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
2020

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 2020, 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	
	2020	2019
Total throughput		
Non-containerised cargo (million tonnes)	**227.86**	221.85
Container (million TEUs)	**18.35**	17.26
Consolidated throughput		
Non-containerised cargo (million tonnes)	**168.32**	160.10
Container (million TEUs)	**12.12**	10.05

HK$ million	For the year ended 31 December	
	2020	2019
Revenue	**15,490**	15,077
Profit before income tax	**1,797**	1,516
Profit attributable to Shareholders	**636**	388
Basic earnings per share (HK cents)	**10.3**	6.3
Net cash inflow from operating activities	**2,789**	2,532

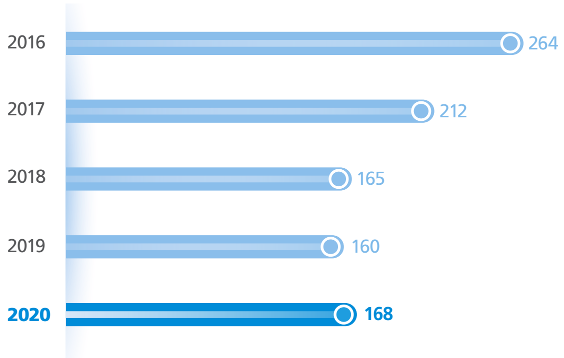
HK$ million	As at 31 December	
	2020	2019
Total assets	**47,644**	44,813
Total borrowings	**12,365**	13,433
Shareholders' equity	**13,482**	12,188
Total equity	**29,064**	26,504
Financial ratios		
Gearing ratio *(Note 1)*	**42.5%**	50.7%
Current ratio	**1.2**	1.5
Net assets per share – book value *(Note 2)* (HK$)	**2.2**	2.0

Notes:

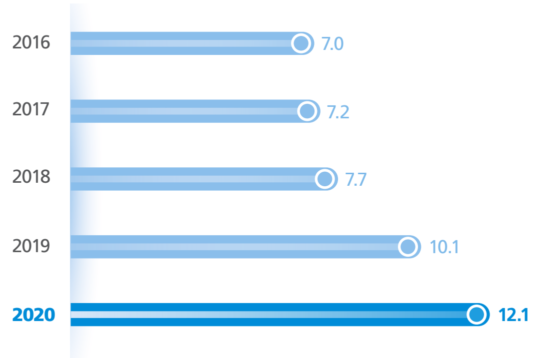
1. Gearing ratio represents total borrowings divided by total equity.
2. Net assets per share – book value represents shareholders' equity divided by the number of issued shares at year end.

FINANCIAL HIGHLIGHTS

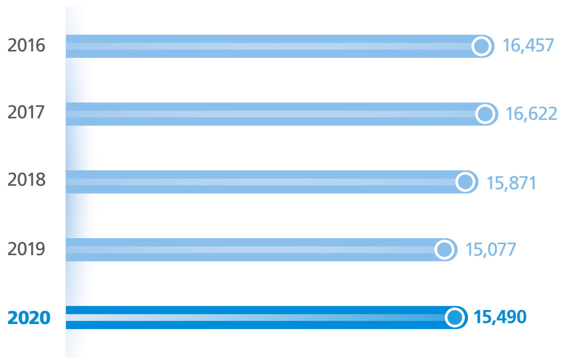
Consolidated non-containerised cargo throughput
(million tonnes)



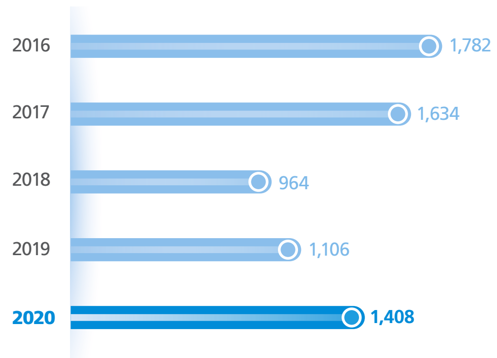
Consolidated container throughput
(million TEUs)



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 2020.

The outbreak of novel coronavirus (COVID-19) pandemic is an unprecedented shock to the global economy. Many countries are experiencing a sharp deterioration in economic performance. In an all-out effort to fight the pandemic, China has taken stringent measures and brought the domestic pandemic under control. With the full resumption of operation and production and the government stimulus measures, China's economy is on the path of steady recovery. Cargo throughput at ports in China maintained an overall stable growth during the year. In 2020, cargo throughput at China's ports was 14.55 billion tonnes, grew by 4.3% over last year, of which container throughput handled was 264 million TEUs, grew by 1.2% over last year. In 2020, 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.

The year 2020 was a crucial year that marked the closing of the Thirteenth Five-Year Plan and the beginning of the Fourteenth Five-Year Plan. Faced with the global outbreak of novel coronavirus pandemic and the world economy's complex and volatile environment, the Group has strived together to develop a green port, intelligent port and hub port and to establish a world-class business environment. We have also expanded the market in all aspects and continued to improve our business while preventing the pandemic effectively. Therefore, the brand image and management of the Company has had a notable improvement.

Total cargo throughput handled by the Group for the year increased by 2.2% to 421 million tonnes over last year. Total non-containerised cargo throughput handled was 228 million tonnes, an increase of 2.7% over last year, and total container throughput handled was 18.35 million TEUs, an increase of 6.3% over last year. Due to the weaker US dollar and rapid recovery of the domestic economy, there had been a RMB appreciation, which resulted in an exchange gain arising from the carrying value of Hong Kong dollar denominated borrowings held by the Group. Profit attributable to Shareholders for the year ended 31 December 2020 was HK$636 million and basic earnings per share was HK10.3 cents. The Board is pleased to recommend the payment of a final dividend of HK4.13 cents per share for the year 2020, representing a payout ratio of approximately 40% for the year. The Group will closely monitor the exchange rate of RMB and devote to refine the structure of borrowings. We will also take proactive actions to reduce borrowing costs and monitor exchange rate risk.

The Group is facing a complex and volatile environment in 2021. The pandemic is still ongoing with volatile international situation, trade protectionism and geopolitical tensions. The global environment is becoming complicated with significant increased uncertainty and instability, which cast a substantial influence on the world economy and trade as well as the industrial and supply chain. However, the overall foundation of China's economic development remains sound. The government has carried out strategies as "Ensure Stability on Six Key Fronts and Security in Six Key

CHAIRMAN'S STATEMENT

Areas", expanding domestic demand and new infrastructure construction, accelerating the establishment of a new development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement and therefore created a huge opportunity for port development.

Besides, National Development and Reform Commission of the PRC and Ministry of Transport of the PRC released "Opinions on Accelerating the development of Tianjin Northern International Shipping Hub" which indicates that the government supports Tianjin to develop as an international shipping hub in Northern China and will support its high-quality development on a national basis. The Group shoulders the great historic responsibility to serve for national strategies and encounters a precious growth opportunity to achieve significant progress and development.

We demonstrate a strong competitive edge as the operator of the cargo handling and logistics business in the port of Tianjin. The Group will continue to expand our market and operation, strengthening and optimising our main business, and improving the capabilities of cargo handling and logistics business, which will become an essential support for the Group's sustainable development. The Group will also grasp the opportunities emerging from the major policies such as the development of the Belt and Road Initiative, the Xiong'an New Area, the Beijing-Tianjin-Hebei region and the China (Tianjin) Pilot Free Trade Zone. We will analyse the overall circumstances scientifically, insist on reform and innovation, promote corporate transformation and upgrade, and improve our works' quality and effectiveness. The Group will further promote resource integration and enhance our capital operation ability. The Group will continue to refine its management, accelerate the development of major projects and the safety system while enhancing the overall control environment and increasing the Group's profitability. The Group will strive to achieve high-quality, efficient, and sustainable development with an aim to generate better returns for our shareholders and create 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 longstanding support.

Sincerely yours,
Chu Bin
Chairman
Hong Kong, 29 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

In 2020, the novel coronavirus (COVID-19) pandemic had significantly impacted the global economy and trade. In the face of the severe and complicated domestic and international circumstances, and the significant impact of the COVID-19 pandemic, the Chinese government launched a series of policies and measures to promote sustainable economic recovery and high-quality development to strive for steady economic improvement. China's gross domestic product growth rate was 2.3% in 2020, which was slightly higher than expected, making China the only major economy in the world with positive economic growth. In 2020, China's total value of export trade was US$2.59 trillion, representing a year-on-year growth of 3.6% (2019: +0.5%), while the total value of import trade was US$2.06 trillion, representing a year-on-year decrease of 1.0% (2019: -2.7%).

Cargo throughput at ports in China maintained a steady growth. According to the statistics published by the Ministry of Transport of the PRC, cargo throughput handled by ports in China was 14.55 billion tonnes in 2020, representing a year-on-year growth of 4.3%, of which container throughput handled was 264 million TEUs, representing a year-on-year increase of 1.2%.

ANNUAL RESULTS

Total cargo throughput handled by the Group for 2020 was 421.04 million tonnes (2019: 411.83 million tonnes), an increase of 2.2% over last year, of which total container throughput was 18.35 million TEUs (2019: 17.26 million TEUs), an increase of 6.3% over last year.

	2020 HK$ million	2019 HK$ million	Change amount HK$ million	Change percentage
Revenue	**15,490**	15,077	413	2.7%
Cost of sales	**12,123**	11,844	279	2.4%
Gross profit	**3,358**	3,223	135	4.2%
Profit before income tax	**1,797**	1,516	281	18.5%
Profit attributable to Shareholders	**636**	388	248	63.8%

The Group's profit before income tax was HK$1,797 million, which included an exchange gain of HK$130 million (2019: exchange loss of HK$79.22 million). The exchange gain arose mainly from the Group's HK$ denominated liabilities as a result of the appreciation of RMB against HK$. Excluding the exchange difference, the Group's profit before income tax was HK$1,667 million (2019: HK$1,595 million), representing an increase of 4.5% over last year.

Profit attributable to Shareholders amounted to HK$636 million, representing an increase of 63.8% year-on-year. Basic earnings per share was HK10.3 cents.

The Board recommends the payment of a final dividend of HK4.13 cents per share for 2020, representing a payout ratio of approximately 40% for the year (2019: 40%).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group's core businesses remained stable and achieved total cargo throughput of 421.04 million tonnes, representing an increase of 2.2% over 2019.

Non-containerised Cargo Handling Business

During the year under review, the Group achieved total non-containerised cargo throughput of 227.86 million tonnes, representing an increase of 2.7% over last year, of which throughput of the subsidiary terminals grew by 5.1% and throughput of the jointly controlled and affiliated terminals fell by 3.6%.

Nature of terminal	Non-containerised cargo throughput			
	2020 million tonnes	2019 million tonnes	Change amount million tonnes	Change percentage
Subsidiary terminals	**168.32**	160.10	8.22	5.1%
Jointly controlled and affiliated terminals	**59.54**	61.75	-2.21	-3.6%
Total	**227.86**	221.85	6.01	2.7%

In terms of total throughput on a year-on-year basis, metal ore handling rose by 8.9% to 113.90 million tonnes (2019: 104.63 million tonnes), coal handling dropped by 3.2% to 60.17 million tonnes (2019: 62.18 million tonnes), crude oil handling fell by 8.4% to 25.77 million tonnes (2019: 28.14 million tonnes), steel handling decreased by 13.0% to 9.50 million tonnes (2019: 10.92 million tonnes), automobiles handling remained stable at 1.64 million tonnes (2019: 1.64 million tonnes).

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK$26.5 per tonne (2019: HK$27.7 per tonne), a decrease of 4.3% over last year. In RMB, the blended average unit price decreased by 3.3% over last year.

Container Handling Business

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

In 2020, the container handling business experienced a stable growth. The Group achieved total container throughput of 18.35 million TEUs, representing an increase of 6.3% over last year, of which throughput of the subsidiary terminals increased by 20.6% and throughput of the jointly controlled and affiliated terminals dropped by 13.6%. After 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", 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 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*) ("Tianjin Port Container", a subsidiary of the Group), its throughput had been included in subsidiary terminals since July 2019 while it was included in jointly controlled and affiliated terminals in the first half of 2019, causing a large fluctuation between throughput of the two categories.

