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

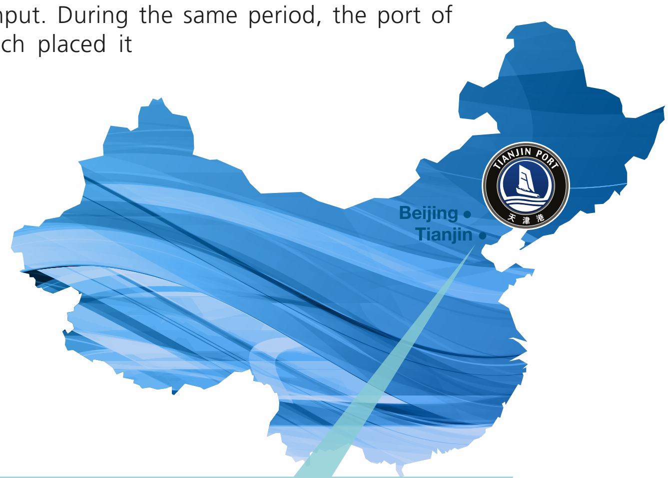
2016
Annual Report

CORPORATE PROFILE

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

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. 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.

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 2016, the port of Tianjin was the fourth largest port in China and the fifth 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.



CONTENTS

MILESTONES

1997

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

2001

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

2004

- 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. 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 **2016**	2015
Total throughput		
Non-containerised cargo (million tonnes)	**318.07**	302.35
Container (million TEUs)	**14.49**	14.09
Consolidated throughput		
Non-containerised cargo (million tonnes)	**263.60**	250.14
Container (million TEUs)	**7.02**	6.87

HK$ million	For the year ended 31 December **2016**	2015
Revenue	**16,457**	20,542
Operating profit	**2,496**	2,578
Profit before income tax	**2,359**	2,494
Recurring profit before income tax *(Note 1)*	**2,359**	2,429
Profit attributable to Shareholders	**530**	639
Basic earnings per share (HK cents)	**8.6**	10.4
Net cash inflow from operating activities	**2,918**	3,085

HK$ million	As at 31 December **2016**	2015
Shareholders' equity	**11,137**	11,611
Non-controlling interests	**12,979**	13,011
Total equity	**24,116**	24,622
Total assets	**42,337**	46,452
Total borrowings	**14,516**	15,888
Financial ratios		
Gearing ratio *(Note 2)*	**60.2%**	64.5%
Current ratio	**1.8**	1.3
Net assets per share – book value *(Note 3)* (HK$)	**1.8**	1.9

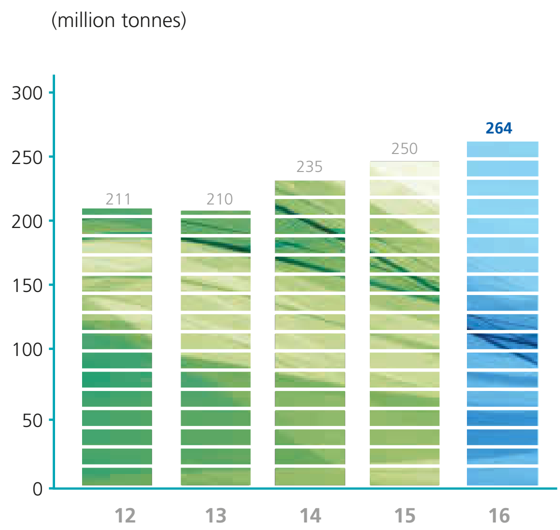
Notes:

1. Recurring profit before income tax represents profit before income tax excluding gain on disposal of subsidiaries (2015: HK$65 million).

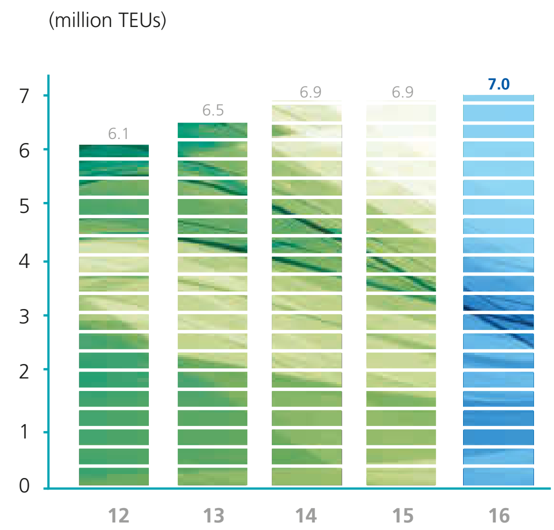
2. Gearing ratio represents total borrowings divided by total equity.

3. Net assets per share – book value represents shareholders' equity divided by the number of issued shares at year end.

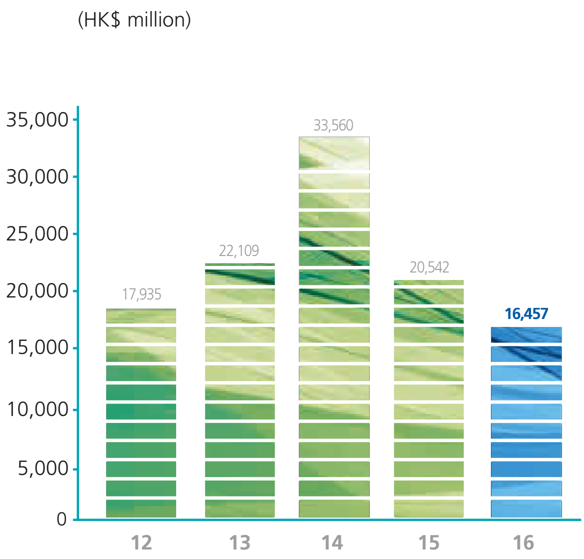
Consolidated non-containerised cargo throughput



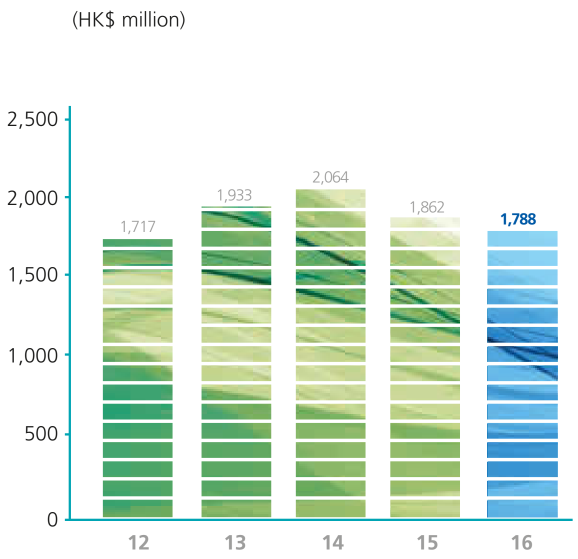
Consolidated container throughput



Revenue



Profit for the year



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of the Group for the year 2016.

In 2016, the global economy sustained a recovery momentum but the growth was modest. The U.S. economy continued to grow at a moderate pace and the European economy firmed up the recovery, while the Chinese economy maintained growth within a reasonable range. Affected by the slow growth of global economy, the total value of import and export trade of China in 2016 fell by 6.8% year-on-year to US$3,684.9 billion. In 2016, the port of Tianjin was the fourth largest port in China and the fifth largest port in the world in terms of total cargo throughput, and ranked the sixth among China's ports and was one of the top 10 busiest ports in the world in terms of total container throughput.

Cargo throughput of the ports in China continued to experience slow growth attributable to the persistently sluggish global trade demand. The growth rate in 2016 was 3.2%, increased by 1.3 percentage points over 2015. The year 2016 was a year full of challenges. In the face of sluggish global trade and intensified competition from the surrounding ports, the Group took proactive initiatives to address the challenges and maintained a stable growth in the core businesses. Total cargo throughput handled by the Group for the year was up 3.9% year-on-year to 475 million tonnes, of which total container throughput was 14.487 million TEUs. Profit before income tax was HK$2,359 million. Excluding exchange loss in both years and gain on disposal of subsidiaries in 2015, recurring profit before income tax in RMB was RMB2,277 million, representing a year-on-year increase of 3.0%.

Profit attributable to shareholders for the year ended 31 December 2016 was HK$530 million and basic earnings per share was HK8.6 cents.

The Board is pleased to recommend the payment of a final dividend of HK3.44 cents per share, representing a payout ratio of 40% for the year.

Looking into 2017, the global economy is expected to continue a moderate recovery, while there are a number of uncertainties. The U.S. economy will maintain growth momentum, but economic policies of the new administration may impact the U.S. economy and even the global economy. The European economy will continue to grow in low gear and remain clouded by various political factors including the progress of Brexit and elections of several major European economies. With the introduction of the national policy of "stabilising growth", the Chinese economy is expected to maintain stable growth. Amid persistently low growth of the global economy, coupled with the emergence of protectionism and anti-trade sentiments, global trade expectation remains subdued and continues to pressure the ports in China.

The year of 2017 is an important year for the implementation of the "13th Five-Year Plan". Benefiting from a series of favourable policies, especially the implementation of such major national strategies as the "One Belt, One Road" and the "Jing-Jin-Ji" integration, as well as the accelerated development of the Tianjin Pilot Free Trade Zone and the Core Functional Zone of Tianjin Northern International Shipping Center, the Tianjin region is expected to accelerate the fostering of new driving forces of economic growth. The Group will strive to participate and seize upon new opportunities arising from the development.

In December 2016, the Company commenced the contemplation of the assets transaction with Tianjin Port Co and entered into a framework agreement with Tianjin Port Co in March 2017. If the transaction is completed, Tianjin Port Co will become the main operating platform for the Group's cargo handling and logistics business, which will stimulate synergies and integration benefits and thus enhance the Group's overall core competitiveness.

Going forward, the Group will leverage on its unique advantages and solid business foundation, continue to focus on business development strategy, speed up the development of routes along the "One Belt, One Road" network through multiple channels, promote dry ports construction, and enhance the sea-rail intermodal transportation capacity, so as to explore new business development opportunities for the Group, with the aim to achieve sustainable development and deliver better return to the shareholders.

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

Sincerely yours,
Zhang Ruigang
Chairman

Hong Kong, 28 March 2017

Management Discussion and Analysis

OPERATING ENVIRONMENT

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

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

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

ANNUAL RESULTS

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

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

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

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

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

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

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

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

REVIEW OF OPERATIONS

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

Non-containerised Cargo Handling Business

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

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

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

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

Container Handling Business

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

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

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

On a consolidated basis, the blended average unit price of the container handling business decreased by 5.3% to HK$274.3 per TEU (2015: HK$289.6 per TEU). In RMB, the blended average unit price increased by 0.9% over last year reflecting that foreign trade grew at a faster pace than domestic trade.

Sales Business

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

During the year under review, the Group recorded revenue of HK$5,237 million from the sales business segment, representing a decrease of 41.0% over last year, mainly reflecting the deconsolidation impact from July 2015 onwards as a result of the completion of disposal of two subsidiaries in 2015 which are engaged in sales business.

The decrease in sales revenue due to the completion of disposal of two subsidiaries has no adverse effects on the Group's operation and financial position as the profit margin of sales business is relatively low.

Other Port Ancillary Services Business

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

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

OUTLOOK

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

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

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

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

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

Costs of Sales

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

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

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

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

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

Gross Profit

Gross profit and gross profit margin for 2016 were HK$4,569 million (2015: HK$4,658 million) and 27.8% (2015: 22.7%) respectively. Gross profit decreased by HK$89 million, primarily due to the decrease in gross profit from other port ancillary services business and the depreciation of RMB. Gross profit margin grew by 5.1 percentage points, reflecting the decrease in the proportion of sales business which has a lower gross profit margin.

Administrative Expenses

Administrative expenses of the Group decreased by 4.3% over last year to HK$1,980 million. The Group will continue to take strict measures in control and management so as to maintain administrative expenses at a reasonable level.

Other Income and Gains and Other Operating Expenses

Other income and gains amounted to HK$226 million, representing a decrease of HK$98 million over last year. Gain on disposal of subsidiaries of HK$65 million was included in last year.

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

Finance Costs

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

Share of Results of Associates and Joint Ventures

The Group's share of results of associates was HK$327 million, representing a decrease of HK$31 million or 8.7% over last year, mainly resulted from the decrease in profit from financial business and the depreciation of RMB.

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

Income Tax

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

FINANCIAL POSITION

Cash Flow

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

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

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

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

Capital Structure

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

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

Assets and Liabilities

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

Liquidity, Financial Resources and Borrowings

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

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

Financial Ratios

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

Pledge of Assets

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

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2016.

Financial Management and Policy

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

The operations of the Group are located in the PRC and its functional currency is RMB. The Group is exposed to foreign exchange risk primarily from the assets and liabilities that are denominated in non-functional currencies. As at 31 December 2016, most of the Group's assets and liabilities were denominated in RMB except for certain HK$ bank borrowings. Since China's RMB exchange rate reform in August 2015, RMB has experienced a significant depreciation. Central Parity Rate of RMB against HK$ as set by the People's Bank of China at the end of December 2016 declined by over 13% from that before the reform. Depreciation in RMB continued and the Central Parity Rate of RMB against HK$ fell 6.8% (2015: 6.2%) in 2016. Depreciation of RMB will subject the Group to exchange loss arising from the translation of foreign currency denominated liabilities, and also HK$ reported results will be adversely affected by the translation. During the year under review, the Group recorded exchange loss of HK$297 million (2015: HK$316 million). No hedging arrangement was entered into in respect of foreign exchange risk exposure during the year under review.

The Group's interest rate risk arises primarily from the fluctuation on interest rates of borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk while borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2016, the Group's total borrowings were HK$14,516 million, of which approximately 70.2% were at floating interest rate while the remaining 29.8% were at fixed interest rate, and the average borrowing interest rate was 3.8% (31 December 2015: 3.8%).

