge		**(65,583)**	(74,357)
Cost of sales		**(15,817,854)**	(28,917,206)
Gross profit		**4,658,323**	4,568,406
Other income and gains	4	**324,539**	292,439
Administrative expenses		**(2,068,313)**	(2,183,040)
Other operating expenses		**(336,423)**	(35,220)
Operating profit		**2,578,126**	2,642,585
Finance costs	5	**(611,479)**	(478,915)
Share of results of associates		**357,933**	374,553
Share of results of joint ventures		**169,569**	126,910
Profit before income tax	6	**2,494,149**	2,665,133
Income tax	8	**(632,142)**	(601,496)
Profit for the year		**1,862,007**	2,063,637
Attributable to:			
Equity holders of the Company		**639,387**	819,125
Non-controlling interests		**1,222,620**	1,244,512
		1,862,007	2,063,637
Earnings per share	10		
Basic (HK cents)		**10.4**	13.3
Diluted (HK cents)		**10.4**	13.3

The notes on pages 60 to 118 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Profit for the year	**1,862,007**	2,063,637
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	**(2,213)**	162,170
Currency translation differences	**(1,516,118)**	(75,271)
Other comprehensive (loss)/income for the year, net of tax	**(1,518,331)**	86,899
Total comprehensive income for the year	**343,676**	2,150,536
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the Company	**(67,670)**	836,929
Non-controlling interests	**411,346**	1,313,607
	343,676	2,150,536

The notes on pages 60 to 118 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Land use rights	11	**5,759,693**	5,834,689
Property, plant and equipment	12	**20,493,102**	21,895,298
Intangible assets	13	**48,977**	51,115
Interests in associates	15	**3,031,415**	3,128,977
Interests in joint ventures	16	**2,572,561**	2,616,927
Available-for-sale financial assets	17	**565,065**	601,279
Deferred income tax assets	18	**98,890**	132,587
Other non-current assets	19	**596,801**	–
		33,166,504	34,260,872
Current assets			
Inventories	20	**192,259**	705,088
Trade and other receivables	21	**3,490,134**	6,595,327
Restricted bank deposits	22	**995,323**	845,938
Time deposits with maturity over three months	22	**1,354,739**	817,594
Cash and cash equivalents	22	**7,252,964**	5,890,558
		13,285,419	14,854,505
Total assets		**46,451,923**	49,115,377
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	**615,800**	615,800
Other reserves	24	**4,553,383**	5,472,447
Retained earnings		**6,441,538**	5,917,549
		11,610,721	12,005,796
Non-controlling interests		**13,010,871**	13,521,761
Total equity		**24,621,592**	25,527,557

The notes on pages 60 to 118 are an integral part of these consolidated financial statements.

	Note	**2015 HK$'000**	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*25*	**11,575,442**	11,253,584
Deferred income tax liabilities	*18*	**349,799**	332,702
Other long-term liabilities		**986**	1,047
		11,926,227	11,587,333
Current liabilities			
Trade and other payables	*26*	**5,454,940**	8,050,178
Current income tax liabilities		**136,639**	153,980
Borrowings	*25*	**4,312,525**	3,796,329
		9,904,104	12,000,487
Total liabilities		**21,830,331**	23,587,820
Total equity and liabilities		**46,451,923**	49,115,377
Net current assets		**3,381,315**	2,854,018
Total assets less current liabilities		**36,547,819**	37,114,890

The consolidated financial statements on pages 54 to 118 were approved by the Board of Directors on 29 March 2016 and were signed on its behalf by:

ZHANG Lili
Director

LI Quanyong
Director

The notes on pages 60 to 118 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014	615,800	5,659,497	5,213,773	11,489,070	12,510,022	23,999,092
Total comprehensive income for the year	–	17,804	819,125	836,929	1,313,607	2,150,536
Transfers	–	115,349	(115,349)	–	–	–
Share-based compensation	–	3,821	–	3,821	–	3,821
Dividends	–	(323,911)	–	(323,911)	(658,678)	(982,589)
Capital contributions from non-controlling interests	–	–	–	–	367,317	367,317
Acquisition of a subsidiary	–	–	–	–	419	419
Acquisition of additional interests in subsidiaries	–	(113)	–	(113)	(10,926)	(11,039)
Balance at 31 December 2014	**615,800**	**5,472,447**	**5,917,549**	**12,005,796**	**13,521,761**	**25,527,557**
Total comprehensive (loss)/income for the year	**–**	**(707,057)**	**639,387**	**(67,670)**	**411,346**	**343,676**
Transfers	**–**	**115,422**	**(115,422)**	**–**	**–**	**–**
Share-based compensation	**–**	**313**	**–**	**313**	**–**	**313**
Dividends	**–**	**(327,606)**	**–**	**(327,606)**	**(629,226)**	**(956,832)**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**5,825**	**5,825**
Disposal of subsidiaries *(Note 28)*	**–**	**(24)**	**24**	**–**	**(288,324)**	**(288,324)**
Deregistration of subsidiaries	**–**	**(112)**	**–**	**(112)**	**(10,511)**	**(10,623)**
Balance at 31 December 2015	**615,800**	**4,553,383**	**6,441,538**	**11,610,721**	**13,010,871**	**24,621,592**

The notes on pages 60 to 118 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	**2015 HK$'000**	2014 HK$'000
Cash flows from operating activities			
Cash generated from operations	27	**3,517,461**	2,954,027
Interest received		**120,461**	116,245
PRC income tax paid		**(552,464)**	(499,918)
Net cash generated from operating activities		**3,085,458**	2,570,354
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,336,860)**	(1,780,365)
Purchases of land use rights		**(511,540)**	(28,739)
Purchases of intangible assets		**(10,907)**	(11,671)
Acquisition of a subsidiary, net of cash		**–**	(1,052)
Acquisition of an associate		**(2,405)**	–
Investments in associates		**(2,674)**	(390,030)
Investments in joint ventures		**–**	(180,243)
Proceeds from disposal of property, plant and equipment		**5,566**	4,094
Net cash inflow arising on disposal of subsidiaries	28	**293,478**	–
Proceeds from disposal of associates		**–**	2,020
Dividends received from associates		**259,511**	231,225
Dividends received from joint ventures		**177,273**	45,400
Dividends received from available-for-sale financial assets		**11,749**	14,255
Interest received from a joint venture		**6,419**	–
Interest received from loans receivable		**21,786**	–
Increase in time deposits with maturity over three months		**(584,865)**	(817,594)
Net cash used in investing activities		**(1,673,469)**	(2,912,700)
Cash flows from financing activities			
Proceeds from borrowings		**8,353,483**	5,944,043
Repayments of borrowings		**(6,475,021)**	(4,399,476)
Interest paid		**(675,790)**	(634,371)
Dividends paid to equity holders of the Company		**(152,337)**	(150,619)
Dividends paid to non-controlling interests		**(615,110)**	(614,987)
Capital contributions from non-controlling interests		**–**	367,317
Acquisition of additional interests in subsidiaries		**–**	(11,039)
Payment to non-controlling interests upon deregistration of subsidiaries		**(10,012)**	–
Net cash from financing activities		**425,213**	500,868
Net increase in cash and cash equivalents		**1,837,202**	158,522
Cash and cash equivalents at 1 January		**5,890,558**	5,713,093
Effects of changes in exchange rates		**(474,796)**	18,943
Cash and cash equivalents at 31 December		**7,252,964**	5,890,558

The notes on pages 60 to 118 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Tianjin Port Development Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of 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 (together 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 consolidated 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 consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention, except for certain financial assets which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 32.

(a) The Group has adopted the following amendments for the accounting period beginning on 1 January 2015:

HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2010-2012 Cycle*
HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2011-2013 Cycle*
HKAS 19 (2011) (Amendment)	*Employee Benefits – Defined Benefit Plans: Employee Contributions*

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

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Chapter 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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

2.1 Basis of preparation *(Continued)*

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

HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2012-2014 Cycle*[1]
HKAS 1 (Amendment)	*Presentation of Financial Statements – Disclosure Initiative*[1]
HKAS 16 (Amendment) and HKAS 38 (Amendment)	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
HKAS 16 (Amendment) and HKAS 41 (Amendment)	*Bearer Plants*[1]
HKAS 27 (2011) (Amendment)	*Separate Financial Statements – Equity Method in Separate Financial Statements*[1]
HKFRS 9 (2014)	*Financial Instruments*[2]
HKFRS 10 (Amendment) and HKAS 28 (2011) (Amendment)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 28 (2011) (Amendment)	*Investment Entities: Applying the Consolidation Exception*[1]
HKFRS 11 (Amendment)	*Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation*[1]
HKFRS 14	*Regulatory Deferral Accounts*[1]
HKFRS 15	*Revenue from Contracts with Customers*[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after a date to be determined

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

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

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses (Note 2.8). Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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 for 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 end of the previous reporting period or when they first came under common control, whichever is earlier.