Nature of terminal	Container throughput			
	2020 million TEUs	2019 million TEUs	Change amount million TEUs	Change percentage
Subsidiary terminals	**12.12**	10.05	2.07	20.6%
Jointly controlled and affiliated terminals	**6.23**	7.21	-0.98	-13.6%
Total	**18.35**	17.26	1.09	6.3%

On a consolidated basis, the blended average unit price of the container handling business decreased by 13.0% over last year to HK$220.1 per TEU (2019: HK$253.1 per TEU). In RMB, the blended average unit price decreased by 12.2% over last year. The decrease in the blended average unit price was mainly attributable to the change in cargo mix in 2020, and the change in cargo mix (on a consolidated basis) after Tianjin Five Continents became a subsidiary of the Group and was then absorbed and merged by Tianjin Port Container.

Sales Business

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

During the year under review, the Group recorded revenue of HK$6,048 million from sales business, representing an increase of 2.4% over last year, which was mainly due to the increase in sales volume.

Other Port Ancillary Services Business

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

OUTLOOK

2021 is the first year of the Fourteenth Five-Year Plan in China. It is also a critical year for the Group to promote reform and transformation to achieve high-quality development. In order to achieve that, the Group will focus on improving port operating capabilities, enhancing service efficiency and optimising transportation routes networks. The Group will implement the green smart development concepts and carry out priority works comprehensively in a standardised, refined, scientific, systematic and intelligent way with quality and efficiency enhancement as the core.

In response to external changes such as economic situation, policy environment and competitive landscape, the Group will seize the opportunities arising from the major national strategies such as the development of the Belt and Road Initiative, Xiong'an New Area and the Beijing-Tianjin-Hebei region, closely integrate with the development of the port of Tianjin as an international shipping hub in Northern China, strengthen reform and innovation, accelerate the upgrading of the industrial structure, and improve informatisation to reinforce the port of Tianjin's status as the container hub port with the aim of achieving high-quality, efficient and sustainable development of the Group.

The Group has responded proactively to the novel coronavirus pandemic and has implemented a series of measures in our best endeavour to prevent and control the pandemic, protect the health and safety of customers and employees and ensure stable operation to sail through this difficult time. The Group will closely monitor the development of the pandemic, assess and respond actively to its impact on a continuous basis.

In the coming year, the Group will make concerted efforts to focus on market expansion and onsite service optimisation to increase market share and operational efficiency. Furthermore, the Group will continue to promote and reinforce intrinsic safety and green development through a solidified foundation and improved systems, promote automated production and intelligent service through innovations and technology and improve governance and management capabilities through reform, innovations and market benchmarking. All these will establish a solid foundation for the long-term planning and sustainable development of the Group.

FINANCIAL REVIEW

Revenue

During the year under review, the Group recorded revenue of HK$15,490 million, representing an increase of 2.7% over last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	2020 HK$ million	2019 HK$ million	Change amount HK$ million	Change percentage
Non-containerised cargo handling business	**4,468**	4,442	26	0.6%
Container handling business	**2,667**	2,543	124	4.8%
Cargo handling business (total)	**7,135**	6,985	150	2.1%
Sales business	**6,048**	5,908	140	2.4%
Other port ancillary services business	**2,307**	2,184	123	5.7%
Total	**15,490**	15,077	413	2.7%

Revenue from non-containerised cargo handling business increased by 0.6% over last year to HK$4,468 million. In RMB, revenue increased by 1.5%, mainly contributed by the increase in non-containerised cargo throughput.

Revenue from container handling business increased by 4.8% over last year to HK$2,667 million. In RMB, revenue increased by 5.8% which was mainly attributable to the change in scope of consolidation as a result of Tianjin Five Continents becoming a subsidiary of the Group and then being absorbed and merged by Tianjin Port Container in 2019.

Revenue from sales business was HK$6,048 million, a 2.4% increase over last year and a 3.3% increase in RMB, which was mainly due to the rise in sales volume.

Revenue from other port ancillary services business was HK$2,307 million, a 5.7% increase over last year and a 6.7% increase in RMB which was mainly driven by the growth in cargo throughput.

Costs of Sales

During the year under review, cost of sales of the Group was HK$12,123 million, representing an increase of 2.4% over last year. An analysis of costs by segment is as follows:

Type of business	Costs			
	2020 HK$ million	2019 HK$ million	Change amount HK$ million	Change percentage
Cargo handling business	**4,697**	4,633	64	1.4%
Sales business	**6,063**	5,766	297	5.2%
Other port ancillary services business	**1,363**	1,445	-82	-5.7%
Total	**12,123**	11,844	279	2.4%

Cost of cargo handling business was HK$4,697 million, a 1.4% increase over last year. In RMB, cost increased by 2.3%, primarily attributable to the change in scope of consolidation as a result of Tianjin Five Continents becoming a subsidiary of the Group and then being absorbed and merged by Tianjin Port Container in 2019.

Cost of sales business increased by 5.2% over last year to HK$6,063 million. In RMB, cost increased by 6.1% which was mainly due to the increase in sales leading to the corresponding increase in the costs of sales.

Cost of other port ancillary services business decreased by 5.7% over last year to HK$1,363 million. In RMB, cost decreased by 4.8% which was mainly due to the decrease in staff costs.

Gross Profit

Gross profit and gross profit margin for 2020 were HK$3,358 million (2019: HK$3,223 million) and 21.7% (2019: 21.4%) respectively. Gross profit and gross profit margin increased by HK$135 million and 0.3 percentage points over last year respectively, primarily due to the increase in gross profit from cargo handling business and other port ancillary services business.

Administrative Expenses

Administrative expenses of the Group increased by 5.8% over last year to HK$1,771 million. The Group will take strict measures in control and management so as to maintain administrative expenses at a reasonable level.

Other Income

Other income amounted to HK$245 million, representing a decrease of HK$54.54 million over last year, which was primarily due to the decrease of HK$54.96 million in interest income from deposits over last year.

Other Gains and Losses

Other gains and losses amounted to HK$124 million, representing an increase of HK$126 million over last year, which was mainly due to the inclusion of an exchange gain of HK$130 million in 2020 (2019: exchange loss of HK$79.22 million). The remeasurement gain of HK$96.54 million on investments in associates recorded last year by the Group partially offset the increase.

Finance Costs

Finance costs (excluding capitalised interest) were HK$550 million and finance costs (including capitalised interest) were HK$568 million, a decrease of 16.3% and 15.4% respectively over last year, which was mainly attributable to the decrease in total borrowings as compared to last year.

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$436 million, representing an increase of 1.8% over last year.

Income Tax

The Group's income tax expenses amounted to HK$389 million, representing a decrease of HK$21.20 million over last year.

FINANCIAL POSITION

Cash Flow

In 2020, net decrease in cash and cash equivalents of the Group amounted to HK$331 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK$2,789 million.

Net cash outflow from investing activities amounted to HK$0.09 million, which included receipt of dividends of HK$471 million, cash inflow of HK$474 million as a result of decrease in time deposits with maturity over three months upon maturity, net cash outflow of HK$205 million from acquisition of a subsidiary, and capital expenditures of HK$772 million.

Net cash outflow from financing activities amounted to HK$3,120 million, which included payment of dividends and interest expenses on borrowings of HK$1,033 million, net decrease of HK$1,938 million in borrowings, and lease payment of HK$150 million.

Capital Structure

The equity attributable to equity holders of the Company as at 31 December 2020 was HK$13,482 million (31 December 2019: HK$12,188 million), and the net asset value of the Company was HK$2.2 per share (31 December 2019: HK$2.0 per share).

As at 31 December 2020, the Company had an issued share capital of 6,158 million shares and the market capitalisation was approximately HK$3,880 million (at the closing market price of the shares of the Company of HK$0.63 per share on 31 December 2020).

Assets and Liabilities

As at 31 December 2020, the Group's total assets were HK$47,644 million (31 December 2019: HK$44,813 million) and total liabilities were HK$18,580 million (31 December 2019: HK$18,310 million). Net current assets as at 31 December 2020 were HK$1,838 million (31 December 2019: HK$3,768 million).

Liquidity, Financial Resources and Borrowings

As at 31 December 2020, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK$8,751 million (31 December 2019: HK$8,680 million), which were mainly denominated in RMB.

The Group's total borrowings as at 31 December 2020 were HK$12,365 million (31 December 2019: HK$13,433 million), with HK$5,589 million repayable within one year, HK$4,500 million repayable after one year and within five years and HK$2,276 million repayable after five years. About 81.1%, 17.8% and 1.1% of the Group's borrowings were denominated in RMB, HK$ and US$ respectively.

Financial Ratios

As at 31 December 2020, the Group's gearing ratio (total borrowings divided by total equity) was 42.5% (31 December 2019: 50.7%), and current ratio (current assets divided by current liabilities) was 1.2 (31 December 2019: 1.5).

Pledge of Assets

None of the Group's assets were pledged as at 31 December 2020.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2020.

Financial Management and Policy

The Group's Hong Kong head office is responsible for financial risk management of the Group and the finance department is responsible for the daily financial management. 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 2020, most of the Group's assets and liabilities were denominated in RMB except for certain bank borrowings denominated in HK$. RMB exchange rate fluctuated significantly in 2020. Under the impact of the pandemic, the risk aversion in the global financial market has increased significantly and US$ strengthened against multiple major currencies in early 2020. With the continuous improvement of China's pandemic prevention and control, China's economy resumed rapidly, which together with a weaker US$ index, supported the RMB exchange rate, leading the appreciation of RMB in the second half of 2020. As the exchange rate of RMB at the end of 2020 was approximately 6% higher than that at the end of 2019, an exchange gain of HK$130 million (2019: exchange loss of HK$79.22 million) arose from the translation of foreign currency denominated liabilities held by the Group. The fluctuations in RMB exchange rate will affect the Group's results reported in HK$ as the Group operates its business in the PRC and its functional currency is RMB. No hedging arrangement was entered into by the Group in respect of foreign exchange risk exposure during the year under review.

The Group's interest rate risk arises primarily from the fluctuation in 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 2020, the Group's total borrowings were HK$12,365 million and mainly at floating interest rate, and the average borrowing interest rate was 3.8% (31 December 2019: 4.3%).

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 2020, additions to property, plant and equipment of the Group amounted to HK$971 million, which primarily comprised construction of new terminals and depots, and renovation of terminals and depots.

As at 31 December 2020, the Group's capital commitments for property, plant and equipment (including authorised but not contracted for) amounted to HK$1,888 million (31 December 2019: HK$2,231 million).

As at 31 December 2019, the Group's capital commitment for investment in an associate amounted to HK$572 million. On 23 July 2020, Tianjin Port Co and another shareholder of 神華天津煤炭碼頭有限責任公司 (Shenhua Tianjin Coal Terminal Co., Ltd.*) ("Shenhua Tianjin", an associate of the Group) entered into an agreement to terminate the capital injection to Shenhua Tianjin and not to contribute the unpaid capital to Shenhua Tianjin. Details were set out in the announcement of the Company dated 23 July 2020.

MATERIAL ACQUISITION

On 15 December 2020, Tianjin Port Co (as transferee) entered into an equity transfer agreement with the transferor, pursuant to which Tianjin Port Co agreed to acquire an additional 49% equity interest in 天津港海豐保稅物流有限公司 (Tianjin Port Haifeng Bonded Logistics Co., Ltd.*) at a consideration of RMB234,630,522. Details of the equity transfer were set out in the announcement of the Company dated 15 December 2020. The equity transfer was completed at the end of 2020 and Tianjin Port Haifeng Bonded Logistics Co., Ltd. has become a subsidiary of the Group.

EVENTS AFTER THE REPORTING PERIOD

On 15 December 2020, 中國天津外輪代理有限公司 (China Ocean Shipping Agency Tianjin Co., Ltd.*) (a subsidiary of the Group) (as transferee) entered into an assets transfer agreement with the transferor, pursuant to which China Ocean Shipping Agency Tianjin Co., Ltd. agreed to acquire Phase I of Tianjin Port Container Logistics Centre Depot at a consideration of RMB238,624,100. Details of the transaction were set out in the announcement of the Company dated 15 December 2020 and the circular of the Company dated 29 January 2021. The transaction was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 3 March 2021.

