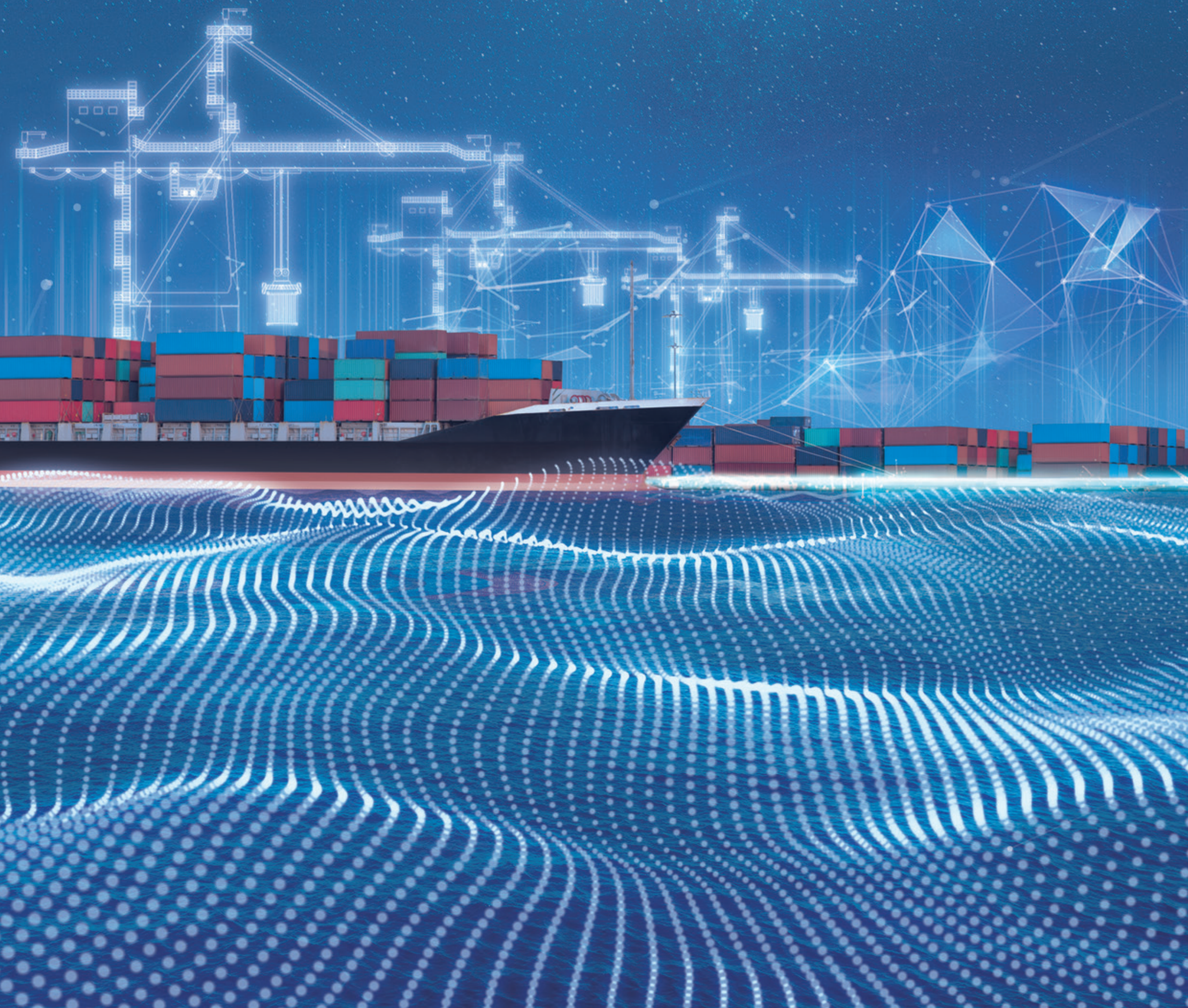
天津港發展控股有限公司
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 03382

ANNUAL REPORT 2019



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 business. 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 2019, the port of Tianjin was the seventh largest port in terms of total cargo throughput and ranked the sixth in terms of total container throughput in China.

CONTENTS

MILESTONES

1997

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

2001

Renovation of container terminal was completed with designed 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 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.

MILESTONES

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.

2019

Completion of acquisition of 11.854% equity interest in Tianjin Five Continents. Upon completion of acquisition and up to completion of the merger, the Group held 51.854% equity interest in Tianjin Five Continents.

Completion of merger of Tianjin Port Container, Tianjin Orient and Tianjin Five Continents. Upon completion of the merger, the Group holds 76.68% equity interest in Tianjin Port Container (as the surviving party). Quay length is 3,543 meters and designed annual handling capacity is 6 million TEUs.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2019	2018
Total throughput		
Non-containerised cargo (million tonnes)	**221.85**	224.74
Container (million TEUs)	**17.26**	15.97
Consolidated throughput		
Non-containerised cargo (million tonnes)	**160.10**	165.29
Container (million TEUs)	**10.05**	7.70

HK$ million	For the year ended 31 December	
	2019	2018 (restated)
Revenue	**15,077**	15,871
Operating profit	**1,745**	1,395
Profit attributable to Shareholders	**388**	388
Basic earnings per share (HK cents)	**6.3**	6.3
Net cash inflow from operating activities	**2,532**	2,684

HK$ million	As at 31 December	
	2019	2018 (restated)
Total assets	**44,813**	45,373
Total borrowings	**13,433**	15,451
Shareholders' equity	**12,188**	12,169
Total equity	**26,504**	25,791
Financial ratios		
Gearing ratio *(Note 1)*	**50.7%**	59.9%
Current ratio	**1.5**	1.4
Net assets per share – book value *(Note 2)* (HK$)	**2.0**	2.0

Following the adoption of HKFRS 16 on 1 January 2019, the Group's results for the year ended 31 December 2019 are based on HKFRS 16, whereas the comparative amounts for the year ended 31 December 2018 are based on Hong Kong Accounting Standard 17, details of which are set out in Note 2.1(a) to the consolidated financial statements.

According to the "Notice on Adjusting the Calculation Method for Ro-Ro Vehicle Throughput in the Ports" (《關於調整港口滾裝汽車吞吐量計算方法的通知》) issued by the Ministry of Transport of the PRC, with effect from January 2019, the Group's ro-ro vehicle throughput used the statistical method of conversion by actual weight rather than by coefficient. For comparison purpose, related figures for 2018 have been restated on the same basis.

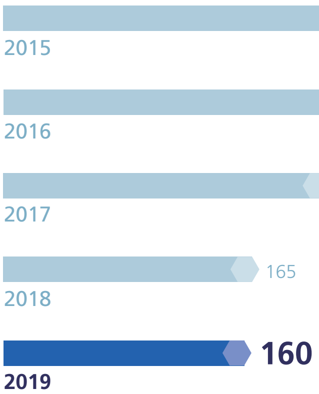
Notes:

1. Gearing ratio represents total borrowings divided by total equity.
2. Net assets per share – book value represents Shareholders' equity divided by the number of issued shares at year end.

FINANCIAL HIGHLIGHTS

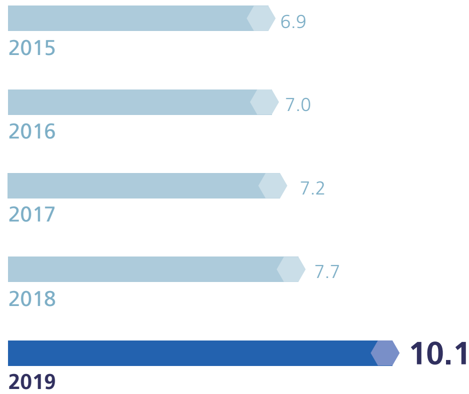
Consolidated non-containerised cargo throughput

(million tonnes)



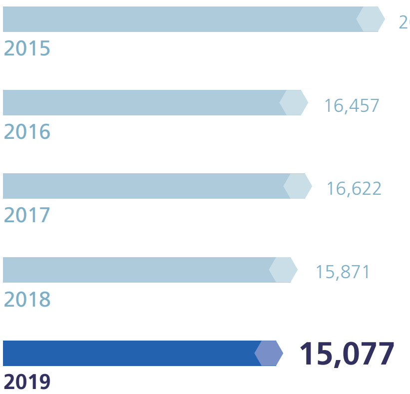
Consolidated container throughput

(million TEUs)



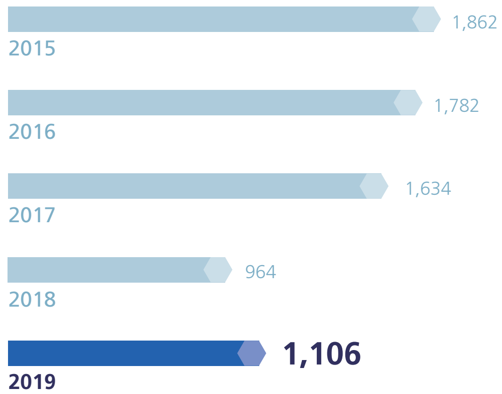
Revenue

(HK$ million)



Profit for the year

(HK$ million)



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of the Group for the year 2019.

Despite the adverse impacts brought by the continued softening in global economic growth momentum, the capricious China-U.S. trade friction and geopolitical tensions, throughput at China's ports maintained an overall stable growth. In 2019, cargo throughput at China's ports achieved a growth rate of 5.7%, of which container throughput handled was reported at 261 million TEUs, grew by 4.4% over last year. In 2019, the port of Tianjin was the seventh largest port in terms of total cargo throughput and ranked the sixth in terms of total container throughput in China.

In view of the complex and ever-changing operating environment, the Group aims at building a world-class intelligent and green hub port and is making solid progress in various works to promote the development of the Group. The Group will serve as a pioneer to facilitate the high-quality economic development, take the initiative to shoulder the responsibility of "Build a World-Class Port and Connect Tianjin with the World" in this era, empower and promote convenient trading with intelligent technology and achieve further advancement, establish a new blueprint for the construction of ecological civilised port by adhering to the people-oriented and green development principles, continue to promote cost reduction and efficiency enhancement, so as to create a world-class business environment and advocate closer economic and trade cooperation between Beijing-Tianjin-Hebei Region and "Northeast China, Northern China and Northwest China" regions with the rest of world.

In 2019, the Group successfully completed the merger of 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*) ("Tianjin Port Container"), 天津東方海陸集裝箱碼頭有限公司 (Tianjin Orient Container Terminals Co., Ltd.*) ("Tianjin Orient") and 天津五洲國際集裝箱碼頭有限公司 (Tianjin Five Continents International Container Terminal Co., Ltd.*) ("Tianjin Five Continents"). Following the merger, Tianjin Port Container (as the surviving party) has become a modern container terminal company with the largest port scale in the Tianjin-Hebei region, which significantly enhanced the synergy and profitability of our container business. Also, the upgrade and renovation project of automatic depots was successfully completed and Tianjin Port Container was the first container terminal in the world that carried out the upgrade of automated rail-mounted cranes of the entire depot through technological transformation, comprehensively improving operational efficiency and providing strong support to the development of the Group.

Total cargo throughput handled by the Group for the year increased by 3.5% to 412 million tonnes over last year. Total non-containerised cargo throughput handled was 222 million tonnes, a decrease of 1.3% from last year, and total container throughput handled was 17.264 million TEUs, an increase of 8.1% over last year.

Profit attributable to Shareholders for the year ended 31 December 2019 was HK$388 million and basic earnings per share was HK6.3 cents.

The Board is pleased to recommend the payment of a final dividend for the year 2019 of HK2.52 cents per share, representing a payout ratio of 40% for the year.

* *for identification purpose only*

CHAIRMAN'S STATEMENT

Global economic uncertainty related to the novel coronavirus pandemic remains high in 2020. According to the World Economic Outlook published by the International Monetary Fund (IMF) in April 2020, the overall global economy is projected to contract by 3% in 2020. At present, China has effectively controlled the pandemic, and it is expected that the economic conditions will improve when the pandemic is under control. Since the outbreak of the pandemic, the Group has attached great importance to its work on pandemic prevention, at the same time ensuring that port operation will continue without disruption, delivering consistent service standards and quality, thus ensuring effective and efficient distribution and transportation. Although the novel coronavirus pandemic has created unprecedented uncertainty and far more unpredictable environment, the Group will proactively embrace the challenges and opportunities that may arise as a result of the pandemic.

The year 2020 is a crucial year which marks the closing of the "Thirteenth Five-Year" plan and the beginning of the "Fourteenth Five-Year" plan. Stepping into the new era of the "Fourteenth Five-Year" and on a new starting point, the Group will strive to build a world-class intelligent and green hub port and spare no effort in promoting high-quality development, accelerating intelligent port facilities innovation, improving the intelligence level of port operations, and increasing the efficiency in operation, service and management. The Group will actively promote the transportation mode of "road freight to rail freight" and "cargo containerisation" to further optimise the transportation structure and build a green transportation system and make contribution in achieving green development. The Group will continue to seize major opportunities such as the "Jing-Jin-Ji integration" and the constructions of the "Belt and Road" and "Xiong'an New Area" and give full play to its own advantages, with an aim to strengthening its endogenous power, starting up new driving force for development and devoting in generating better returns for shareholders and creating values for stakeholders and the society.

On behalf of the Board, I would like to thank our staff for their relentless dedication and continuous contribution, and to express my most sincere gratitude to our customers, suppliers, Shareholders and business partners for their trust and long-standing support.

Sincerely yours,
CHU Bin
Chairman

Hong Kong, 29 May 2020

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

In 2019, global trade tensions continued to escalate and global economic momentum remained soft. U.S. economy continued to expand but at a slower pace and the moderation was attributable to several factors, including trade disputes, fading tax-cut stimulus, as well as a broad-based slowdown in global economic growth. The U.S. Federal Reserve stopped raising its benchmark interest rate and had reduced the interest rates three times in the second half of the year. European economic growth was modestly at subdued levels. China's GDP growth rate was 6.1% and remained within a reasonable range.

Clouded by the escalation of trade disputes and deceleration of global economic growth, global trade momentum is slowing down. China's total export trade value grew only by 0.5% year-on-year (2018: +9.9%) to US$2.50 trillion in 2019, and the total import trade value was US$2.08 trillion, dropped by 2.7% year-on-year (2018: +15.8%).

Cargo throughput at ports in China maintained steady growth. According to the statistics from the Ministry of Transport of the PRC, cargo throughput handled by ports in China was 14.0 billion tonnes in 2019, a rise of 5.7% over last year (on a comparable basis), of which container throughput handled was 261 million TEUs, up 4.4% year-on-year.

ANNUAL RESULTS

Total cargo throughput handled by the Group for 2019 was 411.83 million tonnes (2018: 397.83 million tonnes[+]), an increase of 3.5% over last year, of which total container throughput was 17.264 million TEUs (2018: 15.972 million TEUs), an increase of 8.1% over last year.

\+ According to the "Notice on Adjusting the Calculation Method for Ro-Ro Vehicle Throughput in the Ports" (《關於調整港口滾裝汽車吞吐量計算方法的通知》) issued by the Ministry of Transport of the PRC, with effect from January 2019, the Group's ro-ro vehicle throughput used the statistical method of conversion by actual weight rather than by coefficient. For comparison purpose, related figures for 2018 have been restated on the same basis.

	2019 HK$ million	2018 HK$ million (restated)	Change amount HK$ million	Change percentage
Revenue	**15,077**	15,871	-794	-5.0%
Cost of sales	**11,844**	12,676	-832	-6.6%
Gross profit	**3,223**	3,181	42	1.3%
Profit before income tax	**1,516**	1,228	288	23.5%
Profit attributable to Shareholders	**388**	388	0	0.2%

The Group's profit before income tax was HK$1,516 million, which included an exchange loss of HK$79.22 million (2018: HK$204 million). The exchange loss arose mainly from the Group's HK$ denominated liabilities as a result of the depreciation of RMB against HK$. Excluding the exchange loss, the Group's profit before income tax was HK$1,595 million (2018 (restated): HK$1,432 million), representing an increase of 11.4% over last year.

Profit attributable to Shareholders amounted to HK$388 million, representing an increase of 0.2% year-on-year. Basic earnings per share was HK6.3 cents.

The Board recommends the payment of a final dividend of HK2.52 cents per share for 2019, representing a payout ratio of 40% for the year (2018: 40%).

REVIEW OF OPERATIONS

The Group's core business remained stable and achieved total cargo throughput of 411.83 million tonnes, representing an increase of 3.5% over 2018.

In 2019, the Group completed the merger of Tianjin Port Container, Tianjin Orient and Tianjin Five Continents. With the integrated operation and management through the merger, Tianjin Port Container, as the surviving party, coordinates its operational resources, further increases its overall efficiency of resources utilisation, reduces operating costs, exhibits its scale of operations and strengthens the sustainability of the Group's container business.

Non-containerised Cargo Handling Business

During the year under review, the Group achieved total non-containerised cargo throughput of 221.85 million tonnes, a decrease of 1.3% over last year, of which throughput of the subsidiary terminals fell by 3.1% and throughput of the jointly controlled and affiliated terminals grew by 3.9%.

Nature of terminal	Non-containerised cargo throughput			
	2019 million tonnes	2018+ million tonnes	Change amount million tonnes	Change percentage
Subsidiary terminals	**160.10**	165.29	-5.19	-3.1%
Jointly controlled and affiliated terminals	**61.75**	59.45	2.30	3.9%
Total	**221.85**	224.74	-2.89	-1.3%

In terms of total throughput on a year-on-year basis, metal ore handling rose by 4.2% to 104.63 million tonnes (2018: 100.43 million tonnes), coal handling dropped by 12.3% to 62.18 million tonnes (2018: 70.92 million tonnes), crude oil handling increased by 19.0% to 28.14 million tonnes (2018: 23.64 million tonnes), steel handling decreased by 10.2% to 10.92 million tonnes (2018: 12.16 million tonnes), automobiles handling grew by 10.8% to 1.64 million tonnes (2018: 1.48 million tonnes+).

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK$27.7 per tonne (2018: HK$28.4 per tonne+), a decrease of 2.5% over last year. In RMB, the blended average unit price increased by 1.2% over last year.

Container Handling Business

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

In 2019, the container handling business experienced a stable growth. The Group achieved total container throughput of 17.264 million TEUs, representing an increase of 8.1% over last year, of which throughput of the subsidiary terminals increased by 30.6% and throughput of the jointly controlled and affiliated terminals dropped by 12.8%. After Tianjin Five Continents (an associate originally held as to 40% by the Group) became a subsidiary of the Group in June 2019 and was then absorbed and merged by Tianjin Port Container, its throughput was classified from jointly controlled and affiliated terminals to subsidiary terminals, causing large fluctuation between throughput of the two categories.

Nature of terminal	Container throughput			
	2019 '000 TEUs	2018 '000 TEUs	Change amount '000 TEUs	Change percentage
Subsidiary terminals	**10,050**	7,697	2,353	30.6%
Jointly controlled and affiliated terminals	**7,214**	8,275	-1,061	-12.8%
Total	**17,264**	15,972	1,292	8.1%

On a consolidated basis, the blended average unit price of the container handling business decreased by 9.9% over last year to HK$253.1 per TEU (2018: HK$281.0 per TEU). In RMB, the blended average unit price decreased by 6.3% over last year. The decrease was mainly because Tianjin Five Continents became a subsidiary of the Group and was then absorbed and merged by Tianjin Port Container, which led to a change in the consolidated cargo mix and resulted in a decrease in the blended average unit price.

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$5,908 million from sales business, representing a decrease of 8.6% over last year, which was mainly due to the drop in sales volume.

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 dropped by 7.1% to 82.09 million tonnes of cargoes (2018: 88.38 million tonnes); shipping agency decreased by 29.5% to 6,320 vessel calls (2018: 8,964 vessel calls); tallying services increased by 9.4% to 116.49 million tonnes of cargoes (2018: 106.51 million tonnes); and tugboat services decreased by 6.6% to 42,580 vessel calls (2018: 45,571 vessel calls) over last year.

OUTLOOK

Stepping into 2020, the rapid spread of novel coronavirus (COVID-19) pandemic aggravated the adverse impact on the global economy, intensifying fears of a global recession and creating uncertainties to the global economic outlook. To copy with the impact of pandemic on the U.S. economy, the Federal Reserve announced a total rate cut of 1.5% on 3 March and 15 March and further announced an unlimited quantitative easing on 23 March. Meanwhile, with ongoing uncertainties such as the U.S. presidential election, the second phase of China-U.S. trade negotiations and the post-Brexit talks between the E.U. and the U.K., the global economic and trade conditions are filled with pessimism. The pandemic will weigh on economic activity in the short run and it is expected to impact on the port industry inevitably.

In response to the COVID-19 pandemic, the Group has proactively implemented a range of measures to prevent and control the pandemic in accordance with national policies. We strive to sail through this difficult time by protecting the health and safety of our clients and employees, ensuring stable operation, and resuming operation and production in an orderly manner. The Group will continue to monitor the development of the pandemic, assess and respond actively to its impact on a continuous basis.

In the coming year, the Group will move forward together to accelerate the construction of a world-class hub port, so as to expand our markets, improve our service and increase our efficiency. Committed to the "client-first" principle, we aim at establishing a "one-stop" service platform by continuously improving our service quality, comprehensively enhancing our service efficiency and effectiveness, as well as constantly optimising our business procedures. The Group will push forward the construction of a world-class intelligent port, which will be thoroughly interconnected with comprehensive intelligence control, digital operation and convenient service. This will bolster the automation and intelligent development of equipment and system, expedite the digital operation of enterprises, and facilitate convenient trading and logistics services. The Group will also promote the construction of a world-class green port, striving to achieve port safety, continuously optimise transportation structure, create green transport system and further the green development of our port. By enhancing the modernisation of our management system, continuously improving our governance capabilities, maintaining revenue increase and cost control, raising our profitability, prioritising efficiency and effectiveness, strengthening our investment management standards and optimising our risk management system to prevent and mitigate various types of risks, and lay a solid foundation for the Group to implement long-term plans and achieve sustainable development.

FINANCIAL REVIEW

The Group has adopted HKFRS 16 on 1 January 2019. Under the transitional provisions of HKFRS 16, the comparatives for 2018 were not restated. Upon adoption of HKFRS 16, lessee's operating leases which meet the definition of leases set out in HKFRS 16 (except for short-term leases with a lease term of 12 months or less and leases of low value assets) are recognised as right-of-use assets and lease liabilities in the consolidated statement of financial position, and the related rental expenses are replaced with the depreciation of right-of-use assets and interest expenses on lease liabilities in the consolidated income statement. Payments for short-term leases with a lease term of 12 months or less and leases of low value assets continue to be recognised as operating lease rental expenses over the lease period. The adoption of HKFRS 16 has resulted in increased depreciation and finance costs, while decreased operating lease rental expenses.

Revenue

During the year under review, the Group recorded revenue of HK$15,077 million, representing a decrease of 5.0% over last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	2019 HK$ million	2018 HK$ million	Change amount HK$ million	Change percentage
Non-containerised cargo handling business	**4,442**	4,699	-257	-5.5%
Container handling business	**2,543**	2,163	380	17.6%
Cargo handling business (total)	**6,985**	6,862	123	1.8%
Sales business	**5,908**	6,466	-558	-8.6%
Other port ancillary services business	**2,184**	2,543	-359	-14.1%
Total	**15,077**	15,871	-794	-5.0%

Revenue from non-containerised cargo handling business decreased by 5.5% over last year to HK$4,442 million. In RMB, revenue decreased by 1.7% which was mainly due to the decrease in non-containerised cargo throughput.

Revenue from container handling business increased by 17.6% over last year to HK$2,543 million. In RMB, revenue increased by 22.3% which was mainly attributable to the increase in container throughput, and the consolidation effect of Tianjin Five Continents's revenue after it became a subsidiary of the Group and was then absorbed and merged by Tianjin Port Container.

Revenue from sales business was HK$5,908 million, an 8.6% decrease over last year and a 5.0% decrease in RMB, which was mainly due to the decrease in sales volume.

Revenue from other port ancillary services business was HK$2,184 million, a 14.1% decrease over last year and a 10.7% decrease in RMB.

Costs of Sales

During the year under review, cost of sales of the Group was HK$11,844 million, representing a decrease of 6.6% over last year. An analysis of costs by segment is as follows:

Type of business	Costs			
	2019 HK$ million	2018 HK$ million	Change amount HK$ million	Change percentage
Cargo handling business	**4,633**	4,661	-28	-0.6%
Sales business	**5,766**	6,322	-556	-8.8%
Other port ancillary services business	**1,445**	1,693	-248	-14.7%
Total	**11,844**	12,676	-832	-6.6%

Cost of cargo handling business was HK$4,633 million, a 0.6% decrease over last year. In RMB, cost increased by 3.4%, primarily attributable to the increase in container throughput, and the consolidation effect of Tianjin Five Continents's costs after it became a subsidiary of the Group and was then absorbed and merged by Tianjin Port Container.

Cost of sales business decreased by 8.8% over last year to HK$5,766 million. In RMB, cost decreased by 5.1% which was mainly due to the decrease in sales volume leading to the corresponding decrease in the costs of sales.

Cost of other port ancillary services business decreased by 14.7% over last year to HK$1,445 million. In RMB, cost decreased by 11.2% which was mainly due to the decrease in storage costs and cargo reconfiguration costs, wage costs and labour costs.

The adoption of HKFRS 16 resulted in increased depreciation and decreased operating lease rental expenses but had no significant impact on the cost of sales.

Gross Profit

Gross profit and gross profit margin for 2019 were HK$3,223 million (2018: HK$3,181 million) and 21.4% (2018: 20.0%) respectively. Gross profit and gross profit margin increased by HK$42.49 million and 1.4 percentage points over last year respectively, primarily due to the increase in gross profit from cargo handling business.

Administrative Expenses

Administrative expenses of the Group decreased by 7.2% over last year to HK$1,674 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$396 million, representing an increase of HK$22.81 million over last year. The increase was primarily due to the gain of HK$96.54 million recorded on remeasurement of investments in associates originally held by the Group in accordance with the relevant accounting standards, when these associates became subsidiaries of the Group upon completion of the acquisition of additional equity interests. Interest income from deposits and government grants decreased by HK$40.13 million and HK$38.05 million respectively.

Other operating expenses amounted to HK$123 million, a decrease of HK$132 million compared with HK$255 million reported in last year, mainly due to the decrease in exchange loss of HK$125 million.

Finance Costs

Finance costs (excluding capitalised interest) amounted to HK$657 million, which included interest expenses of HK$46.35 million on lease liabilities upon adoption of HKFRS 16.

Excluding the impact of HKFRS 16, finance costs (excluding capitalised interest) were HK$611 million and finance costs (including capitalised interest) were HK$625 million, a decrease of 0.8% and 1.5% over last year respectively. In RMB, finance costs (excluding capitalised interest) and finance costs (including capitalised interest) increased by 3.1% and 2.5% over last year respectively, which was mainly attributable to the higher average borrowing cost than that of 2018.

Share of Net Profit of Associates and Joint Ventures Accounted for Using the Equity Method

The Group's share of net profit of associates and joint ventures accounted for using the equity method was HK$428 million, representing a decrease of 4.6% over last year.

Income Tax

The Group's income tax expenses amounted to HK$411 million, representing an increase of HK$147 million over last year, which was primarily due to the decrease in deferred tax in last year.

FINANCIAL POSITION

Cash Flow

In 2019, net decrease in cash and cash equivalents of the Group amounted to HK$2,066 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK$2,532 million.

Net cash outflow from investing activities amounted to HK$924 million, which included receipt of dividends of HK$508 million, an increase of HK$79.06 million in time deposits with maturity over three months, capital expenditures of HK$1,078 million, net cash outflow of HK$188 million from acquisition of subsidiaries, and payment of HK$111 million for consideration of acquisition of additional interest in a subsidiary.

Net cash outflow from financing activities amounted to HK$3,674 million, which included payment of dividends and interest expenses on borrowings of HK$1,250 million, net decrease of HK$2,284 million in borrowings, and lease payment of HK$129 million.

Capital Structure

The equity attributable to equity holders of the Company as at 31 December 2019 was HK$12,188 million, and the net asset value of the Company was HK$2.0 per share (31 December 2018: HK$2.0 per share).

As at 31 December 2019, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK$4,865 million (at the closing market price of the shares of the Company of HK$0.79 per share on 31 December 2019).

Assets and Liabilities

As at 31 December 2019, the Group's total assets were HK$44,813 million (31 December 2018 (restated): HK$45,373 million) and total liabilities were HK$18,310 million (31 December 2018: HK$19,582 million). Net current assets as at 31 December 2019 were HK$3,768 million (31 December 2018 (restated): HK$4,238 million).