The Group will continue to monitor the risks of exchange rate and interest rate closely. In view of the fluctuations in RMB exchange rate and its debts in foreign currencies, the Group will continuously review its treasury strategy, whilst keeping an eye on the US$ interest rate hike, with the aim to be well prepared and to respond quickly and effectively to the rapidly changing conditions in financial market.

CAPITAL EXPENDITURE AND COMMITMENTS

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

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

MATERIAL INVESTMENTS

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

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

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

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

SIGNIFICANT EVENT

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

APPRECIATION

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

By order of the Board
LI Quanyong
Managing Director

Hong Kong, 28 March 2017

Environmental, Social and Governance Report

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 adheres to the principle of prudent operations over the years to achieve the goal of sustainable development. The Group seeks to ensure the operating performance of each business segment, places great importance on environmental protection and social responsibility, and is committed to implementing efficient corporate governance and effective use of resources, so as to deliver sustainable and significant returns for the shareholders.

REPORTING SCOPE

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules, which outlines the performance and achievements of the Group in respect of social responsibility and environmental protection in 2016. For the corporate governance aspect, please refer to the Corporate Governance Report in this annual report. The report covers four major aspects including environmental protection, employee policy, operational governance and social contribution, which mainly contains information on issues that are important to shareholders, investors and other stakeholders.

ENVIRONMENTAL PROTECTION

Emission Reduction

The Group is committed to building a beautiful port, and proactively promotes energy conservation and emission reduction. The Group has formulated and implemented specific management rules in respect of solid waste pollution prevention and control, atmospheric pollution prevention and control, water pollution prevention and dust control, and strictly abides by the relevant regulations such as the "Environmental Protection Law of the PRC", the "Marine Environment Protection Law of the PRC", the "Law of the PRC on Prevention and Control of Water Pollution", the "Law of the PRC on the Prevention and Control of Atmospheric Pollution", the "Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste", the "Law of the PRC on Prevention and Control of Environmental Noise Pollution" and the "Notice on Soil Pollution Prevention and Control Initiative" (《土壤污染防治行動計劃的通知》).

The breakdown of emissions and discharges of the Group is as follows:

Type	Substance	Source	Treatment/emission reduction measures
Exhaust gas	**exhaust gas from stationary sources:** suspended particles or particulate matters	bulk cargo operation and construction	– regulating the emissions – afforesting – enhancing the construction dust treatment
Sewage	sanitary sewage, oily sewage and sewage from equipment cleaning	offices, cargo handling business and vessel cabin cleaning	– discharged by the local sewage treatment plants – recycled after being processed by the Company's own sewage treatment facilities
Solid wastes	**hazardous wastes:** oil waste, oil cotton yarn waste, used toner cartridge and ink cartridge, electronic waste, used batteries and used tubes **non-hazardous wastes:** domestic waste, office waste, construction wastes (residual inventory, coal cinder, packaging materials, etc.) and floating debris	machinery maintenance and repair, oily sewage treatment facility and equipment operation manufacturing and construction, engineering vessels	– disposed and processed by qualified independent institutions – explicit group rules on the collection, transportation and disposal procedures of solid wastes – regular salvage works within the port – implementing stringent site operation management and actively reducing wastes at source

In 2016, the Group proactively adopted various measures to reduce pollutant emissions and discharges, in an effort to build a beautiful port. In order to reduce pollutant discharges, the Group accelerated relocation of the bulk cargo logistics centre, pushed forward environmental improvement such as reconstruction of the soda slag hill, comprehensively carried out bare land amelioration at the port, implemented its management rules of "Five Musts" at construction sites, expedited the construction of the port wind-proof net, proactively engaged in vessel atmospheric pollution control, actively pushed ahead the construction of "a clean port" and sped up the construction of major landscape greening projects.

Our sales business includes supply of fuel to inbound vessels and sales of marine lube oil, while the cargo handling businesses include provision of transhipment, cargo handling, storage and transportation services for petrochemical products and other liquid cargoes. Given that there may be oil spillage or leakage during the course of business operations, the Group has established the relevant safety management system to strictly regulate the navigation of bunkering vessels and bunkering procedures, which is reviewed by Tianjin Maritime Safety Administration annually, to prevent oil spillage and leakage. In addition, the Group has developed the pollution prevention system for bunkering operation in winter, the system for prevention of pollution by vessels and the emergency plan for pollution prevention as well as other pollution prevention systems and execution plans. Emergency drills for pollution prevention are held on a regular basis. In 2016, the emergency plan for oil spillage was improved and annual joint drill was held to prevent all contingencies, including emergency drill for pollution prevention caused by oil spillage. There were no oil spillage or leakage incidents which needed to be reported to the government in 2016.


Oil spill emergency drill

Effective Use of Resources

The major types of energy consumed by the Group in its business operations include electricity, diesel oil, petrol, natural gas and steam, of which electricity and diesel oil account for over 90% of its energy consumption. Energy is mainly consumed for cargo handling operations (such as lightening for portal cranes, quay container cranes and yard cranes) and ancillary services (such as tugging and maintenance services). In 2016, the total fuel consumption by the main businesses and equipments of the Group amounted to 308 tonnes and 38,643 tonnes respectively, and the total electricity consumption amounted to 310.14 million kWh.

The Group has established a set of policies on the effective use of resources in accordance with the relevant requirements of the "Law of the PRC on Energy Conservation" and the "Regulations of Tianjin Municipality on Energy Conservation" (《天津市節約能源條例》). Guided by the philosophy of "leading in energy conservation and achieving green development", the Group has formulated relevant energy conservation measures for key energy consumption units, and has implemented and improved the energy measurement and management system. A closed-loop energy measurement management system is established with tailor-made management responsibilities for different levels of the business units to further promote the establishment of energy management system. A long-term energy management mechanism has been established and efforts have been made to improve the energy performance level with the aim to achieve the goal of energy conservation.

In 2016, water consumed by the main businesses of the Group amounted to 2.13 million tonnes. The Group complies with the relevant requirements of the "Water Law of the PRC" and the "Regulations of Tianjin Municipality on Water Conservation" (《天津市節約用水條例》), adheres to the principle of "total amount control, scientific and rational utilisation, energy conservation and comprehensive utilisation", and has implemented and promoted the relevant management measures on water conservation.

The Group has taken many energy-saving measures such as increasing the percentage of shore-side power supply for vessels in services at the port areas, using electricity rather than fuel for quay container cranes, and promoting the application of handling machinery using clean energy and LNG vehicles. With regard to energy conservation technologies for vessels, the Group further promotes the application of continuous transportation system, energy conservation technology for liquid transportation pipelines and electric heat tracing technology for oil pipelines. Furthermore, the Group also promotes the application of the ground source heat pumps (GSHP) technology, LED energy-saving lighting for terminals, and smart control and frequency conversion technology for the illuminating system in order to facilitate the effective use of energy.

The Group regularly reviews and revises the management measures on water consumption, establishes the water supply management platform, adopts the remote control system and replaces obsolete equipments and pipelines, so as to achieve the goal of water conservation.

During the "12th Five-Year Plan" period, the port of Tianjin achieved remarkable results in energy conservation and emission reduction. In March 2016, the port of Tianjin was awarded the title of "Green Port" by the Ministry of Transport of the PRC, and was ranked No.1 in terms of low-carbon emission in the port sector in China during the "12th Five-Year Plan" period.

Currently, most of the subsidiaries and associates of the Group have implemented and obtained the certification of the GB/T24001 (ISO14001) environmental management system, GB/T19001 (ISO9001) quality management system and GB/T28001 (OHSAS18001) occupational health and safety management system.

Here are some examples by certain member companies to promote energy conservation and environmentally-friendly production:

Tianjin Port Alliance International Container Terminal Co., Ltd., a joint venture of the Group, adopted the photovoltaic power generation technology by using the advanced polycrystalline silicon photovoltaic modules to set up the roof power generation grid and connect the solar power generated into the municipal electrical grids, in an effort to build a green and low-carbon port. After its completion at the end of 2016, the electricity consumption of the company is expected to be reduced by approximately 46,000 kWh (equivalent to approximately 5.65 tonnes of standard coals) and CO_2 emission will be reduced by approximately 15.61 tonnes per annum.

Tianjin Port Pacific International Container Terminal Co., Ltd., a subsidiary of the Group, stepped up efforts in developing a green port and has established a green port objective evaluation system. In 2016, the company actively organised a series of energy conservation activities such as Energy Conservation Week and Low Carbon Day, completed the building of smart energy consumption monitoring platform and realised automatic statistical analysis of energy consumption data, all of which made the company's energy management work more digitised and intelligent. In 2016, the company was awarded the 4-star "China Green Port" ("中國綠色港口") in port enterprises by China Ports & Harbours Association in accordance with the industry standards of the PRC – Standard for Green Port Grade Evaluation (JTS/T105-4-2013).

Tianjin Port Euroasia International Container Terminal Co., Ltd., a joint venture of the Group, has applied the GSHP system to achieving effective use of energy and reduce pollution. A sewage treatment plant has also been built to ensure no discharge of untreated sewage and use of recycled water to water plants. Currently, the company has a landscape area of 43,000 square meters.

Environmental Protection Policy

The Group is committed to reducing the impact of its business operations on the environment and resources. According to the requirements of relevant environmental protection laws, the Group requires that environmental impact assessments be conducted for all new projects at the feasibility study stage before project commencement. The assessments include analysis, prediction and adoption of targeted measures against potential pollutions to be produced during project construction and operation. Strict measures must be implemented to ensure simultaneous design, construction and commissioning of environmental protection facilities along with the major construction works.

In respect of bulk cargo operations, we strictly implement various dust emission control measures, including covering coal and ore stacks, suppressing dusts through sprinkling and spraying, washing tyres, cleaning storage yards and roads, implementing airtight transportation and improving the windproof and dust-control net, in response to the government's efforts in haze control in Jing-Jin-Ji Region.

In respect of construction dust emission control, the Group strictly implements the requirements of "Five Musts" under the "Administrative Regulations of Tianjin Municipality for Civilised Construction of Construction Projects" (《天津市建設工程文明施工管理規定》), namely, fences must be set up around the construction sites; the grounds must be hardened; water must be sprayed on places where earthwork constructions are to be carried out; waste soils must be transported in closed containers and the transportation vehicles must be washed; and places where soils, waste soils and gravels are stacked must be covered up. In addition, the Group has designated a team to manage such matters and implement monitoring on a 24-hour basis.

The Group has formulated and implemented assessment measures for environmental protection work, with the aim to improve its environmental protection management and further regulate the assessment procedures of environmental protection work. In 2014, the Group formulated relevant assessment measures for environmental protection work for each subsidiary. In 2015, the Group launched the assessment works, in which green management and environmental protection works were included. In 2016, all subsidiaries of the Group have met the assessment criteria and passed relevant assessment tests.

The Group's major landscape projects were all carried out as planned. In 2016, the port of Tianjin had a total landscape area of 678,000 square meters with 13,600 square meters added in the year. The Group invested RMB12.836 million for vegetation and landscaping, with the green area ratio and green coverage ratio reaching 12.86% and 13.61% respectively. The Group plans to launch more landscape projects in 2017, including the landscape project for the Dongjiang port area.

In addition, in order to enhance employees' awareness of energy conservation and carbon reduction, the Group held the Convention of Energy Conservation Week under the theme of "leading in energy conservation by green development and low-carbon innovations". The convention vigorously advocated the philosophy of energy conservation and emission reduction, and the concept of resource conservation and recycled use was instilled to our employees.

EMPLOYEE POLICY

Employees' Rights and Interests

The Group sticks to the "people-oriented" management principle, attaches emphasis on employees' lifelong learning and career development, and improves employee productivity through trainings. These in turn drive the growth of our business. Meanwhile, the Group is devoted to creating a fair working environment, healthy competitive atmosphere and providing equal opportunities for our employees. As at the end of December 2016, the Group had 9,722 employees in total.

Below table illustrates the age distribution of our workforce:

Employees by age group 25 and below		26 – 35		36 – 45		46 – 55		56 and above	
number	%	number	%	number	%	number	%	number	%
209	2.2	2,001	20.6	2,032	20.9	4,282	44.0	1,198	12.3

The Group had established fair recruitment, promotion and remuneration systems to protect the rights and interests of the employees. In addition to the "Labour Law of the PRC", the "Labour Contract Law of the PRC" and the "Law of the PRC on the Protection of the Disabled", the Group also strictly abides by the local regulations such as the "Regulations on Certain Issues regarding the Implementation of the Labour Contract System of Tianjin Municipality" (《天津市實行勞動合同制度若干問題的規定》) and the "Methods for the Administration of the Employment Security Fund for the Disabled of Tianjin Municipality" (《天津市殘疾人就業保障金管理辦法》).

To maintain effective communication between our management and employees, the Group organises symposia from time to time and uses various means such as survey research, opinion collection, proposals at the Workers' Congress and petitioning to get feedback from our employees.

The Group has established the Labour Union to safeguard the rights and interests of the employees. The Labour Union is dedicated to promoting the collective negotiation mechanism for collective agreements and wages, exercising labour protection and supervision functions in accordance with the relevant national laws and regulations in China, and organising and convening the annual Workers' Congress. In 2016, the Labour Union organised various training programs for a total of 327 union staff, which in general improved their understanding of theories and policies and the ability to conduct survey and research, organise and make plans.

The Group implements the "equal work, equal pay" employment principle. Female employees enjoy equal rights to their male peers in terms of wages, safety and health training and benefits. In addition, the Group makes special arrangements to protect the rights and interests of female employees, providing annual gynaecological examinations for female employees and granting breastfeeding leaves to those in need.