On 26 February 2021, Tianjin Port Co (as transferor) entered into an equity transfer agreement with the transferee, pursuant to which Tianjin Port Co agreed to dispose of 53% equity interest in 天津中燃船舶燃料有限公司 (CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd.*) at a consideration of RMB14,900,285.28. Upon completion of the equity transfer, the Group will no longer hold any equity interest in CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. Details of the equity transfer were set out in the announcement of the Company dated 26 February 2021. The equity transfer is subject to, among others, the approval of independent Shareholders.

On 26 February 2021, Tianjin Port Co (as transferor) entered into an equity transfer agreement with the transferee, pursuant to which Tianjin Port Co agreed to dispose of 34.99% equity interest in Tianjin Port Container at a consideration of RMB1,348,371,228.15. Upon completion of the equity transfer, the Group will hold 41.69% equity interest in Tianjin Port Container, and Tianjin Port Container will cease to be a subsidiary of the Group, and will become an associate of the Group. Details of the equity transfer were set out in the announcement of the Company dated 26 February 2021. The equity transfer is subject to, among others, the approval of Shareholders.

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 March 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Tianjin Port Development Holdings Limited is pleased to present its fifth Environmental, Social and Governance Report, which aims to demonstrate the Group's management of and performance in environmental, social and governance ("ESG") aspects, enabling stakeholders to better understand the Group's sustainability strategies and actions.

The Board acknowledges its responsibility for ensuring the integrity of this report. To the best of its knowledge, this report has objectively disclosed the actions and performance of the Group on material issues. The Board has reviewed this report and confirmed the contents are accurate and complete.

Reporting Guidelines and Principles

This report has been prepared in compliance with the 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 based on the reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency", with details as follows:

Materiality:	We undertake stakeholder engagement and materiality assessment annually to identify material ESG issues and ensure that stakeholders' concerns are addressed in this report.
Quantitative:	The data contained in this report have been examined and analysed to illustrate the year-on-year changes. Please refer to the "Performance Data Summary" of this report for references used in calculating the environmental performance indicators.
Balance:	We disclose the Group's efforts and performance on each ESG issue in a transparent manner for objective review by stakeholders.
Consistency:	In order to maintain comparability of information, unless otherwise stated, the disclosure and statistical methods in this report are consistent with those in the past and are presented in a way that allows meaningful comparison.

Reporting Scope

Unless otherwise stated, this report covers all business operations of the Group, discloses its performance in environmental and social issues deemed material for the period from 1 January 2020 to 31 December 2020. For corporate governance section, please refer to pages 73 to 82 of the annual report.

Feedback

Opinions of stakeholders help the Group to continuously improve its sustainability efforts. 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,

In 2020, the Group's business operations were affected adversely to a certain extent by the global pandemic and the resultant economic downturn. Fortunately, under the guidance of the national pandemic recovery policy in China, the Group took proactive measures in a timely manner to overcome difficulties and was able to resume work quickly to ensure business continuity. At the same time, we continued to invest resources to promote sustainable development. With the Environmental, Social and Governance Report, we would like to present our progress in sustainable development over the past year to our stakeholders.

In order to improve our sustainable development management and enhance our resilience to risks, the Group has decided to adjust the ESG governance structure to strengthen the Board's involvement which will be in place in the future. We believe the continuous improvement in the structure and well-defined terms of reference will help promote sustainable development of the Group steadily.

As a port operator, the Group actively facilitates the development of green port and integrates the concept of green and low carbon into its operations. In addition to building a "road freight to rail freight + cargo containerisation" port, we have also promoted the application of shore-based power and clean energy and upgraded our machinery and equipment accordingly. We also make use of smart platforms to optimise the Group's resource management and emissions control. During the year, we monitored the real-time concentration of air pollutants through the smart air quality monitoring platform and used the smart water management platform to detect leaks in a timely manner, achieving a more intelligent and efficient environmental management.

The Group is committed to the development of "Smart Port" and has made breakthroughs during the year, with several world firsts, including the centralised management of four container terminal companies under one system and the operation of 25 unmanned electric trucks at the terminals of Tianjin Port Container Terminal Co., Ltd. We believe that the combination of various high-end technologies such as the IoT, artificial intelligence and 5G communication technology will drive the Group towards a more streamlined and efficient port service.

As the pandemic continues to spread around the world, the Group must strengthen control over goods, warehouses and internal personnel to ensure the health and safety of employees and the community. During the pandemic, we have been highly vigilant and set high standards for hygiene management in our daily operations. In the early stages of the outbreak, we conducted comprehensive screening tests for employees; during the subsequent wave of the pandemic, we carried out focused screening as needed, and initiated key control measures for cold chain goods and warehouses to ensure safety of the community.

Despite the challenging and uncertain operating environment, we recognise the importance of sustainable development. Looking ahead, we will continue to maintain close communication and cooperation with stakeholders, and integrate the concept of sustainability into our operation, thus improving our sustainability management. I would like to express my sincere gratitude to our employees, customers, business partners, investors and the public for their attention and dedication, and we look forward to your continued support to the Group.

CHU Bin
Chairman

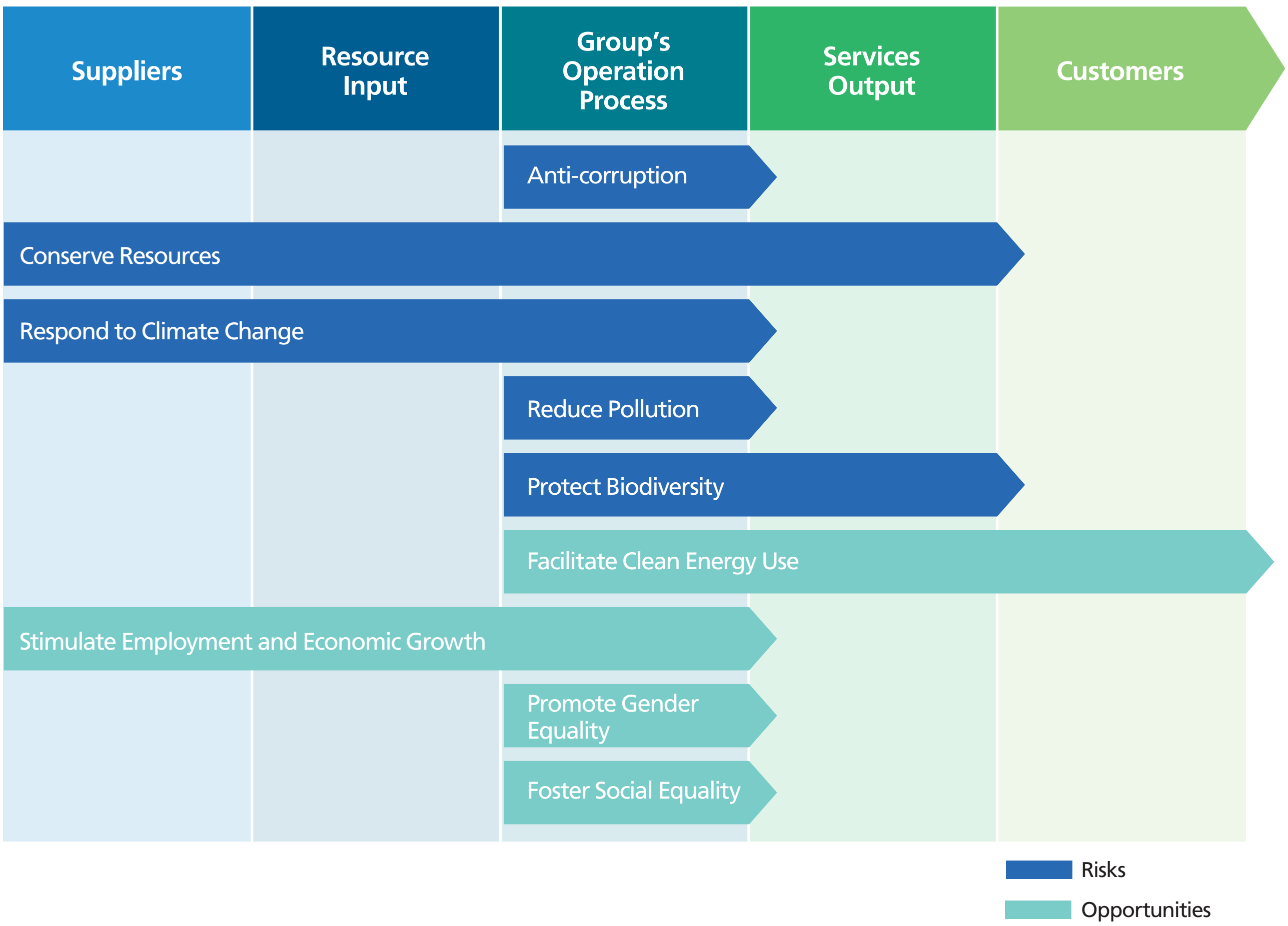
Hong Kong, 29 March 2021

PROMOTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In the context of business ethics, the Group adheres to the core values of "people focused, quality first and customer oriented", and continues to promote sustainable development by adhering to the five sustainable development principles of "People Focused", "Quality First", "Customer Oriented", "Environmental Commitment" and "Community Care". In response to the United Nations' call, the Group actively promotes the Sustainable Development Goals ("SDGs"). This year, the entire SDGs value chain, from suppliers to customers, was analysed for the first time to identify SDGs that are relevant to the Group's business.

The SDGs value chain has been analysed for the Group's container and non-containerised cargo handling business, sales business and port ancillary services business with reference to the "Integrating the SDGs into Corporate Reporting: A Practical Guide" jointly issued by the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI). The Group has reviewed all SDGs and their respective sub-targets through peer comparison, media coverage and analysis of the Group's strategic direction, while taking into account the Group's operating activities and business value chain and assessed relevant SDGs and the sub-targets throughout the whole supply chain, from resource input, operation process to service output and delivery. The Group identified the relevant SDGs sub-targets from two directions, including assessing significant risks to the people and the environment, and identifying the positive impacts brought by the operations, services and investments.

SDGs Value Chain Analysis



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our sustainability approach is aligned with the SDGs and the sub-targets, contributing to the global goal of promoting economic prosperity while protecting the planet. Based on the SDGs value chain analysis, the Group has identified five SDGs risks and four SDGs opportunities, corresponding to a total of 14 specific targets.