The Group has adopted HKFRS 16 on 1 January 2019. Upon adoption of HKFRS 16, the Group's right-of-use assets were HK$7,001 million (including reclassification of HK$5,897 million from land use rights) and lease liabilities were HK$1,136 million (including reclassification of HK$32.24 million from trade and other payables and contract liabilities) on 1 January 2019. As at 31 December 2019, right-of-use assets and lease liabilities amounted to HK$6,737 million and HK$985 million respectively.

Liquidity, Financial Resources and Borrowings

As at 31 December 2019, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK$8,680 million (31 December 2018 (restated): HK$10,904 million), which were principally denominated in RMB.

The Group's total borrowings as at 31 December 2019 were HK$13,433 million (31 December 2018: HK$15,451 million), with HK$4,437 million repayable within one year, HK$7,311 million repayable after one year and within five years and HK$1,685 million repayable after five years. About 23.0% and 77.0% of the Group's borrowings were denominated in HK$ and RMB respectively.

Financial Ratios

As at 31 December 2019, the Group's gearing ratio (total borrowings divided by total equity) was 50.7% (31 December 2018 (restated): 59.9%), and current ratio (current assets divided by current liabilities) was 1.5 (31 December 2018: 1.4).

Pledge of Assets

None of the Group's assets were pledged as at 31 December 2019.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2019.

Financial Management and Policy

The Group's head office in Hong Kong is responsible for financial risk management and the finance department is responsible for the daily financial management of the Group. One of the major objectives of the Group's treasury policy is to manage its foreign currency exchange rate and interest rate risk exposures. It is the Group's policy not to engage in any 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 2019, most of the Group's assets and liabilities were denominated in RMB except for certain HK$ bank borrowings. RMB took a roller-coaster ride in 2019 driven mostly by the uncertainty over the China-U.S. trade negotiations. As the exchange rate of RMB at the end of 2019 was approximately 2.2% lower than that at the end of 2018, an exchange loss of HK$79.22 million (2018: HK$204 million) arose from the translation of foreign currency denominated liabilities held by the Group. The fluctuations in RMB exchange rate will affect the Group's results reported in HK$ as the Group operates its business in the PRC. 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 2019, the Group's total borrowings were HK$13,433 million and mainly at floating interest rate, and the average borrowing interest rate was 4.3% (31 December 2018: 4.2%).

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, 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 2019, additions to property, plant and equipment of the Group amounted to HK$1,001 million, primarily comprised construction of new terminals and depots, and renovation of terminals and depots.

As at 31 December 2019, the Group's capital commitments (including authorised but not contracted for) amounted to HK$2,803 million (31 December 2018: HK$3,766 million), of which HK$2,231 million was for property, plant and equipment and HK$572 million was for investment in an associate.

MATERIAL ACQUISITIONS AND DISPOSALS

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

1. On 17 April 2019, Tianjin Port Co (as one of the transferees) entered into an equity transfer agreement with, inter alia, the transferor, pursuant to which Tianjin Port Co agreed to acquire an additional 11.854% equity interest in Tianjin Five Continents at a consideration of RMB173,877,761.86. Details of the equity transfer were set out in the announcement of the Company dated 17 April 2019. The equity transfer was completed in 2019. Following the completion of equity transfer and up to the completion of the Merger (as defined below), the Group held 51.854% equity interest in Tianjin Five Continents which became a subsidiary of the Group.

2. On 10 June 2019, Tianjin Port Co (as one of the transferees) entered into an equity transfer agreement with, inter alia, the transferor, pursuant to which Tianjin Port Co agreed to acquire an additional 24.5% equity interest in Tianjin Orient at a consideration of RMB102,915,357.23. Details of the equity transfer were set out in the announcement of the Company dated 10 June 2019. The equity transfer was completed in 2019. Following the completion of equity transfer and up to the completion of the Merger (as defined below), the Group held 75.5% equity interest in Tianjin Orient which continued to be a subsidiary of the Group.

3. On 30 June 2019, Tianjin Port Container, Tianjin Orient and Tianjin Five Continents (all being subsidiaries of the Group) and their shareholders entered into a merger agreement, pursuant to which Tianjin Port Container would, as the surviving party, absorb and merge with Tianjin Orient and Tianjin Five Continents (the "Merger"). Details of the Merger were set out in the announcement of the Company dated 1 July 2019.

   The Merger was completed in 2019. Upon completion of the Merger, Tianjin Orient and Tianjin Five Continents were dissolved, and the Group holds 76.68% equity interest in Tianjin Port Container being the surviving party which continues to be a subsidiary of the Group.

4. On 12 December 2019, 天津港物流發展有限公司 (Tianjin Port Logistics Development Co., Ltd.*), a subsidiary of the Group, (as transferee) entered into an equity transfer agreement with the transferor, pursuant to which Tianjin Port Logistics Development Co., Ltd. agreed to acquire an additional 60% equity interest in 天津物捷物流有限公司 (Tianjin Wujie Logistics Co., Ltd.*) (formerly known as 天津港中化危險品物流有限公司 (Tianjin Port Sinochem Dangerous Products Logistics Co., Ltd.*)) at a consideration of RMB90,000,000.00. The equity transfer was completed in 2019. Following the completion of equity transfer, Tianjin Wujie Logistics Co., Ltd. became a subsidiary of the Group.

SUSPECTED EMBEZZLEMENT OF FUNDS

A finance officer (the "Finance Officer") of 天津港焦炭碼頭有限公司 (Tianjin Port Coke Terminals Co., Ltd.*) (a subsidiary of the Group) is suspected to have embezzled funds of the aforesaid subsidiary totalling approximately RMB153.9 million (the "Incident"). The provincial supervision organ has commenced an investigation against the Finance Officer and retained him in custody in this connection. Please refer to the announcements of the Company dated 12 February 2020, 24 March 2020 and 20 May 2020 for details.

The Company has engaged an independent forensic expert to conduct an independent forensic investigation on the Incident and other related matters. The independent forensic investigation has been completed. The supervision organ investigation is still ongoing.

The impacts of the Incident on the consolidated financial statements of the Group for the different accounting periods are summarised as follows:

	2019 HK$'000	2018 HK$'000	2017 and before HK$'000
Consolidated income statement for the year ended 31 December			
Decrease in profit attributable to equity holders of the Company	**(43,814)**	(42,789)	(14,640)
Decrease in profit attributable to non-controlling interests	**(33,310)**	(32,530)	(11,131)
Decrease in profit for the year	**(77,124)**	(75,319)	(25,771)
Consolidated statement of financial position as at 31 December			
Decrease in cash and cash equivalents	**(171,802)**	(98,151)	(26,618)
Decrease in equity attributable to equity holders of the Company	**(97,601)**	(55,759)	(15,121)
Decrease in non-controlling interests	**(74,201)**	(42,392)	(11,497)
Consolidated statement of cash flows for the year ended 31 December			
Decrease in cash generated from operations	**(77,124)**	(75,319)	(25,771)

Losses are recognised in the consolidated income statement for the years in which they occurred as a reduction in profit for the year, and restated in the prior periods.

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
LUO Xunjie
Managing Director

Hong Kong, 29 May 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the fourth Environmental, Social and Governance Report of Tianjin Port Development Holdings Limited, presenting the Group's management approach and performance in different aspects of environmental, social and governance ("ESG"), which aims at enhancing stakeholders' understanding of the Group's sustainability strategy.

The Board acknowledges its responsibility for ensuring the integrity of the report. To the best of its knowledge, this report addresses all material topics related to the Group's operations, identifies relevant risks, opportunities and impacts, and fairly presents the Group's performance on each topic. The Board has reviewed this report and confirmed the contents are accurate and complete.

Reporting Guideline and Principles

This report has been prepared in compliance with ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX") and has fulfilled the reporting obligation of "comply or explain". This report is centred on the reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency". After analysis, the quantitative data is presented in a way that allows year-on-year comparison for stakeholders' review.

Reporting Scope

Unless otherwise stated, this report covers all business operations of the Group, discloses its performance in managing environmental and social issues deemed material for the period from 1 January 2019 to 31 December 2019. For corporate governance section, please refer to pages 58 to 67 of the annual report.

Feedback

The ongoing improvement of the Group counts on your valuable opinions. You are welcome to provide any feedback or suggestions on this report or the Group's sustainability management. Our contact details are as follows:

Address: Suite 3904-3907, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Tel: (852) 2847 8888
Fax: (852) 2899 2086
Email: ir@tianjinportdev.com
Website: www.tianjinportdev.com

CHAIRMAN'S MESSAGE

Dear Stakeholders,

2019 was a significant year marking China's determination to promote development of green and intelligent ports. With the release of the Guiding Opinions on the Construction of World-Class Ports, China is committed to promoting green and intelligent hub ports with first-class facilities, technology, management and services. Being the largest integrated port operator in northern China, the Group is determined to develop its business operations in a sustainable manner. We are taking advantage of the opportunity to develop an intelligent green port which would in turn optimise the Group's sustainability management. With this fourth Environmental, Social and Governance Report, we hope to present disclosures to stakeholders of the Group with greater transparency.

In response to China's ports development plan, the Group is committed to building a clean, low-carbon green port with advanced technologies, which includes expanding the capacity of berths at the Port of Tianjin to supply shore power to vessels. During the year, 26 of our specialised berths were equipped with shore-based power supply capabilities, and we have been propelling the use of shore-based power for container vessels docking. At the same time, we have focused on strengthening the pollution prevention and control work in the port area. During the year, we have set up 24-hour suspended particulate (PM2.5) concentration monitoring stations at the bulk cargo and depot operations dock area to monitor the level of dust in real-time, and have taken measures to control concentration of air pollutants, such as spraying recycled sewage for dust suppression.

Focusing on the construction of an intelligent port, the Group has embraced advanced technologies such as big data, 5G networks, and unmanned driving to improve port operation efficiency and customer experience. During the year, we have conducted key technology researches and application projects on the intelligent electric container truck, using unmanned driving technologies including vehicle intelligent sensing, intelligent planning, and intelligent decision making, and have realized using four intelligent electric trucks to form a container routine process automation operation line. During the year, the Group has acquired over 50 patents including invention patents. On quality management, most of the subsidiaries and affiliates of the Group have their quality management systems certified with the GB/T 19001 standard. By formulating and implementing a clear and specific passenger and cargo services management system and oil products quality management system, we were able to maintain a customer satisfaction of over 96%, and the ratio of damaged and unqualified cargo was far below the target of 0.12 per 10,000.

We spare no effort to address health and safety issues. During the year, the Group's investment in operation safety has exceeded RMB 101 million, and the occupational health and safety management systems of 19 subsidiaries and affiliates have passed the GB/T 28001 certification. By commissioning a third-party consulting agency to review the safety management system, organising potential hazard investigations in operation safety accidents and strengthening safety training, we ensure that the Group's safety management system is effectively implemented and that a high level of safety awareness is maintained among our employees.

Along our sustainability journey, we understand that there is room for improvement. Looking ahead, we will maintain close communication and cooperation with stakeholders, and continue to integrate the concept of sustainability into the Group's operations, improving our work in sustainability management. I sincerely express my gratitude to all our employees, customers, partners, investors and the general public for their attention and dedication, and we look forward to your continued support for the Group's future endeavours.

CHU Bin
Chairman

Hong Kong, 29 May 2020

ESG MANAGEMENT APPROACH

The Group is principally engaged in container and non-containerised cargo handling businesses, sales businesses and port ancillary services businesses in Tianjin. As a leading port operator, we are committed to integrating principles of sustainable development into our daily operations, shouldering our corporate social responsibility while improving port service capabilities. We are striving to accelerate the construction of green port, create a safe working environment with no hazards, and invest in our community for the benefit of all.

The Group and its subsidiaries and affiliates are progressing towards a better improved sustainability management. We have obtained GB/T 19001, GB/T 24001, ISO 50001, and GB/T 28001 certifications for our quality management, environmental management, energy management and occupational health and safety management systems respectively. The Group has established an ESG task force which reports to the Board and is responsible for supervising and managing ESG-related risks and opportunities. It comprises members of senior management with considerable knowledge of ESG matters and the Group's operations.

Stakeholder Engagement

The Group realises that the core of sustainable development is to listen to the concerns of stakeholders, meet their expectations and balance the interests of all parties. We communicate with stakeholders through various channels such as annual reports, shareholder meetings, regular meetings, seminars, etc., to identify their issues of concern and disclose our actions in managing those issues during the year in the report.

Our Stakeholders	Engagement Channel	Key Topics
Employees	• Internal communication • Seminars and surveys • Labor Union • Employee activities	• Talent management • Occupational health & safety • Employee training & development
Customers	• Satisfaction survey • Complaint handling mechanism	• Product health & safety • Customer satisfaction • Customer privacy and cybersecurity
Shareholders/Investors	• Annual report • Shareholders meeting • Investors meeting	• Compliant operations
Suppliers	• Supplier assessment • Procurement platform • Materials trading platform • Suppliers meeting	• Supplier management
Government	• Regular meeting • Policy advocacy	• Business ethics • Compliant operations • Environmental compliance • Anti-corruption
Community	• Volunteering • Donation	• Community engagement

Materiality Assessment

Adhering to the reporting principle of "Materiality", we perform annual materiality assessments of ESG issues. Through the process of identification, prioritisation, validation and review, we identify issues that are relevant and material to the Group's business operations and focus on those issues in ESG management. The specific working procedures are as follows:

01 identification

Commission an independent consultant to conduct a materiality assessment in accordance with HKEX Guidelines, GRI Sustainability Reporting Standards, Sustainability Accounting Standards Board, as well as peer analysis, to identify the potential material topics of the Group

In 2019, we identified a total of 28 potential material topics including 3 new potential material topics, namely: **climate action, environmental expenditure, as well as innovation and intellectual property rights**

02 prioritisation

Prioritise the 28 potential material topics in reference with the responses from various stakeholders including clients, employees, suppliers, service providers and management of the Group in online surveys

Receiving 15 valid responses this year, we prioritised the 28 potential material topics and presented the results in a materiality matrix with two dimensions, namely the "significance of economic, environmental and social impacts" and "influence on stakeholder assessments and decisions"

03 validation

Management of the Group verified and confirmed the assessments of the potential material topics

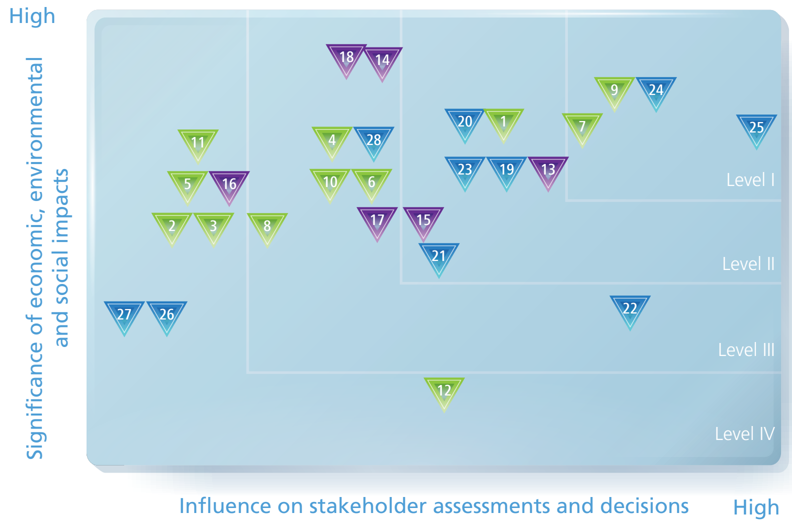
Confirm the material topics identified to be the disclosure focus of ESG report in 2019

04 review

Review the processes of assessing the material topics and identify areas for improvement

Materiality Matrix

Through the 2019 materiality assessment, we prioritized and ranked 28 potentially material topics according to the results of stakeholders and the management of the Group. The management has reviewed and approved the outcome of this materiality assessment.



- Environmental issue
- Employee issue
- Operation and economic issue

Level I	Level II	Level III	Level IV
7 Oil Spillage	1 Energy	4 Air Emissions	2 Water
9 Environmental Compliance	13 Talent Management	6 Waste Management	3 Ecological Conservation
24 Anti-corruption	15 Employee Training and Development	8 Greenhouse Gas Management	5 Wastewater
25 Compliant Operations	19 Product Health and Safety	10 Environmental expenditure	11 Port Area Greening
	20 Customer Satisfaction	14 Occupational Health and Safety	12 Climate Action
	21 Customer Privacy and Cybersecurity	17 Employee Communication	16 Diversity and Equal Opportunity
	23 Business Ethics	18 Labor Standards	26 Innovation and Intellectual Property Rights
		22 Supplier Management	27 Community Engagement
		28 Economic Benefits of Tianjin Port Development Generated in the Region Where it Operates	

Responding to the concerns that are on high priority for our stakeholders and the Group's management, we have identified the key ESG risks of each material topic and highlighted in the following sections of this report the actions we have taken in these areas during the year.

Material Topics	Key ESG Risks	Actions Taken in 2019	Corresponding Sections
Oil Spillage	Oil spillage can cause pollution of water around the port and result in fines and damage to the reputation of the Group	• Implemented oil spillage emergency plan, and held annual oil spillage emergency drill	Environmental Management
Environmental Compliance	Violation on pollution prevention and control, environmental protection, etc. may cause fines and damage the reputation of the Group	• Identified national policies, laws and regulations applicable to the Group regarding environmental protection, marine protection and pollution prevention and control, formulated or revised internal policies in accordance with the new legal requirements to ensure the compliance	Environmental Management
Anti-corruption	Frauds perpetrated by certain corporates or other supply chain partners may cause reputational and financial losses	• Provided anti-corruption training to employees at different levels • Formulated internal policies, regulated behaviours of directors and employees and nourished a culture of integrity	Operational Excellence
Compliant Operations	Violation on operations may cause fines and damage to the reputation of the Group	• Identified national policies, laws and regulations applicable to the Group regarding product quality, hazardous goods management and operation safety, formulated or revised internal policies in accordance with the new legal requirements to ensure the compliance	Operational Excellence

SUSTAINABILITY AWARDS

Company	Award
Tianjin Port Container Terminal Co., Ltd.	The 16th China Freight Industry Golden Wheel Award – 2019 Port Terminal Innovation Award
Tianjin Port Pacific International Container Terminal Co., Ltd.	The 16th China Freight Industry Golden Wheel Award – Top Ten Comprehensive Service Container Terminal & the Best Intelligence Service Container Terminal
Shenhua Tianjin Coal Terminal Co., Ltd.	"Intelligent Depot V3.0 Technology System" was awarded the second prize in the 4th China Association for Quality's National Quality Innovation Competition

ENVIRONMENTAL MANAGEMENT

We continue to explore modes of operations that are more environmentally efficient and strengthen the pollution prevention and control in the port area, striving to establish a low-carbon and green port.

Environmental Management System

The Group has established a comprehensive environmental management system which includes formulating and implementing a series of environmental management policies and pollution prevention and control regulations, mitigating environmental impacts of the operation while complying with the increasingly stringent environmental laws and regulations[1]. In 2019, we had a total of 19 subsidiaries and affiliates certified with GB/T 24001 Environmental Management System.

In 2019, the Group refined its environmental performance assessment approach to strengthen the evaluation of the performance of subsidiaries and affiliates in environmental management. The assessment comprises two parts. In terms of regular inspection, the Group evaluates the implementation and progress of the environmental protection initiatives of its subsidiaries and affiliates through regular checks and spot checks. In terms of comprehensive assessment, the Group requires its subsidiaries and affiliates to submit an annual self-evaluation report every December. The Group conducts the comprehensive evaluation in accordance with the self-evaluation reports and takes the evaluation result as the basis of annual performance evaluation. During the year, all subsidiaries and affiliates of the Group have met the assessment standards and passed the environmental performance assessment.

During the year, the Group revised the overall plan for emergencies, classified and managed 21 types of hazards including climate-related, environmental pollution and ecological damage events, to improve the Group's emergency management capabilities. In response to operations under heavy-polluted weather conditions, we have formulated a response plan under heavy-polluted weather conditions, established a command team for emergency response under heavy-polluted weather, and have directed and supervised emergency measures taken by the subsidiaries and affiliates in reference to the heavy-polluted weather warnings announced by the government. In 2019, the government issued 6 warnings on heavy-polluted weather, and we had successfully implemented relevant emergency response measures.

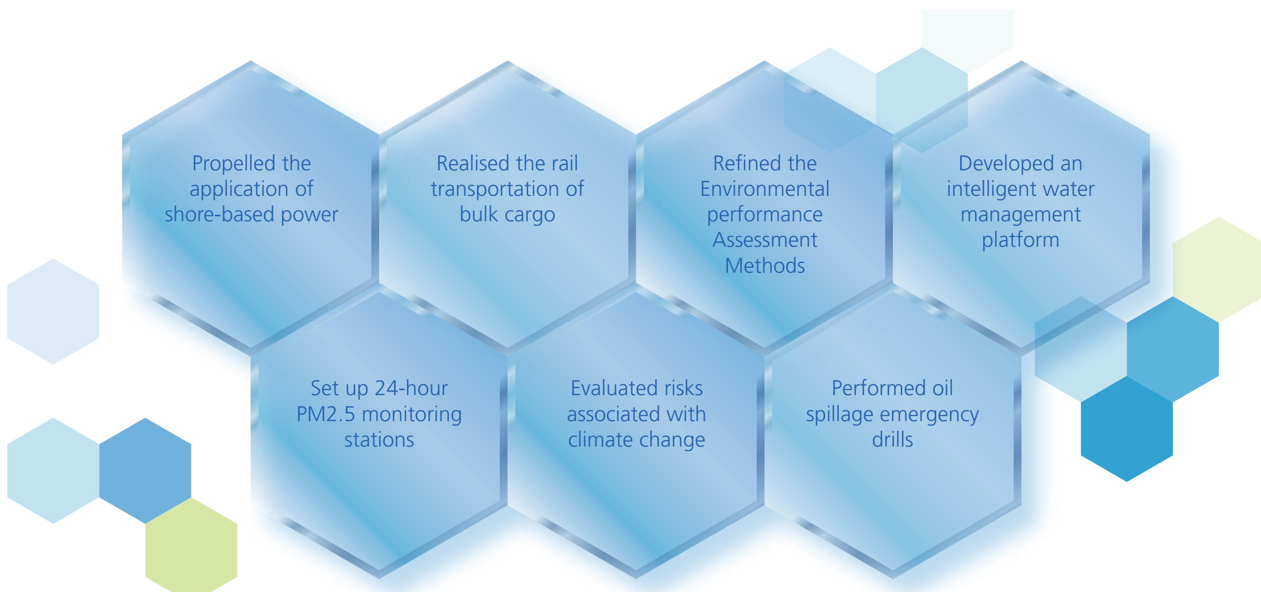
Regular Inspection

- Regular environmental management
- Sanitation work
- Greening

Comprehensive Assessment

- Implementation of environmental responsibilities
- Construction of environmental management system
- Evaluation of environmental indicators
- Rectification of enviornmental issues
- Environmental protection education and publicity
- Implementation of response to emergent environmental issues

HIGHLIGHTS IN ENVIRONMENTAL MANAGEMENT IN 2019



1 Please refer to the **Laws and Regulations** section for the environment-related laws and regulations.

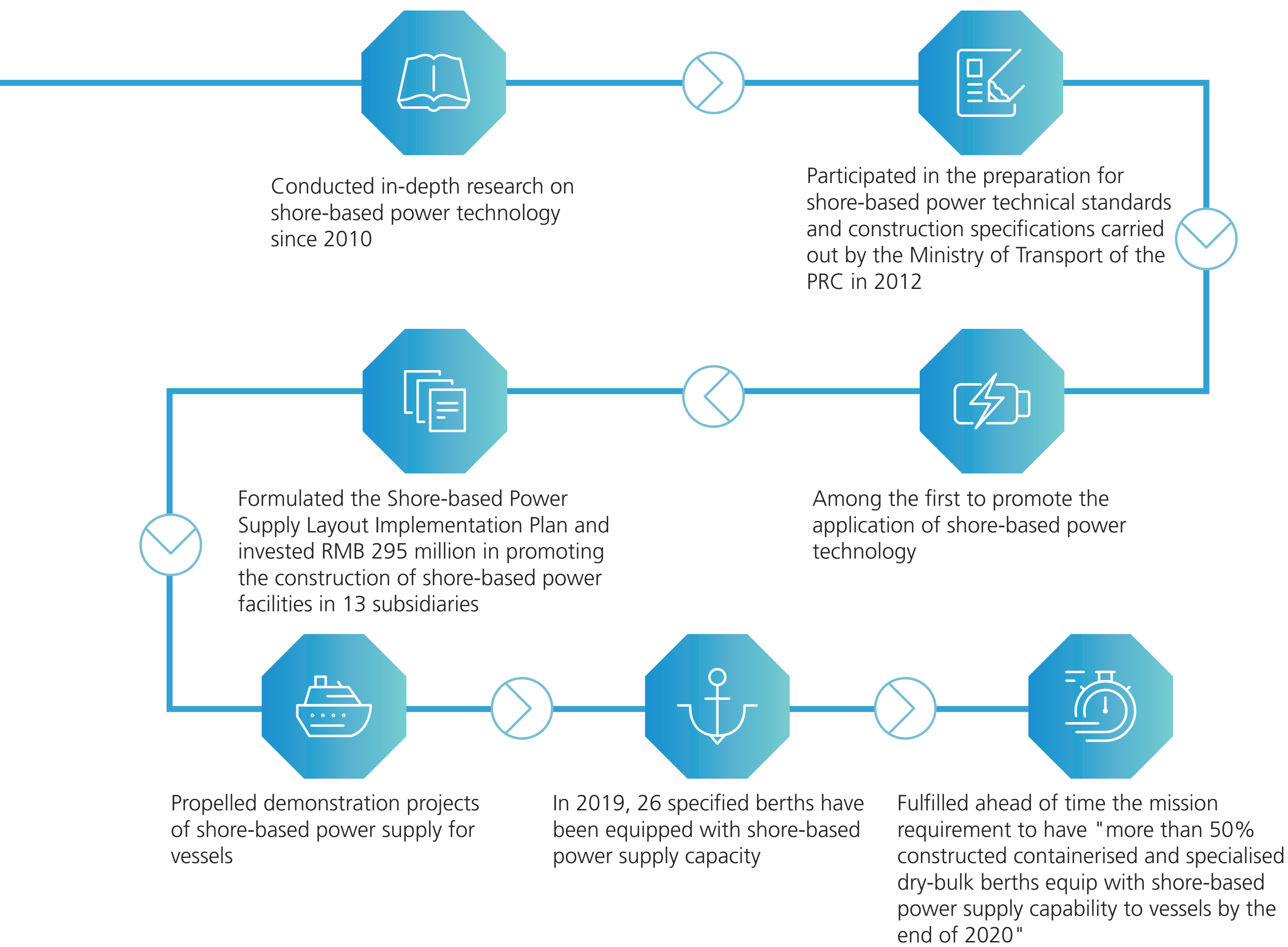
Construction of Green Port

The Port of Tianjin is the maritime gateway in Jing-Jin-Ji and the Three Northern (namely, Northeast China, North China and Northwest China) regions. We should not only concentrate on improvement of service quality, but also be devoted to reducing the environmental impacts of operations on our community and oceans, strengthening the pollution prevention and control measures in the port area. This year, we adhered to the new port policy issued by the Ministry of Transport of the PRC, vigorously developed infrastructure such as shore-based power supply system and rail transportation system, striving to leverage on advanced technologies to construct a clean and low-carbon intelligent port.

Construction of Shore-based Power

When vessels dock, switching off the engines and deploying shore-based power can substantially reduce air pollution in the port area due to emissions of sulphur oxides and nitrogen oxides, bringing in greater environmental benefits in the Jing-Jin-Ji region. In recent years, the Group has been and remains committed to promoting construction of shore-based power facilities and enhancing the capacity of the berths to supply shore-based power to vessels. As at the end of 2019, 26 specialised berths of the Group have been equipped with the capability to supply shore-based power, fulfilling ahead of time the mission required by the Ministry of Transport of the PRC to have more than 50% constructed containerised berths and specialised dry-bulk berths with more than 50,000 tonnes handling capacity equip with shore-based power supply capability to vessels by the end of 2020. During the year, the Group's subsidiaries and affiliates had connected 31 container vessels with total power supply of more than 300,000 kWh. The newly constructed terminals, excluding oil terminals, are 100% equipped with shore-based power facilities in accordance with relevant requirements.

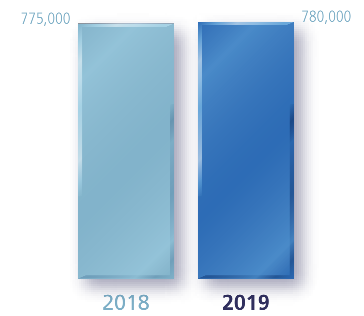
In 2019, operating vessels docked at CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. 100% achieved the use of shore-based power, connected approximately 4,000 vessel calls with total power supply of more than 350,000 kWh.