Emergency drill

Work Safety and Occupational Health

The Group strictly abides by the "Law of the PRC on Work Safety", the "Law of the PRC on Prevention and Control of Occupational Diseases", the "Work Safety Regulations of Tianjin Municipality" (《天津市安全生產條例》), the "Regulations of Tianjin Municipality on Safety Management of Enterprises Involving Hazardous Chemicals" (《天津市危險化學品企業安全治理規定》) and other relevant laws and regulations.

Each member company of the Group has its own safety supervision department which is responsible for conducting comprehensive supervision and management of work safety within the Group. The safety supervision department also implements the work safety accountability system and management regulations of the Group. These regulations cover hidden danger identification and elimination, check and assessment of major sources of danger, safety evaluation and fulfillment of work safety accountability targets, use of personal protective equipments, work safety, incident accountability investigation and work safety inputs. The safety supervision department is also responsible for work safety management, with a focus on the work safety of the cargo handling and ancillary services businesses within the Group.

As to work safety, the Group implements many functional enhancement measures, such as improving information system management, strengthening delicacy management and imposing more stringent safety management requirements, in an effort to create a safe and eco-friendly port. Besides, the Group provides employees with proper job-related protective equipments, eliminates hidden danger and formulates relevant management measures to detect major sources of danger.

The Group carries out emergency drills for production safety incidents in respect of production safety, fire extinguishing and emergency evacuation, chemical hazardous incidents, waterborne traffic and large-scale machinery and windbreak control, so as to ensure the emergence handling capability towards unexpected incidents of each member company of the Group.

The Group has also established the accountability mechanism for work-related incidents, and conducted inspection and assessment on the relevant work safety accountability targets. The assessment methods include regular inspections during seasonal transitions to ensure accomplishment of the work safety requirements and work arrangement of each units in all seasons, and irregular inspections on important dates such as statutory holidays, including comprehensive supervision and investigation as well as special inspections. Since the Group has developed and implemented work safety accountability systems and management regulations at all levels, our subsidiaries and divisions conduct mid-year and year-end self-inspection and assessment regarding the fulfillment of the work safety accountability targets, enabling the Group to assess the implementation of such systems at all levels, which helps to improve our safety management.

In addition to special management systems to control production and operation safety developed by dedicated management departments and officers, the Group places great emphasis on the occupational safety of the employees. The Group formulated the 2016 safety education and training programs to provide training for new employees, safety knowledge and fire-fighting training programs for employees working at key positions and continuous training programs for professional technicians. The comprehensive, ongoing and targeted work safety publicity, education and training programs organised by the Group help to enhance the staff's safety awareness and significantly improve their safety and technical skills and accident prevention ability.

Production safety campaign

As to occupational health, the Group has developed the prevention and control plan and relevant management regulations of occupational diseases. The Group makes great efforts to promote early disease preventive measures and self-protection against and management of occupational diseases during work. The Group also develops and implements relevant hygiene assessment systems covering integrated hygiene management, food safety, indoor hygiene, vector control, occupational hygiene and external environment hygiene, so as to improve our occupational health and hygiene management and further regulate our hygiene assessment procedures. In 2016, all the subsidiaries of the Group have met the assessment criteria and passed relevant assessment tests.

Development and Training

The Group has developed and implemented a series of practical and effective rules, regulations and management measures to further regulate our training system.

The Group has adopted a three-level training management system. The Vocational Education Committee sits on the top level and is mainly responsible for important matters such as making decisions concerning vocational education within the Group, reviewing and approving development strategy plans and annual plans for vocational education and formulating all kinds of relevant regulations and rules. The HR departments and other functional departments are on the middle level and are responsible for managing general training programs and professional and systematic training programs respectively. All the fundamental units are at the lowest level and are responsible for providing on-the-job training programs.

The Group's internal training programs consist of on-the-job training for professional technicians, orientation trainings for new employees, trainings for safety management port officers, trainings for finance department personnel and trainings on remuneration management system. The HR departments are responsible for assessing employees' training needs, and the employee training centres are responsible for arrangement and coordination. In 2016, a total of 33,926 employee attendance was recorded for internal training programs. In respect of further education, the Group grants rewards and subsidies to encourage the employees to pursue higher academic level and provides funding to employees seeking relevant external study.

Labour Standards

The Group implements employment policy in strict compliance with relevant national laws and regulations, and prohibits child labour or forced labour. All the subsidiaries and affiliates of the Group have developed specific regulations on working hours, holidays and annual leaves, with the aim to protect the rights and interests of the employees.

OPERATIONAL GOVERNANCE

Supply Chain Management

The largest portion of the Group's supply chain costs is the cost of sales from the sales business, followed by external labour fees and comprehensive services fees and then fuel and utility fees. The Group manages its supply chains through its subsidiaries and affiliates.

The Group has taken various measures to manage its suppliers and monitor their performance of social responsibilities. Contracts entered into with the suppliers contain provisions regarding their employment standards, work safety, environmental safety, social responsibilities and ethics, etc. The Group has also set up dedicated teams to conduct comprehensive assessments of the suppliers in terms of customer satisfaction, complaints, non-compliance activities, ethics and other aspects.

Product Liability

The Group is mainly engaged in container and non-containerised cargo handling businesses and other port ancillary services. The Group proactively strengthens the quality management of its passenger and cargo transportation services to further improve our service quality.

The Group proactively conducts surveys on our passenger and cargo transportation services management, and puts forward proposals for improving the business and operations management of the Group. Meanwhile, the Group enhances the management of our land services and strengthens our supervision and inspection. In 2016, the Group further set up the comprehensive loss prevention as well as control and coordination mechanism, conducted more than 150 on-site inspections and strengthened the training programs for cargo transportation quality management officers. The Group also inspected different units to select the best performing service units to further improve the quality management of its passenger and cargo transportation services. In 2016, no product sold or delivered by the Group was returned due to safety or health reasons.

With respect to fuel supply to the sales division, a dedicated fuel procurement team is responsible for monitoring the quality of oil purchased. The team conducts sample tests of the oil before and after the purchase at the oil depot to ensure its quality, and develops norms and standards for relevant procedures concerning oil storage and other aspects in accordance with the relevant occupational safety and environmental management regulations of the Group.

Anti-corruption

The Group abides by the "Criminal Law of the PRC" and the "Law against Unfair Competition of the PRC". The Group has established relevant management rules to establish and improve its anti-corruption system and prevent any transfer of interest and benefits. The Group has also formulated employee reward and punishment policies and implemented relevant punitive measures to regulate the behaviours of our directors and employees. The policies prohibit all employees from engaging in any corruption, embezzlement, bribery, solicitation and reception of commissions and charges, favouritism and irregularities by abusing their positions as well as use of inside information for personal gains. If necessary, punishments such as warning, demerit or dismissal might be given to employees who have committed any of the above misconduct.

Meanwhile, the Group carries out anti-corruption education through demonstrations, warnings and education campaigns regarding integrity and incorruptible practice. Face-to-face interviews will be conducted with executives and officers before they take office to enhance their anti-corruption and risk awareness.

Social contribution campaigns

SOCIAL CONTRIBUTION

The Group holds itself in a socially responsible manner while pursuing better business achievements, and spares no efforts to make contribution to the society and offer care for the underprivileged community. The Group and its member companies are committed to giving back to the society.

In 2016, the Group proactively offered supports to the underprivileged community and employees in difficulties. The Group visited the employees in difficulties before the Chinese New Year to offer condolence and financial support of RMB2.573 million. Besides, the Labour Union offered financial support of RMB349,000 to employees with serious diseases and launched the Golden Autumn Study Support campaign to provide RMB105,000 for children of employees in difficulties and from rural areas during the year.

Volunteers of the "Love in Orient" campaign in Tianjin Orient Container Terminals Co., Ltd. visited the Tanggu Fengyehong Home for the Aged to offer their love and care for the elderly. This marked the 38th events since the campaign was first launched in 2013, with over 800 participants so far.

In 2016, Tianjin Port Pacific International Container Terminal Co., Ltd. joined hands with the caring citizen of our community to donate over 1,400 items of autumn and winter clothes and footwear and books for the villagers with financial difficulties in Qinghai province. Over 100 employees participated in the campaign. The company has been engaged in this campaign for six years to offer love and care to the villagers in the rural areas.

In 2016, the "Xianchuang Caring Team" of Tianjin Port Tugboat Lighter Co., Ltd. organised a total of five thematic social events. For example, the team launched the large-scale walking activity jointly with Binhai Xiangyu Autism Support Centre to call for understanding, attention and caring for children with autism.

Corporate Governance

EXECUTIVE DIRECTORS

ZHANG Ruigang

Chairman

Aged 54, was appointed as an executive Director and chairman of the Board on 22 April 2016. Mr. Zhang holds postgraduate qualification and doctorate degree in economics, and is a 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.

LI Quanyong

Managing Director, Member of Nomination Committee

Aged 54, was appointed as an executive Director and the managing director of the Company on 8 April 2010. 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 of Tianjin Port Co 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 acts as the chief economist of Tianjin Port Group since January 2009.

WANG Rui

Deputy General Manager, Member of Remuneration Committee

Aged 54, was appointed as an executive Director and deputy general manager of the Company on 28 March 2011. 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.

YU Houxin

Aged 52, 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.

SHI Jing

Aged 46, 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 Holdings Limited ("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

Japhet Sebastian LAW

Chairman of Remuneration Committee, Member of Audit Committee

Aged 65, was appointed as an independent non-executive Director on 8 September 2005. 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 U.S. 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 Hong Kong 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) and Shougang Fushan Resources Group Limited (Stock Code: 00639), 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.

CHENG Chi Pang, Leslie

Chairman of Audit Committee, Member of Nomination Committee

Aged 59, was appointed as an independent non-executive Director on 8 September 2005. 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 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.

ZHANG Weidong

Chairman of Nomination Committee, Member of Audit Committee, Member of Remuneration Committee

Aged 52, was appointed as an independent non-executive Director on 28 June 2012. 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.

Mr. Zhang is currently an independent non-executive director of ZZ Capital International Limited (Stock Code: 08295), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange.

SENIOR MANAGEMENT

CHAN Yeuk Kwan, Winnie

Aged 48, was appointed as the Chief Financial Officer and Company Secretary of the Company on 1 May 2011. Ms. Chan holds bachelor's degrees in administrative studies and statistics, and is a fellow member of the Hong Kong Institute of Certified Public Accountants. 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, Ms. Chan worked at a listed company in Hong Kong and was responsible for the accounting and financial reporting functions. Ms Chan has extensive experience in accounting and financial management.

MA Suqin, Susan

Aged 44, 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.

CORPORATE GOVERNANCE REPORT

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 CG Code throughout the year ended 31 December 2016.

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 as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the Model Code at all applicable times throughout the year ended 31 December 2016.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2016, the Board consists of eight Directors, comprising five executive Directors namely Zhang Ruigang (Chairman), Li Quanyong (Managing Director), Wang Rui, Yu Houxin and Shi Jing, and three independent non-executive Directors namely Japhet Sebastian Law, Cheng Chi Pang, Leslie and Zhang Weidong.

The biographical details of 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.

In accordance with Article 108 of the Articles of Association, Wang Rui, Japhet Sebastian Law and Zhang Weidong shall retire from office by rotation at 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, risk management and internal control, environmental, social and 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

Regular Board meetings are held at least four times a year. At least 14 days' notice is given of a regular Board meeting. Reasonable notice is given for holding additional meetings as and when necessary. The Company Secretary assists the chairman of the Board in preparing the agenda for each meeting. The agenda and Board papers are despatched at least 3 days before the date of regular Board meeting to enable the Directors to have full and timely access to relevant information. The Board decisions are voted upon at the Board meetings. The Company Secretary records all matters considered and decisions reached by the Board and any concerns raised or dissenting views expressed by the Directors. Minutes of the meetings are kept by the Company Secretary.

Attendance at Board Meetings and General Meetings

The Company held six full Board meetings and an annual general meeting in 2016.

The attendance of each Director at the meetings held in 2016 is set out below:

	Attendance/Number of meetings held during Director's tenure	
	Board Meeting	**Annual General Meeting**
Executive Directors		
ZHANG Ruigang *(Note 1)*	3/3	1/1
ZHANG Lili *(Note 2)*	1/3	0/0
LI Quanyong	6/6	1/1
WANG Rui	6/6	1/1
YU Houxin	6/6	0/1
SHI Jing	6/6	0/1
Independent Non-executive Directors		
Japhet Sebastian LAW	6/6	1/1
CHENG Chi Pang, Leslie	6/6	1/1
ZHANG Weidong	6/6	1/1

Notes:

1. Zhang Ruigang was appointed as an executive Director on 22 April 2016.

2. Zhang Lili resigned as an executive Director on 22 April 2016.

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 2016.

Appointment, Re-election and Removal of Directors

Changes in Directors during the year are as follows:

– Zhang Ruigang was appointed as an executive Director on 22 April 2016.
– Zhang Lili resigned as an executive Director on 22 April 2016.

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, 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 the newly appointed Director upon his appointment to ensure that he has a firm understanding of the Group's operations and governance policies as well as his associated role and responsibilities.

All Directors are committed to participating in continuous professional development to update and refresh their skills and knowledge necessary for the performance of their duties. 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 2016, 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 the Board, ensuring that the Board works effectively and discharges its responsibilities and that all key and relevant issues are discussed in a timely manner. The chairman should ensure that sound corporate governance practices and procedures are established at the Company and promote the Directors to make effective contribution to the Board.

The managing director of the Company is responsible for leading the management and daily operation of the Group and implementation of approved business strategies and policies, and should ensure the effective implementation of such strategies and policies so as 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 list of 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 2016 is set out below:

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

Note: Representative of the external auditor participated in 2 Audit Committee meetings held in 2016.

Details of the Board Committees, including their members, responsibilities and the work performed during 2016 are set out below.