5 GENDER EQUALITY

5.C Adopt and strengthen policies for the promotion of gender equality

8 DECENT WORK AND ECONOMIC GROWTH

8.2 Achieve higher level of productivity through technological upgrading and innovation
8.6 Promote youth's employment
8.8 Protect labour rights and promote safe and secure working environments for all workers

7 AFFORDABLE AND CLEAN ENERGY

7.2 Increase the share of renewable energy in the global energy mix
7.3 Improvement in energy efficiency

10 REDUCED INEQUALITIES

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

6 CLEAN WATER AND SANITATION / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

6.3 Reduce water pollution
12.5 Reduce waste generation

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

16.5 Reduce corruption and bribery in all their forms

6.4 Increase water-use efficiency

6 CLEAN WATER AND SANITATION

14 LIFE BELOW WATER

14.1 Prevent and reduce marine pollution, in particular from land-based activities

13 CLIMATE ACTION

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
13.3 Raising awareness of climate change mitigation and adaptation

SDGs	Actions in 2020	Corresponding Sections
Gender Equality	• Adopted collective contracts for male and female employees to ensure equal remuneration, welfare and promotion mechanism • Provided training to increase the penetration rate of legal knowledge on the protection of female employees' rights and interests	• People Focused
Clean Water and Sanitation	• Reused treated sewage • Promoted the construction of a smart water management platform. In 2020, the project in Nanjiang was completed, and the transformation in Beijiang was consequently started	• Environmental Commitment
Affordable and Clean Energy	• Promoted the use of shore-based power • Promoted the application of renewable energy, including photovoltaic power	• Environmental Commitment
Decent Work and Economic Growth	• Implemented comprehensive training, remuneration and promotion system • Regularly modified the collective contracts of employees to protect employees' rights and carried out various activities to improve employees' physical and mental health • Encouraged employee innovation and obtained patents to promote technological improvement • Improved productivity by organising specialised activities	• People Focused • Quality First • Customer Oriented
Reduced Inequalities	• Adopted fair and open recruitment principles • Complied with laws and regulations and supported employment opportunities for the disabled • Organised volunteer activities to deliver warmth to the community	• People Focused • Community Care
Responsible Consumption and Production	• Actively promoted waste segregation • Entrusted qualified units to handle waste, ensuring compliance	• Environmental Commitment
Climate Action	• Initiated climate change risk assessment and identified risks that have significant impact to our operations • Disclosed our efforts in accordance with the recommendations from Task Force on Climate-related Financial Disclosures ("TCFD")	• Environmental Commitment
Life Below Water	• Regularly cleaned up the offshore garbage in the surrounding port area by commissioning a third-party cleaning company • Ensured compliance in sewage disposal • Regularly monitored the noise level in port areas	• Environmental Commitment
Peace, Justice and Strong Institutions	• Whistle-blowing policy in place • Participated in anti-corruption training, including specialised training for discipline inspection officer and fundamental theory training • Conducted business ethics assessment when selecting suppliers	• Business Ethics

ESG MANAGEMENT APPROACH

As a major port operator at the port of Tianjin, the Group is principally engaged in container and non-containerised cargo handling business, sales business and port ancillary services business. As the business continues to grow, we continue to increase emphasis on sustainable development and integrate the sustainable development principles into daily operations and management. Currently, the Company and its subsidiaries and affiliates[Note] have obtained GB/T 19001, GB/T 24001, ISO 50001 and GB/T 28001 certifications for quality management, environmental management, energy management and occupational health and safety management systems, respectively.

The Group follows hierarchical ESG management, and each organisation performs its own duties to ensure management quality and efficiency. The Board is responsible for overseeing ESG management matters, including formulating strategies, approving or confirming the Group's sustainability policies, systems, indicators, risks and opportunities, while the Audit Committee is responsible for overseeing the ESG risks. The ESG working committee ("ESG Working Committee") that the Group has decided to set up will be responsible for supporting the Board in managing ESG matters, including identifying sustainability risks and opportunities, and supervising the implementation of sustainable development measures.

In order to further standardise the Group's ESG management, we plan to formulate an approach to clearly define requirements on the Group's ESG governance structure, the authority of the Board and the ESG Working Committee. The Group will regularly assess the impact of its operations on the environment, society and stakeholders, and take proactive measures to continuously improve its sustainable development performance and facilitate achievement of the SDGs.

Stakeholder Engagement

The Group believes that being attentive and responsive to stakeholders' opinions is crucial to its sustainable development. This helps to identify areas for improvement, allowing us to continuously improve our sustainability strategies and management measures. The Group maintains regular communication with various stakeholders through different channels to understand their concerns and opinions.

Stakeholder Groups	Communication Channels	Priority of Issues
Employees	• Internal communication • Seminars and questionnaires • Labour union • Employee activities	• Talent management • Occupational health and safety • Employee training and development
Customers	• Satisfactory survey • Complaint handling mechanism	• Product health and safety • Customer satisfaction • Customer privacy and cybersecurity
Shareholders/Investors	• Annual report • Shareholders meetings • Investor meetings	• Corporate governance • Compliant operations
Suppliers	• Supplier assessment • Procurement platform • Materials trading platform • Supplier meetings	• Supplier management
Government	• Regular meetings • Policy advocacy	• Business ethics • Compliant operations • Environmental compliance • Anti-corruption
Community	• Volunteering • Donations	• Community engagement

[Note] Subsidiaries and affiliates refer to the Group's subsidiaries, associates and joint ventures.

Materiality Assessment

In line with the reporting principle of "Materiality" and to understand the significant impact of the Group's operations on stakeholders, we assess materiality of ESG related topics annually through a four-step process of identification, prioritisation, validation and review. We thus identify the topics that are related to the Group's business and its stakeholders, and focus on those topics in ESG management.

In order to comprehensively identify the Group's potential material topics, this year we enriched the pool of potential material topics through SDGs value chain analysis.

01. Identification

Commission an independent consultant to conduct a materiality assessment in accordance with HKEX ESG Reporting Guide, Global Reporting Initiative (GRI) Sustainability Reporting Standards, MSCI ESG rating report, Integrating the SDGs into Corporate Reporting: A Practical Guide, as well as peer analysis, to identify the potential material topics of the Group

In 2020, we identified a total of 31 potential material topics including 3 new potential material topics, namely **noise pollution, green procurement and community opinion**

02. Prioritisation

Prioritise the 31 potential material topics in reference to the responses from various stakeholders including clients, employees, suppliers, investors and management of the Group in online survey

Having received 37 valid responses this year, we prioritised the 31 potential material topics and presented the results in materiality matrix with two dimensions, namely "significance of economic, environmental and social impacts" and "influence on stakeholder assessments and decisions"

03. Validation

The Board and the Group's management verified and confirmed the assessments of the potential material topics

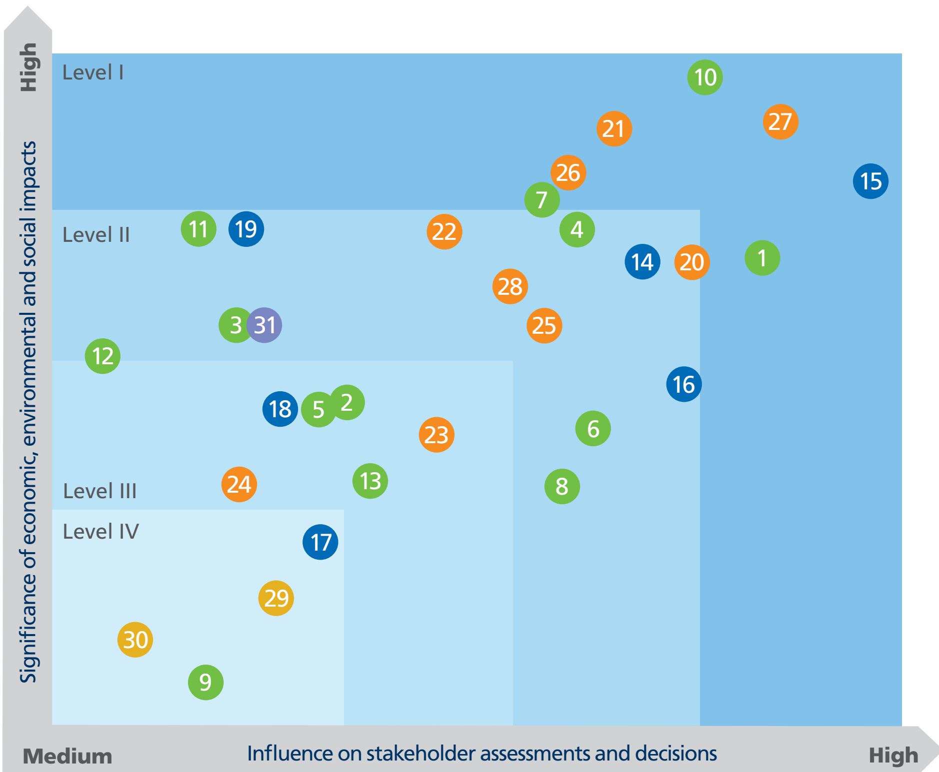
The material topics identified were confirmed to be the disclosure focus of ESG report in 2020. We will also focus on managing the associated risks and opportunities arising from material issues

04. Review

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We prioritised and ranked the potential material topics in two dimensions, namely "significance of economic, environmental and social impacts" and "influence on stakeholder assessments and decisions" to determine the following materiality matrix. The Board and the Group's management have reviewed and confirmed the results of this materiality assessment.



Level I	Level II	Level III	Level IV
1 Energy Consumption Management	3 Ecological Conservation	2 Water	9 Noise Pollution
7 Oil Spillage	4 Air Emissions	5 Wastewater	17 Diversity and Equal Opportunity
10 Environmental Compliance	6 Waste Management	13 Climate Action	29 Community Engagement
15 Occupational Health and Safety	8 Greenhouse Gas Management	18 Employee Communication	30 Community Opinion
21 Customer Satisfaction	11 Environmental Expenditure	23 Supplier Management	
26 Anti-corruption	12 Port Area Greening	24 Green Procurement	
27 Compliant Operations	14 Talent Management		
	16 Employee Training and Development		
	19 Labour Standards		
	20 Product Health and Safety		
	22 Customer Privacy and Cybersecurity		
	25 Business Ethics		
	28 Innovation and Intellectual Property Rights		
	31 Economic Benefits Generated in the Region Where it Operates		

- Environmental topics
- Employee topics
- Operation topics
- Economic topics
- Community topics

The topics in the materiality matrix are classified into four levels. Topics at the first level are the material topics of the Group. According to the analysis, the Group's material topics in 2020 were **Energy Consumption Management, Oil Spillage, Environmental Compliance, Occupational Health and Safety, Customer Satisfaction, Anti-corruption and Compliant Operations**. In order to actively respond to issues that stakeholders and the Group's management have given priority to, we have identified ESG key risks and opportunities for each material topic and have highlighted the actions we have taken during the year in the following sections of this report.

Material Topics	Key ESG Risks and Opportunities	Actions in 2020	Corresponding Sections
Energy Consumption Management	Adopting energy-saving measures can effectively help the Group to avoid transition risks and promote the positive impact of the Group on the environment	• A total of 6 subsidiaries and affiliates have obtained ISO 50001 energy management system certification • Adopted energy-saving technologies and promoted the use of clean energy equipment	• Environmental Commitment
Oil Spillage	Oil spills may pollute the surrounding water body of the port and cause fines and damage to the Group's reputation	• Established a safety management system • Established oil spillage emergency plan • Performed regular oil spillage emergency drills	• Environmental Commitment
Environmental Compliance	Violations of pollution prevention and environmental protection laws may cause fines and damage the Group's reputation	• Identified national policies and regulations applicable to the Group relating to environmental protection, marine protection and pollution prevention, and formulated or revised internal regulations in response to new regulatory requirements to ensure compliance	• Environmental Commitment
Occupational Health and Safety	Accidents involving our employees can result in disruption of operations, legal proceedings and damage the Group's reputation	• Invested over RMB91,400,000 on production safety • Established an occupational health and safety system and strictly supervised the production safety matters of subsidiaries, affiliates and employees • Conducted 1,285 sessions of safety training with a total of 104,000 person-times • Adopted advanced technology to carry out full-coverage potential safety hazard investigation at operations sites • Organised 2 COVID-19 nucleic acid testing	• People Focused
Customer Satisfaction	Continuous improvement in customer satisfaction can strengthen the Group's market competitiveness	• Actively understood customer needs through various communication channels • Carried out efficiency improvement activities, and set up 20 efficiency records in various operations[1] • Achieved customer satisfaction rate of over 96%	• Customer Oriented
Anti-corruption	Corporate and supply chain frauds can severely disrupt the Group's operations and cause reputational and financial losses	• Conducted supplier assessments to ensure compliance with ethical standards • Provided anti-corruption training for employees at different levels, continue to organise integrity education activities • Established a whistle-blowing mechanism to provide an anonymous channel for reporting of suspicious cases	• Business Ethics
Compliant Operations	Non-compliance in operations could result in fines and damage to the Group's reputation	• Followed updates of national and regional laws and regulations, formulated or revised internal regulations in response to new regulatory requirements to ensure compliance • Handled dangerous goods strictly in accordance with the management regulations for dangerous goods	• Customer Oriented • Quality First

1 Information from Huanqiu.com (「辦辦同心 • 攜手共進」服務京津冀協同發展 天津港當好「先行官」)

SUSTAINABILITY AWARDS

Company	Award
Tianjin Port Container Terminal Co., Ltd.	The project of "Research on Key Technologies and Demonstration Results of Automatic Renovation of Shoreline Container Terminal Yard" was awarded the First Prize of Scientific and Technological Progress Award in 2020 by the China Ports and Harbours Association
	Top 10 container terminals in China with the lowest electricity and fuel consumption per TEU
	The 17th China Freight Industry Golden Wheel Award — Best Intelligent Service Container Terminal
Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd.	The project of "Research and Application of Key Technologies of Green, Environmental-friendly and Intelligent Dry Bulk Coal Terminal" was awarded the second prize of Scientific and Technological Award in 2020 by the China Ports and Harbours Association
Tianjin Port Pacific International Container Terminal Co., Ltd.	Best Service Efficiency Container Terminal
Tianjin Port Alliance International Container Terminal Co., Ltd.	The Third "Zhan Fang Cup" 5G Application Contest 2020 — Second Prize in Tianjin
	The Third "Zhan Fang Cup" 5G Application Contest 2020 — National Outstanding Award
	2020 China Innovation Methods Competition — Third Prize in Tianjin

SPECIAL TOPIC IN SUSTAINABILITY: FIGHTING AGAINST THE PANDEMIC

The COVID-19 virus spread across the world in 2020. The Group attaches great importance to this and responded quickly in accordance with the principle of "preventing the importation of cases and the spreading of the virus in the community", and promptly adopted emergency measures. The Group has set up pandemic prevention offices at all levels of companies to form an organised and orderly emergency protection network to fulfil its responsibility as a corporate citizen.