Rail Transportation of Bulk Cargo

The Port of Tianjin has banned the handling of coal traffic by road since May 2017 and shifted transportation of bulk cargo from road to rail in accordance to the national transportation structural policy adjustment to mitigate the pollution caused by road transportation. Adapting to the road-to-rail requirement, the Group has undertaken initiatives to improve its rail transportation and turnover capacities. During the year, the Group has commenced the operation of three new railway handling lines, each with a length of 1,050 meter and designed annual handling capacity of 13 million tonnes, thus enabling cargo loading and unloading of the whole train. The Group has also actively propelled rail transportation of containerised bulk cargo, contributing to the environment and alleviating the pollution problems caused by diesel trucks and bulk materials transport vehicles in Tianjin.

Total Greening Area (m^2)



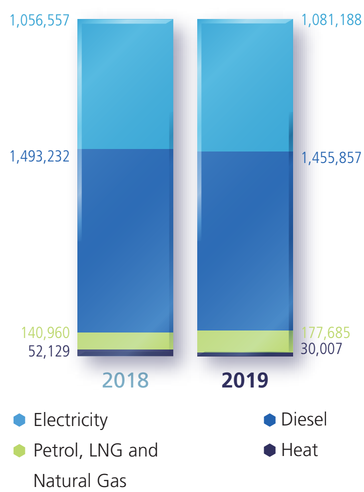
Port Area Greening

The Group continues to facilitate the greening in port area. In 2019, the total green area of our port area reached 780,000 m^2, with green investment of RMB 12.45 million.

Resource Conservation

The Group strives to reduce resource consumption of its operations by implementing a comprehensive resource management system and adopting various conservation measures regarding energy consumption and water usage.

Total Energy Consumption (GJ)



Energy Management

In line with energy management policies in China, the Group has formulated energy-saving management methods for key energy-consuming units and continued to refine its closed-loop energy measurement and management system. In 2019, we had a total of 7 subsidiaries and affiliates certified with ISO 50001 Energy Management System, further propelling the construction of energy management systems. Besides, the Group is committed to promoting the development of intelligent port. Through the application of technologies such as automation and intelligent management and control, the Group strives to improve the management and efficiency of port operations, reducing energy consumption and maximising energy-efficiency of its operations. For more details on intelligent port, please refer to the "Operating Excellence – Intelligent Port" section.

The major types of energy consumed by the Group include electricity, diesel, petrol, LNG, natural gas and heat, of which over 90% is accounted for electricity and diesel. Energy was mainly consumed for handling equipment (including lighting for portal cranes, quay cranes, yard cranes, etc.), port tugboats and freight vehicles. In 2019, the Group consumed a total of 2,744,737 GJ of energy, with energy consumption intensity of 0.18 GJ per thousand HKD revenue, which has increased by 5.9% compared with 2018.

Energy-saving Measures

The Group has been actively seeking for energy-saving opportunities, exploring new technologies and implementing measures to improve energy efficiency of the Group's and its subsidiaries' business operations, including the development of shore-based power supply technology, expansion of green lighting usage, and the development of special energy-saving measures for high energy-consuming equipment. The Group also promotes employees' awareness of energy conservation and emission reduction by organising Energy-Saving Week event, energy-saving competitions and launching energy-saving awards. The following enumerates the major energy-saving initiatives of the Group's subsidiaries and affiliates in 2019, and the results achieved:

Oil-to-electricity Conversion in Yard Cranes

- Tianjin Port Alliance International Container Terminal Co., Ltd. implemented oil-to-electricity conversion at 33 yard cranes and achieved reduction of energy cost of RMB 24.9 million and 4,900 tonnes of coal equivalent (TCE) of energy in the year

Green Lighting Installation

- Tianjin Port Alliance International Container Terminal Co., Ltd. installed 22 wind and solar complementary LED street lights, reducing annual carbon dioxide emissions by approximately 60 tonnes
- Tianjin Port Ro-Ro Terminal Co., Ltd. and TPG Global RO-RO Terminal Co., Ltd. completed the energy-saving retrofit of 10 high pole light LEDs, saving about 800 kWh per month and saving of approximately RMB 120 thousands per annum

National Energy Saving Promotion Week

- Tianjin Port Ro-Ro Terminal Co., Ltd., TPG Global RO-RO Terminal Co., Ltd., Tianjin Port Container Terminal Co., Ltd. and Tianjin Port Petrochemicals Terminal Company Limited carried out energy-saving publicity work during the Energy-Saving Week, and has popularised and enhanced employees' awareness of energy conservation through knowledge competitions and training

Regarding the energy consumption of vehicles and equipment, the Group has required its subsidiaries and affiliates to sign agreements on environmental protection with their fleets of vehicles and to ensure that the operating vehicles and machinery are up to the latest national standards. The Group has speeded up on replacing obsolete vehicles and equipment and promoting the use of cleaner energy, giving priority to using electricity in certain areas or for short-distance transport, as well as using LNG equipment during long-distance transport. In 2019, the Group has adopted more electric and LNG container tractors, enhancing the application of equipment such as new energy or clean energy facilities.

Water Resource Management

As Tianjin has been actively promoting conservation of water and improvement of water efficiency in recent years, the Group adheres to the water use principle of "control the total volume, strengthen management, scientific utilisation, and energy conservation". On the one hand, the Group strictly complies with national and Tianjin laws and regulations[2] in water use. On the other hand, the Group implements water conservation management approach and requires its subsidiaries and affiliates to conduct water testing under GB/T 12452-90 "The General Principles of Water Consumption Balance and Testing in Enterprises", assess the condition of the water supply network, determine the optimal water consumption level, and take measures to strengthen water consumption management.

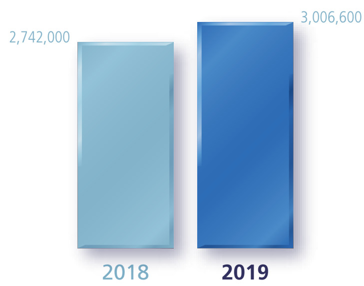
Case Study

INTELLIGENT WATER MANAGEMENT PLATFORM IN THE PORT AREA

In 2018, the Group developed an intelligent water management platform in the port area, taking Nanjiang port area as a pilot project and applying narrowband IoT technology to remotely control water meters, improving water management. The Nanjiang project was completed in May 2019, and two water leaks were discovered via the platform. On the ground of the successful application of the water management platform in Nanjiang, the Group plans to carry out the same transformation in the Beijiang port area to expand the application scope of the water management platform, strengthening water management in the port area.

The Group mainly consumes water for operation, living and firefighting purposes. In 2019, the total water consumption of the Group was 3,006,600 tonnes, and the water consumption intensity was 0.20 tonnes per thousand HKD revenue, a 17.6% increase compared with last year. During the year, the water consumption of the Group's subsidiaries and affiliates was within the management indicator standards, and there were no issues in sourcing water that is fit for purpose.

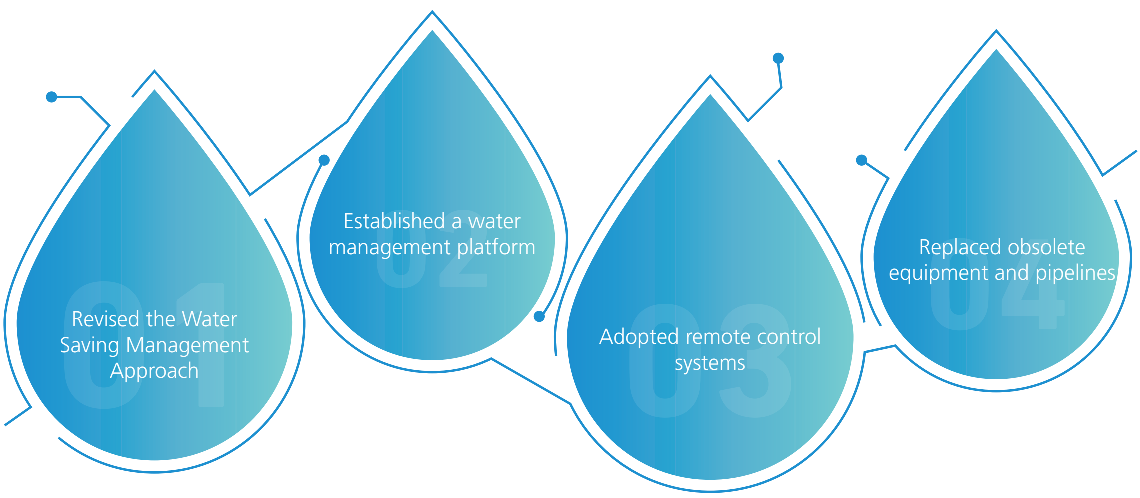
Total Water Consumption (tonnes)



Water Conservation

The Group and all its subsidiaries and affiliates are committed to taking water-saving measures, changing the mode of operation and employees' habits in water usage, to improve the consumption efficiency of operation and living water and thus to conserve water. In 2019, we launched water-saving publicity activities and created posters for canteens and offices to raise employees' awareness of water conservation.

Major Water-saving Measures



[2] Please refer to the **Laws and Regulations** section for the water-related laws and regulations.

Emissions Management

The Group is committed to managing pollution in the port area by formulating various management approaches and control measures regarding emissions of air pollutants, sewage, solid waste, etc., ensuring that its subsidiaries and affiliates strictly conform with national laws and regulations[3] as well as emission standards of their operating regions. To the best of our knowledge, the Group did not contravene any relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste in the year.

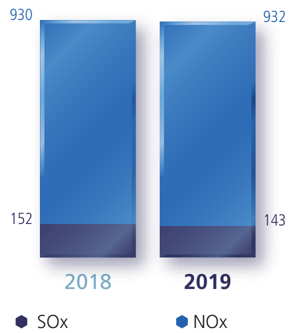
Air Emissions Management

Attaching great importance to prevention and control of air pollution in the port area, the Group has implemented regulations for the prevention and management of air and dust emissions in bulk cargo operations, strictly controlling emissions of dust from bulk cargo handling and infrastructure construction, flue gas from illegal incineration and emissions from coal-fired boilers. To cater for China's new policies for regional pollution control in Jing-Jin-Ji and surrounding regions in 2019, the Group has established 24-hour suspended particulates (PM2.5) concentration atmospheric monitoring systems in bulk cargo and yard operation dock areas that allows real-time monitoring of dust level. Measures are taken to control concentration of air pollutants such as spraying recycled sewage for dust suppression. The Group also ensures that light-duty diesel with a sulphur content of less than 0.5% is used in vessels operating in the port to reduce air pollutant emissions from vessels. Other major dust reduction measures include:

- Supervise all units to strictly implement the requirements of "Six Musts[4]" during bulk cargo handling, transportation and storage
- Require all units to implement paving and greening of exposed ground to reduce ground dust
- Reinforce the daily repair and maintenance of roads and bridges
- Proactively cooperate with government departments on detection of exhaust gas emission from handling equipment

The Group's business involves emissions from fuel combustion by vessels, vehicles and handling equipment, including sulphur oxides (SOx) and nitrogen oxides (NOx). In 2019, the Group's SOx and NOx emissions were 143 tonnes and 932 tonnes respectively.

Total Air Emissions (tonnes)

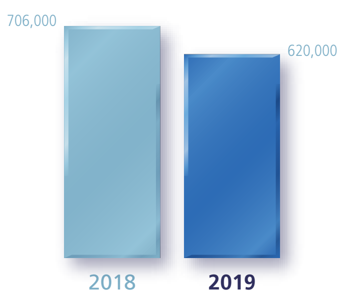


Sewage Management

The Group implements water pollution prevention and control regulations to ensure normal operation of existing sewage treatment facilities and prevent new sources of water contamination from infrastructure projects in the port area. As of 2019, the Group's subsidiaries and affiliates operates a total of 20 sewage treatment facilities with a total handling capacity of approximately 15,000 tonnes of sewage per day. After treatment, the sewage is reused for green irrigation and spraying for dust suppression. In 2019, the operational cost of our sewage treatment facilities was approximately RMB 6.61 million.

The Group's sewage discharge includes sewage from daily office, canteens, container washing, bulk cargo operations and vessels. In 2019, the Group's total sewage discharge was 620,000 tonnes, a drop of approximately 12% compared to last year. All treated sewage was reused after treatment.

Total Sewage Discharge (tonnes)



[3] Please refer to the **Laws and Regulations** section for the emissions-related laws and regulations on emissions of air pollutants, sewage, solid waste, etc.

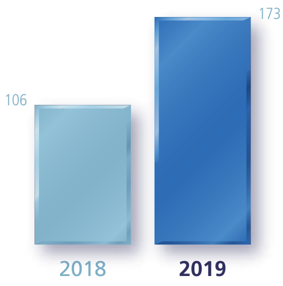
[4] "Six Musts", namely, 1. fences must be set up around the construction sites; 2. places where soil, waste soil and gravels are stacked must be covered up; 3. water must be sprayed on places where earthworks are carried out; 4. the grounds must be hardened; 5. the transportation vehicles must be washed; and 6. waste soils vehicles must implement airtight transportation.

Solid Waste Management

To facilitate comprehensive improvement of environment of the port area, we have actively promoted in recent years the construction of domestic waste treatment facilities, strengthening the collection, transfer and recycling of solid waste within the port area. The Group has formulated solid waste pollution prevention and control regulations, supervising solid waste management measures of various units and providing technical guidance, while ensuring compliant disposal of hazardous waste.

Hazardous waste generated by the Group's business mainly includes waste engine oil, waste light tubes, waste ink cartridges and waste batteries. In 2019, the Group generated 173 tonnes of hazardous waste, all of which were handled by third-party agencies. Regarding non-hazardous waste, the Group's business generated 1,547 tonnes of scrap wire rope, 16 tonnes of waste cables and 1,773 pieces of waste tires, all of which were recycled by qualified contractors.

Total Hazardous Waste (tonnes)



Hazardous Waste

- Set up hazardous waste storage sites, classify storage and regulate labelling
- Dispose of hazardous waste by qualified third party companies with treatment contracts
- Apply for hazardous waste disposal locators

Non-hazardous Waste

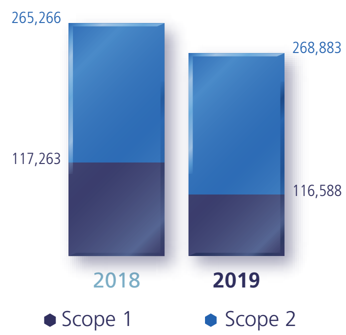
- Recycle construction waste for land reclamation
- Process operation waste in waste treatment plants

Non-hazardous Waste	Unit	2018	2019
Scrap wire rope	tonnes	1,528	1,547
Waste cable	tonnes	14	16
Waste tire	pieces	1,574	1,773

Greenhouse Gas Emissions

The Group's greenhouse gas (GHG) emissions include direct emissions from fuel combustion (Scope 1) and indirect emissions from purchased electricity and heat (Scope 2). In 2019, the total GHG emissions generated by the Group were 385,471 tonnes of carbon dioxide equivalent (tCO_2e), and the emission intensity was 0.03 tCO_2e per thousand HKD revenue. The total GHG emissions increased by 0.8% as compared with 2018.

Total GHG emissions (tCO_2e)



Oil Spillage Management

The Group's sales business includes supply of fuel to inbound vessels and sales of marine lube oil, while the cargo handling business includes provision of transhipment, cargo handling, storage and transportation services for petrochemical products and other liquid cargoes. The Group understands the risks of oil spills in its business as large spills can cause contamination of water bodies surrounding the port and endanger marine ecology. Thus, the Group has established a safety management system to strictly regulate the navigational safety and fuelling operations of oil supplying vessels. The safety management system is established and implemented in accordance with the "Regulations of the PRC on Vessels Safety Operation and Prevention of Pollution", which is subject to annual review by the Maritime Safety Administration of Tianjin. During the year, the Group was not aware of any need for reporting oil spillage or leakage incidents to the government.

The Group's subsidiaries and affiliates execute emergency plans for oil spills and hold emergency drills annually to improve the response and management ability of employees at all levels to handle oil spillage.

Case Study

OIL SPILLAGE DRILLS FOR VESSELS

In 2019, Tianjin Port Tugboat Lighter Co., Ltd. launched a large-scale ship-and-shore comprehensive emergency drill and carried out practical drills in three emergency scenarios including vessel oil spillage, involving participation of 9 vessels, more than 10 units and over 100 people. In addition to focusing on the vertical coordination between the internal emergency leadership team, on-site command and vessels involved in the drill, this year's emergency drill also focused on the horizontal interaction with the Tianjin Maritime Department, Tianjin Port oil spill emergency centre and other units, strengthening the Group's coordination ability to handle emergencies. By simulating the occurrence of an oil spillage incident during operation, this exercise further assessed the effectiveness and feasibility of the Group's emergency plan, and improved the crisis handling ability of employees at all levels.

TALENT MANAGEMENT

Upholding the principle of "People-oriented", the Group provides employees with a safe, equal and diversified working platform by strengthening the occupational health and safety management system and optimising the recruitment, promotion and remuneration system, to promote sustainable talent development of the Group.

Health and Safety

The Group always regards employees' health and safety as the primary consideration. We are committed to reducing occupational safety hazards, actively cultivating employees' awareness of the environment, health and safety so as to create a safe and healthy working environment for each employee, and strictly complying with relevant national and local laws and regulations[5]. To the best of our knowledge, the Group did not contravene any relevant laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and protection of employees from occupational hazards during the reporting period. The Group did not record any case regarding work-related fatalities or serious work incidents.

Safety Management

The Group reviews and optimises its safety management system and internal policies on an ongoing basis, earnestly implements its safety operation target responsibility system and the signing of safety operation responsibility contracts, aiming to supervise safe operation and strengthen the prevention of safety risks. During the year, the Group revised a total of 11 safety management regulations and actively promoted the formulation of a safety operation standardization system. We commissioned a third-party consulting agency to review our safety management system, revise and improve our safety operation responsibility system so as to minimise the risks of occupational accidents. The occupational health and safety (OHS) management systems of the 19 subsidiaries and affiliates of the Group were certified with GB/T 28001.

The Group formulated internal regulations on safety management and strengthened the supervision of the safety management of contractors on all businesses. We invested more than RMB 101 million in improving operational safety, including improvement and maintenance of safety protection facilities and equipment, safety operation inspections, consultation and standardisation of construction, and the provision and update of safety protective equipment for field workers. To create a culture of safety operation and effectively prevent various types of operational safety incidents, we conducted in-depth safety inspections, investigation and rectification of potential safety hazards, and established "Four Nos, Two Straights[6]" and "Double Random[7]" inspection work mechanism. We strictly supervise the safety operation of each subsidiary and affiliate and conduct on-site verification of their preventive and corrective measures against accidents, and fulfil the safety operation responsibility of enterprises according to the principle of hierarchical management.

Case Study

STRENGTHENING SAFETY CONTROL

During the year, CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. developed an OHS management system based on GB/T 24001-2015 and a marine safety management system to ensure related employees' occupational health and safety.

Tianjin Port Tugboat Lighter Co., Ltd. conducted a total of 25 potential hazard investigations during the year. We rectified the identified potential hazards in time, involving fire safety equipment on vessels, main and auxiliary machines, pollution prevention equipment and facilities, etc.

Tianjin Port Container Terminal Co., Ltd. equipped on-site safety inspectors with video and audio recorders to effectively regulate front-line workers' behaviors and conversations. We collect relevant audio and video data any time for illegal behaviors of external vehicles, reducing the possibility of disputes caused by situations such as immobilization due to the violation of regulation, etc., to achieve a full range of safety supervision at the operational sites.

Tianjin Port No. 4 Stevedoring Co., Ltd. strengthened its daily inspections and adopted a daily reporting mechanism on fire safety to incorporate daily self-inspection into the safety and environmental protection work system. We also strengthened the communications between each department at the operational site and coordinated the development of related work by setting up a mobile application online Safety-Environmental Protection Platform.

[5] Please refer to the **Laws and Regulations** section for the health and safety-related laws and regulations.
[6] "Four Nos, Two Straights", means no advance notice, no greetings, no report, no escort and reception, straight to the junior level, straight to the scene.
[7] "Double Random", means randomly select inspection objects and inspectors.

Safety Training

The Group continues to strengthen safety training management during the year, improving employees' safety awareness as well as knowledge and skills related to occupational safety. Various departments must provide employees with various specific safety education and training in accordance with requirements of the safety operation responsibility regulations. During the year, we carried out various education and publicity activities on safety operation, including safe production month and "119" fire safety publicity month, etc., further enhanced employees' ability on handling emergency situations and raised their awareness on safety and fire prevention. We also used existing large electronic screens, notice boards and internal office communication platform to promote safety awareness, and create a sound safety culture. In 2019, the Group conducted a total of 665 sessions on safety operation training and education, covering 65,000 person-times.

Case Study

NATIONAL SAFETY PUBLICITY AND CONSULTATION DAY

During the year, the Group strengthened education and publicity on safety operation. On the National Safety Publicity and Consultation Day, we propagated the importance of safety operation and raised employees' awareness of safety operation policies, relevant laws and regulations, emergency and fire safety knowledge through activities including safety operation publicity materials distribution, prized quiz games, exhibitions and so on. More than 1,700 safety-related publicity materials were distributed during the event, and more than 300 employees and citizens participated in the event.

Safe Production Month

Safe production month is one of the most important activities of the Group during the year. The theme of the year was "prevent risks, eliminate potential hazards and eradicate accidents". In 2019, we set up a steering committee to guide the activities for the safe production month. Each subsidiary and affiliate of the Group also established a separate organising team responsible for the events, strengthening the leadership and organization of the safe production month.

During the year, we carried out various forms of safe production month activities, including publicity and forums, safety lectures, safety education and training, and safety incident warning education activities. A series of emergency drills were conducted, including dangerous chemical leakage, fire escape, emergency evacuation, operation safety, environmental pollution and large-scale machinery wind protection to further enhance the emergency response capability of all subsidiaries and affiliates. In addition, each subsidiary and affiliate enhanced the quality of operations by employees at all levels by conducting tailored safety education, safety inspections, lectures, knowledge contests and forums.

Remove Potential Safety Hazard

The Group is committed to ensuring compliance and normal operation of all operating equipment, and safeguarding employees from potential occupational safety hazards. During the year, our investment in safety focused on improving the safety of cargo handling systems, wind protection of large-scale machinery, and the safety berthing of vessels. Employees must also be equipped with personal protective equipment provided by the Group in accordance with the management manual on personal protective equipment.

The occupational diseases involved in the Group's operations are mainly pneumoconiosis. We regularly conduct workplace inspections and arrange health check up for our employees to reduce occupational injury risks and prevent occupational diseases. In 2019, the Group has not recorded any cases of pneumoconiosis and noise disease.

Emergency Management

The Group has established precautionary regulations for safety related operational risks. During the year, the Group continued its efforts to improve emergency plans. We cooperate with a third-party consulting agency to complete the revision of comprehensive emergency plans for operational accidents and ensure that emergency incidents are handled in a timely and appropriate manner.

During the year, we carried out a series of specific operational safety rectification work focusing on hazardous chemicals, including storage and logistics, construction and management of emergency at labour intensive sites. We implement on-site expert inspection on safety operation at key subsidiaries and affiliates to strengthen operational safety management.

Case Study

EMERGENCY DRILLS

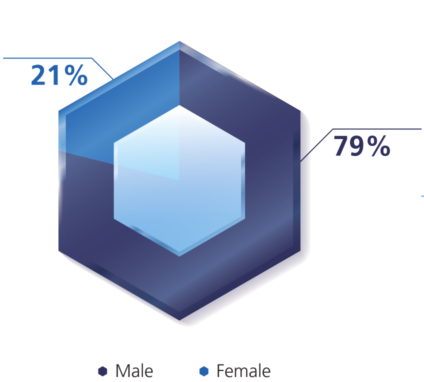
In 2019, Tianjin Port Tugboat Lighter Co., Ltd. launched a large-scale vessels-and-shore integrated emergency drill, at which an oil spillage emergency of operation vessel "Jinyou No. 1" in the waters near Zhadong Channel during the refueling work of operation vessel "Jingang No. 14" was simulated. This exercise included three emergency scenarios: oil spillage, maritime search and rescue and firefighting.

CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. held a total of 4 annual joint vessel-and-shore integrated drills in 2019, including an oil spillage pollution prevention drill.

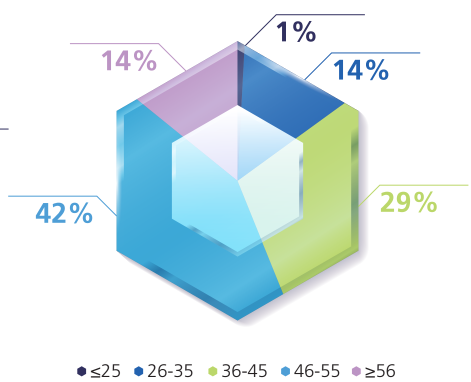
Employee Profile

As at 31 December 2019, the Group had totally 8,031 full-time local employees[8], and the ratio of male to female employees was approximately 4:1. Among them, 2,305 employees were aged between 36 to 45, accounting for about 29%, 3,402 employees were aged between 46 to 55, accounting for about 42%, and 7,024 were general employees, accounting for about 87%. In 2019, the employee turnover rate was approximately 8%, among which 77% were due to retirement.

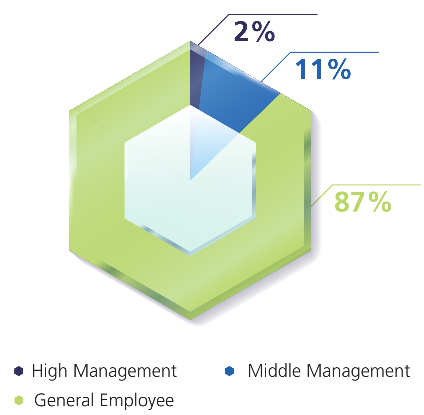
Employee Profile by Gender



Employee Profile by Age



Employee Profile by Position Structure



8 Employees in Hong Kong and Tianjin are accounted as local employees.

Employee Rights and Welfare

To ensure that each individual enjoys equal opportunity and a workplace that is free from all kinds of discrimination, the Group strictly complies with relevant laws and regulations[9] in all operating regions. To the best of our knowledge, the Group did not contravene any relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the reporting period.

Talent Recruitment

The Group has established a sound human resources management system, covering recruitment, dismissal and promotion mechanisms, which is subject to internal regulations such as the talent recruitment management measures and the interim regulations on the selection and appointment of management positions. We conduct talent recruitment openly and equally and establish a flexible and effective job competition system through the implementation of competitive recruitment system, and match employees with suitable positions based on their skills. In addition, we adopt strict labour standards to prevent all forms of child or forced labour in business operations, and recruit employees in strict accordance with relevant national laws and regulations[10]. To the best of our knowledge, the Group did not contravene any relevant laws and regulations that have a significant impact on the Group relating to prevention of any child and forced labour during the reporting period. There were no reported cases of child or forced labour in the year.

To attract and recruit outstanding talents and improve its competitiveness, the Group provides employees with competitive remuneration and welfare benefits. The Group provides employees with salaries not less than the legal standard, and benefits such as corporate annuities, paid leave, and workplace meals. We arrange employees' working hours and rest days in accordance with relevant laws and regulations[11] and requirements of different positions, and formulate internal regulations such as the paid leave implementation measures to regulate related behaviours. In addition, the Group has established a clear reward and penalty system, including internal reward and penalty management measures and penalty accountability management measures, ensuring that employees receive fair rewards or penalty based on their performances.

To further protect employees' rights, the labour union organises annual collective wage contract negotiation and sets up a labour dispute mediation team. In order to perform the function of labour protection and supervision, the labour union organises annual employee meeting, formulates or revises collective contracts for employees every three years, safeguarding the rights and interests of employees in terms of corporate management, safety, health, and development.

9 Please refer to the **Laws and Regulations** section for the labour-related laws and regulations.
10 Please refer to the **Laws and Regulations** section for the child and forced labour-related laws and regulations.
11 Please refer to the **Laws and Regulations** section for the remuneration-related laws and regulations.

During the year, the labour union has carried out the following works in protecting employees' rights:

Health Insurance

- Offer employees with severe illness allowance for illness and hospitalization
- Offer financial assistance for employees having experienced fire incident
- Offer financial assistance for families of employees with accidental death

Hospitalization Condolences

- Visit the inpatient staff at hospital in time and send them condolences
- Allot additional funds for severely ill or work-injured employees to ease their economic pressure

Common Condolences

- Implement inclusive policies for union members in accordance with relevant regulations
- Inclusive policies covers a range of aspects including statutory holidays, birthdays of members, marriage and child born, death of immediate family members, temporary difficulties, etc.