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)*

Other acquisitions

The Group applies the acquisition method of accounting to account for the acquisition of subsidiaries except for those under common control by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

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 the consolidated income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

(b) Changes in ownership interests in subsidiaries 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 of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount 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 consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture 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 consolidated income statement.

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

2.2 Consolidation *(Continued)*

(d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's interests in associates include goodwill identified on acquisition, net of any accumulated impairment losses (Note 2.8). Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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 consolidated income statement where appropriate.

The Group's share of post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The Group determines at the end of each reporting period 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 associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated 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.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

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

2.2 Consolidation *(Continued)*

(e) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses (Note 2.8).

Under the equity method, investments in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's interests in joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses (Note 2.8). Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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

In the Company's statement of financial position, investments in joint ventures are accounted for at cost less impairment losses (Note 2.8). Cost includes direct attributable costs of investment. The results of joint ventures 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 performance and allocating resources between segments.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

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

2.4 Foreign currency translation *(Continued)*

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- 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 currency translation 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. Currency translation differences arising are recognised in other comprehensive income.

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 their estimated useful lives of 5-10 years on a straight-line basis and amortisation is included in administrative expenses in the income statement.

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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their 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

Construction in progress represents plant and machinery under construction and pending installation and is 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 construction in progress until such time as the relevant assets are completed and ready for intended use. Construction in progress is 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 the end of each reporting period. 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 the 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, joint ventures 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 the end of each reporting period.

For the interests in subsidiaries or joint ventures accounted for using the cost method in the separate financial statements, impairment testing is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or joint venture 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 are 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 end of the reporting period. These are classified as non-current assets. Loans and receivables comprise 'trade and other receivables' (Note 2.12), 'amounts due from subsidiaries', 'restricted bank deposits', 'time deposits with maturity over three months' and 'cash and cash equivalents' (Note 2.13) in the statement of financial position. Loans and receivables are subsequently carried 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 end of the reporting period. 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 the end of each reporting period 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 are 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.

For loans and receivables category, 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

For 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, consumable and other 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, deposits with banks and other financial institutions, and other short-term highly liquid investments that are readily convertible into known amounts of cash and 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 end of the reporting period.

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 the income statement 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 end of the reporting period in the countries where the Company's subsidiaries, associates and joint ventures 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 end of the reporting period 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 only 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 liabilities are provided on taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, 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 are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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 obligations 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 Company. 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 the end of each reporting period, the Group 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.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

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

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.

2.21 Revenue recognition

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

(a) Provision of services

Revenue from the provision of services is recognised when the services are rendered.

(b) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and title has been transferred to the customers.

2.22 Interest income

Interest income is recognised using the effective interest method and included in other income and gains in the income statement.

2.23 Dividend income

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

2.24 Government grants

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

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

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

2.25 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.

2.26 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 or directors, where appropriate.

3. SEGMENT INFORMATION

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

Principal activities of the three reportable segments are as follows:

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

Inter-segment transactions are carried out at arm's length.

Additions to non-current assets (other than financial instruments and deferred income tax assets) comprise property, plant and equipment, land use rights, intangible assets and other non-current assets.

3. SEGMENT INFORMATION *(Continued)*

The segment information for the reportable segments is as follows:

	For the year ended 31 December 2015			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	8,511,724	10,137,215	3,900,227	22,549,166
Inter-segment revenue	–	(1,257,136)	(750,270)	(2,007,406)
Revenue from external customers	8,511,724	8,880,079	3,149,957	20,541,760
Segment results	3,584,339	93,286	1,046,281	4,723,906
Business tax and surcharge				(65,583)
Other income and gains				324,539
Administrative expenses				(2,068,313)
Other operating expenses				(336,423)
Finance costs				(611,479)
Share of results of associates				357,933
Share of results of joint ventures				169,569
Profit before income tax				2,494,149
Other information:				
– Depreciation and amortisation	1,031,224	31,397	195,700	1,258,321
– Share of results of associates	208,935	(981)	20,839	228,793
– Share of results of joint ventures	152,605	3,290	13,674	169,569

	As at 31 December 2015			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Segment assets	30,071,191	3,189,949	11,041,442	44,302,582
Unallocated assets:				
– Interest in an associate				1,215,512
– Available-for-sale financial assets				565,065
– Deferred income tax assets				98,890
– Head office and corporate assets				269,874
Total assets				46,451,923
Total assets include:				
– Interests in associates	1,596,865	19,458	199,580	1,815,903
– Interests in joint ventures	1,945,477	62,733	564,351	2,572,561
– Additions to non-current assets	838,616	264,402	1,062,565	2,165,583

3. SEGMENT INFORMATION *(Continued)*

	For the year ended 31 December 2014			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	7,814,657	23,733,101	3,821,545	35,369,303
Inter-segment revenue	–	(1,025,574)	(783,760)	(1,809,334)
Revenue from external customers	7,814,657	22,707,527	3,037,785	33,559,969
Segment results	3,308,376	290,111	1,044,276	4,642,763
Business tax and surcharge				(74,357)
Other income and gains				292,439
Administrative expenses				(2,183,040)
Other operating expenses				(35,220)
Finance costs				(478,915)
Share of results of associates				374,553
Share of results of joint ventures				126,910
Profit before income tax				2,665,133
Other information:				
– Depreciation and amortisation	922,734	38,887	188,367	1,149,988
– Share of results of associates	219,963	426	28,861	249,250
– Share of results of joint ventures	107,853	8,415	10,642	126,910

	As at 31 December 2014			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Segment assets	30,755,087	6,576,217	9,604,271	46,935,575
Unallocated assets:				
– Interest in an associate				1,210,797
– Available-for-sale financial assets				601,279
– Deferred income tax assets				132,587
– Head office and corporate assets				235,139
Total assets				49,115,377
Total assets include:				
– Interests in associates	1,682,148	29,588	206,444	1,918,180
– Interests in joint ventures	1,963,589	64,533	588,805	2,616,927
– Additions to non-current assets	1,344,239	65,133	789,906	2,199,278

3. SEGMENT INFORMATION *(Continued)*

Information about major customers

For the year ended 31 December 2015, there was no single external customer from which the revenue amounted to 10% or more of the Group's total revenue. For the year ended 31 December 2014, revenue of HK$4,845,067,000 was derived from a single external customer and was attributable to the sales segment.

4. OTHER INCOME AND GAINS

	2015 **HK$'000**	2014 HK$'000
Exchange gain, net	**–**	15,803
Interest income		
– from deposits	**120,461**	116,245
– from loan to a joint venture	**2,717**	2,993
– from loans receivable	**21,786**	–
Dividend income from available-for-sale financial assets	**14,991**	13,501
Gain on disposal of subsidiaries *(Note 28)*	**65,008**	–
Gain on disposal of land use rights	**–**	9,077
Government grants	**79,931**	124,863
Others	**19,645**	9,957
	324,539	292,439

5. FINANCE COSTS

	2015 **HK$'000**	2014 HK$'000
Interest expenses on borrowings	**695,706**	638,399
Less: Amount capitalised in construction in progress	**(84,227)**	(159,484)
	611,479	478,915

Borrowing costs were capitalised at the weighted average rate of 5.3% (2014: 5.3%) per annum.

6. EXPENSES BY NATURE

	2015 HK$'000	2014 HK$'000
Costs of goods sold	**8,712,023**	22,308,939
Employee benefit expenses, including directors' emoluments *(Note 7)*	**3,103,887**	3,196,497
Depreciation of property, plant and equipment *(Note 12)*	**1,098,661**	994,916
Amortisation of land use rights *(Note 11)*	**146,861**	144,251
Amortisation of intangible assets *(Note 13)*	**13,091**	11,889
Exchange loss, net	**315,770**	–
Operating lease rental	**295,079**	326,865
Provision for impairment of trade receivables *(Note 21)*	**4,553**	5,374
Loss on disposal of property, plant and equipment	**3,775**	9,987
Auditor's remuneration		
– audit services	**2,400**	2,200
– non-audit services	**21**	87

7. EMPLOYEE BENEFIT EXPENSES

	2015 HK$'000	2014 HK$'000
Wages and salaries, social security costs and other benefits	**2,743,667**	2,841,418
Employer's contributions to retirement benefits schemes	**359,907**	351,258
Share-based payments	**313**	3,821
	3,103,887	3,196,497