Nomination Committee

The Nomination Committee comprises two independent non-executive Directors, namely Cheng Chi Pang, Leslie and Zhang Weidong, and one executive Director, Li Quanyong. Zhang Weidong 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 reappointment 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 2016 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 2016.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Japhet Sebastian Law and Zhang Weidong, and one executive Director, Wang Rui. Japhet Sebastian 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 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 2016 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 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. The Share Option Scheme was expired on 25 April 2016.

Details of the Directors' emoluments during the year ended 31 December 2016 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 2016 is set out below:

Remuneration band	2016 Number of individuals
HK$2,000,001 – HK$2,500,000	2

Audit Committee

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

The 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 2016 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 Annual Report and audit findings by external auditor.
– interim financial statements included in the Interim Report and review findings by external auditor.
– internal audit plan and reports.
– risk management plan and report.
– effectiveness of the risk management and internal control system of the Group.
– re-appointment of external auditor and its remuneration.
– adequacy of resources, staff qualifications and experiences, training programmes and budget of the accounting, internal audit and financial reporting functions of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for, amongst other things, developing and reviewing of the policies and practices on corporate governance of the Company, reviewing and monitoring the Company's policies and practices on 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 2016 included reviewing and, where applicable, approving the following matters:

– the Company's policies and practices on corporate governance.
– 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 2016, 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$1,486,000 respectively. The non-audit services were in relation to risk management consultancy services and 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 2016, the Board consistently adopted the appropriate accounting policies and made prudent and reasonable judgements and estimates. 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 pages 61 to 64.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The Audit Committee assists the Board to monitor risk management and internal control systems and reports to the Board on a regular basis. The Board should review the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance controls. The risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the year ended 31 December 2016, the Company has conducted an annual review on the risk management and internal control systems of the Group. The Board has reviewed and confirmed the adequacy and effectiveness of the Group's risk management and internal control systems in all material aspects including financial, operational, 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.

RISK MANAGEMENT STRUCTURE AND MAIN RESPONSIBILITIES

Board

- Formulates the strategic objectives of risk management, and evaluates and determines the nature and extent of risks it is willing to take in achieving the strategic objectives.
- Ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems.
- Reviews the effectiveness of risk management and internal control systems.

Audit Committee

- Assists the Board to monitor risk levels as well as the design and operational effectiveness of risk management and internal control systems.
- Discusses the risk management and internal control systems with the management to ensure that the management has performed its responsibility to establish effective systems.
- Ensures the adequate resources and appropriate status of the internal audit function; and reviews and monitors its effectiveness.

Management

- Designs, implements and monitors the risk management and internal control systems.
- Assesses major risks and risk response plans.

Risk Management Department

- Responsible for the daily risk management.
- Develops policies and practices on identifying, assessing, monitoring and controlling risks.
- Designs and implements the risk management and internal control structure, and ensures the consistent implementation and compliance of the structure and related policies and practices.
- Continues to monitor risks and report to the Audit Committee to ensure that the major risks are within the acceptable level of the Company.

Internal Audit

- Analyses and evaluates independently the adequacy and effectiveness of the risk management and internal control systems.
- Reports directly to the Audit Committee the findings of the review and makes recommendations for improvement.

Business Units

- Promote and implement the risk management procedures and internal control measures.
- Update on an ongoing basis the risks, risk management and other related progress.
- Formulate and implement the risk response plans.
- Monitor risks and report the risk information on a timely basis.

PROCESS FOR IDENTIFYING, ASSESSING AND MANAGING SIGNIFICANT RISKS

Risk Identification:	Identifies and documents major risks that affect the realisation of the Company's goals.
Risk Assessment:	Develops applicable risk assessment criteria, conducts risk analysis based on the degree of impact and the likelihood of occurrence and assesses the risks identified.
Risk Response:	Evaluates the risk response plans and selects suitable risk response measures to prevent, avoid or mitigate the risks.
Risk Control:	Evaluates the adequacy of the current internal control measures in response to the major risks and its effectiveness, makes recommendations and enhancement initiatives, so as to ensure that the internal control measures cover the requirements of risk response measures.
Risk Monitoring:	Performs ongoing and periodic monitoring of major risks and internal control measures and ensures that appropriate risk management and internal control procedures are in place; monitors changes in both external and internal environments, including revision of risk response measures, risk management and internal control procedures.
Risk Reporting:	Reports regularly on risk management, so as to enable the management, the Audit Committee and the Board to effectively gain information on and understand the situation of the current major risks related to strategy, operation as well as financial and legal aspects.

Internal Audit Function

The Company has set up the audit department to perform internal audit function, which reports directly to the Audit Committee. The audit department will develop internal audit plan for the year and submit it to the Audit Committee for approval. An audit report will be issued upon completion of each internal audit. In addition, the audit department will attend meetings of the Audit Committee and report regularly to the Audit Committee about the progress of its audit plan and the follow-ups of audit findings and recommendations to ensure the internal control system is effective.

Inside Information Disclosure Policy

The Company has adopted an inside information disclosure policy which sets out procedures for handling and disclosure of inside information, which includes:

– designated reporting channels for different operation units to inform any potential inside information to designated departments.
– designated persons and departments to determine further escalation and disclosure as required.
– designated persons authorised to act as spokespersons and respond to external enquiries.

The inside information disclosure policy provides guideline for the employees, so as to ensure compliance with the relevant regulations by the Company and timely disclosure of such information.

COMPANY SECRETARY

The company secretary of the Company ("Company Secretary") is an employee of the Company and reports to the chairman and managing director of the Company. The Company Secretary is responsible for advising the Board through the chairman and/or managing director on governance matters, as well as ensuring Board policies and procedures are followed and the information flow among the Directors is good. All Directors have access to the Company Secretary for advice and services.

The biographical details of the Company Secretary are set out in the section headed "Board of Directors and Senior Management" of this annual report. The Company Secretary has taken more than 15 hours of relevant professional training for the year ended 31 December 2016 and complied with the requirement of Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for making enquiries to the Board

Shareholders are encouraged to maintain direct communication with the Company. Shareholders who have any questions for the Board may send written enquiries by post to the 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's head office and principal place of business in Hong Kong at Suite 3904-3907, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. 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, roadshows, press conferences, presentations and company visits.

The Company maintains a regular dialogue with institutional investors and analysts. The Company actively participated in investor conferences, one-on-one meetings with institutional investors and analysts, local and overseas non-deal 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 1 June 2016 to 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 2016, 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 2016.

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 2016 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 2016 are set out in the consolidated income statement on page 65.

The Board recommends the payment of a final dividend of HK3.44 cents per share for the year ended 31 December 2016. Subject to the approval of Shareholders at the forthcoming annual general meeting, the final dividend will be payable to Shareholders whose names appear on the register of members of the Company on 19 June 2017.

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 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 2016.

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.

The details of the Group's environmental policies and performance are set out in "Environmental, Social and Governance Report" on pages 18 to 27.

Key Relationships with Employees, Customers and Suppliers

Employees

As at 31 December 2016, the Group had 9,722 employees. The Group offers remuneration packages for employees based on their position, performance and the labour market conditions. Share options were also granted to the management as remuneration. In addition to basic salary, mandatory provident fund scheme (in accordance with the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or the state-managed pension scheme (for PRC employees), discretionary bonus is also awarded to the employees with reference to the annual results and the employees' performance. The Group reviews the remuneration polices and packages on a regular basis.

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

Customers

The Group is committed to creating 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 76% of the Group's total purchases for the year and the largest supplier included therein accounted for approximately 27%.

None of the Directors, their close associates, or any Shareholder, 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 122.

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 2016 are set out in Note 35 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2016 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 2016.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 28 March 2014, 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 term loan facilities in an aggregate amount of HK$500,000,000. The loan facilities are 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 facilities are 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.

On 29 June 2016, 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$900,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of first drawdown.

On 26 August 2016, 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$600,000,000. The loan facility is unsecured, interest bearing and repayable in full on the date falling 36 months from the date of first drawdown.

On 24 March 2017, 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$600,000,000. 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 27 March 2017, 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$300,000,000. 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 2016, the aggregate balance of the loan facilities subject to the above obligations was HK$4,600,000,000. 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, the Share Option Scheme was adopted by the Company. The Share Option Scheme was effective for a period of 10 years and expired on 25 April 2016. All outstanding share options granted under the Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

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 in general meeting, the total number of 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 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.

As the Share Option Scheme had expired on 25 April 2016, no further share options of the Company shall be granted under the Share Option Scheme thereafter. As at the date of this report, a total of 15,250,000 Shares (representing approximately 0.2% of the existing issued shares of the Company) may be issued upon exercise of all share options that have been granted but not yet lapsed or exercised under the Share Option Scheme.

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 2016 were as follows:

	Date of grant	Exercise price HK$	Number of share options					Exercise period
			As at 01/01/2016	Granted (*Note 1*)	Exercised	Lapsed	As at 31/12/2016	
Directors								
Zhang Ruigang (*Note 2*)	22/04/2016	1.244	–	3,450,000	–	–	3,450,000	22/10/2016 – 21/04/2026
Zhang Lili (*Note 3*)	27/03/2014	1.24	3,450,000	–	–	(3,450,000)	–	27/09/2014 – 26/03/2024
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
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
Yu Houxin	09/12/2015	1.21	1,100,000	–	–	–	1,100,000	09/06/2016 – 08/12/2025
Shi Jing	16/09/2014	1.514	1,100,000	–	–	–	1,100,000	16/03/2015 – 15/09/2024
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
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
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
Total			15,250,000	3,450,000	–	(3,450,000)	15,250,000	

Notes:

1. The closing price of the Shares immediately before 22 April 2016, the date on which the share options were granted, was HK$1.24 per Share. All share options granted are subject to a vesting period of six months from the date of grant.

2. Zhang Ruigang was appointed as an executive Director on 22 April 2016.

3. Zhang Lili resigned as an executive Director on 22 April 2016.

Details of the value of share options granted under the Share Option Scheme during the year ended 31 December 2016 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 2016 or at the end of the year, the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies was not 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

ZHANG Ruigang *(Chairman)*	(appointed on 22 April 2016)
ZHANG Lili *(Chairman)*	(resigned on 22 April 2016)
LI Quanyong *(Managing Director)*	
WANG Rui	
YU Houxin	
SHI Jing	

Independent Non-executive Directors

Japhet Sebastian LAW
CHENG Chi Pang, Leslie
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 the current Directors and senior management of the Company are set out on pages 29 to 31.

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 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 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company 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, were as follows:

Name of Director	Capacity	Number of Shares	Number of underlying shares *(Note)*	Percentage of issued share capital of the Company
Zhang Ruigang	Beneficial owner	–	3,450,000 (L)	0.06%
Li Quanyong	Beneficial owner	–	3,150,000 (L)	0.05%
Wang Rui	Beneficial owner	–	3,000,000 (L)	0.05%
Yu Houxin	Beneficial owner	–	1,100,000 (L)	0.02%
Shi Jing	Beneficial owner	–	1,100,000 (L)	0.02%
Japhet Sebastian Law	Beneficial owner	2,700,000 (L)	450,000 (L)	0.05%
Cheng Chi Pang, Leslie	Beneficial owner	–	450,000 (L)	0.01%
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 2016, 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 2016, the following persons, other than the Directors or chief executive of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares interested	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 2016, Tianjin Investment Holdings Limited and Tsinlien Investment Limited, a wholly-owned subsidiary of Tsinlien, were beneficially 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 is a wholly-owned subsidiary of Tianjin Pharmaceutical, which in turn is a wholly-owned subsidiary of Bohai. Bohai is a 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 2016, there are no other 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.

Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, details of the connected transactions for the year ended 31 December 2016 required to be disclosed in the annual report are as follows:

1. On 18 January 2016, Tianjin Port Co, 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 Tianjin Port Co agreed to purchase and Tianjin Jinan agreed to sell two sets of 40.5-tonne quayside container cranes. The consideration was approximately RMB63.96 million and payable by instalments in accordance with the progress of the delivery and installation of the quayside container cranes. The purpose of purchasing the quayside container cranes is to improve the overall operating efficiency of the container 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 18 January 2016.

2. On 30 March 2016, 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 an agreement with 天津港鋼材物流有限公司 (Tianjin Port Steel Logistics Co., Ltd.*) ("Steel Logistics") for the acquisition of machineries and equipment. The consideration was approximately RMB7.47 million and payable within thirty days after receipt of the machineries and equipment. The purpose of purchasing the machineries and equipment is to increase the overall operating efficiency of Second Company.

   On 30 March 2016, 天津港綠通物流有限公司 (Tianjin Port Lutong Logistics Co., Ltd.*) ("Lutong Company"), a subsidiary of the Group, entered into an agreement with Steel Logistics for the acquisition of two motor vehicles. The consideration was approximately RMB0.52 million and payable within thirty days after receipt of the motor vehicles. The existing motor vehicle of Lutong Company needs to be replaced. The service standard and efficiency of Lutong Company will be enhanced after the acquisition of these motor vehicles.

   Steel Logistics 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 30 March 2016.

3. On 30 June 2016, 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 an agreement with Tianjin Jinan, pursuant to which Yuanhang International agreed to purchase and Tianjin Jinan agreed to sell eight sets of 40t-45m portal cranes. The consideration was approximately RMB122.63 million and payable 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.

   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 30 June 2016.

4. On 12 December 2016, 天津港興東物流有限公司 (Tianjin Port Xingdong Logistics Co., Ltd*) ("Xingdong Logistics"), a subsidiary of the Group, entered into two agreements with 天津振港通信工程有限公司 (Tianjin Zhengang Communication Engineering Co., Ltd.*) ("Tianjin Zhengang") for the purchase and installation of the generic cabling system and the digital monitoring system for the construction project of depot located at Meizhou Road, Dongjiang Port Area of the port of Tianjin (the "Depot Project"). The aggregate consideration was approximately RMB2.28 million and payable by instalments in accordance with the progress of the delivery and installation of the equipment.