Dedicated Services

- Expand union membership discount services
- Expand exclusive membership card vendors and service providers
- Discuss matters such as purchasing social services to benefit employees

Equal Opportunity and Diversity

The Group highly respects each individual and strives for creating an equal and diversified workplace free of any discrimination or harassment. We strictly forbid any forms of discrimination, on the grounds of gender, race or religion. The Group values and protects statutory rights of female employees. The labour union and the department of female employees take responsibility for formulating relevant internal regulations and performing inspection duties. In order to ensure that female employees enjoy the same rights as male employees in terms of remuneration, welfare benefits and promotion, we strictly comply with laws and regulations[12], such as Law of the PRC on the Protection of Rights and Interests of Women, and include the protection of female employees' rights and interests in employee collective contracts.

During the year, we have strengthened female employees' labour protection in accordance with requirements of special regulations for female employees' protection, improved female employees' safety and health conditions, and provided them with occupational safety and health training. In addition, extra benefits such as maternity insurance, gynaecological examination and breastfeeding leave are provided, to protect women workers' special interests according to law. Aiming to improve employment of the disabled, the Group pays employment security subsidy for disabled workers on time, strictly complying with Measures for the Collection and Use of the Employment Security Funds for the Disabled in Tianjin Municipality.

Employee Relations

We regard employees as the cornerstone of the Group's development and attach great significance to maintaining effective communication and good relations with our employees. The management of the Group holds various seminars and surveys from time to time to solicit employees' opinions on the Company's internal systems. In addition, we set up various platforms such as leadership mailboxes and petition channels to maintain smooth communication with employees. Employees can also choose to communicate directly with the management through the Company's internal office communication platform or phone.

Case Study

EMPLOYEE ASSISTANCE WORK

To provide more care to employees, the labour union actively carries out employee assistance work. In 2019, the Group revised our management measures on employee assistance of the labour union, improved the assistance system through various measures such as daily work supervision, special work meetings and surveys. We have further promoted the work on employee condolences and conducted multiple rounds of on-site caring visit to frontline employees working in open area with fluctuating temperature and high humidity through the union. During the year, caring visit offered were approximately 28,000 person-times.

[12] Please refer to the **Laws and Regulations** section for the women rights-related laws and regulations.

Training and Development

The Group values training. We actively encourage employees to continue their education and provide them with diversified training and development opportunities. The Group has formulated and implemented internal policies for employee development and occupational training, such as staff training management measures and occupational education management implementation rules. After each business department and human resources department have assessed the needs of staff training, the staff training centre arranges the required training programmes. We set the budget for staff education according to the relevant laws and regulations, ensuring that staff at all levels can receive comprehensive training and guarantee the financial support needed for the quality enhancement of our team.

We regularly carry out performance appraisals based on the performance incentive measures. We give full recognition to outstanding employees in accordance with the principles of objectivity, fairness, and impartiality. This provides an effective basis for selection and training of talents. For under-performing employees, we improve their ways of working and performances through performance appraisal mechanism.

We continue to strengthen various management and functional training programmes and carry out training for staff in different positions and levels. In 2019, the Group held a total of 1,009 sessions of employee training, with 6,755 employees trained amounting to 215,469 training hours. The training content covered safety and machinery knowledge, system processing, financial knowledge and corporate management, etc. During the year, the Group revised internal labour competition management measures, focusing on topics including efficiency enhancement and safety management. The labour union actively operates a staff platform, which organises and undertakes major skill competitions to assist traditional training activities and strengthen team building among staff.

Case Study

TJ

2019 TRAINING FOCUS IN TIANJIN

During the year, the Group and Tianjin Foreign Studies University organised jointly an English training course to enhance the international vision and English language ability of our staff, aiming to raise talents for the Group's international operations.

The Group held a training course for legal personnel in 2019, which included Anti-Monopoly Law, civil case enforcement practice, and corporate law practice etc. We also held advanced seminars for legal personnel to enhance their capability and to accelerate the establishment of legal work system, comprehensively strengthening the capacity building of legal personnel, and improving their ability to handle practical problems.

Case Study

HK

2019 TRAINING FOCUS IN HONG KONG

During the year, the Group arranged training for the Board and senior executives, during which topics regarding updated issues in capital market and financial reporting standards were discussed, keeping abreast of the latest amendments in relevant laws, regulations and Listing rules.

OPERATIONAL EXCELLENCE

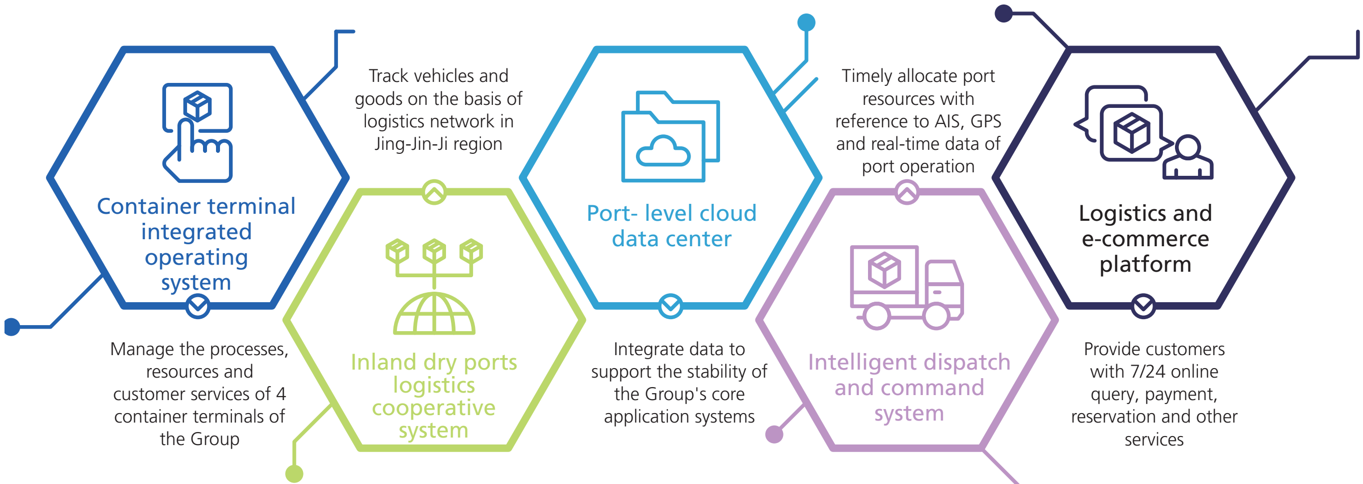
Adhering to the core values of "People first, quality first, customer first", the group insists on providing customers with more comprehensive and higher-quality services to achieve sustainability in the operations. The Group focuses on constructing "intelligent port", improving service quality by technology, promoting the integration of container terminals, and actively maintaining the close cooperation with its business partners. We select qualified suppliers in accordance with strict selection criteria and request them and employees to adhere to internal anti-corruption policies.

Intelligent Port

To coordinate the national strategy of the "Jing-Jin-Ji Integration", the Group focused on the construction of "Intelligent Port" during the year. The project possesses seven focuses and expected results have been achieved. By having high technology to improve ports' operational efficiency and customers' experience, we have achieved integration of container terminals, aiming to promote the development of the Core Functional Zone and the International Shipping and Logistics Center of North China.

Focuses of "Intelligent Port"

In September 2019, the "Jing-Jin-Ji Intelligent Port Logistics Cooperative Platform Demonstration Project" successfully passed the completion inspection, marking the Group's progress in facilitating trade logistics. To ensure information security, we formulated relevant management policies, established regular reporting mechanisms and conducted network security inspections.



Intelligent System of the "Jing-Jin-Ji Intelligent Port Logistics Cooperative Platform Demonstration Project"

Product and Service Responsibility

The Group is committed to providing customers with high quality products and services. In 2019, a total of 23 subsidiaries and affiliates obtained GB/T 19001 quality management system certification. In our daily operations, we formulate relevant measures to manage passenger and freight transportation and sales of fuel services. During the year, there were no major cargo damage incidents, and no cases of products sold or shipped that need to be recalled due to safety and health reasons. The rate of damaged and unqualified cargo was far below the target of 0.12 per 10,000.

Passenger and Freight Transportation

Passenger and freight transportation services management:

- Revise some internal policy standards to improve management

Service quality control:

- Business department presents key safety control work in daily morning meetings
- Complete inspection work and prepare emergency handling plans before the flood season to combat extreme weather
- Strenghthen on-site operations inspection and assessment
- Conduct customer satisfaction survey

Fuel Sales

Oil product acceptance management:

- Assign responsibility for management of assurance pertaining to different kinds of oil products to different departments
- In case of quality or quantity disputes, the assurance department gathers the original records and submits them to the business department for handling

Oil product acceptance procedure:

- Check products with reference to international or national oil product quality standards
- Conduct sampling tests of purchased oil products before unloading and putting in storage

Product and Service Quality Daily Management

To the best of our knowledge, the Group did not contravene any relevant laws and regulations[13] that have a significant impact on the Group relating to health, safety, privacy issues and remedies for the provision of products during the reporting period. Our business does not involve advertising and product labelling. This aspect has no significant impact on our operations.

Supply Chain Management

The relationship between supply chain management and product and service quality is inseparable. As the largest integrated port and an important foreign trade port in Northern China, the Group strictly monitors its suppliers and is committed to providing customers with quality experience. We select qualified suppliers by implementing internal policies such as quality occupational health and safety management system, and fuel procurement and supplier management policy, evaluating the environmental and social risks based on the nature of the supplier's business. We maintain communication with suppliers through materials trading platform, regular meetings, site visits and other channels.

We have three major categories of suppliers, which are fuel oil, port operation and construction materials and labour. In 2019, the Group had a total of 817 materials suppliers, of which 591 were in Tianjin, accounting for about 72%.

	Fuel Oil Suppliers	Port Operation and Construction Materials Suppliers	Labour Suppliers
Product/Services Provided	• Supply of fuel to inbound vessels through the Group	• Port operation and construction materials needed by the Group	• Outsourced labour
Environmental and Social Risk Management	• Clearly state the requirements on quality, safety, environmental protection, corporate social responsibility and anti-corruption in contracts with suppliers • Disqualify suppliers for inclusion in the supplier database if they violate the terms of "Anti-commercial Bribery Commitment"	• Set standards on quality, suppliers' services, violations and morality for different materials procured by the Group • Qualified suppliers are selected in the screening list and required to provide relevant qualification certificates	• Compliance with local applicable laws and regulations for outsourced labour employment • Protect outsourced labour rights and interests
Supplier Assessment	• Marketing department confirms the procurement plan who will then set up a supplier assessment system. Regular assessment and annual evaluation of qualified suppliers will be conducted.	• Specific meetings and on-site visits are conducted for assessing suppliers who have passed the preliminary screening. They will formally become suppliers of the Group after assessment • Regular review of customer satisfaction and compliance status by a dedicated evaluation team	• Formulate monitoring regulations in accordance with national policies; conduct regular inspection and annual assessment

[13] Please refer to the **Laws and Regulations** section for the product responsibility-related laws and regulations.

Customer Satisfaction

Customers feedback helps facilitate the development of the Company. For shipper, passenger and freight services, the business department regularly conducts customer satisfaction surveys and improves the current operating model based on the results. Over 96% satisfaction rate was achieved during the year. We have also formulated customer complaints handling procedure which helps standardise handling methods when customer service centre receives complaints to maintain customer satisfaction.

Customer Complaints Handling Procedures

Record complaints

- Record customers' contact and other important information in details

Complaints handling

- Analyze rationality and integrity of the complaints
- Handover complaints to responsible department

Reply to customers

- Take prompt actions or inform customers of the plan within 24 hours
- Patiently explain reasons for not dealing with complaints

Handover cases

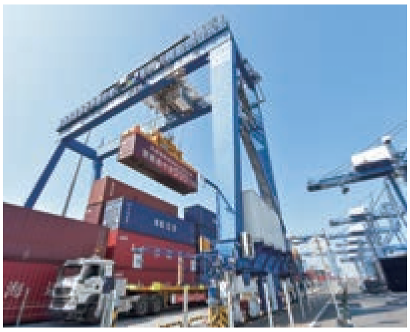
- Handover unfinished cases to colleagues

Customer Privacy Protection

Dealing with a large amount of customer data in our daily transactions, we attach great importance to protecting their data and privacy by strictly abiding with relevant laws and regulations[14]. Employees and customers are aware of the Company's privacy protection commitments. The relevant policies are stated in the customer service manual and business contracts. Each employee must comply with the Company's internal requirements and not disclose any information to third parties without customer's consent.

[14] Please refer to the **Laws and Regulations** section for the customer privacy-related laws and regulations.

Respect Intellectual Property Rights and Promote Technological Innovation



Corporate development depends on employees' innovation and continuous improvement of existing equipment and technologies. We value the protection of our intellectual property rights, and at the same time avoid infringing the properties of the others. We have formulated internal policy management guidelines on patent application, usage and defence based on the actual circumstances of the Group, including but not limited to technology project management solutions and technology achievement management solutions.

In 2019, 10 subsidiaries and affiliates of the Group including Tianjin Port Container Terminal Co., Ltd., Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd., Tianjin Port Petrochemicals Terminal Company Limited and Tianjin Port Yuanhang Ore Terminal Co., Ltd. obtained more than 50 patents. The following are examples of patented invention projects and the results achieved:

"Design and Demonstration of the Integrated Intelligent Platform for Production and Operation of the Container Terminal"

- With the introduction of the big data concept and the use of a operating system for containter terminal "Navis N4", the management of the terminal becomes integrated, standardized a nd regulated

"Research and Demonstration of Key Technologies for the Depot Automation Reconstruction of Alongshore Container Terminal"

- Tianjin Port Container Terminal Co., Ltd. completed the first case in the world on depot automation reconstruction of alongshore container terminal
- The first reconstruction project of fully automated container terminal and invested of RMB 3.15 billions at the Port of Tianjin
- Completed the key technologies reconstruction of all 31 automatic stack yards in the depot, effectively increasing automation level and efficiency of the terminal
- The automatic stack yard consumed 2.7 kWh of electricity per TEU, which saved 60% of electricity than the mainstream operation

"Key Technology Research of Tianjin Port's Environmental and Intellectual Dry Bulk Coal Terminal"

- Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd. launched automatic calculation of the precise location for operation based on information including operation plan and materials, to formulate intelligent remote control, spray for dust suppression and other control systems

"Pipeline Geographical Information System of Petroleum Chemical Terminal"

- Tianjin Port Petrochemicals Terminal Company Limited utilised geographical information system to reflect precise location of the pipelines and surrounding objects to provide a professional analysis graph with inquiry system, which assists management's decision making to enhance management and maintenance effectiveness

Business Ethics

The Group adheres to the principles of fairness and honesty on its operation and strictly prohibits all unethical behaviours of employees such as bribery and corruption. To establish a corporate culture of integrity, we have developed a series of internal anti-corruption policies to regulate the conduct of directors and employees. In February 2020, the Company disclosed an incident[15] that a finance officer of Tianjin Port Coke Terminal Co., Ltd. (a subsidiary of the Group) suspected to have embezzled funds. On 20 May 2020, the Company announced the key findings of the investigation and the remedial actions taken by the Group. Apart from this, to the best of our knowledge, the Group did not contravene any relevant laws and regulations[16] that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

Anti-corruption Education
Provide regular anti-corruption education to different levels of employees to enhance their anti-corruption awareness.

Interests Declaration
Prohibit any transfers of benefits of Directors and employees. Known and potential conflict of interest must be declared in written report and reviewed by audit committee or general manager.

Disciplinary Actions
The commissioner of discipline inspection office take disciplinary actions in accordance with the significance of violation including demerits, demotion or dismissal.

Whistle-blowing System
Establish various whistleblowing channels including dedicated reporting hotline, email, mailbox and visit, and protect whistleblowers' identities.

Case Investigation
Form a specialized group consisting of 2 staff or more from the commissioner of discipline inspection office to conduct investigation and supervise mutually in compliance with confidentiality agreement.

Case Study

2019 INTEGRITY EDUCATION ACTIVITIES

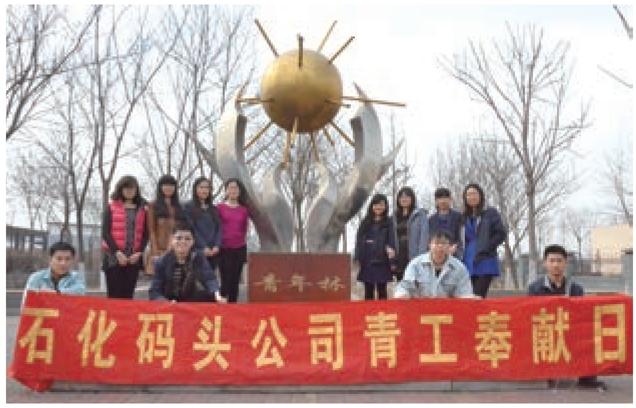
- The commissioner of discipline inspection office held educational exhibitions for the new middle-level management and displayed boards in different departments
- The commissioner of discipline inspection participated in training to consolidate their professional skills
- Organised anti-corruption training regularly for all employees

[15] The latest investigation progress of the incident, please refer to "Corporate Governance Report" on pages 58 to 67 of the annual report.
[16] Please refer to the **Laws and Regulations** section for the anti-corruption-related laws and regulations.

Community Care

The Group upholds the philosophy of "taking from society and giving back to society". We are committed to supporting the development of communities where we have operations, encouraging employees to organise volunteer services.

Tianjin Port Petrochemicals Terminal Company Limited organises voluntary activities regularly to contribute to society in the year. These include but not limited to "Protect Young Forest", "Summer Camp for Children of Service Workers" and other poverty alleviation and environmental protection related activities. There were more than 160 employees participated in the voluntary work.



During the year, Shenhua Tianjin Coal Terminal Co., Ltd. has organised "Safety in School" to promote safety awareness to more than 50 teachers and students in Xingang No.1 Primary School.

Case Study

XIANCHUANG CARING TEAM

During the year, the Xianchuang Caring Team of Tianjin Port Tugboat Lighter Co., Ltd. organised several children-caring themed volunteer activities, including visiting Xiangyu Autism Support Centre for the third year and participating in activities of international autism day. In the future, we will allocate more resources in caring the vulnerable groups in society.

LAWS AND REGULATIONS

In response to each ESG aspect, the Group and its subsidiaries and affiliates have established and implemented respective management approach, for example policies and initiatives, to ensure the compliance with all applicable laws and regulations, including but not limited to laws and regulations listed as follow:

Aspect	Applicable Laws and Regulations	Corresponding Sections
Emissions	• Environmental Protection Law of the PRC • Marine Environmental Protection Law of the PRC • The Law of the PRC on Prevention and Control of Water Pollution • The Law on Air Pollution Prevention and Control of the PRC • Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes • Law of the PRC on the Prevention and Control of Environmental Noise Pollution • Regulations of the PRC on Vessel Safety Operation and Prevention of Pollution • Regulations of Tianjin Municipality on Prevention and Control of Air Pollution • Regulations of Tianjin Municipality on Prevention and Control of Water Pollution	Environmental Management – Environmental Management System Environmental Management – Emission Management
Use of Resources	• Energy Conservation Law of the PRC • Metrology Law of the PRC • Water Law of the PRC • Regulation of Tianjin Municipality on Energy Conservation • Regulations of Tianjin Municipality on Water Conservation	Environmental Management – Environmental Management System Environmental Management – Resources Conservation
The Environmental and Natural Resources	• Cleaner Production Promotion Law of the PRC • Emergency Response Law of the PRC • Law of the PRC on Appraising Environmental Impacts • Regulations of Tianjin Municipality on Promoting Cleaner Production • Regulations of Tianjin Municipality on Ecological Environment Protection • Tianjin's Implementation Plan for Emergency Response Law of the PRC • Tianjin General Emergency Response Plan	Environmental Management – Environmental Management System Environmental Management – Climate Change Actions Environmental Management – Oil Spillage Management
Employment	• Labour Law of the PRC • Labour Contract Law of the PRC • Law of the PRC on the Protection of Disabled Persons • Law of the PRC on the Protection of Women's Rights and Interests • Trade Union Law of the PRC • Special Rules on the Labour Protection of Female Employees • Regulations of Tianjin Municipality on the Labour Contract System Implementation • Tianjin's Provisions on the Employment of Disabled Persons • Measures for the Collection and Use of the Employment Security Funds for the Disabled in Tianjin Municipality • Regulations of Tianjin Municipality on the Protection of Women's Rights and Interests • Employment Ordinance in Hong Kong • Employees' Compensation Ordinance in Hong Kong • Sex Discrimination Ordinance in Hong Kong • Race Discrimination Ordinance in Hong Kong • Disability Discrimination Ordinance in Hong Kong	Talent Management – Employee Rights and Welfare

Aspect	Applicable Laws and Regulations	Corresponding Sections
Health and Safety	• Production Safety Law of the PRC • Law of the PRC on the Prevention and Control of Occupational Diseases • Regulations on Workplace Occupational Health Supervision • National Occupational Disease Control Plan (2016-2020) • Regulations of Tianjin Municipality on Production Safety • Regulations of Tianjin Municipality on Safety Management of Dangerous Chemicals Enterprises • Regulations of Tianjin Municipality on Special Equipment Safety • Procedures on the Screening, Identification and Control of Work Safety Accident Hazards • Occupational Safety and Health Ordinance in Hong Kong • Employees' Compensation Ordinance in Hong Kong	Talent Management – Health and Safety
Labour standards	• Law of the PRC on the Protection of Minorities • Provisions on the Prohibition of Using Child Labour • Employment of Children Regulations in Hong Kong	Talent Management – Employee Rights and Welfare
Product Responsibility	• Law of the PRC on Ports • Product Quality Law of the PRC • Production Safety Law of the PRC • Law of the PRC on the Protection of Consumer Rights and Interests • Provisions of the Safety Management of Hazardous Goods at Ports • International Maritime Dangerous Goods Code • Patent Law of the PRC • Personal Data (Privacy) Ordinance in Hong Kong	Operational Excellence – Product and Service Responsibility Operational Excellence – Customer Satisfaction Operational Excellence – Protecting Customer Privacy Operational Excellence – Respect Intellectual Property Rights and Promote Technological Innovation
Anti-corruption	• Criminal Law of the PRC • Anti-Unfair Competition Law of the PRC • Supervision Law of the PRC • Prevention of Bribery Ordinance in Hong Kong • Competition Ordinance in Hong Kong	Operational Excellence – Business Ethics

PERFORMANCE DATA SUMMARY

		Units	2018	2019
Workforce Demographics	**Total Headcount**		8,352	**8,031**
	By Region			
	Local[17]		8,352	**8,031**
	Non-local		0	**0**
	By Age			
	≤25		140	**85**
	26-35		1,514	**1,103**
	36-45		1,855	**2,305**
	46-55		3,945	**3,402**
	≥56		898	**1,136**
	By Gender			
	Male		6,877	**6,341**
	Female		1,475	**1,690**
	By Position Level			
	High Management		–	**117^**
	Middle Management		–	**890^**
	General Employees		–	**7,024^**
	Employee Turnover Rate		9%	**8%**
	Resignation		5%	**11%**
	Dismissal		1%	**1%**
	Retirement		73%	**77%**
	Transfer to non-listed company		12%	**7%**
	Others		9%	**4%**
	Employee Total Training Hour		–	**215,469^**
	Employee Average Training Hours		–	**32^**
Health and Safety	**Performance of Occupational Health**			
	Work-related injury		0	**0**
	Lost days due to work-related injury		0	**0**
	Work-related fatality		0	**0**

[17] Employees in Hong Kong and Tianjin are accounted as local employees.

^ The Group has been optimising its ESG data collection process. Starting from 2019, we have incorporated the workforce demographics by position level and training hours into the data reporting boundary.

		Units	2018	2019
Environment	**Resources Consumption**			
	Electricity	kWh	293,487,924	**300,330,000**
	Diesel	Tonnes	35,032	**34,155**
	Petrol	Tonnes	284	**314**
	LNG	Tonnes	2,293	**2,909**
	Natural gas	m^3	31,145	**61,000**
	Heat	GJ	52,129	**30,007**
	Water	Tonnes	2,742,000	**3,006,600**
	Emissions			
	GHG			
	Scope 1: direct carbon emission	tCO_2e	117,263	**116,588**
	Scope 2: indirect carbon emission	tCO_2e	265,266	**268,883**
	Total	tCO_2e	382,529	**385,471**
	Air pollutants			
	Sulphur oxides	Tonnes	152	**143**
	Nitrogen oxides	Tonnes	930	**932**
	Sewage			
	Wastewater discharge	Tonnes	706,000	**620,000**
	Solid Waste			
	Hazardous waste	Tonnes	106	**173**
	Non-hazardous waste			
	– Scarp wire rope	Tonnes	1,528	**1,547**
	– Waste cable	Tonnes	14	**16**
	– Waste tire	Pieces	1,574	**1,773**

CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirements		Sections/Remarks
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environmental Management – Emissions Management
	KPI A1.1	The types of emissions and respective emissions data.	Environmental Management – Air Emissions Management Environmental Management – Sewage Management
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Greenhouse Gas Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Solid Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Solid Waste Management
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Management – Air Emissions Management Environmental Management – Sewage Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management – Solid Waste Management
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		Environmental Management – Resource Conservation
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Management – Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Management – Water Resource Management
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Management – Construction of Green Port Environmental Management – Energy-saving Measures
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Management – Water Conservation
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operation does not involve the use of packaging materials.

KPIs	HKEX ESG Reporting Guide Requirements		Sections/Remarks
A. Environmental			
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.		Environmental Management – Environmental Management System Environmental Management – Climate Change Actions
	KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management – Construction of Green Port Environmental Management – Oil Spillage Management
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Talent Management – Employee Rights and Welfare
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Talent Management – Employee Profile
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Talent Management – Health and Safety
	KPI B2.1	Number and rate of work-related fatalities.	Performance Data Summary
	KPI B2.2	Lost days due to work injury.	Performance Data Summary
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Talent Management – Safety Management
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Talent Management – Training and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Talent Management – Employee Rights and Welfare
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Management – Talent Recruitment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Management – Talent Recruitment During the reporting period, there was no non-compliance report.

KPIs	HKEX ESG Reporting Guide Requirements		Sections/Remarks
B. Social			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.		Operational Excellence – Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Operational Excellence – Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operational Excellence – Supply Chain Management
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Operational Excellence – Intelligent Port Operational Excellence – Product and Service Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operational Excellence – Product and Service Responsibility
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operational Excellence – Customer Satisfaction
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operational Excellence – Respect Intellectual Property Rights and Promote Technological Innovation
	KPI B6.4	Description of quality assurance process and recall procedures.	Operational Excellence – Product and Service Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operational Excellence – Customer Privacy Protection

KPIs	HKEX ESG Reporting Guide Requirements		Sections/Remarks
B. Social			
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Operational Excellence – Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operational Excellence – Business Ethics
	KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Operational Excellence – Business Ethics
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Operational Excellence – Community Care
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Operational Excellence – Community Care
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Operational Excellence – Community Care

CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

CHU Bin

Chairman

Aged 51, was appointed as an executive Director and chairman of the Board on 20 December 2018. Mr. Chu graduated from Shanghai Jiao Tong University with a master's degree in engineering, with logistics engineering major and is a senior economist. Mr. Chu is currently the secretary of party committee and chairman of Tianjin Port Group. Mr. Chu is the vice president of the Eighth China Ports and Harbours Association Council and a member of the Fourteenth Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Chu has worked in port industry for many years and has extensive experience in port operation and management. Mr. Chu had served as the deputy general manager of Ningbo Zhoushan Port Co., Ltd.* (寧波舟山港股份有限公司), the deputy general manager of Ningbo Zhoushan Port Group Co., Ltd.* (寧波舟山港集團有限公司), a director of Ningbo Zhoushan Port Co., Ltd.* (寧波舟山港股份有限公司) whose shares are listed on the Shanghai Stock Exchange (Stock Code: 601018). Mr. Chu was selected as "Celebrity for China's Shipping Industry" (中國航運名人榜) for 2018 and 2019, and "Top 70 Persons for China's Shipping Industry on the 70th Anniversary of the Foundation of the PRC" (新中國70年航運70人) in 2019.

LUO Xunjie

Managing Director, Member of Nomination Committee

Aged 52, was appointed as an executive Director and the managing director of the Company on 7 February 2020. He is also a member of the Nomination Committee. Mr. Luo holds Doctor of Engineering and MBA and is a senior engineer. Mr. Luo is currently the vice president of Tianjin Port Group. He was the general manager of the operation and technology department of APM Terminals Greater China, Maersk Group, and the senior general manager of the investment management department of the asia pacific region (and chief operating officer of Qianwan Container Terminal Co., Ltd., Qingdao Port Group); the port manager of P&O Ports Greater China, UK Iron and Steel Group; deputy director of engineering department of Shanghai International Port (Group) Co., Ltd., deputy chief commander of the fourth phase of the automated terminal engineering construction department of Shanghai Yangshan Deepwater Port, and deputy general manager of Shangdong branch.