Joint Efforts to Fight Against the Pandemic

The Group strives to ensure the safety of its employees by providing them with adequate preventive and protective supplies, ensuring they are fully protected in the course of daily work. All employees of the Group took the initiative to undertake pandemic prevention measures, such as setting up pandemic prevention teams to assist registration at entry and exit points, and to perform health code inspections. At the same time, in response to the pandemic prevention requirements of the Tianjin Municipal People's Government ("Tianjin government"), the Group organised two sessions of COVID-19 nucleic acid testing for all employees. At the end of the year, in order to strictly prevent the spread of COVID-19 via the imported cold-chain products, we stepped up the nucleic acid testing for key personnel when needed.

Tianjin Port Container Terminal Co., Ltd.

Tianjin Port Alliance International Container Terminal Co., Ltd.

The Group also enhanced its pandemic prevention and control capabilities by means of publicity and education. Tianjin Port Tugboat Lighter Co., Ltd. formulated training materials in accordance with the Group's pandemic prevention and control systems. The training materials were distributed to all employees, followed by an examination for all employees, with participation rate and passing rate reaching 100%. CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. continued to promote pandemic prevention and control policies and knowledge through WeChat, posters, radio, LED screens etc. to enhance employees' awareness. In addition, as we attach great importance to the mental health of our employees, we set up a psychological counseling working group to mitigate negative sentiments during the pandemic.

Safety Production

The Group does its best not only to prevent and control the pandemic, but also to ensure operation of the port business. We adopt efficient human resources deployment plans such as shift rotations to prevent disruption of port operations due to the pandemic. Pandemic prevention and control drills are carried out to improve employees' emergency response capabilities. Tianjin Port Tugboat Lighter Co., Ltd. carried out a full-process and full-synergy emergency drill with a number of departments to simulate the situation of dealing with crew members testing positive for COVID-19. CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. organised 36 pandemic prevention and control drills with a total of 155 participants.

In order to strictly prevent import of the pandemic, the Group exercised precise control over the vessels by implementing the "Five Colours" ship management to evaluate the pandemic risk of the ports called in 14 days prior to arrival, so as to give full consideration to both pandemic prevention and production safety.

Vessel Management and Control

Tianjin Port Container Terminal Co., Ltd. strictly followed Tianjin government requirements: when there were suspected cases of COVID-19 on the vessels arriving at the port area, we reported the vessel information immediately and suspended entry of suspected vessels into the port. Based on the testing results, different levels of vessel control measures have been adopted, including controlling entry into the port, centralised isolation and retention, and medical treatment. Vessels applying for port entry are required to adopt preventive measures such as disinfection and setting up separate areas before arriving at the anchor of the port. The vessel is required to sign and confirm that the crew has no COVID-19 symptoms and is allowed to operate only upon approval by the company.

Collaboration During Difficult Times

The Group donated preventive supplies to a number of ports in China and overseas such as Wuhan Port and Huangshi Port to help cope with the pandemic. The Group has also set up green channels for all incoming pandemic-related supplies to ensure they are discharged safely and efficiently at the port of Tianjin.

Vessel Sewage Control

To avoid the possible spread of COVID-19 through vessel sewage, the Group has adopted strict prevention and control measures on the collection, testing, treatment, reuse and discharge of domestic sewage from foreign vessels and domestic vessels from medium to high risk regions.

Vessel Sewage Collection	• Established strict control measures for vessel sewage collection
Sewage Testing	• Implemented pandemic prevention procedures to regulate the collection, disinfection and treatment of water samples
Sewage Treatment	• Implemented targeted prevention measures, especially on tanks, coagulation and sedimentation tanks and membrane bio-reactors
Sewage Reuse and Discharge	• Strengthened the disinfection of reclaimed water and water discharged

SPECIAL TOPIC IN SUSTAINABILITY: SMART PORT

"Smart Port" is the general trend of port development. In line with the national synergy development strategy of Jing-Jin-Ji region, the Group continues to promote development of intelligent port with the goal of building a world-class green and smart port. Through the application of cutting-edge technologies, we have achieved optimisation of global resources allocation of ports by intellectualisation of internal operations and management and facilitation of foreign trade and logistics service platform. This allows us to meet customer demand for high-quality services and provide more replicable and promotable "Chinese Plan" for smart port development around the world, so as to better facilitate innovative development of countries and the implementation of the Strategy of Construction of a Nation with strong transportation system.

Smart Communication

The Group's integrated information infrastructure services have been improving. During the year, a fibre network was built covering the entire port with a total Internet bandwidth of 15G, of which 5G network achieved deep coverage in all key areas of container terminals. Narrowband Internet of Things (NB-IoT) has full coverage in Nanjiang port area and has demonstrated the application in smart water management. The 5G technology was awarded the first prize of the first "World 5G Conference Design Competition" in the field of remote control of yard cranes and high-resolution video backhaul.

Smart Operation

During the year, the Group made world leading breakthroughs in the construction of smart ports and completed the full-scale ship cargo handling testing for the automation transformation of a traditional container terminal. With the combined use of 5G, blockchain, artificial intelligence, IoT and other cutting-edge information technologies, the Group comprehensively enhanced the level of automation and intelligence in port operations, and successfully realised centralised control and management of all elements of container terminals with a TOS system[2]. Compared with the newly-built automated container terminal, this unmanned automated container terminal could save more than 70% of costs, reduce the comprehensive energy consumption per container by more than 20%, and cut the comprehensive operating costs of the terminal by more than 10%, providing a reliable and stable whole-process operation scenario for the automatic driving demonstration zone of the port, and providing a "Tianjin Model" for transformation of the container loading and unloading process into a smart, green and economical process. Breakthrough in this test includes:

Driverless Container Trucks

- A total of 25 unmanned electric trucks has been used in the handling operations
- Deepened the application of a series of new technologies such as BeiDou Navigation Satellite System, 5G communication, remote simulation control driving and equipment safety fault diagnosis with SINOTRUK and Trunktech, in order to improve the centimeter-precise positioning, driving route memory and vehicle position repair, etc., and pioneer in the L4 level fully unmanned driving status
- Had the world's largest fleet of self-driving electric trucks in large-scale operations

Unmanned Automated Container Yard Crane

- Unmanned trucks were automatically driven to the designated berth in the container yard, and were automatically aligned with the automated yard crane for precise loading

Smart Unlock Station

- Automatic locking and unlocking robot completed the automatic locking of the container, improving efficiency by more than 10%
- With the innovative application of laser scanning system and six-axis robot, one of the first intelligent ground container locking and unlocking stations was commissioned

Unmanned Quay Crane

- Precise picking and positioning of containers according to remote instructions
- 30% increase in cargo tallying efficiency and 50% reduction in staff input
- Developed key technologies such as anti-shake and anti-twist, container truck guiding and other key technologies, and is the first in the world to apply a new generation of high-precision cloud point map ship scanning system to interact with the position information of ship, cargo and vehicle in real time, automatically planning the optimal route for operation of machinery, realising "one-click container landing", bringing the efficiency of quay cranes operation to an international leading level and opening up a new mode of unmanned automation of quay crane

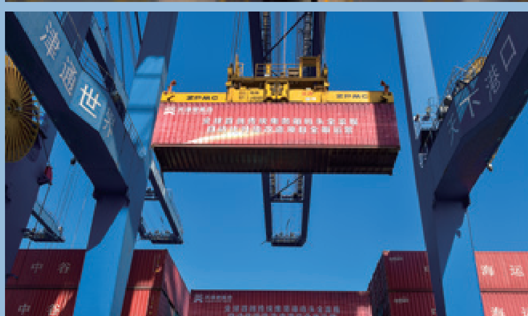
2 TOS system refers to Terminal Operating System, a computer management system used to manage and control all aspects of terminal operations.

Tianjin Port Container Terminal was approved to construct the Tianjin Port Port Autonomous Driving Demonstration Zone

With the goal of "building an automatic demonstration zone for conventional container terminals", Tianjin Port Container Terminal Co., Ltd. innovated and optimised the automated process of "automatic quay crane for single small vehicle + unmanned container truck + intelligent ground unlocking station + internal and cross-border automatic rail mounted gantry crane" and successfully developed internationally leading automatic core systems such as integrated management system for container operation tasks, quay crane control system, central control interaction system and operation visualisation system, completed the automation of one berth in the north region of the company. The company realised automation of the whole-process of real-vessel operation at a traditional container terminal for the first time in the world on 17 October 2020.

As of the end of 2020, a total of 6 real-vessel operations have been carried out to solve 32 key issues. The average operation efficiency of a single bridge reached 18.2 boxes/hour, and the production organisation process has been continuously optimised.






Accessible Services

The Group continues to pay attention to cutting-edge technologies to improve service quality. We have been promoting the "single window" and integrated online and offline services, comprehensively enhancing trade facilitation, and striving to build a "one-stop" platform for the logistics supply chain. With the strong support of the border inspection department, the time spent in port by vessels has been reduced by more than 1 hour on average. A total of 20 new operational efficiency records have been reached for each cargo type, of which the container segment broke the operational efficiency records of ports on global routes and domestic trade routes for 6 times and 3 times respectively.

Unified External Service Platform

- Through the "Tianjin Port E-Commerce Network" and the newly established Jing-Jin-Ji Port Smart Logistics Collaboration Platform, we provided customers with comprehensive services such as 24-hour online business processing, online payment and online financing

Port of Tianjin Container "One Code" Logistics Information Platform

- Full-process paperless container import and export equipment handover service function
- The rate of electronic container documentation at the port reached 94.4%
- The proportion of direct port collection at dry ports reached 100%, and the proportion of online collection and distribution appointments reached 99%

Multi-modal Transport Information Platform

- Promoted the integration of resources in information and transport links such as ports, shipping, railways and highways, shared information on port vessels, cargo and railways, and accelerated the development of a multi-modal logistics system with the port of Tianjin as the hub
- Actively connected with customs and railway information, and jointly developed with Tianjin Customs a smart platform for container collection and transportation, and promoted the operation mode of "direct pick-up next to the vessel" for imports and "direct loading at the port" for exports

Port and Customs Information and Business Integration

- Realised the embedded coordination of customs instruction information with terminal operation procedures, and precisely aligned and deeply integrated customs declaration, customs duty, inspection and other regulatory policies with port loading and unloading arrangements, vehicle scheduling and other operational standards
- Set up the Tianjin Port Container Business Centre, realising a "single window" where all container terminal business can be handled at any window

ENVIRONMENTAL COMMITMENT

The Group integrates the concept of green development into its operations through actively developing green port, promoting the use of clean energy, and strengthening pollution prevention and control at the port. At the same time, we study the risks and opportunities brought by climate change to our business and formulate measures to ensure sustainable development of the Group.