(a) Directors' emoluments

	For the year ended 31 December 2015						
Name of director	**Fees HK$'000**	**Salaries HK$'000**	**Other benefits HK$'000**	**Discretionary bonus HK$'000** *(Note vii)*	**Employer's contributions to retirement benefits scheme HK$'000**	**Share-based payments HK$'000**	**Total HK$'000**
Executive directors							
Ms. Zhang Lili *(Notes i & viii)*	168	2,183	36	591	146	–	3,124
Mr. Zheng Qingyue *(Notes ii & viii)*	110	1,331	12	–	105	–	1,558
Mr. Li Quanyong *(Note viii)*	168	2,098	66	558	142	–	3,032
Mr. Wang Rui *(Note viii)*	168	2,013	–	514	135	–	2,830
Mr. Yu Houxin *(Notes iii & ix)*	25	–	6	4	–	66	101
Ms. Shi Jing *(Notes iv & ix)*	396	–	–	66	22	247	731
Independent non-executive directors *(Note ix)*							
Prof. Japhet Sebastian Law	441	–	104	–	–	–	545
Dr. Cheng Chi Pang, Leslie	441	–	104	–	–	–	545
Mr. Zhang Weidong	441	–	104	–	–	–	545
	2,358	7,625	432	1,733	550	313	13,011

7. EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Directors' emoluments *(Continued)*

	For the year ended 31 December 2014						
Name of director	Fees HK$'000 *(Note x)*	Salaries HK$'000 *(Note x)*	Other benefits HK$'000	Discretionary bonus HK$'000 *(Note vii)*	Employer's contributions to retirement benefits scheme HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors							
Ms. Zhang Lili *(Notes i & viii)*	129	1,586	30	575	81	1,770	4,171
Mr. Zheng Qingyue *(Notes ii & viii)*	129	1,555	12	568	79	1,694	4,037
Mr. Yu Rumin *(Notes v & viii)*	39	462	18	–	61	–	580
Mr. Tian Changsong *(Notes v & viii)*	39	453	–	–	60	–	552
Mr. Li Quanyong *(Note viii)*	168	1,998	72	541	136	–	2,915
Mr. Wang Rui *(Note viii)*	168	1,917	–	498	129	–	2,712
Ms. Shi Jing *(Notes iv & ix)*	116	–	–	49	6	357	528
Mr. Dai Yan *(Notes vi & ix)*	262	–	–	–	21	–	283
Independent non-executive directors *(Note ix)*							
Prof. Japhet Sebastian Law	441	–	104	–	–	–	545
Dr. Cheng Chi Pang, Leslie	441	–	104	–	–	–	545
Mr. Zhang Weidong	441	–	104	–	–	–	545
	2,373	7,971	444	2,231	573	3,821	17,413

Notes:

i. Appointed on 27 March 2014.

ii. Appointed on 27 March 2014 and removed on 9 December 2015.

iii. Appointed on 9 December 2015.

iv. Appointed on 16 September 2014.

v. Resigned on 27 March 2014.

vi. Resigned on 30 June 2014.

vii. Discretionary bonus is determined with reference to the annual results of the Group and the employees' performance.

viii. The directors' fees were for their services as directors of the Company and the other emoluments were for their services in connection with the management of the affairs.

ix. The directors' total emoluments were for their services as directors of the Company.

x. Companies (Disclosure of Information about Benefits of Directors) Regulation (Chapter 622G) requires (1) to distinguish the directors' emoluments between the emoluments paid or receivable in respect of a person's services as a director and that person's other services in connection with the management of the affairs; and (2) the disclosure in the notes to the financial statements for that year in relation to the information prescribed by the relevant part, the corresponding amount for the immediate preceding financial year must also be shown in the notes. In order to comply with the new Companies Ordinance (Chapter 622), the directors' fee for the year ended 31 December 2014 was reclassified into the emoluments paid or receivables in respect of a person's services as a director and that person's other services in connection with the management of the affairs using the same basis as 2015 for illustration purpose.

7. EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Directors' emoluments *(Continued)*

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.

During the year, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2014: Nil).

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2014: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2014: one) individual(s) are as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries, share-based payments and other benefits	**3,160**	1,607
Discretionary bonus	**686**	327
Employer's contributions to retirement benefits scheme	**192**	97
	4,038	2,031

	2015 **Number of individuals**	2014 Number of individuals
The emoluments fell within the following bands:		
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,000,001 – HK$2,500,000	**1**	1
	2	1

8. INCOME TAX

	2015 **HK$'000**	2014 HK$'000
PRC income tax		
– Current	**567,908**	532,248
– Deferred	**64,234**	69,248
	632,142	601,496

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 (2014: nil).

8. INCOME TAX *(Continued)*

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%. Certain subsidiaries are entitled to an exemption for the first three or five years and followed by a 50% relief rate of 12.5% for the next three or five years.

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:

	2015 HK$'000	2014 HK$'000
Profit before income tax	**2,494,149**	2,665,133
Less: Share of results of associates and joint ventures	**(527,502)**	(501,463)
	1,966,647	2,163,670
Tax calculated at statutory tax rate	**543,151**	567,091
Income not subject to income tax	**(3,977)**	(3,485)
Expenses not deductible for tax purposes	**97,833**	30,307
Tax losses for which no deferred income tax asset was recognised	**51,869**	63,279
Utilisation of previously unrecognised tax losses	**(11,824)**	(7,215)
Derecognition of previously recognised deferred income tax assets	**35,214**	22,855
Withholding income tax on undistributed profits of PRC subsidiaries and joint ventures	**37,219**	31,828
Tax exemptions and concessions	**(117,343)**	(103,164)
Income tax	**632,142**	601,496

9. DIVIDEND

	2015 HK$'000	2014 HK$'000
Proposed final dividend of HK4.15 cents (2014: HK5.32 cents) per ordinary share	**255,557**	327,606

The board of directors of the Company proposed the payment of a final dividend of HK4.15 cents per ordinary share for the year ended 31 December 2015 (2014: HK5.32 cents). These consolidated financial statements do not reflect this dividend payable.

10. EARNINGS PER SHARE

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

	2015 HK$'000	2014 HK$'000
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	**639,387**	819,125

	2015	2014
Number of shares (thousands)		
Weighted average number of ordinary shares for calculating basic earnings per share	**6,158,000**	6,158,000
Effect of dilutive potential ordinary shares:		
– Share options	**3,513**	3,187
Weighted average number of ordinary shares for calculating diluted earnings per share	**6,161,513**	6,161,187

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting for the number of dilutive potential ordinary shares from share options granted by the Company where dilutive.

11. LAND USE RIGHTS

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

	2015 HK$'000	2014 HK$'000
At 1 January	**5,834,689**	5,423,843
Exchange differences	**(319,073)**	(19,203)
Additions	**263,807**	31,807
Disposals	**–**	(4,018)
Disposal of subsidiaries *(Note 28)*	**(267,873)**	–
Transfers	**395,004**	546,511
Amortisation for the year	**(146,861)**	(144,251)
Net book values		
At 31 December	**5,759,693**	5,834,689

All land use rights are located in Tianjin, the PRC.

12. 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
Cost							
At 1 January 2014	6,891,019	7,796,938	9,462,378	389,485	432,705	5,389,073	30,361,598
Exchange differences	(23,584)	(26,685)	(32,363)	(1,241)	(1,481)	(18,444)	(103,798)
Additions	–	–	–	32,438	–	1,821,568	1,854,006
Disposals	(7,103)	(538)	(66,065)	(23,396)	(27,595)	–	(124,697)
Transfers to construction in progress	(20,992)	(110,028)	(432,855)	–	(1,234)	284,528	(280,581)
Transfers	1,611,612	941,122	1,649,442	40,388	19,508	(4,812,602)	(550,530)
At 31 December 2014	**8,450,952**	**8,600,809**	**10,580,537**	**437,674**	**421,903**	**2,664,123**	**31,155,998**
Exchange differences	**(464,101)**	**(495,928)**	**(616,473)**	**(25,408)**	**(24,163)**	**(155,497)**	**(1,781,570)**
Additions	**40**	**–**	**6,645**	**2,204**	**608**	**1,876,135**	**1,885,632**
Disposals	**(3,395)**	**(1,255)**	**(64,865)**	**(17,313)**	**(10,972)**	**–**	**(97,800)**
Disposal of subsidiaries *(Note 28)*	**(496,503)**	**(103,453)**	**(18,434)**	**(2,353)**	**(7,875)**	**–**	**(628,618)**
Transfers to construction in progress	**(9,871)**	**(9,874)**	**(1,251,234)**	**–**	**–**	**853,521**	**(417,458)**
Transfers	**624,690**	**822,437**	**1,265,142**	**26,097**	**16,036**	**(3,151,985)**	**(397,583)**
At 31 December 2015	**8,101,812**	**8,812,736**	**9,901,318**	**420,901**	**395,537**	**2,086,297**	**29,718,601**
Accumulated depreciation							
At 1 January 2014	1,857,617	1,219,904	5,119,360	233,273	249,273	–	8,679,427
Exchange differences	(5,367)	(3,417)	(15,160)	(566)	(694)	–	(25,204)
Charge for the year	223,201	170,941	529,420	35,540	35,814	–	994,916
Disposals	(1,494)	(284)	(62,302)	(18,821)	(24,957)	–	(107,858)
Transfers to construction in progress	(183)	(32,265)	(247,247)	–	(886)	–	(280,581)
At 31 December 2014	**2,073,774**	**1,354,879**	**5,324,071**	**249,426**	**258,550**	**–**	**9,260,700**
Exchange differences	**(129,821)**	**(86,083)**	**(332,834)**	**(15,924)**	**(16,109)**	**–**	**(580,771)**
Charge for the year	**268,084**	**186,779**	**574,209**	**36,246**	**33,343**	**–**	**1,098,661**
Disposals	**(2,684)**	**(167)**	**(60,772)**	**(15,109)**	**(9,847)**	**–**	**(88,579)**
Disposal of subsidiaries *(Note 28)*	**(29,221)**	**(5,279)**	**(6,767)**	**(919)**	**(4,868)**	**–**	**(47,054)**
Transfers to construction in progress	**(3,356)**	**(1,257)**	**(412,845)**	**–**	**–**	**–**	**(417,458)**
At 31 December 2015	**2,176,776**	**1,448,872**	**5,085,062**	**253,720**	**261,069**	**–**	**9,225,499**
Net book values							
At 31 December 2014	6,377,178	7,245,930	5,256,466	188,248	163,353	2,664,123	21,895,298
At 31 December 2015	**5,925,036**	**7,363,864**	**4,816,256**	**167,181**	**134,468**	**2,086,297**	**20,493,102**