SUN Bin

Deputy General Manager, Member of Remuneration Committee

Aged 42, was appointed as deputy general manager of the Company on 15 December 2017, and was appointed as an executive Director on 22 January 2019. He is also a member of the Remuneration Committee. Mr. Sun obtained a bachelor's degree in international economic law from Shanghai Maritime Institute (上海海運學院) in 2000 and a master's degree in international commercial law and European law from the University of Sheffield in the United Kingdom in 2003. He is a senior economist. He joined Tianjin Port Group in 2010 and had held a number of positions from November 2010 to November 2017, including assistant to head, deputy head and head of the corporate development department of Tianjin Port Group, and chief of the legal department and the secretary to the board of Tianjin Port Group. Before joining Tianjin Port Group, Mr. Sun was head of the investment promotion department of Tianjin Port Industrial Investment Holdings Co., Ltd. (天津臨港產業投資控股有限公司). Prior to that, Mr. Sun had been working for the legal department of Sinochem Corporation (中國中化集團公司) in legal and compliance control. Mr. Sun has been a director of Tianjin Port Co since April 2016. Mr. Sun is also an arbitrator of China Maritime Arbitration Commission.

WANG Junzhong

Aged 55, was appointed as an executive Director on 22 January 2019. Mr. Wang holds a postgraduate degree and is a senior engineer. Mr. Wang joined Tianjin Port Group in August 1985, and had served as the deputy division chief of the technology division, the division chief of the engineering division, the deputy chief engineer, the deputy general manager and the general manager of Tianjin Port Power Co., Ltd.* (天津港電力公司) from August 1985 to June 2011. From June 2011, Mr. Wang had served as the head of the investment promotion department, the deputy chief of the investment promotion and investment service centre* (招商投資服務中心) of Tianjin Port Group, the general party branch secretary of Tianjin Port Dongjiang Port Area* (天津港東疆港區黨總支書記), the general manager of Tianjin Port Dongjiang Development and Construction Co., Ltd.* (天津港東疆開發建設有限公司), the head of the investment department, the head of corporate development department and the secretary to the board of Tianjin Port Group. Mr. Wang is currently the general manager of investment and development department of Tianjin Port Group. Mr. Wang has been a director of Tianjin Port Co since April 2019.

SHI Jing

Aged 50, 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") (Stock code: 00882), a company whose shares are listed on the Main Board of the Stock Exchange, since 2005 and has served in various roles including manager of finance department of Tianjin Development Assets Management Co., Ltd. (天津發展資產管理有限公司), 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"), a director 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), a company whose shares are listed on the Main Board of the Stock Exchange, and a director of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) (Stock Code: 002393), a company whose shares are listed on the Shenzhen Stock Exchange. Ms. Shi also served as a non-executive director of Binhai Investment Company Limited (Stock Code: 02886), a company whose shares are listed on the Main Board of the Stock Exchange, from September 2014 to July 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Japhet Sebastian LAW

Chairman of Remuneration Committee, Member of Audit Committee

Aged 68, was appointed as an independent non-executive Director on 8 September 2005. He is also the chairman of the Remuneration Committee and a member of the Audit Committee. Prof. Law obtained his doctorate degree of Philosophy in mechanical/industrial engineering from the University of Texas at Austin in 1976. He was a Professor in the Department of Decision Sciences and Managerial Economics of the Chinese University of Hong Kong from 1986 until 2012, the Associate Dean and subsequently the Dean of the Faculty of Business Administration of the Chinese University of Hong Kong from 1993 until 2002. Prior to returning to Hong Kong, Prof. Law was the director of Operations Research at the Cullen College of Engineering and director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U.S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Prof. Law has acted as a consultant for various corporations in Hong Kong and overseas. He is active in public services, having served as a member of the Provisional Regional Council of The Government of the HKSAR and various other government advisory committees, and is also active in serving on the boards of profit, non-profit, and charitable organisations in Hong Kong and overseas.

Prof. Law is currently an independent non-executive director of Beijing Capital International Airport Co., Ltd. (Stock Code: 00694), Binhai Investment Company Limited (Stock Code: 02886), Regal Hotels International Holdings Limited (Stock Code: 00078) 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 GEM of the Stock Exchange.

CHENG Chi Pang, Leslie

Chairman of Audit Committee, Member of Nomination Committee

Aged 63, was appointed as an independent non-executive Director on 8 September 2005. He is also the chairman of the Audit Committee and a member of the Nomination Committee. Mr. Cheng obtained his master's degree in Laws (Chinese and Comparative Law) from City University of Hong Kong in July 2009, and a master's degree in business administration from Heriot-Watt University in the United Kingdom in 1997. He also obtained his bachelor's degree in business from Curtin University of Technology, Australia in 1992. Mr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants, the 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. Mr. Cheng is a Certified Public Accountant practising in Hong Kong and has over 30 years of experience in auditing, business advisory and financial management. Mr. Cheng was the chief executive 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. Mr. Cheng is currently the chairman of Vantage Partners CPA Limited and the chief executive officer of L&E Consultants Limited.

Mr. Cheng is currently an independent non-executive director of China Ting Group Holdings Limited (Stock Code: 03398), a company whose shares are listed on the Main Board of the Stock Exchange. Mr. Cheng also served as an independent non-executive director of Fortune Sun (China) Holdings Limited (Stock Code: 00352), a company whose shares are listed on the Main Board of the Stock Exchange, from June 2006 to June 2019.

ZHANG Weidong

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

Aged 55, was appointed as an independent non-executive Director on 28 June 2012. He is also the chairman of the Nomination Committee, a member of the Remuneration Committee and the Audit Committee. Mr. Zhang holds a master's degree from Renmin University in economics, a diploma of Programme for Management Development of Harvard Business School, and held a fellowship from Columbia University in New York.

Mr. Zhang is the founding partner and president of Qianhai International (HK) Limited. Mr. Zhang had been the executive director and the deputy chief executive officer of OP Financial Limited (Stock Code: 01140), a company whose shares are listed on the Main Board of the Stock Exchange, 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' experience of investment banking, 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 GEM of the Stock Exchange.

SENIOR MANAGEMENT

MA Suqin, Susan

Aged 47, was appointed as a deputy general manager of the Company on 28 March 2012. Ms. Ma holds a Master of Business Administration degree (EMBA Program) from the Kellogg School of Management of Northwestern University and the HKUST Business School, a master's degree in economics from Fudan University and went to the Wharton School of the University of Pennsylvania as a visiting scholar. 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. Ms. Ma is also a member of Social Enterprises Subcommittee of New Life Psychiatric Rehabilitation Association.

CHAN Yeuk Kwan, Winnie

Aged 51, 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.

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 that 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 2019.

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 2019.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2019, the Board consists of eight Directors, comprising five executive Directors namely CHU Bin (Chairman), LI Quanyong (Managing Director), SUN Bin, WANG Junzhong and SHI Jing, and three independent non-executive Directors namely Japhet Sebastian LAW, CHENG Chi Pang, Leslie and ZHANG Weidong.

On 7 February 2020, LI Quanyong resigned as an executive Director, Managing Director and member of the nomination committee of the Company (the "Nomination Committee") due to job change and LUO Xunjie was appointed as an executive Director, Managing Director and member of the Nomination Committee of the Company.

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, CHU Bin, SHI Jing and CHENG Chi Pang, Leslie shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with Article 112 of the Articles of Association, Luo Xunjie who was appointed by the Board shall hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Responsibilities of the Board

The Board is responsible for overseeing the businesses, overall strategic directions, corporate governance, 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 of the Company (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 seven full Board meetings and an annual general meeting in 2019.

The attendance of each Director at the meetings held in 2019 is set out below:

	Attendance/Number of meetings held during Director's tenure	
	Board Meeting	**Annual General Meeting**
Executive Directors		
CHU Bin	7/7	1/1
LI Quanyong	7/7	1/1
SUN Bin *(Note 1)*	6/6	1/1
WANG Junzhong *(Note 1)*	6/6	1/1
WANG Rui *(Note 2)*	0/1	0/0
YU Houxin *(Note 2)*	0/1	0/0
SHI Jing	6/7	1/1
Independent Non-executive Directors		
Japhet Sebastian LAW	7/7	1/1
CHENG Chi Pang, Leslie	7/7	1/1
ZHANG Weidong	7/7	1/1

Notes:

1. SUN Bin and WANG Junzhong were appointed as executive Directors on 22 January 2019.
2. WANG Rui and YU Houxin resigned as executive Directors on 22 January 2019.

In addition to Board meetings, a meeting of the Chairman and the independent non-executive Directors without the presence of other Directors and management was held in 2019.

Appointment, Re-election and Removal of Directors

Changes in Directors during the year are as follows:

- SUN Bin and WANG Junzhong were appointed as executive Directors on 22 January 2019.
- WANG Rui and YU Houxin resigned as executive Directors on 22 January 2019.

Each of the executive Directors entered into a service contract or an appointment letter for a specific term of three years and 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 is arranged for each newly appointed Director upon their appointment to ensure that the Director has a firm understanding of the Group's operations and governance policies as well as their 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 2019, the Company provided updates to all Directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements. Directors, namely, CHU Bin, LI Quanyong, SUN Bin, WANG Junzhong, SHI Jing, Japhet Sebastian LAW, CHENG Chi Pang, Leslie and ZHANG Weidong attended an in-house seminar covering the disclosure requirements of environmental, social and governance report and the development trend. Each of the 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 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 2019 is set out below:

	Attendance/Number of meetings held during Director's tenure		
	Nomination Committee	Remuneration Committee	Audit Committee *(Note)*
Executive Directors			
LI Quanyong	2/2	NA	NA
SUN Bin	NA	2/2	NA
WANG Rui	NA	0/1	NA
Independent Non-executive Directors			
Japhet Sebastian LAW	NA	3/3	4/4
CHENG Chi Pang, Leslie	2/2	NA	4/4
ZHANG Weidong	2/2	3/3	4/4

Note: Representative of the external auditor participated in 2 Audit Committee meetings held in 2019.

Details of the Board Committees, including their members, responsibilities and the work performed during 2019 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, LUO Xunjie. 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 re-appointment of Directors and succession planning for Directors, assessing the independence of independent non-executive Directors, reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board on an annual basis, reviewing the Board Diversity Policy and nomination policy of the Company (the "Nomination Policy"), as appropriate.

The major work performed by the Nomination Committee during the year ended 31 December 2019 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 the executive Directors.
– 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 2019.

The Board has adopted the Nomination Policy which sets out the criteria and procedures to evaluate, select and recommend candidate(s) for directorship to the Board. The Nomination Committee is responsible for the review of the Nomination Policy from time to time to ensure its effectiveness.

Nomination Policy

Selection Criteria

The Nomination Committee shall consider the factors including but not limited to character and reputation, qualifications (including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy), the willingness and ability to devote sufficient time to discharge duties as a member of the Board, and the Board Diversity Policy. For the appointment of independent non-executive director(s), independence guidelines as set out in the Listing Rules will be considered.

Selection Procedures

– The Nomination Committee reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board annually and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy.
– For filling a casual vacancy or appoint additional director(s), the Nomination Committee shall conduct an assessment to the candidate(s) and make recommendation to the Board for consideration and approval.
– Shareholder(s) may nominate a person as a director, without the Board's recommendation or the Nomination Committee's nomination, according to the provisions and procedures set out under the section titled "Procedures for putting forward proposals at general meeting of the Company" below.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Japhet Sebastian LAW and ZHANG Weidong, and one executive Director, SUN Bin. 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 2019 included reviewing and, where applicable, making recommendations to the Board on and approving the following matters, in accordance with its responsibilities and authorities:

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

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 2019 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 22 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 2019 is set out below:

Remuneration band	2019 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 2019 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 findings by external auditor.
- internal audit plan and reports.
- risk management plan and reports.
- effectiveness of the risk management and internal control systems 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 2019 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 the Corporate Governance Report disclosure.

AUDITOR'S REMUNERATION

For the year ended 31 December 2019, the remuneration paid and payable to the external auditor of the Company in respect of audit services and non-audit services was HK$4,900,000 and HK$48,000 respectively. The non-audit services were in relation to tax advisory services.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparing the consolidated financial statements for each financial year which give a true and fair view of the results and financial position of the Group. In preparing the consolidated financial statements for the year ended 31 December 2019, 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 87 to 90.

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.

On 12 February 2020, the Company announced that a finance officer of 天津港焦炭碼頭有限公司 (Tianjin Port Coke Terminals Co., Ltd.*) (a subsidiary of the Group) is suspected to have embezzled funds of the aforesaid subsidiary totalling approximately RMB153.9 million (the "Incident"). The supervision organ has commerced investigation. An investigation committee (the "Investigation Committee") was formed to follow up on the Incident. Following this announcement, the Company has engaged an independent forensic expert to conduct an independent forensic investigation on the Incident and other related matters (the "Investigation").

On 24 March 2020, the Company announced that the impact of the Incident on bank and cash of the Group for each year from 2016 to 2019 was RMB4.6 million, RMB17.65 million, RMB63.75 million and RMB67.9 million respectively, with a total amount of RMB153.9 million. Adjustments were made to the Group's consolidated financial statements for the loss of RMB153.9 million caused by the Incident. Details of the relevant adjustments are set out in Note 30 to the consolidated financial statements.

On 20 May 2020, the Company announced, among other things, the key findings of the Investigation and the remedial actions taken by the Group. The supervision organ investigation of the Incident is ongoing.

After review of the key findings of the Investigation and taking into consideration the remedial measures on monitoring cash payments, cash balances at banks, bank statements and reconciliations, the management of company chops and internet banking security tokens taken by the Group, the Investigation Committee and the Board considers that the measures adopted and implemented are appropriate.

During the year ended 31 December 2019 and up to the date of this annual report, the Audit Committee and the Board have reviewed 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 after taking into consideration the impact arising from the Incident. Given the enhanced internal control measures on monitoring cash payments, cash balances at banks, bank statements and reconciliations, the management of company chops and internet banking security tokens, the Board considers the Group's risk management and internal control systems to be effective and adequate.

Risk Management Structure and Main Responsibilities

Board

- formulates the strategic objectives of risk management, 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 environment, 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 current major risks in strategic, operational, 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 that 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 guidelines 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 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 that the 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 2019 and complied with the requirement under 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 date of 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 with the objective to enable the Shareholders and investors to gain a better understanding about the Company.

The Company maintains close communications with institutional investors and analysts. The Company has been proactive in promoting investor relations and communications by way of meetings, roadshows, conferences, presentations and company visits.

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 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 29 May 2019 to answer questions from the Shareholders.

DIVIDEND POLICY

The Board has adopted a dividend policy regarding the declaration and payment of dividends by the Company. In circumstances that the Group is profitable and without affecting the normal operation of the Group, the Company may declare and distribute dividends to the Shareholders. In general, the Company intends to declare and distribute dividends once a year and the total amount of annual dividends shall be between 30% and 50% of the profit attributable to Shareholders for the year. The Company may also declare special dividends from time to time in addition to the annual dividends. When considering whether to propose any dividend payout and determining the amount of dividends, the Board shall take into account, among other things, the Group's operations and earnings, development plans, cash flow, financial condition, capital and other reserve requirements, surplus and any other factors that the Board deems appropriate.

The declaration and payment of dividends by the Company is also subject to any restrictions set out in the Articles of Association, the laws of the Cayman Islands and any other applicable laws, rules and regulations.

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 2019, 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 2019.

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 2019 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 2019 are set out in the consolidated income statement on page 91.

The Board recommends the payment of a final dividend of HK2.52 cents per share for the year ended 31 December 2019. Subject to the approval of Shareholders at the forthcoming annual general meeting, the final dividend will be payable to the Shareholders whose names appear on the register of members of the Company on 17 July 2020.

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, which form part of this directors' report.

Risks and Uncertainties

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below may result in substantial difference between the Group's businesses, financial condition, results of operations or growth prospects and the expected or historical results. Such factors are by no means exhaustive or comprehensive, and in addition to those shown below, there may be other risks which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risks of Economic Volatility

Port business, which is mainly located in Tianjin, the PRC, is the Group's core business. As a primary industry of the national economy, the development of the port industry is closely related to the national economic development. The macroeconomic situation may have different degree of impact on the Group's results of operations. Cargo throughput at the port is dependent on the economic development of the areas, while the Group's businesses may be affected by various factors such as the economic growth rate, level of trade development and industry structure of those areas.

Risks Relating to the Changes in the PRC Policies

Changes in economic condition, regulatory requirements, government policies, development plans and relevant laws and regulations in the PRC may impact the Group's operations.

Risks of Competition from Ports

The Group is situated at a cluster of ports in the Bohai Rim Region, where the ports develop rapidly and expand operation proactively. There are both competition and cooperation with the surrounding ports.

Financial Risks

The details of 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 2019.

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, dust control, energy saving and consumption reduction management 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 clean environment.

Details of the Group's environmental policies and performance and compliance with relevant laws and regulations are set out in "Environmental, Social and Governance Report" on pages 18 to 53, which form part of this directors' report.

Key Relationships with Employees, Customers and Suppliers

Employees

As at 31 December 2019, the Group had approximately 8,000 employees. The Group offers remuneration packages for employees based on their position, performance and the labour market conditions. Share options were also granted to the management as remuneration. In addition to basic salary, mandatory provident fund scheme (in accordance with the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or the state-managed pension scheme (for PRC employees), discretionary bonus is also awarded to the employees with reference to the annual results and the employees' performance. The Group reviews the remuneration policies and packages on a regular basis.

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

Details of the Group's relationship with employees and compliance with relevant laws and regulations are set out in "Environmental, Social and Governance Report" on pages 18 to 53, which form part of this directors' report.

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 relationship with our customers. By optimising our services and improving the business environment, engaging in activities such as customer forums, we offer our customers a personalised and refined service.

Suppliers

To ensure quality and quantity of our performance and minimise cost, the Group regularly conducts supplier assessment every year to evaluate their performance, qualifications and 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 relationship with our suppliers and established a good reputation.

Details of the Group's relationship with suppliers are set out in "Environmental, Social and Governance Report" on pages 18 to 53, which form part of this directors' report.

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 purchases attributable to the Group's five largest suppliers combined accounted for approximately 76% of the Group's total purchases for the year and the largest supplier included therein accounted for approximately 33%.

None of the Directors, their close associates, or any Shareholder, 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 152.

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in Note 22 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" below, 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 2019 are set out in Note 36 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2019 are set out in Note 24 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 2019.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 24 March 2017, Tianjin Port Development Finance Limited, a wholly-owned subsidiary of the Company as borrower (the "Borrower"), and the Company as guarantor entered into a facility agreement (the "Facility Agreement 1") 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 (the "Facility Agreement 2") 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.

On 31 May 2018, 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.

On 31 May 2018, 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$700,000,000. 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 31 May 2018, 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$1,200,000,000. 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 2019, the aggregate balance of the loan facilities subject to the above obligations was HK$3,100 million.

On 5 June 2018, the Borrower and the Company as guarantor entered into a facility letter with a financial institution as lender for an uncommitted revolving loan facility of up to HK$100,000,000. The loan facility is unsecured, interest bearing and subject to annual review by the lender. Pursuant to the facility letter, the Borrower and the Company undertake that Tianjin Port Group, together with its subsidiaries, shall (1) have the single largest shareholding interest in the Company in aggregate, and (2) hold no less than 35% (directly or indirectly) of the shareholding interest in the Company in aggregate. Any breach of the undertaking may result in the relevant financial institution exercising its right to demand repayment.

Save for the loan facilities under the Facility Agreement 1 and the Facility Agreement 2 which have been repaid before the date of this report, the other specific performance obligations and undertaking mentioned above 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 3,950,000 Shares (representing approximately 0.1% 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 2019 were as follows:

			Number of share options				
	Date of grant	Exercise price HK$	As at 01/01/2019	Exercised	Lapsed	As at 31/12/2019	Exercise period
Directors							
ZHANG Ruigang *(Note 1)*	22/04/2016	1.244	3,450,000	–	(3,450,000)	–	22/10/2016 – 21/04/2026
LI Quanyong *(Note 2)*	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 *(Note 3)*	15/10/2010	1.846	1,000,000	–	(1,000,000)	–	15/04/2011 – 14/10/2020
	28/03/2011	1.904	1,000,000	–	(1,000,000)	–	28/09/2011 – 27/03/2021
	28/06/2012	0.896	1,000,000	–	(1,000,000)	–	28/12/2012 – 27/06/2022
YU Houxin *(Note 3)*	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	28/06/2012	0.896	150,000	–	–	150,000	28/12/2012 – 27/06/2022
CHENG Chi Pang, Leslie	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			14,650,000	–	(7,550,000)	7,100,000	

Notes:

1. ZHANG Ruigang resigned as an executive Director on 20 December 2018.

2. LI Quanyong resigned as an executive Director on 7 February 2020, whose share options lapsed on 7 March 2020.

3. WANG Rui and YU Houxin resigned as executive Directors on 22 January 2019.

The accounting policy adopted for the share options is set out in Note 2 to the consolidated financial statements.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, during the year ended 31 December 2019 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

CHU Bin *(Chairman)*	
LUO Xunjie *(Managing Director)*	(appointed on 7 February 2020)
LI Quanyong *(Managing Director)*	(resigned on 7 February 2020)
SUN Bin	(appointed on 22 January 2019)
WANG Junzhong	(appointed on 22 January 2019)
WANG Rui	(resigned on 22 January 2019)
YU Houxin	(resigned on 22 January 2019)
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 55 to 57.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract or an appointment letter 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 2019, 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
LI Quanyong	Beneficial owner	–	3,150,000 (L)	0.05%
SHI Jing	Beneficial owner	–	1,100,000 (L)	0.02%
Japhet Sebastian LAW	Beneficial owner	2,700,000 (L)	150,000 (L)	0.05%
CHENG Chi Pang, Leslie	Beneficial owner	–	150,000 (L)	0.00%
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 2019, 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 2019, 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 *(Note 1)*	Percentage of issued share capital of the Company
Tianjin Port Overseas Holding Limited *(Note 2)*	Beneficial owner	3,294,530,000 (L)	53.5%
Tianjin Port Group *(Note 2)*	Interest of a controlled corporation	3,294,530,000 (L)	53.5%
Leadport Holdings Limited *(Note 3)*	Beneficial owner	1,293,030,000 (L)	21.0%
Tianjin Development *(Note 3)*	Interest of controlled corporations	1,293,180,000 (L)	21.0%
Tsinlien *(Note 4)*	Interest of controlled corporations	1,303,010,000 (L)	21.2%
	Beneficial owner	35,976 (L)	0.0%
天津市醫藥集團有限公司 (Tianjin Pharmaceutical Group Co., Ltd.*) ("Tianjin Pharmaceutical") (Note 4)	Interest of controlled corporations	1,303,045,976 (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 4)*	Interest of controlled corporations	1,303,045,976 (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 4)*	Interest of controlled corporations	1,303,045,976 (L)	21.2%

(L) denotes a long position

Notes:

1. According to Section 336 of the SFO, when the shareholdings of the shareholders in the Company change, it is not necessary for the shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders may be different from the shareholdings filed with the Stock Exchange.

2. 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.

3. 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.

4. Tianjin Development is a subsidiary of Tianjin Investment Holdings Limited which in turn is a wholly-owned subsidiary of Tsinlien. As at 31 December 2019, 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 2019, 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 2019 are required to be disclosed in the annual report are as follows:

1. On 29 March 2019, 天津港輪駁有限公司 (Tianjin Port Tugboat Lighter Co., Ltd.*), a subsidiary of the Group, entered into an asset transfer agreement with Tianjin Port Group for the purchase of the Tianjin Port Dongtudi East (Hengtou) Workboat Terminal and ancillary facilities. The consideration was approximately RMB43.71 million. 50% of the consideration was payable by cash within three months after the execution of the agreement and the remaining 50% of the consideration was payable by cash by the end of 2019.

   Tianjin Port Group is the controlling shareholder of the Company 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 29 March 2019.

2. On 18 April 2019, Tianjin Port Container, a subsidiary of the Group, entered into an equipment purchase agreement with 天津港信息技術發展有限公司 (Tianjin Port Information Technology Development Co., Ltd.*) ("Tianjin Port Information Technology") for the purchase and installation of the equipment for the customs digital video monitoring system. The consideration was approximately RMB7.01 million and payable by instalments in accordance with the progress of the delivery and installation of the equipment for the customs digital video monitoring system.

   Tianjin Port Information Technology 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 April 2019.

3. On 10 June 2019, Tianjin Orient, a subsidiary of the Group, entered into an equipment purchase agreement with Tianjin Port Information Technology for the purchase and installation of the equipment for the customs video monitoring system. The consideration was approximately RMB4.74 million and payable by instalments in accordance with the progress of the delivery and installation of the equipment for the customs video monitoring system.

   Tianjin Port Information Technology 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 10 June 2019.

4. On 10 June 2019, Tianjin Port Co entered into an equipment purchase agreement with Tianjin Port Information Technology for the purchase and installation of the equipment for the control system for the control and command centre at the port of Tianjin. The consideration was approximately RMB9.53 million and payable by instalments in accordance with the progress of the delivery and installation of the equipment for the control system.

   On 10 June 2019, Tianjin Port Co entered into an equipment purchase agreement with Tianjin Port Information Technology for the purchase and installation of the display equipment for the control and command centre at the port of Tianjin. The consideration was approximately RMB9.57 million and payable by instalments in accordance with the progress of the delivery and installation of the display equipment.

   On 10 June 2019, Tianjin Port Co, entered into a system development agreement with Tianjin Port Information Technology for the development of the intelligent monitoring system. The consideration was approximately RMB9.30 million and payable by instalments in accordance with the progress of the development of the intelligent monitoring system.

   Tianjin Port Information Technology 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 10 June 2019.

5. On 30 June 2019, Tianjin Port Container, Tianjin Orient and Tianjin Five Continents (all being subsidiaries of the Group) and their shareholders entered into a merger agreement, pursuant to which Tianjin Port Container would, as the surviving party, absorb and merge with Tianjin Orient and Tianjin Five Continents (the "Merger"). Upon completion of the Merger, Tianjin Orient and Tianjin Five Continents were dissolved, and the Group holds 76.68% equity interest in Tianjin Port Container being the surviving party which continues to be a subsidiary of the Group.

   COSCO Ports (Tianjin) Limited ("COSCO Ports") is a substantial shareholder (as defined in the Listing Rules) of Tianjin Orient and Tianjin Five Continents, while 中海碼頭發展有限公司 (China Shipping Terminal Development Co., Ltd.*) ("China Shipping Terminal") and China Merchants International Terminals (Tianjin) Limited ("China Merchants") are each a substantial shareholder (as defined in the Listing Rules) of Tianjin Five Continents. Therefore, each of COSCO Ports, China Shipping Terminal and China Merchants is a connected person of the Company at the subsidiary level, as defined in the Listing Rules. Accordingly, the Merger constitutes a connected transaction of the Company. Details of the Merger were disclosed in the announcement of the Company dated 1 July 2019.

6. On 12 December 2019, 天津港環球滾裝碼頭有限公司 (TPG Global RO-RO Terminal Co., Ltd.*), a subsidiary of the Group, entered into an equipment purchase agreement with 天津港灣電力工程有限公司 (Tianjin Port Electricity Project Co., Ltd.*) ("Tianjin Port Electric") for the purchase and installation of the equipment for box-type substation. The consideration was approximately RMB5.96 million and payable by instalments in accordance with the progress of the delivery and installation of the equipment for box-type substation.

   Tianjin Port Electric 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 12 December 2019.