Environmental Management System

With the goal of "constructing a world-class green port", the Group is committed to reducing its impact on the environment and optimising its energy structure to enhance efficiency. In 2020, a total of 19 subsidiaries and affiliates of the Group obtained GB/T 24001 environmental management system certification. We have implemented the corresponding environmental management systems in respect of pollution prevention and control, oil spillage management, environmental protection and response to heavily polluting weather. The Safety and Environment Department is responsible for supervision of implementation of management measures by the subsidiaries and affiliates, and to ensure operational compliance[3]. The Group has established an emergency response system to ensure its subsidiaries and affiliates are capable of responding to environmental emergencies including natural disasters, environmental pollution and ecological damage events.

With an aim to strengthening the supervision of implementation of environmental management measures by its subsidiaries and affiliates, the Group has formulated an environmental performance assessment approach which comprises of regular inspection and comprehensive assessment. In 2020, all subsidiaries and affiliates of the Group passed the environmental performance assessment.

Environmental Performance Assessment

Regular Inspection

- During regular inspections and spot checks, we assess the performance of the implementation of environmental protection, environmental hygiene and landscaping measures

Comprehensive Assessment

- Conduct in every December
- Each department prepares a self-inspection report based on the progress of environmental protection measures implementation, and the Group conducts on-site inspection based on the report
- Assess the implementation status of environmental protection measures such as the establishment of system, completion of indicators, rectification of problems, publicity and education and implementation of emergency mechanism

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

Construction of Green Port

Putting the concept of green port into practice, we have actively implemented a series of green port construction plans, and drive our subsidiaries and affiliates to continuously strengthen pollution prevention and control in the port areas, as well as push the application of new energy and clean energy sources to accelerate the construction of a world-class green port.

Shore-based Power Construction

The use of shore-based power by vessels during port operations can improve the air quality by significantly reducing emissions of sulphur oxides, nitrogen oxides and particulate matters caused by fuel-based electricity generated by vessels at the port. The Group has actively promoted the construction of additional shore-based power capacity, and now supplies 100% of shore-based power for self-owned vessels. As of the end of the year, a total of 26 specified berths have been equipped with shore-based power supply capacity, with a total power supply of 2,760,000 kWh. The Group's future new terminals will be equipped with 100% shore-based power as required.

Tianjin Port Tugboat Lighter Co., Ltd. in 2020 recorded a total of 26 shore-based power boxes, allowing vessels to be supplied with 100% shore-based power while berthing at the port. The annual amount of shore-based power consumption of vessels was approximately **1,630,000 kWh**, and the number of shore-based power supply for vessels reached 42,788 times, which can reduce fuel consumption by approximately **428 tonnes** and carbon dioxide emissions by approximately **1,326 tonnes**.

Promoting Clean Energy

The Group believes that clean energy is an ideal solution to reduce air pollutants and greenhouse gas ("GHG") emissions and this has a positive impact on the environment. We are promoting the application of liquefied natural gas ("LNG") by giving priority to purchase of new energy equipment, including LNG container tractors, electric trucks, shuttle bus and pick-up trucks, besides electrification of equipment. Currently, the Group has approximately 170 LNG equipment and approximately 730 electric loading and unloading equipment, accounting for 43.6% of the total equipment. In addition, the Group is actively exploring the use of renewable energy, such as installing photovoltaic power generation equipment. Tianjin Port Alliance International Container Terminal Co., Ltd., an associate of the Group, has adopted distributed photovoltaic power generation system in the port area.

Equipped with around **170** LNG equipment

Clean energy handling equipment accounted for

43.6% of the total

Rail Transportation of Bulk Cargo

The Group is committed to accelerating the transformation and upgrading of transportation modes, and striving to build a dual-demonstration port of "road freight to rail freight + cargo containerisation". We advocate prioritisation of railway ("road freight to rail freight") and containers (the "cargo containerisation") when transporting bulk raw materials such as coal and iron ore. This reduces the environmental pollution caused by road transportation and avoids scattering and emission of ash during bulk transportation. The Group has reserved three dedicated rail lines for road freight to rail freight transportation. In 2020, the Group took the lead to achieve 100% rail transportation of coal and coke, with over 62.7% rail transportation of iron ore.

Achieved **100%** rail transportation of coal and coke

> 62.7% rail transportation of iron ore

Port Area Greening

The Group continues to improve the quality of green landscaping by implementing greening projects. In 2020, the total green area at the ports of the subsidiaries and affiliates reached 772,000 square meters, with 7,200 square meters of newly built, upgraded and renovated greening area. We will continue to increase our investment in port areas to expand the green area.

Total green area of the port area reached

772,000 m²

Climate Action

Climate Change Related Disclosures

In 2015, the International Financial Stability Board set up the TCFD to formulate a set of recommendations for voluntary disclosure of potential financial impact related to climate change for enterprises to promote more open and transparent information disclosure.

The impact of climate change on the waterfront region may directly impact the Group's business operations. In view of this, we are committed to effectively manage climate change risks to strengthen the Group's ability to adapt and withstand climate change and mitigate the negative effects of such risks. This year, the Group, for the first time, made reference to the TCFD recommendations to disclose the Group's management of climate change according to governance, strategy, risk management, metrics and targets. In addition, we took reference from climate change scenario and invited representatives from the management of the Group to evaluate the likelihood of climate change risk occurrence and the degree of impact on the Group.

	Actions of the Group
Governance The Group's governance measures on climate-related risks and opportunities	• The Board is responsible for climate change matters, while the ESG Working Committee that the Group has decided to set up will be responsible for supporting the Board in managing climate change matters, including supervising the implementation of relevant requirements and providing recommendations, and will report to the Board at least once a year. The Board, through the Audit Committee, is responsible for overseeing and reviewing the risk management matters related to climate change. • **Responsibilities of the Board:** Oversee the climate change related matters, including annual review of climate change management performance, approval of identified climate change risks and opportunities, countermeasures, and relevant disclosures and publications. • **Responsibilities of the ESG Working Committee:** Organise regular meetings to identify the risks and opportunities of climate change, formulate climate change management strategies, policies, systems, measures and objectives, assist decision making of the Board. Also, they will be responsible to ensure the issuance and implementation of specific tasks, and supervise the implementation of relevant measures.

	Actions of the Group
Strategy Actual and potential impact of climate-related risks and opportunities on the Group's business, strategy and financial planning	• To understand the risks and opportunities brought by climate change to our business, we consider climate change scenarios and identify and assess the risks and opportunities brought by climate change based on the potential financial impact and the likelihood of occurrence. Based on the assessment results, we are not aware of any significant climate change risks. For the descriptions of relatively significant risks and opportunities, please refer to the "**Climate Change Risks and Opportunities**" section. • **Physical Risk Assessment:** We identify climate change-related risks, including extreme weather events, and rise in sea level, etc. against the extreme climate scenarios suggested by the Intergovernmental Panel on Climate Change ("IPCC"): Representative Concentration Path ("RCP") (assuming global average temperature rise by 4°C, RCP 8.5. Potential impacts involve supply chain, business operations and investor levels. • **Transition Risk Assessment:** The Group is exposed to climate change related risks including policy and legal risks, technology risks, market risks and reputational risks. Two climate change scenarios, the International Energy Agency Current Policies Scenario and Sustainable Development Scenario are considered in the assessment. Under Sustainable Development Scenario, the extent of impact and likelihood of the transition risks faced by the Group are relatively higher. We will be well prepared to address the policy shift. • The Group is committed to developing green ports to reduce energy consumption and GHG emissions. We actively promote construction of shore-based power, implement energy-saving renovation projects, and adopt clean energy to minimise the impact of our operations on the environment. The majority of subsidiaries and affiliates have established GB/T 24001 Environmental Management System and ISO 50001 Energy Management System to enhance environmental performances and manage climate change risks.
Risk Management The Group's process of identifying, assessing and managing climate-related risks and opportunities	• The Group invites various stakeholder groups to conduct materiality assessment annually to identify topics that are closely related to the Group's business and are of great concern to stakeholders. In 2020, the Group also evaluated various potential physical and transition risks to identify risks that have a greater impact on the business, and actively responded to and managed such risks in the operations according to the materiality.
Metrics and Targets The Group's metrics and targets in identifying and managing climate-related risks and opportunities	• The Group measures and discloses GHG and energy-related metrics to monitor the climate change management performance, including: – GHG emissions (Scope 1 and 2) – GHG emissions intensity (per revenue) – Energy consumption (Electricity, Diesel, LNG, Natural Gas and Heat) – Energy consumption intensity (per revenue)

Climate Change Risks and Opportunities

In 2020, we conducted climate change risk assessment to identify and assess potential physical and transition risks. Based on the assessment results, the following risks and opportunities that are relatively material to the Group were identified:

Descriptions	Possible Financial Impacts	Current Response Measures
Physical Risks		
• Storm surge or waves damage or even cause flooding in the port, making normal port operations difficult during the storm (which may last for a few hours/days) • Damage to terminals, operating facilities, equipment, storage areas and cargo • Windstorms may lead to siltation at the port waterways, requiring additional maintenance and dredging of soil waste	• Decrease in revenue: Affect business operations • Decrease in assets: Depreciation of assets • Increase in expenditure: Maintenance of damaged infrastructure and equipment, dredging work, construction of port breakwater to resist windstorms	• Conducted annual flood prevention drills, and established emergency system and emergency plan • Established an emergency management team for flood prevention and ship gates protection in low-lying areas • Patented tidal baffles are in place to block the water when the water level rises and have achieved good results
• Transportation delays caused by extreme weather conditions are becoming more frequent, affecting the reliability of marine transportation	• Decrease in revenue: Decrease in market demand	• The Group optimised its operation and service quality by developing intelligent ports
Transition Risks		
• The government may implement a carbon pricing mechanism and increase the operating costs of the Group	• Increase in cost: Increase in emission cost	• Regular collection and update of regulations through government, Internet and other channels to ensure operational compliance
• The government may promulgate more policies to mitigate climate change which can increase operational compliance costs	• Increase in costs: Increase in renovation costs	
• Stricter environmental regulations may expose the Group to higher risks of being subject to claims and lawsuits	• Increase in costs: Legal cases of claims arising from non-compliance	• Conducted environmental assessment of subsidiaries and affiliates with reference to environmental performance assessment
• Increasing investment in the industry to develop intelligent green ports. For example, ports may need to increase the use of renewable energy • Widespread use of new energy-saving facilities has promoted corporates to purchase new equipment and replace old equipment	• Increase in costs: Increased investment on research and development and purchase of new equipment • Decrease in assets: Abandonment of original equipment	• Promoted the construction of intelligent green ports and implementing green port initiatives in accordance with the port of Tianjin green port construction plan • Promoted the use of new energy and clean energy, such as the use of electric trucks and electric equipment

Descriptions	Possible Financial Impacts	Current Response Measures
Opportunities		
• Development of green ports and improved energy efficiency	• Cost reduction: Reduction of operating costs	• Promoted the use of energy-saving lightings and clean energy equipment, and renovated existing facilities and equipment • Promoted the establishment of energy management system in subsidiaries and affiliates
• Change in investor preferences to focus on investing in green port operators	• Cost reduction: Reduction of finance costs	• Promoted the construction of intelligent green ports and implemented green port initiatives in accordance with the port of Tianjin green port construction plan
• Changes in consumer preferences, such as preference for more environment-friendly products (such as low-carbon vessels fuel), and reduced demand for fossil fuels	• Increase in revenue: Increase in sales volume of low-carbon fuel	• Accelerated the Group's low-carbon transformation and actively participated in low-carbon construction

Resource Conservation

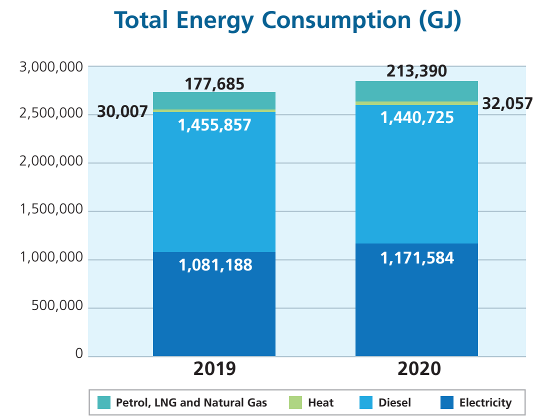
In response to the national and regional resource management policies, the Group has implemented a number of energy and water saving measures, and is committed to reducing resource consumption and improving resource utilisation efficiency during operation.