The Group is in the process of applying the title documents of certain buildings with carrying value of approximately HK$211 million (2014: HK$236 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. INTANGIBLE ASSETS

Computer software

	2015 HK$'000	2014 HK$'000
Cost		
At 1 January	**114,412**	98,652
Exchange differences	**(6,669)**	(338)
Additions	**11,097**	12,079
Disposals	**(186)**	–
Disposal of subsidiaries *(Note 28)*	**(156)**	–
Transfers	**2,579**	4,019
At 31 December	**121,077**	114,412
Accumulated amortisation		
At 1 January	**63,297**	51,531
Exchange differences	**(4,207)**	(123)
Charge for the year	**13,091**	11,889
Disposals	**(68)**	–
Disposal of subsidiaries *(Note 28)*	**(13)**	–
At 31 December	**72,100**	63,297
Net book values		
At 31 December	**48,977**	51,115

14. SUBSIDIARIES

Particulars of principal subsidiaries are set out in Note 33(a).

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information of the subsidiaries that have material non-controlling interests. The summarised financial information below represents amounts before inter-company eliminations.

	Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd.		Tianjin Port Pacific International Container Terminal Co., Ltd.		Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd.	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Summarised assets and liabilities						
Current assets	**167,604**	282,169	**321,811**	279,433	**652,174**	596,306
Non-current assets	**1,920,611**	2,167,329	**5,652,919**	6,219,594	**2,063,475**	2,216,344
Current liabilities	**(328,547)**	(556,859)	**(779,919)**	(270,676)	**(365,820)**	(306,900)
Non-current liabilities	**(374,194)**	(463,937)	**(2,154,452)**	(2,998,653)	**(868,346)**	(982,381)
Net assets	**1,385,474**	1,428,702	**3,040,359**	3,229,698	**1,481,483**	1,523,369
Net assets attributable to non-controlling interests	**984,059**	1,014,763	**2,159,473**	2,293,954	**1,052,252**	1,082,002
Summarised profit or loss and other comprehensive income						
Revenue	**724,614**	786,857	**1,069,650**	972,403	**962,220**	972,253
Profit for the year	**42,992**	38,193	**209,074**	227,976	**275,242**	277,733
Total comprehensive (loss)/income for the year	**(42,688)**	33,587	**22,295**	218,682	**185,446**	274,692
Profit for the year attributable to non-controlling interests	**30,536**	27,128	**148,498**	161,924	**195,496**	197,265
Dividends paid to non-controlling interests	**563**	–	**98,842**	106,211	**106,545**	106,058
Summarised cash flows						
Net cash from operating activities	**321,096**	259,417	**624,244**	595,701	**480,916**	216,465
Net cash from/(used in) investing activities	**3,542**	(18,497)	**(44,939)**	(148,436)	**(56,593)**	(232,907)
Net cash (used in)/from financing activities	**(315,952)**	(195,596)	**(503,802)**	(448,011)	**(307,125)**	201,453

14. SUBSIDIARIES *(Continued)*

Summarised financial information of subsidiaries with material non-controlling interests *(Continued)*

	Tianjin Port Yuanhang Ore Terminal Co., Ltd.		Tianjin Port Yuanhang International Ore Terminal Co., Ltd.	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Summarised assets and liabilities				
Current assets	**377,087**	321,083	**375,265**	333,861
Non-current assets	**934,561**	1,043,874	**3,531,111**	3,646,715
Current liabilities	**(100,812)**	(89,946)	**(411,572)**	(251,822)
Non-current liabilities	**(190,976)**	(240,842)	**(2,119,838)**	(2,446,444)
Net assets	**1,019,860**	1,034,169	**1,374,966**	1,282,310
Net assets attributable to non-controlling interests	**724,375**	734,539	**976,595**	910,785
Summarised profit or loss and other comprehensive income				
Revenue	**656,605**	627,438	**692,921**	88,955
Profit/(loss) for the year	**215,310**	205,547	**174,325**	(28,935)
Total comprehensive income/(loss) for the year	**153,651**	203,615	**89,884**	(33,567)
Profit/(loss) for the year attributable to non-controlling interests	**152,928**	145,994	**123,817**	(20,551)
Dividends paid to non-controlling interests	**78,806**	73,555	**–**	–
Summarised cash flows				
Net cash from/(used in) operating activities	**197,287**	339,416	**350,861**	(215,468)
Net cash used in investing activities	**(2,243)**	(42,418)	**(114,786)**	(455,247)
Net cash (used in)/from financing activities	**(197,165)**	(178,272)	**(209,074)**	496,470

15. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Share of net assets	**3,031,415**	3,128,977

There are no contingent liabilities relating to the Group's interests in associates and associates themselves do not have any contingent liabilities (2014: nil).

Particulars of principal associates are set out in Note 33(b).

Summarised financial information of material associates

Set out below are the summarised financial information of the associates which are material to the Group and accounted for using the equity method in the consolidated financial statements.

	Tianjin Port Finance Co., Ltd.		Shenhua Tianjin Coal Terminal Co., Ltd.		Tianjin Five Continents International Container Terminal Co., Ltd.	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Summarised assets and liabilities						
Current assets	**4,225,270**	4,824,705	**439,348**	584,875	**207,668**	233,261
Non-current assets	**7,814,415**	7,359,989	**2,638,406**	2,631,478	**2,077,509**	2,312,151
Current liabilities	**(9,507,369)**	(9,662,200)	**(364,382)**	(308,719)	**(84,889)**	(46,051)
Non-current liabilities	**–**	–	**(580,091)**	(661,681)	**(620,673)**	(834,073)
Net assets	**2,532,316**	2,522,494	**2,133,281**	2,245,953	**1,579,615**	1,665,288
Summarised profit or loss and other comprehensive income						
Revenue	**400,070**	380,733	**986,625**	1,008,932	**603,160**	626,425
Profit for the year	**269,042**	261,047	**346,280**	370,748	**132,773**	127,976
Other comprehensive loss	**(157,764)**	(5,087)	**(144,647)**	(4,771)	**(102,396)**	(5,097)
Total comprehensive income	**111,278**	255,960	**201,633**	365,977	**30,377**	122,879
Dividends received from the associate	**48,699**	69,971	**141,437**	105,008	**46,420**	45,089

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates.

15. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in these associates:

	Tianjin Port Finance Co., Ltd.		Shenhua Tianjin Coal Terminal Co., Ltd.		Tianjin Five Continents International Container Terminal Co., Ltd.	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Net assets of the associate	**2,532,316**	2,522,494	**2,133,281**	2,245,953	**1,579,615**	1,665,288
Proportion of the Group's ownership interest	**48%**	48%	**45%**	45%	**40%**	40%
Group's share of net assets of the associate	**1,215,512**	1,210,797	**959,976**	1,010,679	**631,846**	666,115
Goodwill	**–**	–	**5,042**	5,354	**–**	–
Carrying amount	**1,215,512**	1,210,797	**965,018**	1,016,033	**631,846**	666,115

Aggregate information of associates that are not individually material

	2015	2014
	HK$'000	HK$'000
Aggregate carrying amount of the Group's interests in individually immaterial associates	**219,039**	236,032
Aggregate amount of the Group's share of these associates:		
Profit for the year	**19,858**	29,287
Other comprehensive loss	**(14,554)**	(605)
Total comprehensive income	**5,304**	28,682

16. INTERESTS IN JOINT VENTURES

	2015	2014
	HK$'000	HK$'000
Share of net assets	**2,431,530**	2,475,794
Loan to a joint venture *(Note)*	**141,031**	141,133
	2,572,561	2,616,927

Note: The loan is unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2016. The Group is in the process of arranging for the loan extension with the joint venture and the amount is therefore shown as non-current.