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 78 to 84 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 2019 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 and assets lease framework agreement	204,500	143,745	163,273
Integrated services framework agreement	1,639,000	1,127,868	1,281,086
Procurement framework agreement	11,000	6,242	7,090
Sales framework agreement	115,000	47,331	53,761
Freight yard, warehousing and assets lease framework agreement	12,000	920	1,045
Cargo reconfiguration, storage and logistics services framework agreement	105,000	63,117	71,692
Labour framework agreement	24,000	6,201	7,044
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)	8,000,000	3,858,787	4,307,644
Land lease agreements	42,432	40,411	45,901
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	65,920	–	–
Jutai Gongmao coal purchase agreement	51,500	37,074	42,111

Pursuant to Chapter 14A of the Listing Rules, details of the continuing connected transactions for the year ended 31 December 2019 are required to be disclosed in the annual report are as follows:

1. On 27 September 2017, the Company entered into the following framework agreements with Tianjin Port Group, each for a term of three years from 1 January 2018 to 31 December 2020. 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 and assets lease framework agreement

Nature of the transactions: Leasing of freight yards, warehouses, office buildings, facilities and equipment 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) actual content of the leases, area and number under the leases, and the term of the leases; and (2) market price of similar leasing services

(1) for the lease of freight yards and warehouses, the prices are determined by obtaining market price information through various means (including enquiring users or lessors of the neighbouring freight yards and warehouses about the recent rent, conducting research on the auction price in the sale of the neighbouring land with similar usage on the government websites), and with reference to the market price, the lease term, the historical price, the location and the degree of use of the present freight yards and warehouses, as well as the demand and supply of the market

(2) for the lease of office buildings, the prices are determined by obtaining market price information through various means (including enquiring tenants or lessors of the neighbouring office buildings about the recent rent, enquiring agents about the rent of the neighbouring commercial properties), and with reference to the market price, the lease term, the historical price, the location and the degree of use of the present office buildings, as well as the demand and supply of the market

(3) for the lease of facilities and equipment, the prices are determined by obtaining market price information through various means (including enquiring users or lessors of the neighbouring facilities and equipment about the recent rent), and with reference to the market price, the lease term, the historical price, the condition and the degree of use of the present facilities and equipment, as well as the demand and supply of the market

The price determination mechanism adopted for the connected persons is the same as that for independent third parties

Payment terms: Payments are made by the Group to Tianjin Port Group and/or its associates on a quarterly, half-yearly or annual basis

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017, 23 October 2017 and 1 August 2018.

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, including but not limited to water supply services; electricity supply services; communications services; IT support services (including but not limited to repair and maintenance of hardware and software of the electronic data information network in respect of the port operations of the Group); repair and maintenance of port facilities and equipment; project management services; labour services; and general administrative services (including but not limited to office support services, general maintenance services, cleaning services, and catering services, etc.)
Pricing determination:	Prices of water supply services and electricity supply services 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 Prices of other integrated services are determined with reference to (1) the market prices of the relevant similar services with reference to the content of the services (such as types, qualities and quantities); and (2) the quantities of labour or 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 one-off, monthly or quarterly basis

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017 and 23 October 2017, and the circular of the Company dated 17 November 2017.

Procurement framework agreement

Nature of the transactions:	Purchase of products including port machinery, equipment and working tools, materials and other products by the Group from Tianjin Port Group and/or its associates
Pricing determination:	Prices of products purchased are determined based on (i) the relevant comparable market prices of the similar products with reference to the types and qualities; and (ii) the quantities of the products
Payment terms:	Payments will be made by the Group to Tianjin Port Group and/or its associates on a one-off or monthly basis

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017, 29 August 2019 and 30 March 2020.

Sales framework agreement

Nature of the transactions:	Sale of products including spare parts, fuel, construction materials and other products by the Group to Tianjin Port Group and/or its associates. Other products include labour protection products, daily sundries and such products as the needs of Tianjin Port Group and/or its associates may arise from time to time
Pricing determination:	Prices of products sold are determined based on (1) the relevant comparable market prices of the similar products with reference to the types and qualities (except for fuel, which refers to the international market prices for fuel); and (2) the quantities of the products (1) fuel price will be determined through internal evaluation conducted by a group comprising personnel from marketing department and senior management of the relevant subsidiary(ies) on a daily basis, with reference to the market price information obtained through various means (such as the Singapore Platts Price and comparable prices in the domestic market) on the relevant transaction day

(2) for other types of products (other than fuel), the Group would obtain two to three quotations of comparable prices from suppliers, and determine the sale prices with reference to such purchase prices, the rate charged within the industry, market research, supply and demand of products, costs of transportation and storage, financing cost and other related costs

The price determination mechanism adopted for the connected persons is the same as that for independent third parties

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

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017 and 23 October 2017.

Freight yard, warehousing and assets lease framework agreement

Nature of the transactions: Leasing of freight yards, warehouses, office buildings, facilities and equipment 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) actual content of the leases, area and number under the leases, and the term of the leases; and (2) market price of similar leasing services

(1) for the lease of freight yards and warehouses, the prices are determined through the internal evaluation conducted by a group comprising personnel from the department responsible for leasing and senior management of the relevant subsidiary(ies) after obtaining market price information through various means (including enquiring users or lessors of the neighbouring freight yards and warehouses about the recent rent, conducting research on the auction price in the sale of neighbouring land with similar usage on government websites), and with reference to the market price, the lease term, the location and the degree of use of the present freight yards and warehouses, and the demand and supply of the market

(2) for the lease of office buildings, the prices are determined through the internal evaluation conducted by a group comprising personnel from the department responsible for leasing and senior management of the relevant subsidiary(ies) after obtaining market price information through various means (including enquiring tenants or lessors of the neighbouring office buildings about the recent rent, enquiring agents about the rent of the neighbouring commercial properties), and with reference to the market price, the lease term, the location and the degree of use of the present office buildings, and the demand and supply of the market

(3) for the lease of facilities and equipment, the prices are determined through the internal evaluation conducted by a group comprising personnel from the department responsible for leasing and senior management of the relevant subsidiary(ies) after obtaining market price information through various means (including enquiring users or lessors of the neighbouring facilities and equipment about the recent rent), and with reference to the market price, the lease term, the condition and the degree of use of the present facilities and equipment, and the demand and supply of the market

The price determination mechanism adopted for the connected persons is the same as that for independent third parties

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

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017 and 23 October 2017.

Cargo reconfiguration, storage and logistics services framework agreement

Nature of the transactions:	Provision of cargo reconfiguration (transportation using vehicles and other transportation means), storage (custody and storage for cargos), logistics (including but not limited to tugboat related services) and other related services by the Group to Tianjin Port Group and/or its associates. Other related services include tallying services and such services as the needs of Tianjin Port Group and/or its associates arise from time to time
Pricing determination:	Prices of the services provided are determined with reference to (1) actual content of the services, volume of cargo handled, volume of cargo stored and duration of storage, quantities of services; and (2) market price of similar services (1) for cargo reconfiguration services, the prices are determined with reference to price quotations obtained from reconfiguration fleet providing same or similar services, the cost of providing such services, the fee charged within the industry, as well as the distance of reconfiguration and complexity of transport (2) for storage services, the prices are determined with reference to the storage prices obtained by enquiring clients or storage services providers in the Tianjin Port area, the cost of providing such services, the fee charged within the industry, as well as prices comparison of commercial or logistic storage in the Tianjin Port area (3) for logistics services, the prices are determined with reference to the type, content and complexity of the services and the cost of providing the personnel involved, as well as a cost plus reasonable profit margin of 5%-20% The price determination mechanism adopted for the connected persons is the same as that for independent third parties
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a one-off, monthly or quarterly basis

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017, 23 October 2017, 1 August 2018 and 29 August 2019.

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. Positions of labour mainly include routine and mid-level management staff for provision of management expertise for equipment, safety management and integrated management services; technical operation staff for provision of maintenance services and delivery services; and such other labour services as the needs of Tianjin Port Group and/or its associates may arise from time to time
Pricing determination:	Prices of the labour services are determined with reference to (1) the type, content and complexity of the services provided; (2) the cost of labour according to the type of positions, the level of techniques required, years of experience and their experience; and (3) the labour market price in the Tianjin Port area The price determination mechanism adopted for the connected persons is the same as that for independent third parties
Payment terms:	Payments are made by Tianjin Port Group and/or its associates to the Group on a monthly basis

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017 and 23 October 2017.

2. On 21 September 2018, 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 2019 to 31 December 2021. 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, insurance agency services, 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 to the Group from other major state-owned commercial banks in the PRC

Details of the above continuing connected transactions were disclosed in the announcement of the Company dated 21 September 2018 and the circular of the Company dated 2 November 2018.

3. On 27 September 2017, 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 agreements with Jutai Gongmao for a term of three years from 1 January 2018 to 31 December 2020. 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 agreements 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 The prices of the coal sold will be determined with reference to the price as published on coal exchange website for coals of the same category and comparable quality at the time of the relevant sale
Payment terms:	Delivery upon payment

Jutai Gongmao coal purchase agreement

Nature of the transactions:	Purchase of coal by Tianjin Zhongtie from Jutai Gongmao
Pricing determination:	Prices of the coal purchased will be determined with reference to the price as published on coal exchange website for coals of the same category and comparable quality at the time of the relevant purchase The price determination mechanism adopted for the connected persons is the same as that for independent third parties
Payment terms:	Delivery upon payment

Details of the above continuing connected transactions were disclosed in the announcements of the Company dated 27 September 2017 and 23 October 2017.

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 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 2019, 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 2019, the fees collected by the Group on behalf of Tianjin Port Group amounted to RMB410,005,000 (equivalent to approximately HK$457,698,000).

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 2019 are disclosed in Note 29 to the consolidated financial statements. A summary is set out as follows:

	Note	2019 HK$'000
With Tianjin Port Group and its subsidiaries, associates and joint ventures	1	
Sales of goods and services		82,069
Purchases of goods and services		709,754
Payments for rental of land, property, plant and equipment		215,679
Acquisition of property, plant and equipment		188,893
With associates of the Group	2	
Sales of goods and services		84,618
Purchases of goods and services		727,156
Income from rental of property, plant and equipment		33,013
Payments for rental of property, plant and equipment		13,668
Interest income		49,046
Interest expenses on borrowings		188,757
Investment in an associate		7,814
With joint ventures of the Group	2	
Sales of goods and services		83,299
Purchases of goods and services		105,781
Interest income		5,734

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

INTERESTS IN COMPETITORS

CHU Bin and LI Quanyong 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. Chu and Mr. Li who are the only common directors in the Company and Tianjin Port Group) and Mr. Chu and Mr. Li 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 2019 pursuant to the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 58 to 67.

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
CHU Bin
Chairman

Hong Kong, 29 May 2020

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Tianjin Port Development Holdings Limited
(incorporated in the 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 91 to 151, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- 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 2019, 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.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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 2.9 and 32 of the consolidated financial statements As at 31 December 2019, the long-term assets of the Group included "Right-of-use assets" of HK$6,737 million, "Property, plant and equipment" of HK$20,352 million and "Intangible assets" of HK$68 million. As at 31 December 2019, 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 flows 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 flows 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 expert, 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, 29 May 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (restated)
Revenue	3	**15,077,403**	15,871,075
Business tax and surcharge		**(10,452)**	(14,800)
Cost of sales		**(11,843,819)**	(12,675,629)
Gross profit		**3,223,132**	3,180,646
Other income and gains	4	**395,733**	372,925
Administrative expenses		**(1,674,496)**	(1,804,583)
Net impairment gains/(losses) on financial assets		**1,577**	(23,123)
Loss of assets	30	**(77,124)**	(75,319)
Other operating expenses		**(123,458)**	(255,336)
Operating profit		**1,745,364**	1,395,210
Finance costs	5	**(657,187)**	(616,065)
Share of net profit of associates and joint ventures accounted for using the equity method		**427,960**	448,394
Profit before income tax		**1,516,137**	1,227,539
Income tax	8	**(410,633)**	(263,324)
Profit for the year		**1,105,504**	964,215
Profit attributable to:			
Equity holders of the Company		**388,491**	387,745
Non-controlling interests		**717,013**	576,470
		1,105,504	964,215
Earnings per share	10		
Basic (HK cents)		**6.3**	6.3
Diluted (HK cents)		**6.3**	6.3

The notes on pages 97 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000 (restated)
Profit for the year	**1,105,504**	964,215
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets at fair value through other comprehensive income	**229,569**	(129,804)
Income tax relating to these items	**(58,192)**	29,201
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(591,236)**	(1,238,674)
Other comprehensive loss for the year, net of tax	**(419,859)**	(1,339,277)
Total comprehensive income/(loss) for the year	**685,645**	(375,062)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**174,919**	(232,928)
Non-controlling interests	**510,726**	(142,134)
	685,645	(375,062)

The notes on pages 97 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	**2019 HK$'000**	2018 HK$'000 (restated)	1 January 2018 HK$'000 (restated)
ASSETS				
Non-current assets				
Land use rights	11	**–**	5,897,291	6,334,061
Property, plant and equipment	12	**20,351,560**	18,803,723	19,834,777
Right-of-use assets	13(a)	**6,737,343**	–	–
Intangible assets	14	**68,143**	60,069	69,909
Investments accounted for using the equity method	16	**4,773,800**	5,524,722	5,972,997
Financial assets at fair value through other comprehensive income	17	**723,781**	509,111	–
Available-for-sale financial assets		**–**	–	958,574
Deferred income tax assets	18	**54,914**	54,091	63,520
		32,709,541	30,849,007	33,233,838
Current assets				
Inventories	19	**246,161**	318,441	237,647
Trade and other receivables and notes receivables	20	**3,177,891**	3,301,211	3,234,034
Restricted bank deposits	21	**35,059**	19,193	49,742
Time deposits with maturity over three months	21	**1,169,702**	1,115,043	573,860
Cash and cash equivalents	21	**7,474,924**	9,769,956	10,091,685
		12,103,737	14,523,844	14,186,968
Total assets		**44,813,278**	45,372,851	47,420,806
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	22	**615,800**	615,800	615,800
Other reserves	23	**3,599,796**	3,704,072	4,624,733
Retained earnings		**7,972,628**	7,848,640	7,469,484
		12,188,224	12,168,512	12,710,017
Non-controlling interests		**14,315,361**	13,622,769	14,226,202
Total equity		**26,503,585**	25,791,281	26,936,219

The notes on pages 97 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (restated)	1 January 2018 HK$'000 (restated)
LIABILITIES				
Non-current liabilities				
Borrowings	24	**8,995,525**	9,050,608	8,823,898
Lease liabilities	13(b)	**690,019**	–	–
Deferred income tax liabilities	18	**261,889**	220,084	483,652
Other long-term liabilities		**26,815**	25,533	23,589
		9,974,248	9,296,225	9,331,139
Current liabilities				
Trade and other payables and contract liabilities	25	**3,524,551**	3,785,951	3,447,745
Current income tax liabilities		**78,466**	99,150	120,725
Borrowings	24	**4,437,477**	6,400,244	7,584,978
Lease liabilities	13(b)	**294,951**	–	–
		8,335,445	10,285,345	11,153,448
Total liabilities		**18,309,693**	19,581,570	20,484,587
Total equity and liabilities		**44,813,278**	45,372,851	47,420,806
Net current assets		**3,768,292**	4,238,499	3,033,520
Total assets less current liabilities		**36,477,833**	35,087,506	36,267,358

The consolidated financial statements on pages 91 to 151 were approved by the Board of Directors on 29 May 2020 and were signed on its behalf by:

CHU Bin
Director

LUO Xunjie
Director

The notes on pages 97 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	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 2018	615,800	4,625,214	7,484,124	12,725,138	14,237,699	26,962,837
Loss of assets restatements *(Note 30)*	–	(481)	(14,640)	(15,121)	(11,497)	(26,618)
At 1 January 2018 (restated)	615,800	4,624,733	7,469,484	12,710,017	14,226,202	26,936,219
Total comprehensive (loss)/income for the year	–	(620,673)	387,745	(232,928)	(142,134)	(375,062)
Transfers	–	102,931	(102,931)	–	–	–
Dividends	–	(309,747)	–	(309,747)	(550,270)	(860,017)
Deregistration of subsidiaries	–	(871)	871	–	(23,284)	(23,284)
Disposal of financial assets at fair value through other comprehensive income	–	(73,122)	74,292	1,170	408	1,578
Lapse of share options	–	(19,179)	19,179	–	–	–
Capital contributions from non-controlling interests	–	–	–	–	111,847	111,847
At 31 December 2018 (restated)	615,800	3,704,072	7,848,640	12,168,512	13,622,769	25,791,281
At 1 January 2019	**615,800**	**3,704,072**	**7,848,640**	**12,168,512**	**13,622,769**	**25,791,281**
Total comprehensive (loss)/income for the year	**–**	**(213,572)**	**388,491**	**174,919**	**510,726**	**685,645**
Transfers	**–**	**96,942**	**(96,942)**	**–**	**–**	**–**
Dividends	**–**	**–**	**(171,808)**	**(171,808)**	**(473,737)**	**(645,545)**
Deregistration of subsidiaries	**–**	**(255)**	**193**	**(62)**	**(10,658)**	**(10,720)**
Acquisition of subsidiaries *(Note 27)*	**–**	**–**	**–**	**–**	**794,376**	**794,376**
Acquisition of additional interest in a subsidiary *(Note 26(b))*	**–**	**(5,963)**	**–**	**(5,963)**	**(105,489)**	**(111,452)**
Merger by absorption of subsidiaries	**–**	**22,626**	**–**	**22,626**	**(22,626)**	**–**
Lapse of share options	**–**	**(4,054)**	**4,054**	**–**	**–**	**–**
At 31 December 2019	**615,800**	**3,599,796**	**7,972,628**	**12,188,224**	**14,315,361**	**26,503,585**

The notes on pages 97 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (restated)
Cash flows from operating activities			
Cash generated from operations	26(a)	**2,748,014**	2,833,957
Interest received		**225,907**	248,521
PRC income tax paid		**(441,679)**	(398,188)
Net cash generated from operating activities		**2,532,242**	2,684,290
Cash flows from investing activities			
Payment for property, plant and equipment and intangible assets		**(1,078,151)**	(607,289)
Acquisition of subsidiaries	27	**(188,165)**	–
Acquisition of additional interest in a subsidiary	26(b)	**(111,452)**	–
Payment for investment in an associate		**(7,814)**	–
Proceeds from disposal of property, plant and equipment and intangible assets		**26,125**	16,270
Proceeds from deregistration of associates and joint ventures		**6,285**	783
Proceeds from sale of financial assets at fair value through other comprehensive income, net of tax		**–**	232,989
Dividends received from investments accounted for using the equity method		**489,232**	407,217
Dividends received from financial assets at fair value through other comprehensive income		**18,697**	18,573
Interest received from a joint venture		**–**	2,620
Increase in time deposits with maturity over three months		**(79,056)**	(567,577)
Net cash used in investing activities		**(924,299)**	(496,414)
Cash flows from financing activities			
Proceeds from borrowings		**5,175,207**	8,607,324
Repayments of borrowings		**(7,459,529)**	(9,016,391)
Lease payments		**(128,766)**	–
Interest paid		**(602,619)**	(710,260)
Dividends paid to equity holders of the Company		**(171,808)**	(423,079)
Dividends paid to non-controlling interests		**(475,902)**	(528,054)
Capital contributions from non-controlling interests		**–**	111,847
Payment to non-controlling interests upon deregistration of subsidiaries		**(10,540)**	(14,844)
Net cash used in financing activities		**(3,673,957)**	(1,973,457)
Net (decrease)/increase in cash and cash equivalents		**(2,066,014)**	214,419
Cash and cash equivalents at 1 January		**9,769,956**	10,091,685
Effects of exchange rate changes		**(229,018)**	(536,148)
Cash and cash equivalents at 31 December		**7,474,924**	9,769,956

The notes on pages 97 to 151 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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").

In preparing the Group's consolidated financial statements for the year ended 31 December 2019, the Group has restated certain figures in the comparative information presented. Detailed description of the nature of the restatements has been set out in Note 30.

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 ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value.

The preparation of financial statements in conformity with HKFRSs 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) Adoption of new/revised HKFRSs

The Group has adopted the following new standard, amendments and interpretation for the accounting period beginning on 1 January 2019:

HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2015-2017 Cycle*
HKAS 19 (Amendment)	*Employee Benefits – Plan Amendment, Curtailment or Settlement*
HKAS 28 (Amendment)	*Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*
HKFRS 9 (Amendment)	*Financial Instruments – Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*

Save for the impact of the adoption of HKFRS 16 disclosed below, the adoption of other amendments and interpretation has no significant impact on the results and financial position of the Group.

Prior to the adoption of HKFRS 16, leases where substantially all the rewards and risks of ownership of assets remained with the lessor were accounted for as operating leases. Operating lease rentals were recognised in the consolidated income statement on a straight-line basis over the lease term. Commitments under operating leases for future periods were not recognised as liabilities.

Upon adoption of HKFRS 16, the majority of operating leases (except for short-term leases with a lease term of 12 months or less and leases of low value assets) are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Group has adopted HKFRS 16 on 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position as at 1 January 2019. The new accounting policies are disclosed in Note 2.26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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

2.1 Basis of preparation *(continued)*

(a) Adoption of new/revised HKFRSs *(continued)*

On transition to HKFRS 16, the Group has applied the practical expedients permitted by the standard as follows:

– the accounting for operating leases with a remaining lease term of less than 12 months at the date of initial application as short-term leases; and

– the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. For contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 "Leases" and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

Upon adoption of HKFRS 16, the Group reclassified the land use rights to right-of-use assets for presentation purpose.

The table below summarises the impact of the adoption of HKFRS 16 on the opening consolidated statement of financial position as at 1 January 2019:

	HK$'000
Decrease in land use rights	**(5,897,291)**
Increase in right-of-use assets	**7,001,322**
Decrease in trade and other payables and contract liabilities	**(32,235)**
Increase in lease liabilities (current)	**272,319**
Increase in lease liabilities (non-current)	**863,947**

The table below shows the reconciliation from operating lease commitments disclosed under HKAS 17 "Leases" as at 31 December 2018 to lease liabilities upon adoption of HKFRS 16 as at 1 January 2019:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	**1,266,093**
Add: Exercise of extension option of leases	**216,812**
Less: Recognition exemption for short-term leases and leases of low value assets	**(3,422)**
Contracts reassessed as service agreements	**(9,010)**
Operating lease commitments before discounting	**1,470,473**
Discount arising from conversion into present value by discounting cash flows using the lessee's incremental borrowing rate at 1 January 2019 (weighted average: 4.9%)	**(366,442)**
Reclassification of trade and other payables and contract liabilities	**32,235**
Lease liabilities recognised as at 1 January 2019	**1,136,266**

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

2.1 Basis of preparation *(continued)*

(b) New/revised HKFRSs issued but not yet effective and not early adopted

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

HKAS 1 and HKAS 8 (Amendments)	*Definition of Material*[1]
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	*Interest Rate Benchmark Reform*[1]
HKFRS 3 (Amendment)	*Business Combinations – Definition of a Business*[1]
HKFRS 10 (Amendment) and HKAS 28 (2011) (Amendment)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective date is to be determined

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(c) 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 using the equity method of accounting (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

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

2.2 Principles of consolidation and equity accounting *(continued)*

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with the equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to equity holders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the consolidated income statement. The fair value becomes 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 HKFRSs.

If the ownership interest in an associate or a joint venture is reduced but joint control or 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.

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

2.3 Business combinations

(a) 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.

(b) 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 comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, the equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired business on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the identifiable assets.

Acquisition-related costs are expensed as incurred.

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

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.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment losses. 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.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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

2.5 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.

2.6 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 of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income (FVOCI) 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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss (FVPL) are recognised in the income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at FVOCI 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 and statement of comprehensive income are translated at average exchange rates (unless this 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 any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on sale.

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

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

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 items.

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 item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs, net of 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 2.9).

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

2.8 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.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (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.

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

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the income statement or other comprehensive income.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the financial assets at FVOCI.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Debt instruments

Debt instruments held by the Group are classified into one of the following measurement categories:

Amortised cost: Financial assets measured at amortised costs comprise 'trade and other receivables' (Note 2.13), 'amounts due from subsidiaries', 'restricted bank deposits', 'time deposits with maturity over three months' and 'cash and cash equivalents' (Note 2.14) in the statement of financial position, are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by loss allowance for expected credit losses. Interest income, exchange gains and losses and impairment are recognised in the income statement. Any gains and losses on derecognition is recognised in the income statement.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and exchange gains/(losses), which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the income statement.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the income statement and presented net within other gains/(losses) in the period in which it arises.

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

2.10 Investments and other financial assets *(continued)*

(b) Measurement *(continued)*

Equity instruments

The Group subsequently measured all equity investments at fair value.

Changes in the fair value of financial assets at FVOCI are recognised in other comprehensive income except for exchange gains and losses which are recognised in the income statement. There is no subsequent reclassification of fair value gains and losses to the income statement at disposal, the amount accumulated in the revaluation reserve is transferred to retained earnings. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable.

Dividends from investments in equity instruments (either through other comprehensive income, or through profit or loss) are recognised in the income statement as other income.

2.11 Impairment of financial assets

The Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under HKFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. Loss allowances for all other financial assets equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are updated at each reporting date to reflect changes in credit risk since initial recognition. Any change in ECLs is recognised in the income statement.

2.12 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)*

2.13 Trade and other receivables and notes 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 2.10(b) for further information about the Group's accounting for trade receivables and Note 2.11 for the description of the Group's impairment policies.

Notes receivables are recognised initially at fair value and subsequently measured at FVOCI.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on 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.

2.15 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.

2.16 Trade and other payables and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer which the Group has received consideration (or an amount of consideration is due) from the customer.

2.17 Borrowings

Borrowings are initially recognised 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 amount 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)*

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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.

Other borrowing costs are recognised in the income statement in the period in which they are incurred.

2.19 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 and its 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 provided in full, 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 if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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)*

2.20 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 with a corresponding increase in equity. 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-market 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)*

2.21 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.

2.22 Revenue recognition

Revenue is recognised when (or as) it satisfies a performance obligation by transferring a promised goods or service to a customer (which is when the customer obtains control of that good or service). A performance obligation is a promise to transfer a distinct goods or service to a customer. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. 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 performance obligation is completed by transferring a promised service to the customer.

(b) Sale of goods

Revenue from the sale of goods is recognised when control of goods has transferred. A receivable is recongised when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2.23 Interest income

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

2.24 Dividend income

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

2.25 Government grants

Government grants are recognised at 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)*

2.26 Leases

Until 31 December 2018, 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.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable by the Group under residual value guarantees;

– the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

– where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

– uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing; and

– makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

2.26 Leases *(continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of assets and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.27 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, right-of-use assets, intangible assets and other non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

3. SEGMENT INFORMATION *(continued)*

The segment information for the reportable segments is as follows:

	For the year ended 31 December 2019			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	6,985,565	6,094,701	2,654,109	15,734,375
Inter-segment revenue	–	(186,504)	(470,468)	(656,972)
Revenue from external customers	6,985,565	5,908,197	2,183,641	15,077,403
Segment results	2,352,961	141,780	738,843	3,233,584
Business tax and surcharge				(10,452)
Other income and gains				395,733
Administrative expenses				(1,674,496)
Net impairment gains on financial assets				1,577
Loss of assets				(77,124)
Other operating expenses				(123,458)
Finance costs				(657,187)
Share of net profit of associates and joint ventures accounted for using the equity method				427,960
Profit before income tax				1,516,137
Other information:				
– Depreciation and amortisation	1,117,216	26,348	262,143	1,405,707
– Share of net profit of associates and joint ventures accounted for using the equity method	288,136	4,804	23,990	316,930

	At 31 December 2019			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Segment assets	28,193,302	2,226,053	8,644,916	39,064,271
Unallocated assets:				
– Interest in an associate				1,325,783
– Financial assets at FVOCI				723,781
– Deferred income tax assets				54,914
– Head office and corporate assets				3,644,529
Total assets				44,813,278
Total assets include:				
– Interests in associates and joint ventures	2,856,163	116,102	475,752	3,448,017
– Additions to non-current assets	698,710	7,666	338,905	1,045,281

3. SEGMENT INFORMATION *(continued)*

The segment information for the reportable segments is as follows: *(continued)*

	For the year ended 31 December 2018 (restated)			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	6,861,835	6,796,629	2,997,049	16,655,513
Inter-segment revenue	–	(330,908)	(453,530)	(784,438)
Revenue from external customers	6,861,835	6,465,721	2,543,519	15,871,075
Segment results	2,200,640	144,180	850,626	3,195,446
Business tax and surcharge				(14,800)
Other income and gains				372,925
Administrative expenses				(1,804,583)
Net impairment losses on financial assets				(23,123)
Loss of assets				(75,319)
Other operating expenses				(255,336)
Finance costs				(616,065)
Share of net profit of associates and joint ventures accounted for using the equity method				448,394
Profit before income tax				1,227,539
Other information:				
– Depreciation and amortisation	1,009,246	18,589	196,963	1,224,798
– Share of net profit of associates and joint ventures accounted for using the equity method	329,587	7,653	14,124	351,364

	At 31 December 2018 (restated)			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Segment assets	27,145,314	2,167,785	8,951,291	38,264,390
Unallocated assets:				
– Interest in an associate				1,306,876
– Financial assets at FVOCI				509,111
– Deferred income tax assets				54,091
– Head office and corporate assets				5,238,383
Total assets				45,372,851
Total assets include:				
– Interests in associates and joint ventures	3,554,265	120,719	542,862	4,217,846
– Additions to non-current assets	788,410	11,659	166,007	966,076

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For the year ended 31 December 2019

4. OTHER INCOME AND GAINS

	2019 HK$'000	2018 HK$'000
Interest income		
– from deposits	**218,750**	258,878
– from loan to a joint venture	**5,734**	5,225
Dividend income from financial assets at FVOCI	**19,275**	18,573
Government grants	**30,305**	68,357
Remeasurement gain on investments in associates accounted for using the equity method *(Note 27)*	**96,540**	–
Gain on deregistration of subsidiaries	**–**	2,643
Others	**25,129**	19,249
	395,733	372,925

5. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest expenses on borrowings	**624,978**	634,407
Less: Amount capitalised in construction in progress	**(14,145)**	(18,342)
	610,833	616,065
Interest expenses on lease liabilities	**46,354**	–
	657,187	616,065

Borrowing costs were capitalised at the weighted average rate of 4.5% (2018: 4.4%) per annum.