   On 12 December 2016, Xingdong Logistics 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 provision of ancillary electrical equipment for the Depot Project. The consideration was approximately RMB7.10 million and payable by instalments in accordance with the progress of the delivery and installation of the equipment.

   Tianjin Zhengang and Tianjin Port Electric 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 12 December 2016.

5. On 12 December 2016, Yuanhang International entered into a supervision agreement with 天津港工程監理諮詢有限公司 (Tianjin Port Engineering Supervisory & Consultant Co., Ltd.*) ("Tianjin Port Project Consulting") relating to the provision of supervisory services by Tianjin Port Project Consulting for the depot area in relation to the construction project of general bulk cargo terminal of Yuanhang International located at Nanjiang Port Area of the port of Tianjin (the "Project"). The consideration was approximately RMB4.62 million and payable by instalments in accordance with the construction progress of the depot area of the Project.

   On 12 December 2016, Yuanhang International entered into an agreement with Tianjin Port Electric for the purchase and installation of the equipment of the power supply and distribution and illumination system for the Project. The consideration was approximately RMB29.69 million and payable by instalments in accordance with the progress of the delivery and installation of the equipment.

   Tianjin Port Project Consulting and Tianjin Port Electric 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 12 December 2016.

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 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 53 to 58 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 2016 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	285,000	144,926	169,070
Integrated services framework agreement	1,684,000	1,235,847	1,441,726
Procurement framework agreement	33,000	20,255	23,630
Sales framework agreement	173,000	56,594	66,022
Freight yard and warehousing lease framework agreement	14,000	11,606	13,540
Cargo reconfiguration and storage services framework agreement	64,000	60,976	71,134
Labour framework agreement	27,000	21,049	24,556
Financial services framework agreement			
– Maximum daily outstanding balance of deposits (including accrued interest) placed for deposit services (category (1) of the financial services mentioned below)	3,200,000	2,797,153	3,127,058
Land lease agreements	42,432	41,084	47,929
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	58,080	280	327

Pursuant to Chapter 14A of the Listing Rules, details of the continuing connected transactions for the year ended 31 December 2016 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 is 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 23 September 2015, 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 2016 to 31 December 2018. 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 no 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 23 September 2015 and the circular of the Company dated 3 November 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 2016, 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 2016, the fees collected by the Group on behalf of Tianjin Port Group amounted to RMB477,466,000 (equivalent to approximately HK$557,007,000).

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 2016 are disclosed in Note 29 to the consolidated financial statements. A summary is set out as follows:

	Note	**2016** **HK$'000**
With Tianjin Port Group and its subsidiaries, associates and joint ventures	*1*	
Sales of goods and services		99,708
Purchases of goods and services		836,831
Expenses for rental of land, property, plant and equipment		214,664
Interest expenses		32,419
Acquisition of property, plant and equipment		163,151
With associates of the Group	*2*	
Sales of goods and services		78,384
Purchases of goods and services		855,353
Expenses for rental of property, plant and equipment		21,006
Interest income		37,957
Interest expenses		138,635
Investment in an associate		40,492
With joint ventures of the Group	*2*	
Sales of goods and services		169,886
Purchases of goods and services		88,616
Interest income		2,857

Notes:

1. The transactions between the Group and 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 between the Group and 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

Zhang Ruigang and Zhang Lili 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 Mr. Zhang and Ms. Zhang who are the only common directors in the Company and Tianjin Port Group) and Mr. Zhang and Ms. Zhang 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 is likely to compete, either directly or indirectly, with business of the Group throughout the year ended 31 December 2016 pursuant to the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 32 to 41.

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 Ruigang
Chairman

Hong Kong, 28 March 2017

* *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 Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 65 to 121, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of long-term assets is identified as a key audit matter in our audit, and is summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of long-term assets	
Refer to note 2.10 and 32 of the consolidated financial statements. As at 31 December 2016, the long-term assets of the Group included "Land use rights" of HK$5,686 million, "Property, plant and equipment" of HK$18,960 million and "Intangible Assets" of HK$65 million. As of 31 December 2016, the market capitalisation of the Group is below its net asset value and this is considered by management as an impairment indicator of long-term assets. Management of the Group performed impairment assessment for the long-term assets. They assessed the recoverable amounts of cash-generating units to which those long-term assets belong, using value-in-use model which were calculated based on present value of future cash flows. The key assumptions adopted in the forecasts of future cash flows included the estimation of growth rates of business volume, unit price and cost of sales, and the discount rate. As a result of management assessment on the impairment of long-term assets, no impairment provision was made by the management. We focused on this area because management's impairment assessment involved significant judgement on the estimates of key assumptions of growth rates of business volume, unit price and cost of sales, and the discount rate.	We tested management's cash flow forecasts of each cash-generating unit to which the long-term assets belong by checking the underlying data used in the forecast of future cash flows to the supporting documents. We compared the current year actual cash flow of the Group with the prior year forecasts to consider the reliability of forecast. For all cash-generating units, we assessed management's key assumptions of growth rates of business volume, unit price and cost of sales applied in the forecasts by comparing them to historical performance of the Group, taking into account the future plan of the Group and the economic and industry factors. We assessed the discount rate used by the management, with the assistance from our internal valuation experts, taking into account the cost of capital of each cash-generating unit as well as the relevant territory and industry specific factors. We also performed sensitivity analysis by varying the assumptions for business volume growth rate and discount rate. Based on the work performed, we found that management's impairment assessment was supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Kwong On.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	**2016 HK$'000**	2015 HK$'000
Revenue	*3*	**16,456,982**	20,541,760
Business tax and surcharge		**(39,105)**	(65,583)
Cost of sales		**(11,848,641)**	(15,817,854)
Gross profit		**4,569,236**	4,658,323
Other income and gains	*4*	**226,382**	324,539
Administrative expenses		**(1,979,661)**	(2,068,313)
Other operating expenses		**(320,216)**	(336,423)
Operating profit		**2,495,741**	2,578,126
Finance costs	*5*	**(584,608)**	(611,479)
Share of results of associates		**326,875**	357,933
Share of results of joint ventures		**121,233**	169,569
Profit before income tax		**2,359,241**	2,494,149
Income tax	*8*	**(571,717)**	(632,142)
Profit for the year		**1,787,524**	1,862,007
Profit attributable to:			
Equity holders of the Company		**530,479**	639,387
Non-controlling interests		**1,257,045**	1,222,620
		1,787,524	1,862,007
Earnings per share	*10*		
Basic (HK cents)		**8.6**	10.4
Diluted (HK cents)		**8.6**	10.4

The notes on pages 71 to 121 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

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

The notes on pages 71 to 121 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Land use rights	11	**5,686,092**	5,759,693
Property, plant and equipment	12	**18,960,072**	20,493,102
Intangible assets	13	**65,043**	48,977
Interests in associates	15	**2,963,447**	3,031,415
Interests in joint ventures	16	**2,457,810**	2,572,561
Available-for-sale financial assets	17	**518,458**	565,065
Deferred income tax assets	18	**91,491**	98,890
Other non-current assets	19	**–**	596,801
		30,742,413	33,166,504
Current assets			
Inventories	20	**171,930**	192,259
Trade and other receivables	21	**3,583,555**	3,490,134
Restricted bank deposits	22	**14,477**	995,323
Time deposits with maturity over three months	22	**1,286,752**	1,354,739
Cash and cash equivalents	22	**6,537,380**	7,252,964
		11,594,094	13,285,419
Total assets		**42,336,507**	46,451,923
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	23	**615,800**	615,800
Other reserves	24	**3,680,926**	4,553,383
Retained earnings		**6,840,676**	6,441,538
		11,137,402	11,610,721
Non-controlling interests		**12,978,991**	13,010,871
Total equity		**24,116,393**	24,621,592

The notes on pages 71 to 121 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	**2016 HK$'000**	2015 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*25*	**11,428,366**	11,575,442
Deferred income tax liabilities	*18*	**321,095**	349,799
Other long-term liabilities		**21,462**	986
		11,770,923	11,926,227
Current liabilities			
Trade and other payables	*26*	**3,224,483**	5,454,940
Current income tax liabilities		**137,223**	136,639
Borrowings	*25*	**3,087,485**	4,312,525
		6,449,191	9,904,104
Total liabilities		**18,220,114**	21,830,331
Total equity and liabilities		**42,336,507**	46,451,923
Net current assets		**5,144,903**	3,381,315
Total assets less current liabilities		**35,887,316**	36,547,819

The consolidated financial statements on pages 65 to 121 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf by:

ZHANG Ruigang
Director

LI Quanyong
Director

The notes on pages 71 to 121 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Equity 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
At 1 January 2015	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	–	(24)	24	–	(288,324)	(288,324)
Deregistration of subsidiaries	–	(112)	–	(112)	(10,511)	(10,623)
At 31 December 2015	**615,800**	**4,553,383**	**6,441,538**	**11,610,721**	**13,010,871**	**24,621,592**
Total comprehensive (loss)/income for the year	**–**	**(750,256)**	**530,479**	**(219,777)**	**386,889**	**167,112**
Transfers	**–**	**131,341**	**(131,341)**	**–**	**–**	**–**
Share-based compensation	**–**	**2,015**	**–**	**2,015**	**–**	**2,015**
Dividends	**–**	**(255,557)**	**–**	**(255,557)**	**(644,400)**	**(899,957)**
Capital contributions from non-controlling interests	**–**	**–**	**–**	**–**	**225,631**	**225,631**
At 31 December 2016	**615,800**	**3,680,926**	**6,840,676**	**11,137,402**	**12,978,991**	**24,116,393**

The notes on pages 71 to 121 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash generated from operations	27	**3,342,301**	3,517,461
Interest received		**119,688**	120,461
PRC income tax paid		**(544,326)**	(552,464)
Net cash generated from operating activities		**2,917,663**	3,085,458
Cash flows from investing activities			
Purchases of property, plant and equipment		**(848,643)**	(1,336,860)
Purchases of land use rights		**–**	(511,540)
Purchases of intangible assets		**(15,546)**	(10,907)
Acquisition of an associate		**–**	(2,405)
Investments in associates		**(40,492)**	(2,674)
Proceeds from disposal of property, plant and equipment		**5,502**	5,566
Net cash inflow arising on disposal of subsidiaries		**–**	293,478
Dividends received from associates		**230,110**	259,511
Dividends received from joint ventures		**27,168**	177,273
Dividends received from available-for-sale financial assets		**9,443**	11,749
Interest received from a joint venture		**11,302**	6,419
Interest received from loans receivable		**35,960**	21,786
Increase in time deposits with maturity over three months		**(17,887)**	(584,865)
Net cash used in investing activities		**(603,083)**	(1,673,469)
Cash flows from financing activities			
Proceeds from borrowings		**5,317,281**	8,353,483
Repayments of borrowings		**(5,960,704)**	(6,475,021)
Interest paid		**(598,786)**	(675,790)
Dividends paid to equity holders of the Company		**(828,805)**	(152,337)
Dividends paid to non-controlling interests		**(635,275)**	(615,110)
Capital contributions from non-controlling interests		**225,631**	–
Payment to non-controlling interests upon deregistration of subsidiaries		**–**	(10,012)
Net cash (used in)/from financing activities		**(2,480,658)**	425,213
Net (decrease)/increase in cash and cash equivalents		**(166,078)**	1,837,202
Cash and cash equivalents at 1 January		**7,252,964**	5,890,558
Effects of exchange rate changes		**(549,506)**	(474,796)
Cash and cash equivalents at 31 December		**6,537,380**	7,252,964

The notes on pages 71 to 121 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 all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622). The consolidated financial statements 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 new standard and amendments for the accounting period beginning on 1 January 2016:

HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2012-2014 Cycle*
HKAS 1 (Amendment)	*Presentation of Financial Statements – Disclosure Initiative*
HKAS 16 (Amendment) and HKAS 38 (Amendment)	*Clarification of Acceptable Methods of Depreciation and Amortisation*
HKAS 16 (Amendment) and HKAS 41 (Amendment)	*Bearer Plants*
HKAS 27 (2011) (Amendment)	*Separate Financial Statements – Equity Method in Separate Financial Statements*
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 28 (2011) (Amendment)	*Investment Entities: Applying the Consolidation Exception*
HKFRS 11 (Amendment)	*Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation*
HKFRS 14	*Regulatory Deferral Accounts*

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

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:

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

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined

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

2.2 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.

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

2.2 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

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.

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.

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

2.2 Consolidation *(Continued)*

(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 or transferred to another category of equity as specified/permitted by applicable FRSs.

(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.

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

2.2 Consolidation *(Continued)*

(d) Associates *(Continued)*

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.

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

(c) Group companies

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

– assets and liabilities for each 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 reclassified 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. See Note 2.9(a) for further information about the Group's accounting for trade receivables and Note 2.10 for the description of the Group's impairment policies.

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 (for example, an entity's share prices);
– 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 (for example, the requirement for employees to save or holding shares for a specified period of time).