There are no contingent liabilities relating to the Group's interests in joint ventures and joint ventures themselves do not have any contingent liabilities (2014: nil).

Particulars of principal joint ventures are set out in Note 33(c).

16. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint ventures

Set out below are the summarised financial information of the joint ventures which are material to the Group and accounted for using the equity method in the consolidated financial statements.

	Tianjin Port Alliance International Container Terminal Co., Ltd.		Tianjin Port Euroasia International Container Terminal Co., Ltd.		Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Summarised assets and liabilities						
Current assets	**258,661**	316,726	**170,705**	444,225	**15,450**	14,942
Non-current assets	**2,160,290**	2,425,729	**2,945,519**	3,259,997	**1,108,165**	1,246,121
Current liabilities	**(65,969)**	(248,126)	**(309,207)**	(510,083)	**(307,389)**	(359,696)
Non-current liabilities	**(306,756)**	(411,966)	**(1,167,523)**	(1,550,001)	**–**	(89,365)
Net assets	**2,046,226**	2,082,363	**1,639,494**	1,644,138	**816,226**	812,002
Included in the above assets and liabilities:						
Cash and cash equivalents	**164,315**	186,014	**134,557**	361,144	**15,436**	14,939
Current financial liabilities (excluding trade and other payables and provisions)	**9,549**	86,196	**278,414**	458,854	**229,768**	281,404
Non-current financial liabilities (excluding trade and other payables and provisions)	**306,756**	411,966	**1,167,523**	1,550,001	**–**	89,365
Summarised profit or loss and other comprehensive income						
Revenue	**691,602**	648,476	**640,739**	556,984	**190,818**	179,274
Profit for the year	**200,686**	172,579	**113,674**	58,115	**53,721**	31,151
Other comprehensive loss	**(129,399)**	(6,139)	**(100,414)**	(5,188)	**(49,497)**	(2,674)
Total comprehensive income	**71,287**	166,440	**13,260**	52,927	**4,224**	28,477
Included in the above profit for the year:						
Depreciation and amortisation	**138,250**	140,020	**135,007**	138,944	**68,699**	69,805
Interest income	**2,984**	2,073	**1,607**	1,558	**178**	604
Interest expense	**18,808**	27,832	**79,504**	94,831	**17,264**	24,462
Income tax expense	**30,169**	26,024	**16,239**	8,302	**17,944**	4,476
Dividends received from the joint venture	**150,394**	–	**7,162**	–	**–**	19,094

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures.

16. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint ventures *(Continued)*

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in these joint ventures:

	Tianjin Port Alliance International Container Terminal Co., Ltd.		Tianjin Port Euroasia International Container Terminal Co., Ltd.		Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Net assets of the joint venture	**2,046,226**	2,082,363	**1,639,494**	1,644,138	**816,226**	812,002
Proportion of the Group's ownership interest	**40%**	40%	**40%**	40%	**50%**	50%
Group's share of net assets of the joint venture	**818,490**	832,945	**655,797**	657,655	**408,113**	406,001
Goodwill	**5,207**	5,530	**–**	–	**57,870**	61,457
Carrying amount	**823,697**	838,475	**655,797**	657,655	**465,983**	467,458

Aggregate information of joint ventures that are not individually material

	2015	2014
	HK$'000	HK$'000
Aggregate carrying amount of the Group's interests in individually immaterial joint ventures	**627,084**	653,339
Aggregate amount of the Group's share of these joint ventures:		
Profit for the year	**16,965**	19,057
Other comprehensive loss	**(30,541)**	(1,035)
Total comprehensive (loss)/income	**(13,576)**	18,022

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Available-for-sale financial assets comprise:		
Equity securities listed in the PRC *(Note i)*	**468,039**	492,356
Equity securities listed in Hong Kong *(Note i)*	**29,800**	33,600
Unlisted equity investments *(Note ii)*	**67,226**	75,323
	565,065	601,279

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.

The carrying amounts of available-for-sale financial assets are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
Renminbi	**535,265**	567,679
HK dollars	**29,800**	33,600
	565,065	601,279

18. DEFERRED INCOME TAX

Deferred income tax assets

	Unrealised profit on inter-company transfer of property, plant and equipment HK$'000	Tax losses HK$'000	Provisions, impairment losses and others HK$'000	Total HK$'000
At 1 January 2014	40,618	115,055	15,084	170,757
Exchange differences	(150)	(555)	(45)	(750)
(Charged)/credited to consolidated income statement	(2,722)	(36,182)	1,484	(37,420)
At 31 December 2014	**37,746**	**78,318**	**16,523**	**132,587**
Exchange differences	**(2,018)**	**(3,669)**	**(995)**	**(6,682)**
(Charged)/credited to consolidated income statement	**(4,732)**	**(23,058)**	**775**	**(27,015)**
At 31 December 2015	**30,996**	**51,591**	**16,303**	**98,890**

The deferred income tax assets are realisable more than 12 months after the end of the respective reporting period.

The Group had unused tax losses of approximately HK$672 million (2014: HK$481 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$596 million will expire from 2016 to 2020 (2014: HK$388 million will expire from 2015 to 2019). Other losses are carried forward indefinitely.

18. DEFERRED INCOME TAX *(Continued)*

Deferred income tax liabilities

	Available-for-sale financial assets revaluation HK$'000	Withholding tax on undistributed profits HK$'000	Total HK$'000
At 1 January 2014	67,349	179,952	247,301
Exchange differences	9	(493)	(484)
Charged to consolidated income statement	–	31,828	31,828
Charged to other comprehensive income	54,057	–	54,057
At 31 December 2014	**121,415**	**211,287**	**332,702**
Exchange differences	**(7,108)**	**(13,543)**	**(20,651)**
Charged to consolidated income statement	**–**	**37,219**	**37,219**
Charged to other comprehensive income	**529**	**–**	**529**
At 31 December 2015	**114,836**	**234,963**	**349,799**

The deferred income tax liabilities are realisable more than 12 months after the end of the respective reporting period.

Under the applicable income tax law in the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by foreign-invested companies after 1 January 2008 to foreign investors. Deferred taxation has been provided on the undistributed profits of the PRC subsidiaries and joint ventures since 1 January 2008.

19. OTHER NON-CURRENT ASSETS

Other non-current assets represent the loans receivable which are secured, interest bearing at 6.9% per annum and repayable in 2017. The carrying amounts of other non-current assets approximate their fair values.

20. INVENTORIES

	2015 HK$'000	2014 HK$'000
Bunker and other fuel oil	**87,992**	171,445
Consumable and other materials	**104,267**	533,643
	192,259	705,088

The costs of inventories recognised as expense and included in costs of sales were HK$9,349,996,000 (2014: HK$23,015,987,000), of which costs of goods sold amounted to HK$8,712,023,000 (2014: HK$22,308,939,000).

21. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**1,757,385**	2,470,462
Less: Provision for impairment	**(54,611)**	(53,350)
	1,702,774	2,417,112
Notes receivables	**1,151,759**	2,681,740
Trade and notes receivables, net	**2,854,533**	5,098,852
Other receivables	**176,635**	304,438
Prepayments	**438,020**	1,167,742
Amount due from a joint venture	**20,946**	24,295
	3,490,134	6,595,327

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

The amount due from a joint venture is unsecured, interest-free and repayable on demand.

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

	2015 HK$'000	2014 HK$'000
0 – 90 days	**2,714,495**	4,844,821
91 – 180 days	**50,680**	183,084
Over 180 days	**89,358**	70,947
	2,854,533	5,098,852

As at 31 December 2015, the Group endorsed notes receivables amounting to HK$919 million (2014: HK$2,126 million) to suppliers to settle trade and other payables. These endorsed notes receivables had a maturity of within six months at the end of the reporting period. In accordance with the relevant laws in the PRC, holders of notes receivables have a right of recourse against the Group if the issuing parties default payment. In the opinion of the directors of the Company, the Group has transferred substantially all risks and rewards of ownership relating to these endorsed notes receivables, and accordingly derecognised the full carrying amounts of these endorsed notes receivables and the associated trade and other payables.

The maximum exposure to loss from the Group's continuing involvement, if any, in these endorsed notes receivables equals to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in these derecognised notes receivables are not significant.

21. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 December 2015, trade receivables of HK$89,895,000 (2014: HK$70,947,000) were past due but not impaired as the management considered that there has not been a significant change in credit quality and the amounts are still recoverable. The ageing analysis of these trade receivables is as follows:

	2015 HK$'000	2014 HK$'000
91 – 180 days	**537**	–
Over 180 days	**89,358**	70,947
	89,895	70,947

Trade receivables of HK$54,611,000 (2014: HK$53,350,000), 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$54,611,000 (2014: HK$53,350,000) was made. Movements in the provision for impairment of the Group's trade receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**53,350**	48,117
Exchange differences	**(3,292)**	(141)
Provision for impairment of trade receivables	**4,553**	5,374
At 31 December	**54,611**	53,350

22. RESTRICTED BANK DEPOSITS, TIME DEPOSITS WITH MATURITY OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS

	2015 **HK$'000**	2014 HK$'000
Restricted bank deposits *(Note)*	**995,323**	845,938
Time deposits with maturity over three months	**1,354,739**	817,594
Cash and cash equivalents	**7,252,964**	5,890,558
Total deposits and cash and cash equivalents	**9,603,026**	7,554,090

Note: Restricted bank deposits mainly represent guarantee deposits for bank notes payables.

The carrying amounts of restricted bank deposits, time deposits with maturity over three months and cash and cash equivalents are denominated in the following currencies:

	2015 **HK$'000**	2014 HK$'000
Renminbi	**9,136,731**	7,078,360
US dollars	**374,732**	393,835
HK dollars	**91,563**	81,895
	9,603,026	7,554,090

The maximum exposure to credit risk at the end of the reporting period 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

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 December 2014 and 31 December 2015	**12,000,000**	**1,200,000**
Issued and fully paid:		
At 31 December 2014 and 31 December 2015	**6,158,000**	**615,800**

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 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:

	2015		2014	
	Average exercise price HK$	**Number of share options '000**	Average exercise price HK$	Number of share options '000
At 1 January	**1.58**	**19,100**	1.89	19,500
Granted	**1.21**	**1,100**	1.28	7,850
Lapsed	**1.60**	**(4,950)**	2.04	(8,250)
At 31 December	**1.54**	**15,250**	1.58	19,100
Exercisable at 31 December		**14,150**		18,000

23. SHARE CAPITAL *(Continued)*

Share option *(Continued)*

(b) Share options at the end of the reporting period and their remaining contractual lives are as follows:

	2015		2014	
	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$4.24	**2.07**	**600**	3.07	600
HK$3.036	**–**	**–**	4.67	1,100
HK$2.34	**4.28**	**2,100**	5.28	2,100
HK$1.846	**4.80**	**1,000**	5.80	1,000
HK$1.904	**5.25**	**1,000**	6.25	1,000
HK$1.828	**5.33**	**700**	6.33	700
HK$0.896	**6.50**	**4,200**	7.50	4,750
HK$1.24	**8.24**	**3,450**	9.24	6,750
HK$1.514	**8.72**	**1,100**	9.72	1,100
HK$1.21	**9.95**	**1,100**	–	–
At 31 December		**15,250**		19,100

(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	**9 December 2015**	16 September 2014	27 March 2014
Exercise price	**HK$1.21**	HK$1.514	HK$1.24
Expected volatility	**51%**	52%	54%
Expected option life	**5.6 years**	5.6 years	5.7 years
Risk-free interest rate	**1.51%**	2.07%	2.25%
Annual dividend yield	**3.25%**	2.70%	2.70%
Fair value	**HK$0.48**	HK$0.55	HK$0.51

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. OTHER 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)*	Others HK$'000	Total HK$'000
Balance at 1 January 2014	11,720,261	(9,111,447)	78,926	21,732	1,665,788	1,005,428	278,809	5,659,497
Other comprehensive income/ (loss) for the year	–	–	55,277	–	(37,473)	–	–	17,804
Transfers	–	–	–	–	–	115,349	–	115,349
Share-based compensation	–	–	–	3,821	–	–	–	3,821
Dividend	(323,911)	–	–	–	–	–	–	(323,911)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(113)	(113)
Balance at 31 December 2014	**11,396,350**	**(9,111,447)**	**134,203**	**25,553**	**1,628,315**	**1,120,777**	**278,696**	**5,472,447**
Other comprehensive loss for the year	**–**	**–**	**(11)**	**–**	**(707,046)**	**–**	**–**	**(707,057)**
Transfers	**–**	**–**	**–**	**–**	**–**	**115,422**	**–**	**115,422**
Share-based compensation	**–**	**–**	**–**	**313**	**–**	**–**	**–**	**313**
Dividend	**(327,606)**	**–**	**–**	**–**	**–**	**–**	**–**	**(327,606)**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(24)**	**(24)**
Deregistration of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(112)**	**(112)**
Balance at 31 December 2015	**11,068,744**	**(9,111,447)**	**134,192**	**25,866**	**921,269**	**1,236,199**	**278,560**	**4,553,383**

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 at least 10% of their net profit for the year, as determined under the PRC accounting standards, to relevant reserves until the reserve balance reaches 50% of their registered capital. Such reserves can be used to offset accumulated losses, capitalisation into capital and expansion of production.

25. BORROWINGS

	2015 HK$'000	2014 HK$'000
Unsecured borrowings:		
Non-current		
Long-term borrowings	**11,575,442**	11,253,584
Current		
Short-term borrowings	**1,793,758**	1,859,631
Current portion of long-term borrowings	**2,518,767**	1,936,698
	4,312,525	3,796,329
	15,887,967	15,049,913
Repayable:		
Loans		
Within 1 year	**4,312,525**	3,796,329
Between 1 and 2 years	**2,036,644**	3,087,915
Between 2 and 5 years	**6,091,794**	4,136,907
Over 5 years	**1,059,799**	1,493,586
	13,500,762	12,514,737
Medium-term notes *(Note)*		
Between 2 and 5 years	**2,387,205**	2,535,176
	15,887,967	15,049,913
Carrying amounts are denominated in the following currencies:		
Renminbi	**11,010,325**	9,789,244
HK dollars	**4,383,651**	4,087,180
US dollars	**493,991**	1,173,489
	15,887,967	15,049,913
Effective interest rates per annum at 31 December:		
Renminbi	**2.9% – 5.5%**	4.0% – 6.2%
HK dollars	**1.7% – 2.2%**	2.0% – 3.0%
US dollars	**0.8% – 2.3%**	0.8% – 3.0%

Note: A subsidiary of the Group issued fixed rate medium-term notes in an aggregate principal amount of RMB2,000 million in four tranches for a term of 5 years. The first and second tranches of medium-term notes with the principal amount of RMB1,000 million are repayable on 31 January 2018 and bear fixed interest rate at 4.98% per annum. The third and fourth tranches of medium-term notes with the principal amount of RMB1,000 million are repayable on 20 June 2018 and bear fixed interest rate at 4.83% per annum.

The carrying amounts of borrowings approximate their fair values.

26. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables	**1,039,141**	1,787,177
Notes payables	**1,281,953**	3,159,604
Trade and notes payables	**2,321,094**	4,946,781
Deposits from customers	**1,412,071**	1,229,138
Dividends payable to:		
– equity holders of the Company	**573,248**	397,979
– non-controlling interests	**41,035**	101,048
Other non-trade payables	**1,107,492**	1,375,232
	5,454,940	8,050,178

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 notes payables based on the invoice date is as follows:

	2015 HK$'000	2014 HK$'000
0 – 90 days	**1,562,756**	3,531,904
91 – 180 days	**695,668**	1,352,528
181 – 365 days	**33,470**	61,326
Over 365 days	**29,200**	1,023
	2,321,094	4,946,781

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations

	2015 HK$'000	2014 HK$'000
Profit before income tax	**2,494,149**	2,665,133
Adjustments for:		
– Interest income	**(144,964)**	(119,238)
– Finance costs	**611,479**	478,915
– Share of results of associates	**(357,933)**	(374,553)
– Share of results of joint ventures	**(169,569)**	(126,910)
– Dividend income from available-for-sale financial assets	**(14,991)**	(13,501)
– Loss on disposal of property, plant and equipment	**3,775**	9,987
– Gain on disposal of land use rights	**–**	(9,077)
– Gain on disposal of subsidiaries	**(65,008)**	–
– Loss on disposal of associates	**–**	58
– Depreciation of property, plant and equipment	**1,098,661**	994,916
– Amortisation of land use rights	**146,861**	144,251
– Amortisation of intangible assets	**13,091**	11,889
– Provision for impairment of trade receivables	**4,553**	5,374
– Share-based payments	**313**	3,821
– Exchange differences	**315,770**	(15,803)
Changes in working capital:		
– Inventories	**512,829**	(175,752)
– Trade and other receivables	**621,614**	(2,531,717)
– Restricted bank deposits	**(430,368)**	(260,845)
– Trade and other payables	**(1,122,801)**	2,267,079
Cash generated from operations	**3,517,461**	2,954,027

28. DISPOSAL OF SUBSIDIARIES

In June 2015, the Group disposed of its entire 51% equity interest in Tianjin Gangjun Logistics Development Co., Ltd., which is principally engaged in the provision of depot storage services and the sales of ores and cokes, for a cash consideration of RMB237.4 million (equivalent to approximately HK$300 million).