Energy Management

Through the implementation of energy-saving management methods for key energy-consuming units, the Group clearly defined management responsibilities at all levels and actively promotes the establishment of energy management systems at its subsidiaries and affiliates. In 2020, 6 subsidiaries and affiliates of the Group obtained ISO 50001 energy management system certification.

Responding to the national policies and managing the progress of energy conservation, we have formulated energy consumption indicators which serve as an important consideration for evaluation for rewards and penalties in energy conservation performance. In 2020, the subsidiaries and affiliates completed the intensity indicators assessment on the basis of meeting the total consumption indicators.

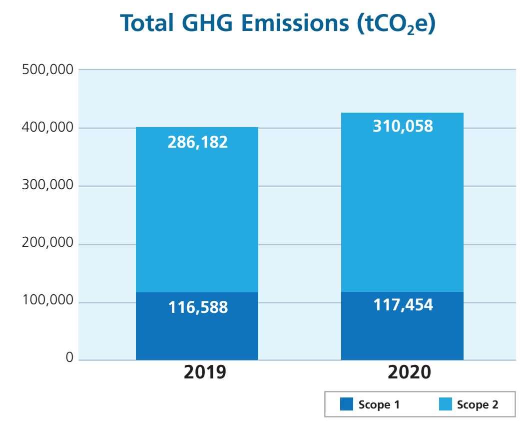
The Group's energy consumption is attributed to handling equipment, freight vehicles, and vessels operating at ports, which mainly involves the use of electricity, diesel, petrol, LNG, natural gas and heat. In 2020, the Group consumed a total of 2,857,756 GJ of energy, an increase of 4% as compared to 2019. The energy consumption intensity was 0.18 GJ per thousand HKD revenue. Electricity and diesel are the major sources of energy consumption, accounting for 91% of the total energy consumption.



Greenhouse Gas Emissions

The major source of the Group's GHG emissions is indirect emissions from the use of purchased electricity and heat (Scope 2), which amounted to 310,058 tonnes of carbon dioxide equivalent (tCO_2e), and direct emissions from the use of fuel (Scope 1) were 117,454 tCO_2e.

During the year, the Group's total GHG emissions were 427,512 tCO_2e and the emission intensity was 0.03 tCO_2e per thousand HKD revenue.



As the emission factor was adjusted as compared to 2019, the GHG data in 2019 has been recalculated and adjusted.

Energy Saving Measures

The Group actively explores energy-saving technologies and strives to promote the use of new and clean energy equipment while reducing energy use. During the year, the Group's subsidiaries and affiliates continued to pursue application of energy-saving technologies, elimination of old vehicles, and raising employees' awareness through strengthening energy-saving promotion.

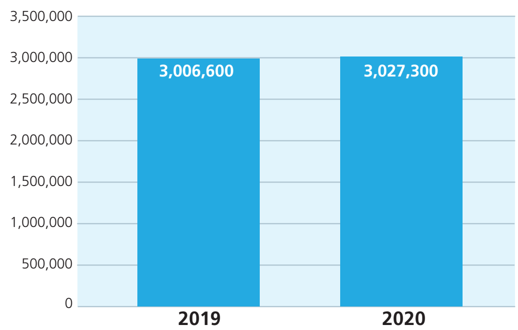
Strengthening Energy Saving Promotion	Implementing Energy-saving Renovation Projects	Retirement of Old Vehicles
• During the National Energy Saving Promotion Week 2020, online knowledge quiz activities were held to enhance employees' awareness of energy saving and improve the working atmosphere in energy conservation management • We provided training for energy measurement management staff, enhancing their knowledge and strengthening talent team building	• We continued to promote the use of energy-saving lightings. Tianjin Port Euroasia International Container Terminal Co., Ltd. has replaced 24 shore-bridge lamps • We will continue to optimise the energy structure and promote the use of clean energy. Tianjin Port Pacific International Container Terminal Co., Ltd. completed the renovation project for replacing oil by electricity for yard cranes. Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd. procured new energy equipment, including electric shuttle buses and pick-up trucks	• Retirement of 640 old non-road mobile machinery

Water Management

In response to the national and Tianjin water-saving policies, the Group continues to manage its water resources in accordance with the four major principles of "control the total volume, strengthen management, scientific utilisation and energy conservation", so as to reduce operating costs while saving water resources. During the year, the Group strictly implemented various water resources management systems and timely issued water-saving plans to its subsidiaries and affiliates. Water balance tests are conducted by each water-consuming unit in accordance with GB/T 12452-90 "General Rules on Water Balance and Test of Enterprises" to understand the condition of water supply pipeline network and strengthen water management.

The Group's operations involve the use of water for production, living, greening, spraying and firefighting purposes. In 2020, water consumption of the subsidiaries and affiliates was within the limits anticipated by the management. The total water consumption was 3,027,300 tonnes, with a water consumption intensity of 0.20 tonnes per thousand HKD revenue. The Group has no issue in sourcing water that is fit for the purpose.

Water Consumption (tonnes)



Water Conservation

To reduce water usage, we improve the recycling rate of wastewater, which is reused for road cleaning, dust suppression and greening after treatment. The Group's subsidiaries and affiliates implement water-saving measures in accordance with the water management system and promote water-saving messages to employees. Through the establishment of a water supply management platform, the adoption of a remote-control system and replacement of old equipment and pipelines, we have reduced water wastage and improved water efficiency. In 2020, due to the pandemic, we were unable to conduct offline water-saving promotion activities. Water-saving office uploaded the promotion videos to the official account to promote the water-saving message to employees.

Strengthening Water Supply Management by Using Smart Water Management Platform in Ports

Since 2018, the Group's subsidiaries and affiliates have been actively utilising smart water management platform at the ports. NB-IoT technology is applied in remotely control water meters to improve water supply management and service standards. In 2020, the smart water management platform project in Nanjiang was completed, and the project in Beijiang is undergoing renovation. Through smart water management, we can timely identify leaks, effectively reduce the loss of water resources. Unmanned operation transformation also reduces labour costs and improves the accuracy of water meters.

Emission Control

The Group attaches great importance to the impact of its operations on the environment. We supervise all subsidiaries and affiliates for emissions management, regularly conduct testing at pollution sources, and ensure strict compliance with national and regional laws, regulations[4] and emission standards. During the year, there was no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

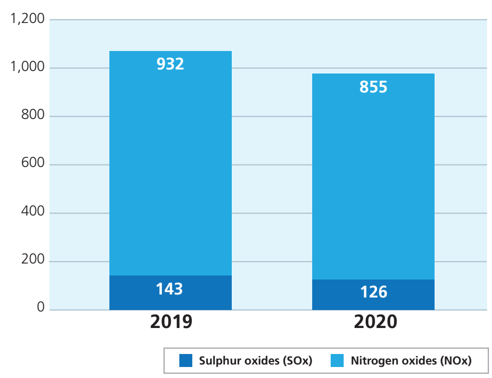
Air Emissions Management

The Group is committed to improving the air quality in the port areas and proactively adopts air emissions reduction measures, and conducts air quality monitoring to continuously improve the air pollution control level. The subsidiaries and affiliates strictly implement the regulations on prevention and control of air pollution and dust in bulk cargo operations to ensure effective control of dust pollution and emissions of vessels, fuel vehicles and equipment.

In 2020, the Group's sulphur oxides (SOx) and nitrogen oxides (NOx) emissions generated from fuel consumption of vessels, vehicles and handling equipment were 126 tonnes and 855 tonnes respectively.

The subsidiaries and affiliates effectively monitored the environmental pollution in port areas through the application of smart air quality monitoring platform during the year. There are 174 monitoring points in the port areas. The platform effectively determines the pollution source through real-time testing of six pollutants (i.e. PM2.5, PM10, nitrogen dioxide, carbon monoxide, sulphur dioxide and ozone), wind speed, wind direction and other indicators, and also analyses and predicts the air quality. Relevant personnel can monitor the data change in real time, thereby adjusting operations modes and controlling pollution.

Total Air Emissions (tonnes)



4 Please refer to the **Laws and Regulations** section for the air, water and waste emissions-related laws and regulations.

Pollution Control on Non-road Mobile Machinery and National III Vehicles

To comply with the "Regulations on Prevention and Control of Pollution of Motor Vehicles and Non-road Mobile Machinery Emission in Tianjin" which was implemented in May 2020, the Group strengthened the control of pollution from non-road mobile vehicles and National III vehicles. In 2020, we phased out the heavy diesel trucks with National III and earlier standards in accordance with the government's requirements. We also retired 640 old non-road mobile machines to ensure that all equipment in use meet the latest environmental requirements. At the same time, we implement energy-saving transformations of equipment to reduce exhaust emissions by improving the utilisation rate of clean energy equipment. Tianjin Port Container Terminal Co., Ltd. renovated nearly 20 mobile machines such as front cranes and forklifts, and installed diesel particulate filters (DPF) in the exhaust system to remove particles in exhaust gas.

Emission from Vessels at Port of Call

The Group continues to promote the use of low-sulphur oil and shore-based power. The subsidiaries and affiliates ensure that light-duty diesel with a sulphur content of less than 0.5% is used in all vessels to reduce emissions. Currently, the utilisation rate of shore-based power and low-sulphur oil for the self-owned vessels has reached 100%. All self-owned vessels consume fuel oil with a sulphur content ranging from 0.0003% to 0.0009%, which is far below the government's requirement of a maximum of 0.1%. We also assign dedicated personnel to conduct random checks on the vessel refueling process and daily management of fuel from time to time, inspect fuel certificates, and require oil suppliers to provide a batch test sheet of oil products to ensure the oil products meet the requisite quality standards.

Dust Pollution Prevention

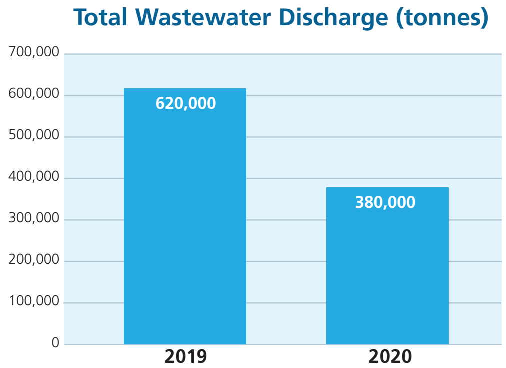
Dust is generated during bulk cargo operation and infrastructure construction in port area, which affects the air quality. In response to dust pollution, we urge our subsidiaries and affiliates to strictly implement the "Six 100%" measures for bulk cargo operation and construction, namely "100% construction of wind-proof net in stacking yard, 100% ground hardening of stacking yard, 100% stack covering, 100% wet process operation, 100% tire washing and 100% enclosed transportation of vehicles". In addition, we regularly spray water to suppress dust.

Treatment of Heavily Polluted Weather

The Group has established a command team for emergency response under heavy polluted weather. In response to the heavy polluted weather which is more common in autumn and winter, we have incorporated heavy polluted weather response into the emergency response system. In accordance with the heavy polluted weather warnings issued by the government, we initiate the emergency response plan implementation, direct and supervise the subsidiaries and affiliates to ensure they implement various emergency protection measures according to the warnings, including suspending earthwork activities at construction sites, suspending outdoor spraying and painting, and implementing restrictions on vehicle movement to reduce air emissions. In 2020, the Tianjin government issued a total of 4 warnings for heavy polluted weather, and we successfully implemented the relevant emergency response measures.