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. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each 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 2016			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	8,305,425	5,785,665	3,564,911	17,656,001
Inter-segment revenue	–	(548,593)	(650,426)	(1,199,019)
Revenue from external customers	8,305,425	5,237,072	2,914,485	16,456,982
Segment results	3,604,808	91,802	911,731	4,608,341
Business tax and surcharge				(39,105)
Other income and gains				226,382
Administrative expenses				(1,979,661)
Other operating expenses				(320,216)
Finance costs				(584,608)
Share of results of associates				326,875
Share of results of joint ventures				121,233
Profit before income tax				2,359,241
Other information:				
– Depreciation and amortisation	968,024	17,592	201,927	1,187,543
– Share of results of associates	201,367	(537)	14,404	215,234
– Share of results of joint ventures	144,393	7,669	(30,829)	121,233

	As at 31 December 2016			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Segment assets	28,633,422	1,905,208	9,693,051	40,231,681
Unallocated assets:				
– Interest in an associate				1,199,837
– Available-for-sale financial assets				518,458
– Deferred income tax assets				91,491
– Head office and corporate assets				295,040
Total assets				42,336,507
Total assets include:				
– Interests in associates	1,557,472	17,709	188,429	1,763,610
– Interests in joint ventures	1,890,771	65,345	501,694	2,457,810
– Additions to non-current assets	1,068,793	36,844	172,106	1,277,743

3. SEGMENT INFORMATION *(Continued)*

	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

4. OTHER INCOME AND GAINS

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

5. FINANCE COSTS

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

Borrowing costs were capitalised at the weighted average rate of 4.6% (2015: 5.3%) per annum.

6. EXPENSES BY NATURE

	2016 HK$'000	2015 HK$'000
Costs of goods sold	**5,075,156**	8,712,023
Employee benefit expenses, including directors' emoluments *(Note 7)*	**2,868,392**	3,103,887
Depreciation of property, plant and equipment *(Note 12)*	**1,032,493**	1,098,661
Amortisation of land use rights *(Note 11)*	**141,219**	146,861
Amortisation of intangible assets *(Note 13)*	**14,051**	13,091
Exchange loss, net	**296,602**	315,770
Operating lease rental	**308,850**	295,079
Provision for impairment of trade receivables *(Note 21)*	**10,423**	4,553
Loss on disposal of property, plant and equipment	**6,920**	3,775
Auditor's remuneration		
– audit services	**2,400**	2,400
– non-audit services	**1,486**	21

7. EMPLOYEE BENEFIT EXPENSES

	2016 HK$'000	2015 HK$'000
Wages and salaries, social security costs and other benefits	**2,538,656**	2,743,667
Employer's contributions to retirement benefits schemes	**327,721**	359,907
Share-based payments	**2,015**	313
	2,868,392	3,103,887

(a) Directors' emoluments

	For the year ended 31 December 2016						
Name of director	**Fees HK$'000**	**Salaries HK$'000**	**Other benefits HK$'000**	**Discretionary bonus HK$'000** *(Note v)*	**Employer's contributions to retirement benefits scheme HK$'000**	**Share-based payments HK$'000**	**Total HK$'000**
Executive directors							
Zhang Ruigang *(Notes i & vi)*	**116**	**1,585**	**6**	**410**	**81**	**1,553**	**3,751**
Zhang Lili *(Notes ii & vi)*	**52**	**673**	**6**	**–**	**71**	**–**	**802**
Li Quanyong *(Note vi)*	**168**	**2,203**	**42**	**395**	**146**	**–**	**2,954**
Wang Rui *(Note vi)*	**168**	**2,114**	**–**	**530**	**140**	**–**	**2,952**
Yu Houxin *(Notes iii & vii)*	**396**	**–**	**18**	**66**	**21**	**462**	**963**
Shi Jing *(Note vii)*	**396**	**–**	**–**	**66**	**23**	**–**	**485**
Independent non-executive directors *(Note vii)*							
Japhet Sebastian Law	**441**	**–**	**104**	**–**	**–**	**–**	**545**
Cheng Chi Pang, Leslie	**441**	**–**	**104**	**–**	**–**	**–**	**545**
Zhang Weidong	**441**	**–**	**104**	**–**	**–**	**–**	**545**
	2,619	**6,575**	**384**	**1,467**	**482**	**2,015**	**13,542**

	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 v)*	Employer's contributions to retirement benefits scheme HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors							
Zhang Lili *(Notes ii & vi)*	168	2,183	36	591	146	–	3,124
Zheng Qingyue *(Notes iv & vi)*	110	1,331	12	–	105	–	1,558
Li Quanyong *(Note vi)*	168	2,098	66	558	142	–	3,032
Wang Rui *(Note vi)*	168	2,013	–	514	135	–	2,830
Yu Houxin *(Notes iii & vii)*	25	–	6	4	–	66	101
Shi Jing *(Note vii)*	396	–	–	66	22	247	731
Independent non-executive directors *(Note vii)*							
Japhet Sebastian Law	441	–	104	–	–	–	545
Cheng Chi Pang, Leslie	441	–	104	–	–	–	545
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)*

Notes:

i. Appointed on 22 April 2016.

ii. Resigned on 22 April 2016.

iii. Appointed on 9 December 2015.

iv. Removed on 9 December 2015.

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

vi. 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.

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

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 (2015: 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 (2015: nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2015: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2015: two) individuals are as follows:

	2016 HK$'000	2015 HK$'000
Salaries and other benefits	**3,347**	3,160
Discretionary bonus	**715**	686
Employer's contributions to retirement benefits scheme	**199**	192
	4,261	4,038

	2016 Number of individuals	2015 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	**2**	1
	2	2

8. INCOME TAX

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

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits arising in or derived from Hong Kong for the year (2015: nil).

PRC income tax has been provided based on the estimated assessable profit for the year at the prevailing income tax rates. 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:

	2016 HK$'000	2015 HK$'000
Profit before income tax	**2,359,241**	2,494,149
Less: Share of results of associates and joint ventures	**(448,108)**	(527,502)
	1,911,133	1,966,647
Tax calculated at statutory tax rate	**518,297**	543,151
Income not subject to income tax	**(2,145)**	(3,977)
Expenses not deductible for tax purposes	**83,528**	97,833
Tax losses for which no deferred income tax asset was recognised	**55,154**	51,869
Utilisation of previously unrecognised tax losses	**(1,314)**	(11,824)
Derecognition of previously recognised deferred income tax assets	**–**	35,214
Withholding income tax on undistributed profits of PRC subsidiaries and joint ventures	**46,549**	37,219
Tax exemptions and concessions	**(128,352)**	(117,343)
Income tax	**571,717**	632,142

9. DIVIDEND

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

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

10. EARNINGS PER SHARE

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

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

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for calculating basic earnings per share	**6,158,000**	6,158,000
Effect of dilutive potential ordinary shares:		
– Share options	**947**	3,513
Weighted average number of ordinary shares for calculating diluted earnings per share	**6,158,947**	6,161,513

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

11. LAND USE RIGHTS

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

	2016 HK$'000	2015 HK$'000
At 1 January	**5,759,693**	5,834,689
Exchange differences	**(359,203)**	(319,073)
Additions	**–**	263,807
Disposal of subsidiaries	**–**	(267,873)
Transfers	**426,821**	395,004
Amortisation for the year	**(141,219)**	(146,861)
Net book values		
At 31 December	**5,686,092**	5,759,693

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 2015	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	(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**
Exchange differences	**(513,553)**	**(558,617)**	**(627,618)**	**(26,679)**	**(25,072)**	**(132,245)**	**(1,883,784)**
Additions	**–**	**–**	**15**	**147**	**–**	**1,222,632**	**1,222,794**
Disposals	**(439)**	**(3,661)**	**(138,265)**	**(19,149)**	**(35,872)**	**–**	**(197,386)**
Transfers to construction in progress	**(7,613)**	**–**	**(551,787)**	**–**	**–**	**478,920**	**(80,480)**
Transfers	**939,005**	**3,161**	**693,685**	**26,882**	**10,949**	**(2,118,665)**	**(444,983)**
At 31 December 2016	**8,519,212**	**8,253,619**	**9,277,348**	**402,102**	**345,542**	**1,536,939**	**28,334,762**
Accumulated depreciation							
At 1 January 2015	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	(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**
Exchange differences	**(148,780)**	**(99,410)**	**(344,413)**	**(17,496)**	**(17,736)**	**–**	**(627,835)**
Charge for the year	**259,002**	**181,523**	**529,616**	**33,886**	**28,466**	**–**	**1,032,493**
Disposals	**(2,964)**	**(18)**	**(118,594)**	**(18,387)**	**(35,024)**	**–**	**(174,987)**
Transfers to construction in progress	**(2,033)**	**–**	**(78,447)**	**–**	**–**	**–**	**(80,480)**
At 31 December 2016	**2,282,001**	**1,530,967**	**5,073,224**	**251,723**	**236,775**	**–**	**9,374,690**
Net book values							
At 31 December 2015	5,925,036	7,363,864	4,816,256	167,181	134,468	2,086,297	20,493,102
At 31 December 2016	**6,237,211**	**6,722,652**	**4,204,124**	**150,379**	**108,767**	**1,536,939**	**18,960,072**

The Group is in the process of applying the title documents of certain buildings with carrying value of approximately HK$191 million (2015: HK$211 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

	2016 HK$'000	2015 HK$'000
Cost		
At 1 January	**121,077**	114,412
Exchange differences	**(7,674)**	(6,669)
Additions	**14,473**	11,097
Disposals	**–**	(186)
Disposal of subsidiaries	**–**	(156)
Transfers	**18,162**	2,579
At 31 December	**146,038**	121,077
Accumulated amortisation		
At 1 January	**72,100**	63,297
Exchange differences	**(5,156)**	(4,207)
Charge for the year	**14,051**	13,091
Disposals	**–**	(68)
Disposal of subsidiaries	**–**	(13)
At 31 December	**80,995**	72,100
Net book values		
At 31 December	**65,043**	48,977

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.	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Summarised assets and liabilities						
Current assets	**139,596**	167,604	**255,599**	321,811	**459,159**	652,174
Non-current assets	**1,719,832**	1,920,611	**5,190,080**	5,652,919	**2,045,339**	2,063,475
Current liabilities	**(242,970)**	(328,547)	**(529,769)**	(779,919)	**(504,815)**	(365,820)
Non-current liabilities	**(289,547)**	(374,194)	**(1,985,467)**	(2,154,452)	**(544,997)**	(868,346)
Net assets	**1,326,911**	1,385,474	**2,930,443**	3,040,359	**1,454,686**	1,481,483
Net assets attributable to non-controlling interests	**942,463**	984,059	**2,081,403**	2,159,473	**1,033,218**	1,052,252
Summarised profit or loss and other comprehensive income						
Revenue	**671,313**	724,614	**1,058,731**	1,069,650	**924,541**	962,220
Profit for the year	**66,869**	42,992	**245,063**	209,074	**284,111**	275,242
Total comprehensive (loss)/income for the year	**(23,741)**	(42,688)	**42,124**	22,295	**178,356**	185,446
Profit for the year attributable to non-controlling interests	**47,495**	30,536	**174,061**	148,498	**201,795**	195,496
Dividends paid to non-controlling interests	**17,063**	563	**74,500**	98,842	**100,525**	106,545
Summarised cash flows						
Net cash from operating activities	**198,596**	321,096	**587,660**	624,244	**406,492**	480,916
Net cash (used in)/from investing activities	**(4,938)**	3,542	**(92,041)**	(44,939)	**(182,089)**	(56,593)
Net cash used in financing activities	**(216,905)**	(315,952)	**(522,025)**	(503,802)	**(303,083)**	(307,125)

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.	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Summarised assets and liabilities				
Current assets	**352,248**	377,087	**207,525**	375,265
Non-current assets	**874,703**	934,561	**3,594,170**	3,531,111
Current liabilities	**(162,769)**	(100,812)	**(380,439)**	(411,572)
Non-current liabilities	**(67,076)**	(190,976)	**(1,806,697)**	(2,119,838)
Net assets	**997,106**	1,019,860	**1,614,559**	1,374,966
Net assets attributable to non-controlling interests	**708,214**	724,375	**1,146,771**	976,595
Summarised profit or loss and other comprehensive income				
Revenue	**592,401**	656,605	**738,133**	692,921
Profit for the year	**211,090**	215,310	**194,647**	174,325
Total comprehensive income for the year	**137,641**	153,651	**99,374**	89,884
Profit for the year attributable to non-controlling interests	**149,931**	152,928	**138,252**	123,817
Dividends paid to non-controlling interests	**78,594**	78,806	**47,366**	–
Summarised cash flows				
Net cash from operating activities	**341,567**	197,287	**155,767**	350,861
Net cash used in investing activities	**(21,357)**	(2,243)	**(223,150)**	(114,786)
Net cash used in financing activities	**(202,726)**	(197,165)	**(24,304)**	(209,074)

15. INTERESTS IN ASSOCIATES

	2016	2015
	HK$'000	HK$'000
Share of net assets	**2,963,447**	3,031,415

There are no contingent liabilities relating to the Group's interests in associates and associates themselves do not have any contingent liabilities (2015: nil).

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

15. INTERESTS IN ASSOCIATES *(Continued)*

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.	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Summarised assets and liabilities						
Current assets	**10,575,655**	4,225,270	**306,469**	439,348	**130,707**	207,668
Non-current assets	**1,224,781**	7,814,415	**2,395,558**	2,638,406	**1,865,080**	2,077,509
Current liabilities	**(9,300,775)**	(9,507,369)	**(75,227)**	(364,382)	**(183,579)**	(84,889)
Non-current liabilities	**–**	–	**(487,982)**	(580,091)	**(336,501)**	(620,673)
Net assets	**2,499,661**	2,532,316	**2,138,818**	2,133,281	**1,475,707**	1,579,615
Summarised profit or loss and other comprehensive income						
Revenue	**375,002**	400,070	**941,497**	986,625	**580,996**	603,160
Profit for the year	**232,585**	269,042	**344,688**	346,280	**115,642**	132,773
Other comprehensive loss	**(170,215)**	(157,764)	**(149,596)**	(144,647)	**(104,949)**	(102,396)
Total comprehensive income	**62,370**	111,278	**195,092**	201,633	**10,693**	30,377
Dividends received from the associate	**45,612**	48,699	**125,793**	141,437	**45,840**	46,420

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.