6. EXPENSES BY NATURE

	2019 HK$'000	2018 HK$'000
Costs of goods sold	**5,698,032**	6,236,931
Employee benefit expenses, including directors' emoluments *(Note 7)*	**2,092,533**	2,247,845
Depreciation of property, plant and equipment *(Note 12)*	**1,032,684**	1,047,450
Depreciation of right-of-use assets *(Note 13)*	**359,010**	–
Amortisation of land use rights *(Note 11)*	**–**	159,592
Amortisation of intangible assets *(Note 14)*	**18,211**	17,935
Exchange loss, net	**79,223**	204,319
Operating lease rental	**75,172**	328,148
Loss on disposal of property, plant and equipment	**13,851**	41,006
Auditor's remuneration		
– audit services	**4,900**	2,400
– non-audit services	**48**	83

7. EMPLOYEE BENEFIT EXPENSES

	2019 HK$'000	2018 HK$'000
Wages and salaries, social security costs and other benefits	**1,871,428**	1,969,511
Employer's contributions to retirement benefits schemes	**221,105**	278,334
	2,092,533	2,247,845

(a) Directors' emoluments

	For the year ended 31 December 2019				
Name of director	Fees HK$'000	Salaries HK$'000	Other benefits HK$'000	Employer's contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors					
Chu Bin *(Notes iii & v)*	–	2,408	–	125	2,533
Li Quanyong *(Note v)*	–	2,315	–	119	2,434
Sun Bin *(Notes i & v)*	–	1,200	71	42	1,313
Wang Junzhong *(Note i)*	–	–	–	–	–
Wang Rui *(Note ii)*	–	19	7	4	30
Yu Houxin *(Note ii)*	–	–	–	–	–
Shi Jing	–	–	–	–	–
Independent non-executive directors *(Note vi)*					
Japhet Sebastian Law	441	–	104	–	545
Cheng Chi Pang, Leslie	441	–	104	–	545
Zhang Weidong	441	–	104	–	545
	1,323	5,942	390	290	7,945

7. EMPLOYEE BENEFIT EXPENSES *(continued)*

(a) Directors' emoluments *(continued)*

	For the year ended 31 December 2018				
Name of director	Fees HK$'000	Salaries HK$'000	Other benefits HK$'000	Employer's contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors					
Chu Bin *(Notes iii & v)*	5	78	–	–	83
Zhang Ruigang *(Notes iv & v)*	163	2,262	–	139	2,564
Li Quanyong *(Note v)*	168	2,315	–	138	2,621
Wang Rui *(Notes ii & v)*	225	1,707	21	120	2,073
Yu Houxin *(Notes ii & vi)*	396	–	–	22	418
Shi Jing *(Note vi)*	396	–	–	22	418
Independent non-executive directors *(Note vi)*					
Japhet Sebastian Law	441	–	104	–	545
Cheng Chi Pang, Leslie	441	–	104	–	545
Zhang Weidong	441	–	104	–	545
	2,676	6,362	333	441	9,812

Notes:

i. Appointed on 22 January 2019.

ii. Resigned on 22 January 2019.

iii. Appointed on 20 December 2018.

iv. Resigned on 20 December 2018.

v. 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.

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

Mr. Li Quanyong was also the managing director of the Company and his emoluments disclosed above include those for services rendered by him as the managing director.

The emolument of Mr. Wang Rui received was being a director of a subsidiary of the Company during the year ended 31 December 2019.

During the year, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2018: 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 (2018: nil).

7. EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2018: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2018: two) individuals are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	**3,748**	3,638
Discretionary bonus	**776**	760
Employer's contributions to retirement benefits schemes	**225**	228
	4,749	4,626

	2019 Number of Individuals	2018 Number of individuals
The emoluments fell within the following band:		
HK$2,000,001 - HK$2,500,000	**2**	2

8. INCOME TAX

	2019 HK$'000	2018 HK$'000
PRC income tax		
– Current	**401,450**	402,651
– Deferred	**9,183**	(139,327)
	410,633	263,324

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in or derived from Hong Kong for the year (2018: nil).

PRC income tax has been provided based on the estimated assessable profits 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 years and followed by a 50% relief rate of 12.5% for the next three years. Certain subsidiaries are entitled to a concessionary rate of 15% for three years.

The PRC Enterprise Income Tax Law imposes a withholding income tax at 10% on dividends distributed by a PRC resident enterprise to its holding company outside Mainland China for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. Such income tax rate may be further reduced to 5% in the case where the holding company is a Hong Kong resident enterprise holding 25% or more equity interests in such PRC resident enterprise pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income. Upon completion of tax filing and settlement procedures by one of the Group's PRC subsidiaries with the respective tax authority in April 2018, the Group considered that it qualified for the preferential tax rate of 5% on dividends paid by the respective PRC subsidiary and recognised the effect of the change of the respective tax rate during the year ended 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. INCOME TAX *(continued)*

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

	2019 HK$'000	2018 HK$'000 (restated)
Profit before income tax	**1,516,137**	1,227,539
Less: Share of net profit of associates and joint ventures accounted for using the equity method	**(427,960)**	(448,394)
	1,088,177	779,145
Tax calculated at statutory tax rate	**279,822**	212,624
Income not subject to income tax	**(32,637)**	(32,609)
Expenses not deductible for tax purposes	**75,302**	50,800
Tax losses for which no deferred income tax asset was recognised	**95,110**	182,531
Derecognition of previously recognised deferred income tax assets	**–**	13,037
Withholding income tax on undistributed profits of PRC subsidiaries, associates and joint ventures	**11,224**	(146,065)
Tax exemptions and concessions	**(18,188)**	(16,994)
Income tax	**410,633**	263,324

9. DIVIDEND

	2019 HK$'000	2018 HK$'000
Proposed final dividend of HK2.52 cents per ordinary share (2018: HK2.79 cents per ordinary share)	**155,182**	171,808

The board of directors of the Company proposed the payment of a final dividend of HK2.52 cents per ordinary share for the year ended 31 December 2019 (2018: HK2.79 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:

	2019 HK$'000	2018 HK$'000 (restated)
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	**388,491**	387,745

	2019 '000	2018 '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	**–**	431
Weighted average number of ordinary shares for calculating diluted earnings per share	**6,158,000**	6,158,431

Diluted earnings per share of the year ended 31 December 2018 assumed the effect of exercise of certain of the Company's outstanding share options since they would have a dilutive effect.

11. LAND USE RIGHTS

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

	HK$'000
At 1 January 2018	6,334,061
Exchange differences	(285,901)
Amortisation for the year	(159,592)
Transfers	8,723
At 31 December 2018	5,897,291

At 1 January 2019, the Group reclassified land use rights to right-of-use assets upon adoption of HKFRS 16.

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

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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 2018	9,205,485	8,843,278	9,725,390	481,817	345,004	1,907,550	30,508,524
Exchange differences	(423,397)	(406,739)	(447,312)	(22,159)	(15,867)	(87,736)	(1,403,210)
Additions	–	–	–	306	–	965,804	966,110
Disposals	(44,104)	(2,007)	(217,135)	(20,845)	(14,121)	–	(298,212)
Transfers to construction in progress	–	–	(606,238)	–	–	534,221	(72,017)
Transfers	18,985	465,790	857,497	20,022	4,786	(1,387,475)	(20,395)
At 31 December 2018	**8,756,969**	**8,900,322**	**9,312,202**	**459,141**	**319,802**	**1,932,364**	**29,680,800**
Exchange differences	**(195,916)**	**(213,638)**	**(209,822)**	**(10,108)**	**(7,019)**	**(48,300)**	**(684,803)**
Acquisition of subsidiaries *(Note 27)*	**298,959**	**1,071,000**	**347,851**	**3,626**	**1,705**	**334,963**	**2,058,104**
Additions	**–**	**–**	**641**	**209**	**–**	**999,764**	**1,000,614**
Disposals	**(21,792)**	**(9,325)**	**(285,815)**	**(17,893)**	**(16,297)**	**–**	**(351,122)**
Reclassification	**(861)**	**2,651**	**18,864**	**13,024**	**(33,678)**	**–**	**–**
Transfers to construction in progress	**(159,878)**	**–**	**(940,901)**	**–**	**–**	**903,116**	**(197,663)**
Transfers	**704,219**	**220,440**	**1,266,196**	**146,408**	**31,759**	**(2,378,473)**	**(9,451)**
At 31 December 2019	**9,381,700**	**9,971,450**	**9,509,216**	**594,407**	**296,272**	**1,743,434**	**31,496,479**
Accumulated depreciation							
At 1 January 2018	2,721,781	1,824,459	5,586,439	293,154	247,914	–	10,673,747
Exchange differences	(135,128)	(90,219)	(274,352)	(14,745)	(12,108)	–	(526,552)
Charge for the year	292,328	185,366	511,857	37,105	20,794	–	1,047,450
Disposals	(27,691)	(1,035)	(189,331)	(15,213)	(12,281)	–	(245,551)
Transfers to construction in progress	–	–	(72,017)	–	–	–	(72,017)
At 31 December 2018	**2,851,290**	**1,918,571**	**5,562,596**	**300,301**	**244,319**	**–**	**10,877,077**
Exchange differences	**(67,283)**	**(45,461)**	**(130,308)**	**(7,111)**	**(5,580)**	**–**	**(255,743)**
Charge for the year	**284,779**	**202,615**	**500,171**	**31,457**	**13,662**	**–**	**1,032,684**
Disposals	**(10,418)**	**(5,745)**	**(264,452)**	**(15,771)**	**(15,050)**	**–**	**(311,436)**
Reclassification	**(785)**	**1,366**	**14,368**	**8,115**	**(23,064)**	**–**	**–**
Transfers to construction in progress	**(63,311)**	**–**	**(134,352)**	**–**	**–**	**–**	**(197,663)**
At 31 December 2019	**2,994,272**	**2,071,346**	**5,548,023**	**316,991**	**214,287**	**–**	**11,144,919**
Net book values							
At 31 December 2018	5,905,679	6,981,751	3,749,606	158,840	75,483	1,932,364	18,803,723
At 31 December 2019	**6,387,428**	**7,900,104**	**3,961,193**	**277,416**	**81,985**	**1,743,434**	**20,351,560**

The Group is in the process of applying the title documents of certain buildings with carrying value of approximately HK$175 million (2018: HK$182 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. LEASES

(a) Right-of-use assets

	Land use rights* HK$'000	Leasehold lands HK$'000	Leased buildings HK$'000	Leased machinery and vehicles HK$'000	Total HK$'000
At 1 January 2019, upon adoption of HKFRS 16 *(Note 2.1(a))*	5,897,291	377,595	712,376	14,060	7,001,322
Exchange differences	(130,161)	(7,638)	(11,688)	(245)	(149,732)
Additions	3,826	–	15,416	5,682	24,924
Acquisition of subsidiaries *(Note 27)*	287,247	–	–	–	287,247
Derecogniton	–	–	(67,408)	–	(67,408)
Depreciation for the year	(159,649)	(36,279)	(159,476)	(3,606)	(359,010)
Net book values					
At 31 December 2019	5,898,554	333,678	489,220	15,891	6,737,343

* The Group has land lease arrangements with China government.

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

(b) Lease liabilities

	2019 HK$'000
Non-current	690,019
Current	294,951
	984,970

14. INTANGIBLE ASSETS

Computer software

	2019 HK$'000	2018 HK$'000
Cost		
At 1 January	175,627	173,916
Exchange differences	(3,951)	(8,000)
Additions	12,037	–
Acquisition of subsidiaries *(Note 27)*	6,519	–
Disposals	(4,589)	(1,961)
Transfers	9,451	11,672
At 31 December	195,094	175,627
Accumulated amortisation		
At 1 January	115,558	104,007
Exchange differences	(2,841)	(5,394)
Charge for the year	18,211	17,935
Disposals	(3,977)	(990)
At 31 December	126,951	115,558
Net book values		
At 31 December	68,143	60,069

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15. 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.	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Summarised assets and liabilities						
Current assets	**184,777**	146,684	**220,254**	240,056	**235,770**	280,222
Non-current assets	**1,580,984**	1,662,018	**4,802,051**	5,077,144	**1,780,262**	1,905,485
Current liabilities	**(623,407)**	(476,943)	**(422,172)**	(1,595,967)	**(298,386)**	(345,303)
Non-current liabilities	**–**	(164,346)	**(1,454,238)**	(586,969)	**(418,620)**	(463,935)
Net assets	**1,142,354**	1,167,413	**3,145,895**	3,134,264	**1,299,026**	1,376,469
Net assets attributable to non-controlling interests	**811,379**	829,178	**2,234,432**	2,226,170	**922,658**	977,664
Summarised profit or loss and other comprehensive income						
Revenue	**659,934**	720,707	**1,267,447**	1,198,327	**472,736**	671,986
Profit/(loss) for the year	**492**	(137,463)	**331,498**	301,714	**42,703**	106,147
Total comprehensive (loss)/income for the year	**(25,059)**	(197,405)	**257,222**	141,796	**11,852**	36,356
Profit/(loss) for the year attributable to non-controlling interests	**349**	(97,636)	**235,453**	214,298	**30,330**	75,393
Dividends paid to non-controlling interests	**9,605**	9,820	**120,339**	128,064	**43,755**	48,401
Summarised cash flows						
Net cash from operating activities	**70,544**	117,568	**675,490**	613,157	**158,939**	310,202
Net cash (used in)/from investing activities	**(9,806)**	(29,820)	**(57,827)**	(104,580)	**19,782**	14,973
Net cash used in financing activities	**(91,226)**	(83,578)	**(584,033)**	(801,154)	**(163,983)**	(384,583)

15. SUBSIDIARIES *(continued)*

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

	Tianjin Port Container Terminal Co., Ltd.		Tianjin Port Yuanhang International Ore Terminal Co., Ltd.	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Summarised assets and liabilities				
Current assets	**690,909**	544,629	**342,128**	217,305
Non-current assets	**3,640,105**	1,163,804	**3,896,215**	4,082,647
Current liabilities	**(448,377)**	(126,304)	**(471,441)**	(763,295)
Non-current liabilities	**(207,986)**	(5,121)	**(1,935,304)**	(1,774,313)
Net assets	**3,674,651**	1,577,008	**1,831,598**	1,762,344
Net assets attributable to non-controlling interests	**2,073,903**	681,110	**1,300,927**	1,251,738
Summarised profit or loss and other comprehensive income				
Revenue	**1,021,327**	662,389	**742,518**	547,667
Profit for the year	**149,361**	92,902	**126,310**	20,404
Total comprehensive income/(loss) for the year	**74,587**	14,918	**85,578**	(66,847)
Profit for the year attributable to non-controlling interests	**68,576**	40,124	**89,714**	14,492
Dividends paid to non-controlling interests	**–**	–	**7,999**	25,840
Summarised cash flows				
Net cash from operating activities	**308,654**	227,548	**89,810**	289,724
Net cash used in investing activities	**(113,734)**	(169,170)	**(132,476)**	(11,385)
Net cash (used in)/from financing activities	**(166,614)**	(64,709)	**35,503**	(437,214)

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2019 HK$'000	2018 HK$'000
Investments in associates and joint ventures	**4,773,800**	5,524,722
Loan to a joint venture *(Note)*	**141,703**	142,526
	4,915,503	5,667,248
Analysed as:		
Current assets *(Note 20)*	**141,703**	142,526
Non-current assets	**4,773,800**	5,524,722
	4,915,503	5,667,248

Note: The loan is unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2020 (2018: repayable in 2019).

There are no contingent liabilities relating to the Group's interests in associates and joint ventures. Associates and joint ventures themselves do not have any contingent liabilities (2018: nil).

Particulars of principal associates and joint ventures are set out in Note 33(b) and 33(c) respectively.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Summarised financial information of material associates and joint ventures

Set out below are the summarised financial information of the associates and joint ventures 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. ("Tianjin Five Continents")	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000** *(Note 27(a))*	2018 HK$'000
Summarised assets and liabilities						
Current assets	**3,954,918**	4,562,983	**333,616**	403,770	**–**	114,004
Non-current assets	**6,657,817**	6,599,215	**2,123,506**	2,299,445	**–**	1,902,833
Current liabilities	**(7,850,688)**	(8,439,539)	**(244,272)**	(240,801)	**–**	(244,115)
Non-current liabilities	**–**	–	**(10,759)**	(170,009)	**–**	(286,832)
Net assets	**2,762,047**	2,722,659	**2,202,091**	2,292,405	**–**	1,485,890
Included in the above assets and liabilities:						
Cash and cash equivalents	**1,831,677**	3,018,364	**4**	209	**–**	31,917
Current financial liabilities (excluding trade and other payables and provisions)	**7,803,192**	8,270,388	**167,448**	171,194	**–**	76,467
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**–**	158,069	**–**	283,040
Summarised profit or loss and other comprehensive income						
Revenue	**419,383**	338,250	**1,026,055**	1,087,840	**270,113**	551,802
Profit for the year	**231,313**	202,147	**302,858**	388,483	**46,638**	86,106
Other comprehensive loss	**(63,548)**	(135,052)	**(55,364)**	(121,197)	**(804)**	(76,029)
Total comprehensive income	**167,765**	67,095	**247,494**	267,286	**45,834**	10,077
Included in the above profit for the year:						
Depreciation and amortisation	**259**	318	**78,759**	132,167	**55,320**	114,979
Interest income	**410,401**	375,390	**74**	206	**446**	836
Interest expense	**101,562**	89,322	**1,480**	23,351	**6,128**	14,298
Income tax expense	**76,676**	74,319	**136,940**	129,690	**15,493**	26,945
Dividends received from the associate and joint venture	**61,621**	62,999	**152,013**	145,204	**31,690**	45,417

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16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Summarised financial information of material associates and joint ventures *(continued)*

	Tianjin Port Alliance International Container Terminal Co., Ltd.		Tianjin Port Euroasia International Container Terminal Co., Ltd.		Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Summarised assets and liabilities						
Current assets	**351,460**	312,050	**143,993**	122,589	**141,490**	61,770
Non-current assets	**1,505,464**	1,640,316	**2,306,930**	2,463,216	**794,846**	865,956
Current liabilities	**(79,436)**	(65,218)	**(469,088)**	(414,551)	**(74,774)**	(48,485)
Non-current liabilities	**(4,111)**	(5,175)	**(372,181)**	(543,027)	**–**	–
Net assets	**1,773,377**	1,881,973	**1,609,564**	1,628,227	**861,562**	879,241
Included in the above assets and liabilities:						
Cash and cash equivalents	**269,166**	239,173	**60,994**	57,640	**94,349**	38,075
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**414,601**	365,213	**–**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**372,181**	543,027	**–**	–
Summarised profit or loss and other comprehensive income						
Revenue	**568,835**	588,516	**491,196**	540,998	**272,284**	228,541
Profit for the year	**135,855**	139,694	**57,105**	66,960	**115,170**	78,740
Other comprehensive loss	**(43,513)**	(99,872)	**(36,607)**	(81,235)	**(21,217)**	(46,903)
Total comprehensive income/(loss)	**92,342**	39,822	**20,498**	(14,275)	**93,953**	31,837
Included in the above profit for the year:						
Depreciation and amortisation	**123,607**	127,953	**121,100**	125,944	**53,142**	65,749
Interest income	**3,768**	2,906	**1,217**	850	**750**	1,078
Interest expense	**–**	–	**41,436**	52,593	**–**	–
Income tax expense	**45,488**	47,989	**19,907**	23,879	**38,422**	21,129
Dividends received from the associate and joint venture	**80,375**	90,390	**15,628**	29,674	**55,816**	57,065

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

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Summarised financial information of material associates and joint ventures *(continued)*

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

	Tianjin Port Finance Co., Ltd.		Shenhua Tianjin Coal Terminal Co., Ltd.		Tianjin Five Containents	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000** *(Note 27(a))*	2018 HK$'000
Net assets of the associate and joint venture	**2,762,047**	2,722,659	**2,202,091**	2,292,405	**–**	1,485,890
Proportion of the Group's ownership interest	**48%**	48%	**45%**	45%	**–**	40%
Group's share of net assets of the associate and joint venture	**1,325,783**	1,306,876	**990,941**	1,031,582	**–**	594,356
Goodwill	**–**	–	**4,715**	4,820	**–**	–
Carrying amount	**1,325,783**	1,306,876	**995,656**	1,036,402	**–**	594,356

	Tianjin Port Alliance International Container Terminal Co., Ltd.		Tianjin Port Euroasia International Container Terminal Co., Ltd.		Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Net assets of the associate and joint venture	**1,773,377**	1,881,973	**1,609,654**	1,628,227	**861,562**	879,241
Proportion of the Group's ownership interest	**40%**	40%	**40%**	40%	**50%**	50%
Group's share of net assets of the associate and joint venture	**709,351**	752,789	**643,862**	651,291	**430,781**	439,621
Goodwill	**4,870**	4,979	**–**	–	**54,123**	55,334
Carrying amount	**714,221**	757,768	**643,862**	651,291	**484,904**	494,955

Individually immaterial associates and joint ventures

In addition to the interests in associates and joint ventures disclosed above, the Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

	2019 HK$'000	2018 HK$'000
Aggregate carrying amount of individually immaterial associates and joint ventures	**609,374**	683,074
Aggregate amount of the Group's share of:		
Income for the year	**27,219**	20,072
Other comprehensive loss	**(15,274)**	(16,268)
Total comprehensive income	**11,945**	3,804

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17. FINANCIAL ASSETS AT FVOCI

	2019 HK$'000	2018 HK$'000
Equity securities listed in the PRC *(Note)*	**671,192**	452,320
Equity securities listed in Hong Kong *(Note)*	**7,800**	11,000
Unlisted equity investments	**44,789**	45,791
	723,781	509,111

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

The carrying amounts of financial assets at FVOCI are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
Renminbi	**715,981**	498,111
HK dollars	**7,800**	11,000
	723,781	509,111

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 2018	23,803	13,539	26,178	63,520
Exchange differences	(1,042)	(168)	(1,481)	(2,691)
(Charged)/credited to consolidated income statement	(1,562)	(13,371)	8,195	(6,738)
At 31 December 2018	**21,199**	**–**	**32,892**	**54,091**
Exchange differences	**(447)**	**–**	**(771)**	**(1,218)**
(Charged)/credited to consolidated income statement	**(936)**	**–**	**2,977**	**2,041**
At 31 December 2019	**19,816**	**–**	**35,098**	**54,914**

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$1,487 million (2018: HK$1,399 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 of approximately HK$1,487 million will expire from 2020 to 2024 (2018: HK$1,399 million will expire from 2019 to 2023).

18. DEFERRED INCOME TAX *(continued)*

Deferred income tax liabilities

	Financial assets at FVOCI revaluation HK$'000	Withholding tax on undistributed profits HK$'000	Total HK$'000
At 1 January 2018	218,848	264,804	483,652
Exchange differences	(6,640)	(7,108)	(13,748)
Tax paid	–	(3,046)	(3,046)
Tax paid upon disposal transferred to retained earnings	(71,508)	–	(71,508)
Credited to consolidated income statement	–	(146,065)	(146,065)
Credited to other comprehensive income	(29,201)	–	(29,201)
At 31 December 2018	**111,499**	**108,585**	**220,084**
Exchange differences	**(3,440)**	**(2,137)**	**(5,577)**
Tax paid	**–**	**(16,298)**	**(16,298)**
Transfer to current tax liabilities	**–**	**(5,736)**	**(5,736)**
Charged to consolidated income statement	**–**	**11,224**	**11,224**
Charged to other comprehensive income	**58,192**	**–**	**58,192**
At 31 December 2019	**166,251**	**95,638**	**261,889**

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

In accordance with the PRC income tax law, 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, associates and joint ventures since 1 January 2008.

19. INVENTORIES

	2019 HK$'000	2018 HK$'000
Bunker and other fuel oil	**147,813**	229,711
Consumable and other materials	**98,348**	88,730
	246,161	318,441

The costs of inventories recognised as expense and included in costs of sales were HK$6,220,421,000 (2018: HK$6,767,096,000), of which costs of goods sold amounted to HK$5,698,032,000 (2018: HK$6,236,931,000).

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20. TRADE AND OTHER RECEIVABLES AND NOTES RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**1,985,140**	2,097,442
Less: Provision for impairment	**(90,726)**	(94,728)
Trade receivables, net	**1,894,414**	2,002,714
Other receivables	**262,033**	241,446
Prepayments	**270,837**	194,802
Dividend receivables from an associate	**3,533**	62,999
Amount due from a joint venture	**19,762**	13,745
Loan to a joint venture *(Note 16)*	**141,703**	142,526
	2,592,282	2,658,232
Notes receivables	**585,609**	642,979
	3,177,891	3,301,211

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

Notes receivables mainly included bank acceptance notes. The Group believes that measured bank acceptance notes do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair values of the notes receivables are minimal due to its short-term nature.

As at 31 December 2019, the Group endorsed notes receivables amounting to HK$800 million (2018: HK$545 million) to suppliers to settle trade and other payables. Majority 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.

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

	2019 HK$'000	2018 HK$'000
0 - 90 days	**1,741,719**	1,800,422
91 - 180 days	**100,198**	170,644
Over 180 days	**52,497**	31,648
	1,894,414	2,002,714

The Group measured expected credit losses which uses a lifetime expected loss to make provision for impairment of trade receivables. Movements in the provision for impairment of trade receivables are as follows:

	2019 HK$'000	2018 HK$'000
At 1 January	**94,728**	75,881
Exchange differences	**(2,041)**	(4,276)
Provision for impairment of trade receivables	**(1,961)**	23,123
At 31 December	**90,726**	94,728

20. TRADE AND OTHER RECEIVABLES AND NOTES RECEIVABLES *(continued)*

Provision for impairment of trade receivables was determined as follows:

	Expected credit loss rate	Gross carrying amount HK$'000	Provision for impairment HK$'000
As at 31 December 2018			
0 - 90 days	0%*	1,800,422	–
91 - 180 days	0%*	170,644	–
Over 180 days	75%	126,376	94,728
		2,097,442	94,728
As at 31 December 2019			
0 - 90 days	**0%***	**1,746,469**	**4,750**
91 - 180 days	**0%***	**100,670**	**472**
Over 180 days	**62%**	**138,001**	**85,504**
		1,985,140	**90,726**

* The expected credit loss rate is less than 0.5%.

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

	2019 HK$'000	2018 HK$'000 (restated)
Restricted bank deposits *(Note)*	**35,059**	19,193
Time deposits with maturity over three months	**1,169,702**	1,115,043
Cash and cash equivalents	**7,474,924**	9,769,956
Total deposits and cash and cash equivalents	**8,679,685**	10,904,192

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

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

	2019 HK$'000	2018 HK$'000 (restated)
Renminbi	**8,233,956**	10,501,285
US dollars	**441,672**	373,315
HK dollars	**4,057**	29,592
	8,679,685	10,904,192

The maximum exposure to credit risk at the end of the reporting period is the fair value of each class of deposits mentioned above.

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22. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 December 2018 and 31 December 2019	**12,000,000**	**1,200,000**
Issued and fully paid:		
At 31 December 2018 and 31 December 2019	**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, no further share options shall be granted thereafter. 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 Company has no legal or constructive obligation to repurchase or settle the options in cash.