In June 2015, the Group disposed of its entire 55% equity interest in Tianjin Lanta Development Co., Ltd., which is principally engaged in the sales of ores and cokes, for a cash consideration of RMB57.9 million (equivalent to approximately HK$73 million).

Details of the assets and liabilities of the subsidiaries disposed of at the date of disposal were as follows:

	2015 HK$'000
Land use rights	267,873
Property, plant and equipment	581,564
Intangible assets	143
Trade and other receivables	2,052,725
Restricted bank deposits	246,058
Cash and cash equivalents	79,644
Trade and other payables	(1,236,197)
Current income tax liabilities	(2,282)
Borrowings	(1,393,090)
Net assets disposed of	596,438
Non-controlling interests	(288,324)
Gain on disposal of subsidiaries	65,008
Total consideration	373,122
Net cash inflow arising on disposal:	
Cash consideration received	373,122
Cash and cash equivalents disposed of	(79,644)
	293,478

29. COMMITMENTS

(a) Capital commitments

	2015 **HK$'000**	2014 HK$'000
Contracted but not provided for		
– Property, plant and equipment	**589,699**	652,237
– Investment in an associate	**654,767**	695,353
Authorised but not contracted for		
– Property, plant and equipment	**2,571,486**	3,947,641

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"), a subsidiary of the Group, resolved that Tianjin Port Co will set up a 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 will be approximately RMB4.20 billion. Shenghua International will have a registered capital of RMB1.47 billion and Tianjin Port Co will hold 60% equity interest in it. As at 31 December 2015, the formation of the company and the preparatory work of the construction project were still in progress.

(b) Operating lease commitments

As at 31 December 2015, the Group has future aggregate minimum lease payments under non-cancellable operating leases for land, property, plant and equipment and office premises as follows:

	2015 **HK$'000**	2014 HK$'000
Not later than one year	**108,093**	82,262
Later than one year and not later than five years	**375,219**	224,938
Later than five years	**1,034,307**	543,642
	1,517,619	850,842

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties of the Group

	2015 HK$'000	2014 HK$'000
With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures		
Sales of goods and services	**115,691**	161,453
Purchases of goods and services	**879,609**	818,596
Expenses for rental of land, property, plant and equipment	**247,010**	247,151
Interest expenses	**32,073**	–
Acquisition of property, plant and equipment	**160,332**	269,607
Acquisition of an associate	**2,405**	–
Acquisition of a subsidiary	**–**	1,052
Acquisition of additional interests in subsidiaries	**–**	11,039
With associates		
Sales of goods and services	**91,581**	103,088
Purchases of goods and services	**939,247**	722,344
Expenses for rental of property, plant and equipment	**17,753**	18,786
Interest income	**51,881**	42,102
Interest expenses	**156,394**	183,838
Investments in associates	**2,674**	390,030
With joint ventures		
Sales of goods and services	**143,671**	128,083
Purchases of goods and services	**128,416**	91,491
Interest income	**2,717**	2,993
Investments in joint ventures	**–**	193,378

30. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties of the Group

	2015 HK$'000	2014 HK$'000
With Tianjin Port Group and its subsidiaries, associates and joint ventures		
Trade and other receivables *(Note i)*	**76,996**	73,606
Trade and other payables *(Note i)*	**716,777**	623,515
With associates		
Trade and other receivables *(Note i)*	**3,041**	8,582
Trade and other payables *(Note i)*	**21,292**	26,855
Deposits *(Note ii)*	**2,564,402**	2,723,534
Borrowings *(Note iii)*	**3,092,027**	2,821,650
With joint ventures		
Trade and other receivables *(Note i)*	**23,932**	30,179
Trade and other payables *(Note i)*	**10,992**	2,421
Loan to a joint venture *(Note 16)*	**141,031**	141,133
Borrowings *(Note iv)*	**11,936**	12,676

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 amounted to HK$3,092,027,000 (2014: HK$2,821,650,000) in which the aggregate principal amount of HK$2,741,227,000 (2014: HK$2,354,177,000) are repayable within 5 years and the remaining HK$350,800,000 (2014: HK$467,473,000) are repayable over 5 years. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 3.9% to 5.5% (2014: 5.0% to 5.9%) per annum.

iv. Borrowings from a joint venture 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 Company's ultimate holding company, Tianjin Port Group, is a state-owned entity whilst most of the associates and joint ventures 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 2015, the 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 consolidated financial statements.

(d) Key management compensation

The key management of the Group comprises solely the directors of the Company, details of their remuneration are disclosed in Note 7.

31. FINANCIAL RISK MANAGEMENT

31.1 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 2015, the Group did not use any derivative financial instruments to hedge against its financial risk exposures.

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 2015, if Renminbi had weakened/strengthened by 5% against non-functional currencies, with all other variables held constant, the Group's profit for the year would have been approximately HK$261 million (2014: HK$250 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 from 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 borrowings are issued at variable rates and fixed rates.

At 31 December 2015, if interest rate on borrowings 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$54 million (2014: HK$47 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 stated at fair value.

At 31 December 2015, 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$50 million (2014: HK$53 million) as a result of changes in fair value of the listed equity investments classified as available-for-sale.

31. FINANCIAL RISK MANAGEMENT *(Continued)*

31.1 Financial risk factors *(Continued)*

Credit risk

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

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 financial liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period 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
At 31 December 2015				
Trade and other payables	**4,042,869**	**–**	**–**	**–**
Borrowings	**4,854,265**	**2,468,455**	**8,975,002**	**1,127,612**
	8,897,134	**2,468,455**	**8,975,002**	**1,127,612**
At 31 December 2014				
Trade and other payables	6,821,040	–	–	–
Borrowings	4,247,545	3,438,431	7,275,198	1,594,056
	11,068,585	3,438,431	7,275,198	1,594,056

31. FINANCIAL RISK MANAGEMENT *(Continued)*

31.2 Capital 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 (ratio of total borrowings to total equity). The Group's gearing ratio at 31 December 2015 was 64.5% (2014: 59.0%).

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.

31.3 Fair value estimation

Financial instruments that are measured in the statement of financial position 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 end of the reporting period. 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 2015, financial instruments included in level 1 comprise listed equity securities classified as available-for-sale financial assets and measured at the quoted price.

There were no transfers between levels 1 and 2 of the fair value hierarchy during the year.

32. 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.

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 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.

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 the end of each reporting period.

Deferred income tax

Under the applicable income tax law in the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by foreign-invested companies after 1 January 2008 to foreign investors. Deferred tax liabilities have been provided on undistributed profits of the PRC subsidiaries and joint ventures. Such provision depends on the dividend policies of the respective companies. Where the final outcome is different from the amounts that were initially recorded, such difference will impact deferred tax provisions in the period in which such determination is made.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period 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 the end of each reporting period.

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

At 31 December 2015, the Group had the following principal subsidiaries, associates and joint ventures which, in the opinion of the directors of the Company, materially affect the results and/or assets of the Group.

(a) Subsidiaries

The followings are principal subsidiaries in which the Company has interest at 31 December 2015:

Name	Registered capital/ Issued share capital	Interest held (%)	Principal activities
Listed, indirectly held by the Company, established and operating in the PRC			
Tianjin Port Holdings Co., Ltd.#	RMB1,674,769,120	56.81	Cargo handling, agency and ancillary services
Unlisted, indirectly held by the Company, established and operating in the PRC			
Tianjin Port No. 1 Stevedoring Co., Ltd.**	RMB277,000,000	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.**	RMB312,000,000	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
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 supplies and materials
Tianjin Port Logistics Development Co., Ltd.**	RMB1,090,730,000	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.**	RMB286,709,000	100	Tugboat services
Tianjin Xingang Sinor Terminal Co., Ltd.**	RMB26,079,000	100	Non-containerised cargo handling and ancillary services

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES
(Continued)

(a) Subsidiaries *(Continued)*

Name	Registered capital/ Issued share capital	Interest held (%)	Principal activities
Unlisted, indirectly held by the Company, established and operating in the PRC *(Continued)*			
Tianjin Port Xingdong Logistics Co., Ltd.**	RMB444,000,000	100	Port ancillary services
Tianjin Ocean Shipping Tally Co., Ltd.**	RMB20,000,000	84	Tallying services
China Ocean Shipping Agency Company Tianjin Limited**	RMB101,220,000	60	Agency services
Tianjin Zhongtie Storage and Transportation Co., Ltd.**	RMB10,000,000	60	Sales of other materials
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
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

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(Continued)