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.	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Net assets of the associate	**2,499,661**	2,532,316	**2,138,818**	2,133,281	**1,475,707**	1,579,615
Proportion of the Group's ownership interest	**48%**	48%	**45%**	45%	**40%**	40%
Group's share of net assets of the associate	**1,199,837**	1,215,512	**962,468**	959,976	**590,283**	631,846
Goodwill	**–**	–	**4,721**	5,042	**–**	–
Carrying amount	**1,199,837**	1,215,512	**967,189**	965,018	**590,283**	631,846

15. INTERESTS IN ASSOCIATES *(Continued)*

Aggregate information of associates that are not individually material

	2016 HK$'000	2015 HK$'000
Aggregate carrying amount of the Group's interests in individually immaterial associates	**206,138**	219,039
Aggregate amount of the Group's share of these associates:		
Profit for the year	**13,868**	19,858
Other comprehensive loss	**(14,462)**	(14,554)
Total comprehensive (loss)/income	**(594)**	5,304

16. INTERESTS IN JOINT VENTURES

	2016 HK$'000	2015 HK$'000
Share of net assets	**2,316,699**	2,431,530
Loan to a joint venture *(Note)*	**141,111**	141,031
	2,457,810	2,572,561

Note: The loan is unsecured and interest bearing at LIBOR plus 1.5% per annum. During the year ended 31 December 2016, a loan extension agreement was entered into with the joint venture and the loan is repayable in 2019.

There are no contingent liabilities relating to the Group's interests in joint ventures and joint ventures themselves do not have any contingent liabilities (2015: 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.	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Summarised assets and liabilities						
Current assets	**370,083**	258,661	**174,799**	170,705	**10,860**	15,450
Non-current assets	**1,896,183**	2,160,290	**2,643,703**	2,945,519	**974,593**	1,108,165
Current liabilities	**(169,333)**	(65,969)	**(308,484)**	(309,207)	**(166,401)**	(307,389)
Non-current liabilities	**(110,676)**	(306,756)	**(940,861)**	(1,167,523)	**–**	–
Net assets	**1,986,257**	2,046,226	**1,569,157**	1,639,494	**819,052**	816,226
Included in the above assets and liabilities:						
Cash and cash equivalents	**305,911**	164,315	**78,758**	134,557	**7,071**	15,436
Current financial liabilities (excluding trade and other payables and provisions)	**4,472**	9,549	**260,369**	278,414	**86,082**	229,768
Non-current financial liabilities (excluding trade and other payables and provisions)	**110,676**	306,756	**940,861**	1,167,523	**–**	–
Summarised profit or loss and other comprehensive income						
Revenue	**656,162**	691,602	**586,394**	640,739	**195,661**	190,818
Profit for the year	**201,095**	200,686	**88,711**	113,674	**56,939**	53,721
Other comprehensive loss	**(138,090)**	(129,399)	**(107,623)**	(100,414)	**(54,113)**	(49,497)
Total comprehensive income/(loss)	**63,005**	71,287	**(18,912)**	13,260	**2,826**	4,224
Included in the above profit for the year:						
Depreciation and amortisation	**130,771**	138,250	**124,106**	135,007	**64,544**	68,699
Interest income	**2,207**	2,984	**1,030**	1,607	**138**	178
Interest expense	**7,506**	18,808	**58,394**	79,504	**6,916**	17,264
Income tax expense	**30,191**	30,169	**29,589**	16,239	**19,004**	17,944
Dividends received from the joint venture	**4,919**	150,394	**20,570**	7,162	**–**	–

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.	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Net assets of the joint venture	**1,986,257**	2,046,226	**1,569,157**	1,639,494	**819,052**	816,226
Proportion of the Group's ownership interest	**40%**	40%	**40%**	40%	**50%**	50%
Group's share of net assets of the joint venture	**794,503**	818,490	**627,663**	655,797	**409,526**	408,113
Goodwill	**4,877**	5,207	**–**	–	**54,202**	57,870
Carrying amount	**799,380**	823,697	**627,663**	655,797	**463,728**	465,983

Aggregate information of joint ventures that are not individually material

	2016 HK$'000	2015 HK$'000
Aggregate carrying amount of the Group's interests in individually immaterial joint ventures	**567,039**	627,084
Aggregate amount of the Group's share of these joint ventures:		
(Loss)/profit for the year	**(23,159)**	16,965
Other comprehensive loss	**(29,822)**	(30,541)
Total comprehensive loss	**(52,981)**	(13,576)

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK$'000	2015 HK$'000
Available-for-sale financial assets comprise:		
Equity securities listed in the PRC *(Note i)*	**427,693**	468,039
Equity securities listed in Hong Kong *(Note i)*	**27,800**	29,800
Unlisted equity investments *(Note ii)*	**62,965**	67,226
	518,458	565,065

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.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

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

	2016 HK$'000	2015 HK$'000
Renminbi	**490,658**	535,265
HK dollars	**27,800**	29,800
	518,458	565,065

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 2015	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**
Exchange differences	**(1,808)**	**(3,062)**	**(1,351)**	**(6,221)**
(Charged)/credited to consolidated income statement	**(3,782)**	**(5,001)**	**7,605**	**(1,178)**
At 31 December 2016	**25,406**	**43,528**	**22,557**	**91,491**

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$770 million (2015: HK$672 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$696 million will expire from 2017 to 2021 (2015: HK$596 million will expire from 2016 to 2020). 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 2015	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**
Exchange differences	**(7,162)**	**(14,614)**	**(21,776)**
Credited to consolidated income statement	**–**	**(4,142)**	**(4,142)**
Credited to other comprehensive income	**(2,786)**	**–**	**(2,786)**
At 31 December 2016	**104,888**	**216,207**	**321,095**

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 and bears interest at 120% (2015: 120%) of the relevant Renminbi benchmark interest rates for borrowings set by the People's Bank of China with final maturity in 2017. As at 31 December 2016, the loans receivable are classified as current and included in trade and other receivables. The carrying amounts of loans receivable approximate their fair values.

20. INVENTORIES

	2016 HK$'000	2015 HK$'000
Bunker and other fuel oil	**97,894**	87,992
Consumable and other materials	**74,036**	104,267
	171,930	192,259

The costs of inventories recognised as expense and included in costs of sales were HK$5,670,077,000 (2015: HK$9,349,996,000), of which costs of goods sold amounted to HK$5,075,156,000 (2015: HK$8,712,023,000).

21. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**1,798,236**	1,757,385
Less: Provision for impairment	**(61,137)**	(54,611)
	1,737,099	1,702,774
Notes receivables	**857,922**	1,151,759
Trade and notes receivables, net	**2,595,021**	2,854,533
Loans receivable *(Note 19)*	**558,971**	–
Other receivables	**226,822**	176,635
Prepayments	**189,354**	438,020
Amount due from a joint venture	**13,387**	20,946
	3,583,555	3,490,134

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 trade and notes receivables (net of provision for impairment) based on the invoice date is as follows:

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

As at 31 December 2016, the Group endorsed notes receivables amounting to HK$928 million (2015: HK$919 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 2016, trade receivables of HK$61,628,000 (2015: HK$89,895,000) 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:

	2016 HK$'000	2015 HK$'000
91 – 180 days	**2**	537
Over 180 days	**61,626**	89,358
	61,628	89,895

Trade receivables of HK$61,137,000 (2015: HK$54,611,000), 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$61,137,000 (2015: HK$54,611,000) was made. Movements in the provision for impairment of the Group's trade receivables are as follows:

	2016 HK$'000	2015 HK$'000
At 1 January	**54,611**	53,350
Exchange differences	**(3,897)**	(3,292)
Provision for impairment of trade receivables	**10,423**	4,553
At 31 December	**61,137**	54,611

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

	2016 HK$'000	2015 HK$'000
Restricted bank deposits *(Note)*	**14,477**	995,323
Time deposits with maturity over three months	**1,286,752**	1,354,739
Cash and cash equivalents	**6,537,380**	7,252,964
Total deposits and cash and cash equivalents	**7,838,609**	9,603,026

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

22. RESTRICTED BANK DEPOSITS, TIME DEPOSITS WITH MATURITY OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS *(Continued)*

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:

	2016 HK$'000	2015 HK$'000
Renminbi	**7,278,487**	9,136,731
US dollars	**503,237**	374,732
HK dollars	**56,885**	91,563
	7,838,609	9,603,026

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 2015 and 31 December 2016	**12,000,000**	**1,200,000**
Issued and fully paid:		
At 31 December 2015 and 31 December 2016	**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 adopted. The Share Option Scheme was effective for a period of 10 years and expired on 25 April 2016. All outstanding share options granted under the Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

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.

23. SHARE CAPITAL *(Continued)*

Share option *(Continued)*

(a) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016 Average exercise price HK$	2016 Number of share options '000	2015 Average exercise price HK$	2015 Number of share options '000
At 1 January	**1.54**	**15,250**	1.58	19,100
Granted	**1.24**	**3,450**	1.21	1,100
Lapsed	**1.24**	**(3,450)**	1.60	(4,950)
At 31 December	**1.54**	**15,250**	1.54	15,250
Exercisable at 31 December		**15,250**		14,150

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

	2016 Remaining contractual life No. of years	2016 Number of share options '000	2015 Remaining contractual life No. of years	2015 Number of share options '000
Exercise price				
HK$4.24	**1.07**	**600**	2.07	600
HK$2.34	**3.28**	**2,100**	4.28	2,100
HK$1.846	**3.80**	**1,000**	4.80	1,000
HK$1.904	**4.25**	**1,000**	5.25	1,000
HK$1.828	**4.33**	**700**	5.33	700
HK$0.896	**5.50**	**4,200**	6.50	4,200
HK$1.24	**–**	**–**	8.24	3,450
HK$1.514	**7.72**	**1,100**	8.72	1,100
HK$1.21	**8.95**	**1,100**	9.95	1,100
HK$1.244	**9.31**	**3,450**	–	–
At 31 December		**15,250**		15,250

(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	**22 April 2016**	9 December 2015
Exercise price	**HK$1.244**	HK$1.21
Expected volatility	**51%**	51%
Expected option life	**6.0 years**	5.6 years
Risk-free interest rate	**1.35%**	1.51%
Annual dividend yield	**3.26%**	3.25%
Fair value	**HK$0.45**	HK$0.48

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
At 1 January 2015	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)
At 31 December 2015	**11,068,744**	**(9,111,447)**	**134,192**	**25,866**	**921,269**	**1,236,199**	**278,560**	**4,553,383**
Other comprehensive loss for the year	**–**	**–**	**(5,580)**	**–**	**(744,676)**	**–**	**–**	**(750,256)**
Transfers	**–**	**–**	**–**	**–**	**–**	**131,341**	**–**	**131,341**
Share-based compensation	**–**	**–**	**–**	**2,015**	**–**	**–**	**–**	**2,015**
Dividend	**(255,557)**	**–**	**–**	**–**	**–**	**–**	**–**	**(255,557)**
At 31 December 2016	**10,813,187**	**(9,111,447)**	**128,612**	**27,881**	**176,593**	**1,367,540**	**278,560**	**3,680,926**

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

	2016 HK$'000	2015 HK$'000
Unsecured borrowings:		
Non-current		
Long-term borrowings	**11,428,366**	11,575,442
Current		
Short-term borrowings	**1,105,813**	1,793,758
Current portion of long-term borrowings	**1,981,672**	2,518,767
	3,087,485	4,312,525
	14,515,851	15,887,967
Repayable:		
Loans		
Within 1 year	**3,087,485**	4,312,525
Between 1 and 2 years	**3,342,542**	2,036,644
Between 2 and 5 years	**5,246,254**	6,091,794
Over 5 years	**603,684**	1,059,799
	12,279,965	13,500,762
Medium-term notes *(Note)*		
Between 1 and 2 years	**2,235,886**	–
Between 2 and 5 years	**–**	2,387,205
	2,235,886	2,387,205
	14,515,851	15,887,967
Carrying amounts are denominated in the following currencies:		
Renminbi	**9,931,940**	11,010,325
HK dollars	**4,583,911**	4,383,651
US dollars	**–**	493,991
	14,515,851	15,887,967
Effective interest rates per annum at 31 December:		
Renminbi	**2.4% – 4.8%**	2.9% – 5.5%
HK dollars	**1.9% – 2.7%**	1.7% – 2.2%
US dollars	**–**	0.8% – 2.3%

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

	2016 HK$'000	2015 HK$'000
Trade payables	**1,196,803**	1,039,141
Notes payables	**195,743**	1,281,953
Trade and notes payables	**1,392,546**	2,321,094
Advance from customers	**824,942**	1,412,071
Dividends payable to:		
– equity holders of the Company	**–**	573,248
– non-controlling interests	**36,154**	41,035
Other non-trade payables	**970,841**	1,107,492
	3,224,483	5,454,940

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

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

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

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations

	2016 HK$'000	2015 HK$'000
Profit before income tax	**2,359,241**	2,494,149
Adjustments for:		
– Interest income	**(157,277)**	(144,964)
– Finance costs	**584,608**	611,479
– Share of results of associates	**(326,875)**	(357,933)
– Share of results of joint ventures	**(121,233)**	(169,569)
– Dividend income from available-for-sale financial assets	**(9,035)**	(14,991)
– Loss on disposal of property, plant and equipment	**6,920**	3,775
– Gain on disposal of subsidiaries	**–**	(65,008)
– Depreciation of property, plant and equipment	**1,032,493**	1,098,661
– Amortisation of land use rights	**141,219**	146,861
– Amortisation of intangible assets	**14,051**	13,091
– Provision for impairment of trade receivables	**10,423**	4,553
– Share-based payments	**2,015**	313
– Exchange loss	**296,602**	315,770
Changes in working capital:		
– Inventories	**20,329**	512,829
– Trade and other receivables	**(25,976)**	621,614
– Restricted bank deposits	**917,755**	(430,368)
– Trade and other payables	**(1,423,498)**	(1,122,801)
– Other long-term liabilities	**20,539**	–
Cash generated from operations	**3,342,301**	3,517,461

28. COMMITMENTS

(a) Capital commitments

	2016 HK$'000	2015 HK$'000
Contracted but not provided for		
– Property, plant and equipment	**773,559**	589,699
– Investment in an associate	**572,771**	654,767
Authorised but not contracted for		
– Property, plant and equipment	**4,198,348**	2,571,486

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., with Grand Asia International Shipping Ltd. and Terminal Link Tianjin Limited and 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 and the registered capital will be RMB1.47 billion. Tianjin Port Co will hold 60% equity interest in it. As at 31 December 2016, the formation of the company and the preparatory work of the construction project were still in progress.