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

	2019		2018	
	Average exercise price HK$	**Number of share options '000**	Average exercise price HK$	Number of share options '000
At 1 January	**1.43**	**14,650**	1.54	15,250
Lapsed	**1.36**	**(7,550)**	4.24	(600)
At 31 December	**1.51**	**7,100**	1.43	14,650
Exercisable 31 December		**7,100**		14,650

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

	2019		2018	
	Remaining contractual life No. of years	**Number of share options '000**	Remaining contractual life No. of years	Number of share options '000
Exercise price				
HK$2.34	**0.28**	**2,100**	1.28	2,100
HK$1.846	–	–	1.80	1,000
HK$1.904	–	–	2.25	1,000
HK$1.828	**1.33**	**700**	2.33	700
HK$0.896	**2.50**	**3,200**	3.50	4,200
HK$1.514	**4.72**	**1,100**	5.72	1,100
HK$1.21	–	–	6.95	1,100
HK$1.244	–	–	7.31	3,450
At 31 December		**7,100**		14,650

23. 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 2018	10,601,352	(9,111,447)	229,780	27,881	979,575	1,498,684	399,389	4,625,214
Loss of assets restatements *(Note 30)*	–	–	–	–	(481)	–	–	(481)
At 1 January 2018 (restated)	10,601,352	(9,111,447)	229,780	27,881	979,094	1,498,684	399,389	4,624,733
Other comprehensive loss for the year	–	–	(43,433)	–	(577,240)	–	–	(620,673)
Transfers	–	–	–	–	–	102,931	–	102,931
Dividends	(309,747)	–	–	–	–	–	–	(309,747)
Deregistration of subsidiaries	–	–	–	–	–	–	(871)	(871)
Disposal of financial assets at FVOCI	–	–	(73,122)	–	–	–	–	(73,122)
Lapse of share options	–	–	–	(19,179)	–	–	–	(19,179)
At 31 December 2018 (restated)	**10,291,605**	**(9,111,447)**	**113,225**	**8,702**	**401,854**	**1,601,615**	**398,518**	**3,704,072**
Other comprehensive income/(loss) for the year	**–**	**–**	**56,750**	**–**	**(270,322)**	**–**	**–**	**(213,572)**
Transfers	**–**	**–**	**–**	**–**	**–**	**96,942**	**–**	**96,942**
Deregistration of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(255)**	**(255)**
Acquisition of additional interest in a subsidiary *(Note 26 (b))*	**–**	**–**	**–**	**–**	**–**	**–**	**(5,963)**	**(5,963)**
Merger by absorption of subsidiaries *(Note iii)*	**–**	**–**	**–**	**–**	**–**	**–**	**22,626**	**22,626**
Lapse of share options	**–**	**–**	**–**	**(4,054)**	**–**	**–**	**–**	**(4,054)**
At 31 December 2019	**10,291,605**	**(9,111,447)**	**169,975**	**4,648**	**131,532**	**1,698,557**	**414,926**	**3,599,796**

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.

iii. During the year ended 31 December 2019, a subsidiary of the Group, Tianjin Port Container Terminal Co., Ltd., as the surviving party, absorbed and merged with two subsidiaries of the Group, Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. BORROWINGS

	2019 HK$'000	2018 HK$'000
Unsecured borrowings:		
Non-current		
Long-term borrowings	**8,995,525**	9,050,608
Current		
Short-term borrowings	**1,188,826**	1,422,396
Current portion of long-term borrowings	**3,248,651**	4,977,848
	4,437,477	6,400,244
	13,433,002	15,450,852
Repayable:		
Within 1 year	**4,437,477**	6,400,244
Between 1 and 2 years	**4,075,739**	3,102,578
Between 2 and 5 years	**3,234,492**	5,430,443
Over 5 years	**1,685,294**	517,587
	13,433,002	15,450,852
Carrying amounts are denominated in the following currencies:		
Renminbi	**10,341,398**	10,804,832
HK dollars	**3,091,604**	4,646,020
	13,433,002	15,450,852
Effective interest rates per annum:		
Renminbi	**2.9% - 4.9%**	2.4% - 5.0%
HK dollars	**3.9% - 4.0%**	3.2% - 3.6%

The carrying amounts of borrowings approximate their fair values.

25. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2019 HK$'000	2018 HK$'000
Trade payables	**1,525,911**	1,738,265
Notes payables	**171,040**	195,563
Trade and notes payables	**1,696,951**	1,933,828
Receipts in advance	**623,440**	602,644
Contract liabilities	**274,264**	224,818
Dividends payable to non-controlling interests	**43,329**	46,512
Other non-trade payables	**886,567**	978,149
	3,524,551	3,785,951

The carrying amounts of trade and other payables and contract liabilities 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:

	2019 HK$'000	2018 HK$'000
0 - 90 days	**1,444,764**	1,718,074
91 - 180 days	**116,703**	129,199
181 - 365 days	**78,192**	40,019
Over 365 days	**57,292**	46,536
	1,696,951	1,933,828

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2019 HK$'000	2018 HK$'000 (restated)
Profit before income tax	**1,516,137**	1,227,539
Adjustments for:		
– Interest income	**(224,484)**	(264,103)
– Finance costs	**657,187**	616,065
– Share of net profit of associates and joint ventures accounted for using the equity method	**(427,960)**	(448,394)
– Dividend income from financial assets at FVOCI	**(19,275)**	(18,573)
– Remeasurement gain on investments in associates accounted for using the equity method	**(96,540)**	–
– Loss on disposal of property, plant and equipment	**13,851**	41,006
– Loss on derecognition of right-of-use assets	**1,911**	–
– Loss on disposal of intangible assets	**–**	1,115
– Depreciation of property, plant and equipment	**1,032,684**	1,047,450
– Depreciation of right-of-use assets	**359,010**	–
– Amortisation of land use rights	**–**	159,592
– Amortisation of intangible assets	**18,211**	17,935
– Gain on deregistration of subsidiaries	**–**	(2,643)
– Net impairment (gains)/losses on financial assets	**(1,577)**	23,123
– Exchange loss, net	**79,223**	204,319
Changes in working capital:		
– Inventories	**84,555**	(80,794)
– Trade and other receivables and notes receivables	**17,852**	(677,250)
– Restricted bank deposits	**(16,286)**	28,261
– Trade and other payables and contract liabilities	**(248,326)**	956,280
– Other long-term liabilities	**1,841**	3,029
Cash generated from operations	**2,748,014**	2,833,957

(b) Acquisition of additional interest in a subsidiary

On 10 June 2019, Tianjin Port Co., Ltd., a subsidiary of the Group, entered into an agreement with other shareholder of Tianjin Port Orient Terminals Co., Ltd. ("Tianjin Orient"), a subsidiary of the Group (in which the Group held 51% equity interest prior to the acquisition), to acquire 24.5% equity interest in Tianjin Orient for a consideration of HK$111,452,000. Following the completion of the acquisition, the Group held 75.5% equity interest in Tianjin Orient without change of control. The acquisition was completed by the end of June 2019.

27. ACQUISITION OF SUBSIDIARIES

(a) On 17 April 2019, Tianjin Port Holdings Co., Ltd., a subsidiary of the Group, entered into an agreement with other shareholders of Tianjin Five Continents, an associate of the Group (in which the Group held 40% equity interest prior to the acquisition), to acquire 11.854% equity interest in Tianjin Five Continents. Following the completion of the acquisition, the Group held 51.854% equity interest in Tianjin Five Continents which becomes a subsidiary of the Group. Tianjin Five Continents is principally engaged in container handling and other port ancillary services. The acquisition was completed by the end of June 2019.

Details of the aggregate fair values of identifiable assets and liabilities of Tianjin Five Continents as at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	1,969,143
Right-of-use assets	215,497
Intangible assets	6,069
Inventories	12,275
Trade and other receivables and notes receivables	91,998
Cash and cash equivalents	96,336
Trade and other payables and contract liabilities	(229,763)
Current income tax liabilities	(10,317)
Borrowings	(501,307)
Net assets acquired	1,649,931
Less: Non-controlling interests	(794,376)
	855,555
Satisfied by:	
Fair value of 40% equity interest in Tianjin Five Continents	659,972
Cash consideration	195,583
	855,555
Fair value of 40% equity interest in Tianjin Five Continents	659,972
Less: Investment in an associate accounted for using the equity method	(578,391)
Remeasurement gain on investment in an associate accounted for using the equity method *(Note 4)*	81,581
Cash consideration paid	195,583
Cash and cash equivalents acquired	96,336
Net cash outflow arising on acquisition	(99,247)

27. ACQUISITION OF SUBSIDIARIES *(continued)*

(b) On 12 December 2019, Tianjin Port Logistics Development Co., Ltd., a subsidiary of the Group, entered into an agreement with other shareholder of Tianjin Wujie Logistics Co., Ltd. ("Tianjin Wujie") (formerly known as Tianjin Port Sinochem Dangerous Products Logistics Co., Ltd.), an associate of the Group (in which the Group held 40% equity interest prior to the acquisition), to acquire 60% equity interest in Tianjin Wujie. Following the completion of the acquisition, the Group held 100% equity interest in Tianjin Wujie which becomes a subsidiary of the Group. Tianjin Wujie is principally engaged in logistics and ancillary services. The acquisition was completed by the end of December 2019.

Details of the aggregate fair values of identifiable assets and liabilities of Tianjin Wujie as at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	**88,961**
Right-of-use assets	**71,750**
Intangible assets	**450**
Trade and other receivables and notes receivables	**1,215**
Current income tax prepaid	**66**
Cash and cash equivalents	**11,551**
Trade and other payables and contract liabilities	**(6,545)**
Net assets acquired	**167,448**
Satisfied by:	
Fair value of 40% equity interest in Tianjin Wujie	**66,979**
Cash consideration	**100,469**
	167,448
Fair value of 40% equity interest in Tianjin Wujie	**66,979**
Less: Investment in an associate accounted for using the equity method	**(52,020)**
Remeasurement gain on investment in an associate accounted for using the equity method *(Note 4)*	**14,959**
Cash consideration paid	**100,469**
Cash and cash equivalents acquired	**11,551**
Net cash outflow arising on acquisition	**(88,918)**

28. COMMITMENTS

(a) Capital commitments

	2019 HK$'000	2018 HK$'000
Contracted but not provided for		
– Property, plant and equipment	**393,064**	542,246
– Investment in an associate	**571,940**	584,734
Authorised but not contracted for		
– Property, plant and equipment	**1,837,544**	2,638,917

28. COMMITMENTS *(continued)*

(b) Operating lease commitments

From 1 January 2019, the Group has recognised most of leases for land, buildings, machinery and vehicles as right-of-use assets (Note 2.1(a)), except for short-term leases and lease of low value assets.

As at 31 December 2019, the Group has future aggregate minimum lease payments for short-term leases and leases of low value assets (2018: leases for land, property, plant and equipment and office premises) under non-cancellable operating leases as follows:

	2019 HK$'000	2018 HK$'000
Not later than one year	**2,655**	137,022
Later than one year and not later than five years	**–**	413,633
Later than five years	**–**	715,438
	2,655	1,266,093

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

	2019 HK$'000	2018 HK$'000
With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures		
Sales of goods and services	**82,069**	119,627
Purchases of goods and services	**709,754**	745,268
Payments for rental of land, property, plant and equipment *(Note)*	**215,679**	216,738
Acquisition of property, plant and equipment	**188,893**	277,409
With associates		
Sales of goods and services	**84,618**	116,742
Purchases of goods and services	**727,156**	842,578
Income from rental of property, plant and equipment	**33,013**	37,003
Payments for rental of property, plant and equipment *(Note)*	**13,668**	19,917
Interest income	**49,046**	38,820
Interest expenses on borrowings	**188,757**	158,541
Investment in an associate	**7,814**	–
With joint ventures		
Sales of goods and services	**83,299**	67,841
Purchases of goods and services	**105,781**	111,873
Interest income	**5,734**	5,225

Note: Payments for rental represent rental paid or payable for leases of land, property, plant and equipment.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties of the Group

	2019 HK$'000	2018 HK$'000
With Tianjin Port Group and its subsidiaries, associates and joint ventures		
Trade and other receivables and notes receivables *(Note i)*	**44,653**	27,085
Trade and other payables and contract liabilities *(Note i)*	**220,752**	330,632
Lease payables *(Note iv)*	**85,933**	–
With associates		
Trade and other receivables and notes receivables *(Note i)*	**123**	4,785
Trade and other payables and contract liabilities *(Note i)*	**93,267**	58,617
Deposits *(Note ii)*	**3,966,175**	3,502,308
Borrowings *(Note iii)*	**4,056,006**	3,574,208
With joint ventures		
Trade and other receivables and notes receivables *(Note i)*	**20,639**	13,970
Trade and other payables and contract liabilities *(Note i)*	**7,729**	14,896
Loan to a joint venture *(Note 16)*	**141,703**	142,526

Notes:

i. Trade and other receivables and notes receivables, and trade and other payables and contract liabilities 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$4,056,006,000 (2018: HK$3,574,208,000), in which the aggregate principal amount of HK$3,537,475,000 (2018: HK$3,307,317,000) are repayable within 5 years and the remaining HK$518,531,000 (2018: HK$266,891,000) are repayable over 5 years. Borrowings from Tianjin Port Finance are unsecured and bear interests at market rates ranging from 3.9% to 4.9% (2018: from 2.7% to 4.9%) per annum.

iv. Prior to the adoption of HKFRS 16, lease payables were included in trade and other payables and contract liabilities. Upon adoption of HKFRS 16, these payables were included in lease liabilities.

(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 2019, 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.

(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. RESTATEMENTS DUE TO SUSPECTED EMBEZZLEMENT OF FUNDS

As disclosed in the announcements of the Company dated 12 February 2020, 24 March 2020 and 20 May 2020, the Group has identified that a finance officer of Tianjin Port Coke Terminals Co., Ltd. (a subsidiary of the Group) is suspected to have embezzled funds of the aforesaid subsidiary totalling approximately RMB153.9 million (equivalent to approximately HK$171.8 million as at 31 December 2019) during the financial years ended 31 December 2016 to 2019. As a result, the Group has suffered from loss of cash and cash equivalents in the respective period (the "Loss of Assets").

The financial impacts of the Loss of Assets in respective period are summarised as follows:

	2019 HK$'000	2018 HK$'000	2017 and before HK$'000
Consolidated income statement for the year ended 31 December			
Decrease in profit attributable to equity holders of the Company	**(43,814)**	(42,789)	(14,640)
Decrease in profit attributable to non-controlling interests	**(33,310)**	(32,530)	(11,131)
Decrease in profit for the year	**(77,124)**	(75,319)	(25,771)
Consolidated statement of financial position as at 31 December			
Decrease in cash and cash equivalents	**(171,802)**	(98,151)	(26,618)
Decrease in equity attributable to equity holders of the Company	**(97,601)**	(55,759)	(15,121)
Decrease in non-controlling interests	**(74,201)**	(42,392)	(11,497)
Consolidated statement of cash flows for the year ended 31 December			
Decrease in cash generated from operations	**(77,124)**	(75,319)	(25,771)

Based on the information as obtained from internal and external investigations and taking into consideration the requirements under the relevant accounting standard, the directors of the Company decided that the appropriate accounting treatment for the Loss of Assets as occurred in 2018 or any prior periods is to restate the comparative figures for each of the affected line items as presented in the Group's consolidated financial statements for the year ended 31 December 2019.

The effects of the restatements on the Group's consolidated income statement for the year ended 31 December 2018 are summarised as follows:

	2018 HK$'000	Restatements HK$'000	2018 (restated) HK$'000
Consolidated income statement (extract)			
Loss of assets	–	(75,319)	(75,319)
Profit for the year	1,039,534	(75,319)	964,215
Profit attributable to:			
Equity holders of the Company	430,534	(42,789)	387,745
Non-controlling interests	609,000	(32,530)	576,470
	1,039,534	(75,319)	964,215
Earnings per share			
Basic (HK cents)	7.0	(0.7)	6.3
Diluted (HK cents)	7.0	(0.7)	6.3

30. RESTATEMENTS DUE TO SUSPECTED EMBEZZLEMENT OF FUNDS *(continued)*

The effects of the restatements on the Group's consolidated statement of comprehensive income for the year ended 31 December 2018 are summarised as follows:

	2018 HK$'000	Restatements HK$'000	2018 (restated) HK$'000
Consolidated statement of comprehensive income (extract)			
Profit for the year	1,039,534	(75,319)	964,215
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	(1,242,460)	3,786	(1,238,674)
Other comprehensive loss for the year, net of tax	(1,343,063)	3,786	(1,339,277)
Total comprehensive loss for the year	(303,529)	(71,533)	(375,062)
Total comprehensive loss attributable to:			
Equity holders of the Company	(192,290)	(40,638)	(232,928)
Non-controlling interests	(111,239)	(30,895)	(142,134)
	(303,529)	(71,533)	(375,062)

The effects of the restatements on the Group's consolidated statement of financial position as at 31 December 2018 and 1 January 2018 are summarised as follows:

	31 December 2018 HK$'000	Restatements HK$'000	31 December 2018 (restated) HK$'000	31 December 2017 HK$'000	Restatements HK$'000	1 January 2018 (restated) HK$'000
Consolidated statement of financial position (extract)						
Cash and cash equivalents	9,868,107	(98,151)	9,769,956	10,118,303	(26,618)	10,091,685
Equity attributable to equity holders of the Company						
Share capital	615,800	–	615,800	615,800	–	615,800
Other reserves	3,702,402	1,670	3,704,072	4,625,214	(481)	4,624,733
Retained earnings	7,906,069	(57,429)	7,848,640	7,484,124	(14,640)	7,469,484
	12,224,271	(55,759)	12,168,512	12,725,138	(15,121)	12,710,017
Non-controlling interests	13,665,161	(42,392)	13,622,769	14,237,699	(11,497)	14,226,202
Total equity	25,889,432	(98,151)	25,791,281	26,962,837	(26,618)	26,936,219

30. RESTATEMENTS DUE TO SUSPECTED EMBEZZLEMENT OF FUNDS *(continued)*

The effects of the restatements on the Group's consolidated statement of cash flows for the year ended 31 December 2018 are summarised as follows:

	2018 HK$'000	Restatements HK$'000	2018 (restated) HK$'000
Consolidated statement of cash flows (extract)			
Cash generated from operations	2,909,276	(75,319)	2,833,957
Net cash generated from operating activities	2,759,609	(75,319)	2,684,290
Net increase in cash and cash equivalents	289,738	(75,319)	214,419
Cash and cash equivalents at 1 January 2018	10,118,303	(26,618)	10,091,685
Effects of exchange rate changes	(539,934)	3,786	(536,148)
Cash and cash equivalents at 31 December 2018	9,868,107	(98,151)	9,769,956

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 2019, 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 2019, 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$136 million (2018: HK$225 million) lower/higher, mainly as a result of exchange losses/gains on translation of the outstanding non-functional currency denominated monetary items including deposits, receivables, payables and borrowings of the Group.

(2) Cash flow and fair value interest rate risk

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

At 31 December 2019, 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$63 million (2018: HK$68 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 financial assets at FVOCI are stated at fair value.

At 31 December 2019, 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$68 million (2018: HK$46 million) as a result of changes in fair value of the listed equity investments classified as financial assets at FVOCI.

31. FINANCIAL RISK MANAGEMENT *(continued)*

31.1 Financial risk factors *(continued)*

Credit risk

Credit risk arises from trade and other receivables, loans receivable, deposits with banks and financial institutions. The carrying amounts of these balances substantially represent the Group's maximum exposure to credit risk at the end of the reporting period. The credit risk for deposits with banks and financial institutions is limited because the majority of 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.

The Group measured ECL of financial instruments in different stages as follows:

- Stage 1: financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, impairments are provided at 12-month ECL.
- Stage 2: financial instruments that have had a significant increase in credit risk since initial reocgnisition but that do not have objective evidence of impairment.
- Stage 3: financial instruments that have objective evidence of impairment. For these assets, lifetime ECL are recognised.

At 31 December 2019, the Group's credit losses on other receivables of HK$48,850,000 were provided in which the expected credit loss rate was 16%.

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.

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 2019				
Trade and other payables and contract liabilities	**2,626,847**	**–**	**–**	**–**
Borrowings	**4,913,138**	**4,399,749**	**3,668,766**	**1,908,987**
Lease liabilities	**322,630**	**89,396**	**249,957**	**590,599**
	7,862,615	**4,489,145**	**3,918,723**	**2,499,586**
At 31 December 2018				
Trade and other payables and contract liabilities	2,958,489	–	–	–
Borrowings	7,015,491	3,422,534	5,736,961	571,000
	9,973,980	3,422,534	5,736,961	571,000

31. FINANCIAL RISK MANAGEMENT *(continued)*

31.2 Capital management

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

The Group monitors capital structure using the gearing ratio (ratio of total borrowings to total equity). The Group's gearing ratio at 31 December 2019 was 50.7% (2018 (restated): 59.9%).

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.

At 31 December 2019, financial instruments included in level 1 and level 3 comprise listed equity securities and unlisted equity securities respectively which classified as financial assets at FVOCI. Listed equity securities of HK$678,992,000 were measured at the quoted price and unlisted equity securities of HK$44,788,000 were measured by using marketability discount rate derived from management's judgement to estimate their fair value.

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

At 31 December 2019, 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 risk of receivables.

Deferred income tax

Under the PRC income tax law, 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, associates 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 2019, 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 2019:

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.#	RMB2,009,722,944	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.**	RMB1,118,259,100	100	Container handling, non-containerised cargo handling and ancillary services
Tianjin Port No. 4 Stevedoring Co., Ltd.**	RMB808,278,000	100	Non-containerised cargo 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.**	RMB98,396,000	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 Port Xingdong Logistics Co., Ltd.**	RMB444,000,000	100	Port ancillary services
Tianjin Ocean Shipping Tally Co., Ltd.**	RMB20,000,000	84	Tallying services
Tianjin Port Container Terminal Co., Ltd.**	RMB2,408,312,700	76.68	Container handling and ancillary services
China Ocean Shipping Agency Company Tianjin Limited**	RMB101,220,000	60	Agency services
Tianjin Zhongtie Storage and Transportation Co., Ltd.**	RMB10,000,000	60	Sales of other materials
TPG Global RO-RO Terminal Co., Ltd.*	RMB264,460,000	56.17	Non-containerised cargo handling and ancillary services
Tianjin Port Ro-Ro Terminal Co., Ltd.*	US$23,500,000	56.17	Non-containerised cargo handling and ancillary services
CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd.**	RMB200,000,000	53	Sales of fuel oil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(a) Subsidiaries *(continued)*

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

Notes:

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

33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(b) Associates

The followings are principal associates at 31 December 2019, 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 Port Alliance International Container Terminal Co., Ltd.	US$160,000,000	40	Container handling and ancillary services

(c) Joint ventures

The followings are principal joint ventures at 31 December 2019, 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 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. EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world. The Group will pay close attention to the development of the COVID-19 outbreak and continually assess its impact on the financial position and operating results of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2019	2018
	HK$'000	HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**2,959**	3,166
Right-of-use assets	**2,699**	–
Interests in subsidiaries	**13,804,020**	13,993,222
Financial assets at FVOCI	**7,800**	11,000
	13,817,478	14,007,388
Current assets		
Other receivables	**23,248**	28,030
Amounts due from subsidiaries	**154,093**	252,107
Time deposits with maturity over three months	**365,951**	–
Cash and cash equivalents	**3,244,547**	5,253,228
	3,787,839	5,533,365
Total assets	**17,605,317**	19,540,753
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**615,800**	615,800
Other reserves *(Note i)*	**11,953,973**	12,300,720
Retained earnings *(Note ii)*	**2,830,898**	2,742,939
Total equity	**15,400,671**	15,659,459
LIABILITIES		
Current liabilities		
Lease liabilities	**2,726**	–
Other payables	**26,915**	26,697
Amounts due to subsidiaries	**2,175,005**	3,854,597
Total liabilities	**2,204,646**	3,881,294
Total equity and liabilities	**17,605,317**	19,540,753

The statement of financial position of the Company was approved by the Board of Directors on 29 May 2020 and was signed on its behalf by:

CHU Bin
Director

LUO Xunjie
Director

36. 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 2018	10,601,352	1,450,909	9,200	27,881	1,278,083	13,367,425
Currency translation differences	–	–	–	–	(724,779)	(724,779)
Fair value loss on financial assets at FVOCI	–	–	(13,000)	–	–	(13,000)
Dividend	(309,747)	–	–	–	–	(309,747)
Lapse of share options	–	–	–	(19,179)	–	(19,179)
At 31 December 2018	**10,291,605**	**1,450,909**	**(3,800)**	**8,702**	**553,304**	**12,300,720**
Currency translation differences	**–**	**–**	**–**	**–**	**(339,493)**	**(339,493)**
Fair value loss on financial assets at FVOCI	**–**	**–**	**(3,200)**	**–**	**–**	**(3,200)**
Lapse of share options	**–**	**–**	**–**	**(4,054)**	**–**	**(4,054)**
At 31 December 2019	**10,291,605**	**1,450,909**	**(7,000)**	**4,648**	**213,811**	**11,953,973**

ii. Retained earnings of the Company

	HK$'000
At 1 January 2018	2,206,682
Profit for the year	517,078
Lapse of share options	19,179
At 31 December 2018	**2,742,939**
Profit for the year	**255,713**
Dividend	**(171,808)**
Lapse of share options	**4,054**
At 31 December 2019	**2,830,898**

FIVE YEARS FINANCIAL SUMMARY

	2015 HK$'000	2016 HK$'000 (restated)	2017 HK$'000 (restated)	2018 HK$'000 (restated)	**2019** **HK$'000**
Consolidated Income Statement					
Revenue	20,541,760	16,456,982	16,621,811	15,871,075	**15,077,403**
Business tax and surcharge	(65,583)	(39,105)	(18,318)	(14,800)	**(10,452)**
Cost of sales	(15,817,854)	(11,848,641)	(12,961,777)	(12,675,629)	**(11,843,819)**
Gross profit	4,658,323	4,569,236	3,641,716	3,180,646	**3,223,132**
Other income and gains	324,539	226,382	516,882	372,925	**395,733**
Administrative expenses	(2,068,313)	(1,979,661)	(1,912,589)	(1,804,583)	**(1,674,496)**
Net impairment gains/losses on financial assets, loss of assets and other operating expenses	(336,423)	(325,582)	(71,165)	(353,778)	**(199,005)**
Operating profit	2,578,126	2,490,375	2,174,844	1,395,210	**1,745,364**
Finance costs	(611,479)	(584,608)	(571,887)	(616,065)	**(657,187)**
Share of net profit of associates and joint ventures accounted for using the equity method	527,502	448,108	502,577	448,394	**427,960**
Profit before income tax	2,494,149	2,353,875	2,105,534	1,227,539	**1,516,137**
Income tax	(632,142)	(571,717)	(471,273)	(263,324)	**(410,633)**
Profit for the year	1,862,007	1,782,158	1,634,261	964,215	**1,105,504**
Profit attributable to:					
Equity holders of the Company	639,387	527,431	763,000	387,745	**388,491**
Non-controlling interests	1,222,620	1,254,727	871,261	576,470	**717,013**
	1,862,007	1,782,158	1,634,261	964,215	**1,105,504**
Consolidated Statement of Financial Position					
Land use rights	5,759,693	5,686,092	6,334,061	5,897,291	**–**
Property, plant and equipment	20,493,102	18,960,072	19,834,777	18,803,723	**20,351,560**
Right-of-use assets	–	–	–	–	**6,737,343**
Intangible assets	48,977	65,043	69,909	60,069	**68,143**
Investments accounted for using the equity method	5,603,976	5,421,257	5,972,997	5,524,722	**4,773,800**
Financial assets at FVOCI	–	–	–	509,111	**723,781**
Available-for-sale financial assets	565,065	518,458	958,574	–	**–**
Deferred income tax assets	98,890	91,491	63,520	54,091	**54,914**
Other non-current assets	596,801	–	–	–	**–**
Current assets	13,285,419	11,588,951	14,186,968	14,523,844	**12,103,737**
Total assets	46,451,923	42,331,364	47,420,806	45,372,851	**44,813,278**
Total liabilities	(21,830,331)	(18,220,114)	(20,484,587)	(19,581,570)	**(18,309,693)**
Non-controlling interests	(13,010,871)	(12,976,770)	(14,226,202)	(13,622,769)	**(14,315,361)**
Shareholders' equity	11,610,721	11,134,480	12,710,017	12,168,512	**12,188,224**

Following the adoption of HKFRS 16 on 1 January 2019, the Group's results for the year ended 31 December 2019 are based on HKFRS 16, whereas the comparative amounts for the prior years are based on HKAS 17, details of which are set out in Note 2.1(a) to the consolidated financial statements.

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
"HKFRS 16"	Hong Kong Financial Reporting Standard 16 "Leases"
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 26 April 2006
"Shareholder(s)"	the holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Port Co"	天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*), a limited liability company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717), and a non-wholly owned subsidiary of the Group
"Tianjin Port Group"	天津港 (集團) 有限公司 (Tianjin Port (Group) Co., Ltd.*), a limited liability company incorporated in the PRC and the Company's ultimate holding company
"U.S."	the United States of America
"US$"	United States dollars, the lawful currency of the U.S.
"%"	per cent

* for identification purposes only

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

CHU Bin *(Chairman)*
LUO Xunjie *(Managing Director)*△
SUN Bin+
WANG Junzhong
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
Certified Public Accountants
Registered Public Interest Entity Auditor

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

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HONG KONG BRANCH SHARE REGISTRAR

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STOCK CODE

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△ 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

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