(a) Subsidiaries *(Continued)*

Name	Registered capital/ Issued share capital	Interest held (%)	Principal activities
Unlisted, indirectly held by the Company, incorporated and operating in Hong Kong			
Champion Sky Enterprises Limited	HK$2	100	Investment holding
Full Advance International Limited	HK$1	100	Investment holding
Well Light Enterprises Limited	HK$2	100	Investment holding
Unlisted, directly held by the Company, incorporated and operating in Hong Kong			
Grand Point Investment Limited	HK$1	100	Investment holding
Unlisted, directly held by the Company, incorporated in the British Virgin Islands and operating in Hong Kong			
Ace Advantage Investments Limited	US$100	100	Investment holding
High Reach Investments Limited	US$100	100	Investment holding
Shinesun Investments Limited	US$100	100	Investment holding
Tianjin Port Development Finance Limited	US$1	100	Treasury services
Tianjin Port Development International Limited	US$1	100	Investment holding
Win Many Investments Limited	US$1	100	Investment holding

Notes:

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

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(Continued)

(b) Associates

The followings are principal associates at 31 December 2015, all of which are unlisted, established and operating in the PRC:

Name	Registered capital	Interest held (%)	Principal activities
Tianjin Yuanhang Ore Logistics Co., Ltd.	RMB45,000,000	49	Logistics and ancillary services
Tianjin Port Finance Co., Ltd.	RMB1,150,000,000	48	Financial services
Shenhua Tianjin Coal Terminal Co., Ltd.	RMB1,444,498,500	45	Non-containerised cargo handling and ancillary services
Tianjin Five Continents International Container Terminal Co., Ltd.	RMB1,145,000,000	40	Container handling and ancillary services

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(Continued)

(c) Joint ventures

The followings are principal joint ventures at 31 December 2015, 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.	RMB645,600,000	51	Warehousing, logistics and ancillary services
Tianjin Port Alliance International Container Terminal Co., Ltd.	US$160,000,000	40	Container handling and ancillary services
Tianjin Port Euroasia International Container Terminal Co., Ltd.	RMB1,260,000,000	40	Container handling and ancillary services
Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	RMB482,660,000	50	Non-containerised cargo handling and ancillary services
Tianjin Dehai Petroleum Products Sales Co., Ltd.	RMB42,000,000	50	Sales of fuel
Vopak Nanjiang Petrochemical Terminal Tianjin Company Limited	US$8,460,000	50	Warehousing, logistics and ancillary services

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.

34. 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.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**3,756**	4,254
Interests in subsidiaries	**17,759,709**	18,852,086
Interests in joint ventures	**627,400**	666,289
Available-for-sale financial assets	**29,800**	33,600
	18,420,665	19,556,229
Current assets		
Other receivables	**3,212**	116,422
Amounts due from subsidiaries	**240,341**	255,239
Time deposits with maturity over three months	**10,742**	–
Cash and cash equivalents	**240,221**	109,331
	494,516	480,992
Total assets	**18,915,181**	20,037,221
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**615,800**	615,800
Other reserves *(Note i)*	**13,778,842**	15,009,799
Retained earnings *(Note ii)*	**24,816**	263,683
Total equity	**14,419,458**	15,889,282
LIABILITIES		
Current liabilities		
Other payables	**603,657**	441,270
Current income tax liabilities	**72**	12,899
Amounts due to subsidiaries	**3,891,994**	3,693,770
Total liabilities	**4,495,723**	4,147,939
Total equity and liabilities	**18,915,181**	20,037,221

The statement of financial position of the Company was approved by the Board of Directors on 29 March 2016 and was signed on its behalf by:

ZHANG Lili
Director

LI Quanyong
Director

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

i. Other reserves of the Company

	Share premium HK$'000	Capital reserve HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
Balance at 1 January 2014	11,720,261	1,450,909	18,800	21,732	2,176,021	15,387,723
Currency translation differences	–	–	–	–	(57,834)	(57,834)
Share-based compensation	–	–	–	3,821	–	3,821
Dividend	(323,911)	–	–	–	–	(323,911)
Balance at 31 December 2014	**11,396,350**	**1,450,909**	**18,800**	**25,553**	**2,118,187**	**15,009,799**
Currency translation differences	**–**	**–**	**–**	**–**	**(899,864)**	**(899,864)**
Fair value loss on available-for-sale financial assets	**–**	**–**	**(3,800)**	**–**	**–**	**(3,800)**
Share-based compensation	**–**	**–**	**–**	**313**	**–**	**313**
Dividend	**(327,606)**	**–**	**–**	**–**	**–**	**(327,606)**
Balance at 31 December 2015	**11,068,744**	**1,450,909**	**15,000**	**25,866**	**1,218,323**	**13,778,842**

ii. Retained earnings of the Company

	HK$'000
Balance at 1 January 2014	287,365
Loss for the year	(23,682)
Balance at 31 December 2014	**263,683**
Loss for the year	**(238,867)**
Balance at 31 December 2015	**24,816**

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Revenue	16,547,695	17,934,680	22,108,849	33,559,969	**20,541,760**
Business tax and surcharge	(319,811)	(290,265)	(67,560)	(74,357)	**(65,583)**
Cost of sales	(12,704,778)	(13,671,856)	(17,985,873)	(28,917,206)	**(15,817,854)**
Gross profit	3,523,106	3,972,559	4,055,416	4,568,406	**4,658,323**
Other income and gains	353,881	160,558	396,820	292,439	**324,539**
Administrative expenses	(1,775,372)	(1,938,460)	(2,017,083)	(2,183,040)	**(2,068,313)**
Other operating expenses	(13,855)	(17,052)	(9,929)	(35,220)	**(336,423)**
Operating profit	2,087,760	2,177,605	2,425,224	2,642,585	**2,578,126**
Finance costs	(380,573)	(403,770)	(427,670)	(478,915)	**(611,479)**
Share of results of associates	173,750	229,436	314,718	374,553	**357,933**
Share of results of joint ventures	55,177	89,235	86,972	126,910	**169,569**
Profit before income tax	1,936,114	2,092,506	2,399,244	2,665,133	**2,494,149**
Income tax	(308,157)	(375,548)	(466,645)	(601,496)	**(632,142)**
Profit for the year	1,627,957	1,716,958	1,932,599	2,063,637	**1,862,007**
Attributable to:					
Equity holders of the Company	713,264	705,794	811,047	819,125	**639,387**
Non-controlling interests	914,693	1,011,164	1,121,552	1,244,512	**1,222,620**
	1,627,957	1,716,958	1,932,599	2,063,637	**1,862,007**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Land use rights	4,657,259	5,109,441	5,423,843	5,834,689	**5,759,693**
Property, plant and equipment	15,628,926	17,079,593	21,682,171	21,895,298	**20,493,102**
Intangible assets	32,667	38,644	47,121	51,115	**48,977**
Interests in associates	2,214,685	2,367,092	2,604,950	3,128,977	**3,031,415**
Interests in joint ventures	2,178,853	2,133,705	2,390,517	2,616,927	**2,572,561**
Available-for-sale financial assets	359,233	438,690	385,297	601,279	**565,065**
Deferred income tax assets	121,034	162,068	170,757	132,587	**98,890**
Other non-current assets	–	–	–	–	**596,801**
Current assets	8,370,060	9,911,513	11,366,231	14,854,505	**13,285,419**
Total assets	33,562,717	37,240,746	44,070,887	49,115,377	**46,451,923**
Total liabilities	(13,555,027)	(15,579,968)	(20,071,795)	(23,587,820)	**(21,830,331)**
Non-controlling interests	(10,011,663)	(11,189,020)	(12,510,022)	(13,521,761)	**(13,010,871)**
Shareholders' equity	9,996,027	10,471,758	11,489,070	12,005,796	**11,610,721**

CORPORATE INFORMATION

EXECUTIVE DIRECTORS *(Note)*

Ms. ZHANG Lili *(Chairman)*
Mr. LI Quanyong *(Managing Director)*△
Mr. WANG Rui+
Mr. YU Houxin
Ms. SHI Jing

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Ms. CHAN Yeuk Kwan, Winnie

AUDITOR

PricewaterhouseCoopers

PRINCIPAL LEGAL ADVISORS

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

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
DBS Bank Ltd.
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited

PRINCIPAL SHARE REGISTRAR

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
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STOCK CODE

Hong Kong Stock Exchange: 03382

△ Members of Nomination Committee, Mr. Zhang Weidong is the chairman of the committee
+ Members of Remuneration Committee, Prof. Japhet Sebastian Law is the chairman of the committee
* Members of Audit Committee, Dr. Cheng Chi Pang, Leslie is the chairman of the committee

Note:

As mentioned in the announcement of the Company dated 22 April 2016, the following changes are effective from 22 April 2016:

1. Resignation of Ms. Zhang Lili as an executive Director and chairman of the Company; and
2. Appointment of Mr. Zhang Ruigang as an executive Director and chairman of the Company.

Tianjin Port Development Holdings Limited

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