28. COMMITMENTS *(Continued)*

(b) Operating lease commitments

As at 31 December 2016, the Group has future aggregate minimum lease payments under non-cancellable operating leases for land, property, plant and equipment and office premises as follows:

	2016 HK$'000	2015 HK$'000
Not later than one year	**103,792**	108,093
Later than one year and not later than five years	**378,179**	375,219
Later than five years	**885,966**	1,034,307
	1,367,937	1,517,619

29. 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

	2016 HK$'000	2015 HK$'000
With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures		
Sales of goods and services	**99,708**	115,691
Purchases of goods and services	**836,831**	879,609
Expenses for rental of land, property, plant and equipment	**214,664**	247,010
Interest expenses	**32,419**	32,073
Acquisition of property, plant and equipment	**163,151**	160,332
Acquisition of an associate	**–**	2,405
With associates		
Sales of goods and services	**78,384**	91,581
Purchases of goods and services	**855,353**	939,247
Expenses for rental of property, plant and equipment	**21,006**	17,753
Interest income	**37,957**	51,881
Interest expenses	**138,635**	156,394
Investments in associates	**40,492**	2,674
With joint ventures		
Sales of goods and services	**169,886**	143,671
Purchases of goods and services	**88,616**	128,416
Interest income	**2,857**	2,717

29. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties of the Group

	2016 HK$'000	2015 HK$'000
With Tianjin Port Group and its subsidiaries, associates and joint ventures		
Trade and other receivables *(Note i)*	**33,444**	76,996
Trade and other payables *(Note i)*	**113,046**	716,777
With associates		
Trade and other receivables *(Note i)*	**4,759**	3,041
Trade and other payables *(Note i)*	**15,702**	21,292
Deposits *(Note ii)*	**3,018,779**	2,564,402
Borrowings *(Note iii)*	**3,077,585**	3,092,027
With joint ventures		
Trade and other receivables *(Note i)*	**17,115**	23,932
Trade and other payables *(Note i)*	**7,770**	10,992
Loan to a joint venture *(Note 16)*	**141,111**	141,031
Borrowings *(Note iv)*	**–**	11,936

Notes:

i. Trade and other receivables and trade and other payables 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$3,077,585,000 (2015: HK$3,092,027,000), in which the aggregate principal amount of HK$2,803,175,000 (2015: HK$2,741,227,000) are repayable within 5 years and the remaining HK$274,410,000 (2015: HK$350,800,000) are repayable over 5 years. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 3.9% to 4.4% (2015: 3.9% to 5.5%) per annum.

iv. Borrowings from a joint venture were unsecured, bore interests at prevailing market rates and were repaid during the year.

(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 (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 (a) and (b) above.

In addition to those disclosed above, as at 31 December 2016, 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 significant related party transactions in the consolidated financial statements.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(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.

30. EVENTS AFTER THE REPORTING PERIOD

On 10 March 2017, the Company and its 4 wholly-owned subsidiaries, Champion Sky Enterprises Limited, Well Light Enterprises Limited, Win Many Investments Limited and Tianjin Port Development International Limited, entered into a framework agreement with Tianjin Port Co, pursuant to which (i) the Company and its 4 wholly-owned subsidiaries respectively agreed to dispose of 40% equity interest in Tianjin Port Alliance International Container Terminal Co., Ltd., 100% equity interest in Tianjin Port Container Terminal Co., Ltd., 100% equity interest in Tianjin Port No. 2 Stevedoring Co., Ltd., 51% equity interest in Tianjin Port Haifeng Bonded Logistics Co., Ltd. and 40% equity interest in Tianjin Port Euroasia International Container Terminal Co., Ltd. and other related rights to Tianjin Port Co (the "Proposed Disposals"), and (ii) the Company or its designated party agreed to acquire from Tianjin Port Co its 100% equity interest in Tianjin Port Tugboat Lighter Co., Ltd. (the "Proposed Acquisition"). The Proposed Disposals and the Proposed Acquisition are interdependent and shall take place simultaneously. Neither of the transactions will be implemented if any one of them fails to be implemented. The consideration for the Proposed Disposals and the Proposed Acquisition will be determined by arm's length negotiations among the parties to the agreement with reference to the results of valuation. The Company, its 4 wholly-owned subsidiaries and Tianjin Port Co agreed to enter into the formal agreement to confirm specific matters (including the consideration) of the Proposed Disposals and the Proposed Acquisition after the completion of necessary procedures such as auditing and valuation in respect of the Proposed Disposals and the Proposed Acquisition. The details of the framework agreement, the Proposed Disposals and the Proposed Acquisition were set out in the announcements of the Company dated 9 December 2016, 16 December 2016, 23 December 2016 and 10 March 2017 respectively.

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 2016, 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 2016, 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$213 million (2015: HK$261 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.

31. FINANCIAL RISK MANAGEMENT *(Continued)*

31.1 Financial risk factors *(Continued)*

Market risk *(Continued)*

(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 2016, if interest rates 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$52 million (2015: HK$54 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 classified as available-for-sale financial assets are stated at fair value.

At 31 December 2016, 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$46 million (2015: HK$50 million) as a result of changes in fair value of the listed equity investments classified as available-for-sale.

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 the Group's 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 to meet its liquidity requirement.

31. FINANCIAL RISK MANAGEMENT *(Continued)*

31.1 Financial risk factors *(Continued)*

Liquidity risk *(Continued)*

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 2016				
Trade and other payables	**2,399,541**	**–**	**–**	**–**
Borrowings	**3,585,880**	**5,892,430**	**5,532,656**	**635,027**
	5,985,421	**5,892,430**	**5,532,656**	**635,027**
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

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 2016 was 60.2% (2015: 64.5%).

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 measured at fair value are analysed into 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.

31. FINANCIAL RISK MANAGEMENT *(Continued)*

31.3 Fair value estimation *(Continued)*

At 31 December 2016, 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 different levels of the fair value hierarchy during the year.

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Impairment assessment of long-term assets

As at 31 December 2016, the market capitalisation of the Group was below its net asset value. This is an impairment indicator of long-term assets.

Management of the Group performed impairment assessment for the long-term assets. Each type of business is identified as a cash-generating unit. Management reviews the business performance on individual cash-generating unit basis.

The recoverable amounts of cash-generating units are determined using value-in-use model which were calculated based on present value of future cash flows. The key assumptions adopted in the future cash flows forecasts include the estimation of growth rates of business volume, unit price and cost of sales, and the discount rate. The growth rates are estimated based on historical records, past performance and management's expectations for the market development. The discount rates used reflect the cost of capital of each cash-generating unit and the relevant territory and industry specific factors. As a result of the impairment assessment of long-term assets, no impairment provision was made.

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 2016, 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 2016:

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
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

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)*			
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.*	RMB1,470,283,000	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
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

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(Continued)

(a) Subsidiaries *(Continued)*

Name	Registered capital/ Issued share capital	Interest held (%)	Principal activities
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

(b) Associates

The followings are principal associates at 31 December 2016, 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.	RMB2,663,527,500	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 2016, 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	
	2016	2015
	HK$'000	HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**3,322**	3,756
Interests in subsidiaries	**16,772,112**	17,759,709
Interests in joint ventures	**587,631**	627,400
Available-for-sale financial assets	**27,800**	29,800
	17,390,865	18,420,665
Current assets		
Other receivables	**46,518**	3,212
Amounts due from subsidiaries	**230,696**	240,341
Time deposits with maturity over three months	**6,708**	10,742
Cash and cash equivalents	**238,132**	240,221
	522,054	494,516
Total assets	**17,912,919**	18,915,181
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**615,800**	615,800
Other reserves *(Note i)*	**12,595,728**	13,778,842
Retained earnings *(Note ii)*	**660,514**	24,816
Total equity	**13,872,042**	14,419,458
LIABILITIES		
Current liabilities		
Other payables	**33,978**	603,657
Current income tax liabilities	**–**	72
Amounts due to subsidiaries	**4,006,899**	3,891,994
Total liabilities	**4,040,877**	4,495,723
Total equity and liabilities	**17,912,919**	18,915,181

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2017 and was signed on its behalf by:

ZHANG Ruigang
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
At 1 January 2015	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)
At 31 December 2015	**11,068,744**	**1,450,909**	**15,000**	**25,866**	**1,218,323**	**13,778,842**
Currency translation differences	**–**	**–**	**–**	**–**	**(927,572)**	**(927,572)**
Fair value loss on available-for-sale financial assets	**–**	**–**	**(2,000)**	**–**	**–**	**(2,000)**
Share-based compensation	**–**	**–**	**–**	**2,015**	**–**	**2,015**
Dividend	**(255,557)**	**–**	**–**	**–**	**–**	**(255,557)**
At 31 December 2016	**10,813,187**	**1,450,909**	**13,000**	**27,881**	**290,751**	**12,595,728**

ii. Retained earnings of the Company

	HK$'000
At 1 January 2015	263,683
Loss for the year	(238,867)
At 31 December 2015	**24,816**
Profit for the year	**635,698**
At 31 December 2016	**660,514**

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				
	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016 HK$'000**
Revenue	17,934,680	22,108,849	33,559,969	20,541,760	**16,456,982**
Business tax and surcharge	(290,265)	(67,560)	(74,357)	(65,583)	**(39,105)**
Cost of sales	(13,671,856)	(17,985,873)	(28,917,206)	(15,817,854)	**(11,848,641)**
Gross profit	3,972,559	4,055,416	4,568,406	4,658,323	**4,569,236**
Other income and gains	160,558	396,820	292,439	324,539	**226,382**
Administrative expenses	(1,938,460)	(2,017,083)	(2,183,040)	(2,068,313)	**(1,979,661)**
Other operating expenses	(17,052)	(9,929)	(35,220)	(336,423)	**(320,216)**
Operating profit	2,177,605	2,425,224	2,642,585	2,578,126	**2,495,741**
Finance costs	(403,770)	(427,670)	(478,915)	(611,479)	**(584,608)**
Share of results of associates	229,436	314,718	374,553	357,933	**326,875**
Share of results of joint ventures	89,235	86,972	126,910	169,569	**121,233**
Profit before income tax	2,092,506	2,399,244	2,665,133	2,494,149	**2,359,241**
Income tax	(375,548)	(466,645)	(601,496)	(632,142)	**(571,717)**
Profit for the year	1,716,958	1,932,599	2,063,637	1,862,007	**1,787,524**
Profit attributable to:					
Equity holders of the Company	705,794	811,047	819,125	639,387	**530,479**
Non-controlling interests	1,011,164	1,121,552	1,244,512	1,222,620	**1,257,045**
	1,716,958	1,932,599	2,063,637	1,862,007	**1,787,524**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016 HK$'000**
Land use rights	5,109,441	5,423,843	5,834,689	5,759,693	**5,686,092**
Property, plant and equipment	17,079,593	21,682,171	21,895,298	20,493,102	**18,960,072**
Intangible assets	38,644	47,121	51,115	48,977	**65,043**
Interests in associates	2,367,092	2,604,950	3,128,977	3,031,415	**2,963,447**
Interests in joint ventures	2,133,705	2,390,517	2,616,927	2,572,561	**2,457,810**
Available-for-sale financial assets	438,690	385,297	601,279	565,065	**518,458**
Deferred income tax assets	162,068	170,757	132,587	98,890	**91,491**
Other non-current assets	–	–	–	596,801	**–**
Current assets	9,911,513	11,366,231	14,854,505	13,285,419	**11,594,094**
Total assets	37,240,746	44,070,887	49,115,377	46,451,923	**42,336,507**
Total liabilities	(15,579,968)	(20,071,795)	(23,587,820)	(21,830,331)	**(18,220,114)**
Non-controlling interests	(11,189,020)	(12,510,022)	(13,521,761)	(13,010,871)	**(12,978,991)**
Shareholders' equity	10,471,758	11,489,070	12,005,796	11,610,721	**11,137,402**

DEFINITIONS

In this report, unless the context requires otherwise, the following expressions shall have the following meanings:

"Articles of Association"	the articles of association of the Company
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code, Appendix 14 to the Listing Rules
"Company"	Tianjin Port Development Holdings Limited
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
"PRC" or "China"	the People's Republic of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 26 April 2006
"Shareholder(s)"	the holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Port Co"	天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*), a limited liability company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717), and a non wholly-owned subsidiary of the Group
"Tianjin Port Group"	天津港(集團)有限公司 (Tianjin Port (Group) Co., Ltd.*), a limited liability company incorporated in the PRC and the Company's ultimate holding company
"U.S."	the United States of America
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the U.S.
"%"	per cent

* *for identification purposes only*

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

ZHANG Ruigang *(Chairman)*
LI Quanyong *(Managing Director)*△
WANG Rui+
YU Houxin
SHI Jing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Japhet Sebastian LAW*+
CHENG Chi Pang, Leslie*△
ZHANG Weidong*+△

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

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.
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

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Level 22, Hopewell Centre
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REGISTERED OFFICE

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STOCK CODE

Hong Kong Stock Exchange: 03382

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

Tianjin Port Development Holdings Limited

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