Wastewater Discharge Management

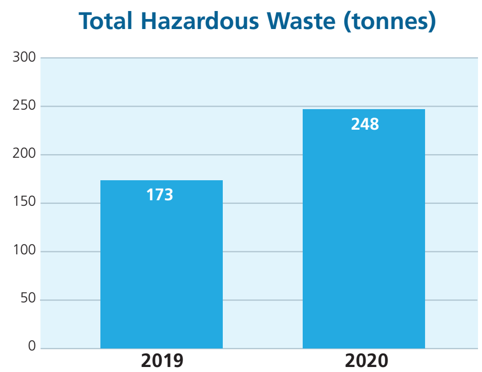
The wastewater generated by the Group's operations includes office and domestic sewage, canteen sewage, tank washing sewage, bulk cargo sewage and vessel sewage. In 2020, the Group discharged a total of 380,000 tonnes of wastewater, representing a decrease of 38.7% as compared to 2019. Wastewater was reused in operations after treatment. We have wastewater treatment facilities in place to treat the wastewater generated during our operations. In order to ensure stable operation of the system, Tianjin Wujie Logistics Co., Ltd., a subsidiary of the Group, regularly inspects the sewage treatment equipment, and engages with a third-party institution to test the treated sewage every six months. During the year, the Group's subsidiaries and affiliates owned a total of 31 wastewater treatment facilities with a total treatment capacity of 18,000 tonnes per day and an equipment operating expense of approximately RMB7,410,000.



For wastewater treatment facilities that are classified as key pollutant discharging units in Tianjin, we have set up an online monitoring system at the discharge points in accordance with national regulations. The system conducts automatic testing every two hours. Drainage flow and water pollution indicators, including chemical oxygen demand, total nitrogen, total phosphorus and other data, are uploaded to the regulatory platform of the Ministry of Ecology and Environment and Tianjin Municipal Bureau of Ecology and Environment in real time for public inspection.

Waste Management

Hazardous wastes generated by the Group's operations include waste engine oil, waste mineral oil, waste paint barrels, waste light tubes, waste batteries, waste filters, used batteries and waste ink cartridges. In 2020, the Group generated a total of 248 tonnes of hazardous waste, all of which were handled by qualified hazardous waste treatment units to ensure compliance with laws and regulations. As the Group implemented green port construction and increased the renovation, maintenance and repair of machinery during the year, the amount generated increased by 43.4% as compared with 2019. For non-hazardous waste, we actively sort waste and engage qualified recyclers for recycling. During the year, our non-hazardous wastes generated included 1,201 tonnes of scrap wire rope, 6.57 tonnes of waste cable and 2,906 pieces of waste tires. During the year, the Group carried out centralised renovation of the appearance of vehicles and replaced the tires of mobile machinery such as trucks and trailers, so the non-hazardous waste in 2020 increased as compared to 2019. The Group disposes waste in strict compliance with laws and regulations, and supervises its subsidiaries and affiliates to strengthen waste pollution prevention and control.



Non-hazardous waste	Unit	2019	2020
Scrap wire rope	tonnes	1,547	1,201
Waste cable	tonnes	16	6.57
Waste tires	pieces	1,773	2,906

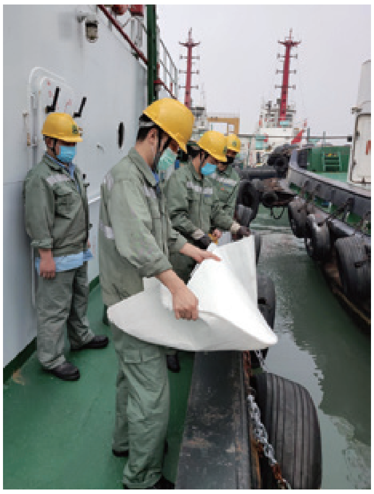
Ecological Protection

Although the port of Tianjin does not fall within the priority sites for protection, the Group attaches great importance to consequences of its operations that may lead to significant pollution incidents, which may in turn pollute the water bodies surrounding the port and affect marine ecology. In line with the Bay Chief System implemented in Binhai New Area, we require each terminal company to control its land and sea responsibility area, strengthen vessel and port pollution prevention and control, and promote marine ecological restoration. To avoid the impact of our operations on the environment, we engage a third-party marine waste cleanup company to regularly remove marine litter in the port area. At the same time, we inspect the sea surface using drones. When waste or pollutants discharged by a vessel is detected, we immediately contact the cleanup company to clean up and contact the maritime department. On water quality, the Group has set up an online sewage treatment monitoring system at the sewage treatment plants in Beijiang and Nanjiang, and strictly implemented rainwater and sewage diversions to ensure compliance of sewage discharge. In terms of noise control, the subsidiaries and affiliates regularly monitor the noise levels, ensuring that they meet the GB3096-2008 Environmental Quality Standard for Noise.

The Group strives to minimise the negative impact of construction on the environment. Prior to any construction work, our subsidiaries and affiliates commission third-party organisations with environmental assessment qualifications to conduct environmental impact assessment for new, reconstruction and expansion projects in strict compliance with laws and regulations, and strictly implement the approval requirements during construction and operation phases.

Oil Spillage Management

The Group's business involves the risk of oil spills. Therefore, the Group has established a safety management system, and its subsidiaries and affiliates regulate the oil supply service in accordance with the rules to prevent oil spillage incidents. We ensure that our subsidiaries and affiliates are capable of responding to marine pollution incidents. The Group has emergency plans for oil spills in place, which are promptly initiated once an oil spill incident is detected, ensuring it is effectively controlled. The subsidiaries and affiliates also regularly conduct oil spill emergency drills or simulation drills in accordance with requirements of the contingency plan to provide practical training to emergency response personnel. In 2020, the Group was not aware of any need for reporting oil spillage or leakage incidents to the relevant government authorities.



Oil Spillage Emergency Drill

In 2020, Tianjin Port Yuanhang Ore Terminal Co., Ltd. carried out oil spillage drills to simulate the situation when unknown oil pollution was found in the sea area of the terminal. The emergency command department immediately initiated the emergency plan procedures, and closely connected all aspects, and the members of each emergency command department demonstrated good cooperation to prevent the expansion of hazards. The drill effectively strengthened the emergency response capacity of our personnel for offshore oil spill incidents and enhanced the safety and environmental protection awareness of relevant employees for oil spill incidents.

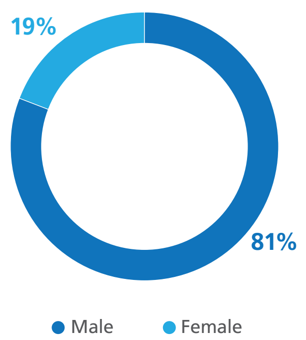
PEOPLE FOCUSED

The Group always adheres to the "people focused" development concept, continually optimises talent management mechanism and consolidates the foundation of safety management, aiming to create a safe, equal and diversified working environment for employees to grow together.

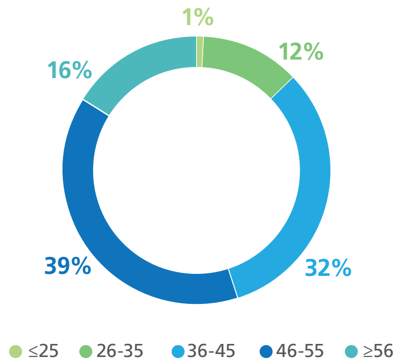
Employee Profile

The Group continues to recruit outstanding talents and strengthen the competitiveness of the team. As at the end of 2020, the Group had a total of 7,637 employees, with a male to female ratio of approximately 4:1. Among them, 39% of the employees were aged between 46 and 55. The total employee turnover rate was 9%, of which 71% were retired employees.

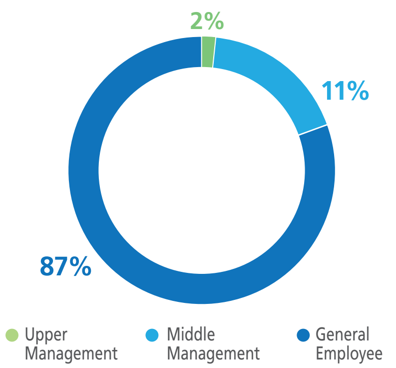
Employee Profile by Gender



Employee Profile by Age



Employee Profile by Position Level



Protecting Employees' Rights and Interests

We respect and protect legal rights and interests of employees, and are committed to building an equal and diversified working environment for employees. The Group strictly complies with labour-related laws and regulations[5] in the regions where it operates. To the best of our knowledge, the Group did not contravene 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 year.

Talent Recruitment

The Group has established a comprehensive internal management approach which includes recruitment, dismissal and promotion mechanisms. We always adhere to the principle of fair, open and equal talent recruitment and selection, and allocate job positions according to the different talents and potential of employees or job applicants through competition. In addition, we strive to prevent the use of child and forced labour in any form in our business operations, adopt strict labour standards and comply with relevant national laws and regulations[6]. 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 or forced labour during the year.

Remuneration and Benefits

In accordance with laws and regulations[7] and internal documents, the Group strives to provide employees with competitive remuneration packages and various benefits, including salary, corporate annuities, paid annual leave, work-related meals, etc., which are no less than the statutory standards. In 2020, in accordance with the requirements of the Tianjin government, the Group established a supplementary housing provident fund system for its employees and adjusted the corporate annuities.

5 Please refer to the **Laws and Regulations** section for the labour-related laws and regulations.
6 Please refer to the **Laws and Regulations** section for the child and forced labour-related laws and regulations.
7 Please refer to the **Laws and Regulations** section for the remuneration-related laws and regulations.

Employee Care

The Group has a labour union office to seek democratic management. In order to better serve employees, the labour union organises employee representatives meetings on an annual basis, formulates or revises collective contracts every three years, and further protects the statutory rights and interests of employees by focusing on their rights protection, labour safety, life and health maintenance. The highlights of the work of labour union in 2020 include:

- Strengthened basic management work, improved team building and enhanced organisational vitality and capabilities
- Strengthened ideological work and promoted the advanced spirit of employees. Published 600 articles on labour union official account
- Gave full play to the advantages of female employees' organisation and organised lecture activities for female employees, etc.
- Offered health insurance, critical illness and hospitalisation mutual assistance for members, and provided RMB661,000 for employees suffering from major illnesses
- Organised mass economic activities, such as skill competition to foster the production and operation of the Group
- Effectively protected employees' rights and interests and carried out activities such as safety month and competition
- Provided RMB384,100 to support our employees in winter and summer, and provided free medical check-ups for 1,745 migrant workers
- Visited in-patient employees and members and provided RMB618,000 condolence money and gifts to them in a timely manner

Employee Communication

Effective communication is the key to enhancing team cohesion. The Group conducts various seminars and surveys from time to time to provide a platform for communication between the management and employees to collect their opinions. In addition, we maintain close communication with employees through leadership mailbox, petition and other platforms. For any matters, employees may also communicate directly with the management through the Group's internal office system or phone.

Diversity and Inclusion

The Group actively promotes diversity in the workplace, strictly prohibits all forms of discrimination on gender, race, nationality or religious belief, and is committed to creating a diverse and inclusive working environment for all employees. We strictly abide by the Law of the PRC on the Protection of Women's Rights and Interests, the Measures for the Collection and Use of the Employment Security Funds for the Disabled in Tianjin Municipality and other relevant laws and regulations[8] to protect the rights and interests of female employees and support employment of the disabled.

We provide additional benefits to female employees, including breastfeeding leave, gynecological examination and maternity insurance. The collective contract of employees also expressly guarantees that male and female employees enjoy the same rights in terms of remuneration, welfare and promotion. The labour union and the department of female employees are responsible for monitoring, ensuring effective implementation of the system and that employees are treated fairly and reasonably.

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

Case Study: Tianjin Port Tugboat Lighter Co., Ltd.

Promoting the general law

We actively advocate the laws and regulations on gender equality and the protection of female employees' rights and interests. We invited female employees to actively participate in the "Knowledge Competition on the Protection of Female Employees' Rights and Interests" organised by the labour union, aiming to guide female employees to correctly apply the laws to protect their rights and interests and further expand their legal knowledge.

Supervising the implementation of rectification

Female employees were invited to check the "Protection of Female Employees' Rights and Interests" section. For any non-compliance issues, the female employees committee provides rectification suggestions to relevant departments and promotes implementation of the measures.

Supporting employment of the disabled

We employed four disabled persons and paid the employment security fund for the disabled on schedule in strict compliance with laws and regulations.

Building Talent Hub

The Group attaches great importance to construction of its talent team and continuously attracts and retains talents through an internal comprehensive fundamental human resources management system. In 2020, we launched a new position management system, allowing cross-sequential employment and implementing a position-based system. At the same time, to motivate employee development and facilitate the selection of outstanding talents, we strengthened the performance appraisal, and gave full recognition to outstanding employees based on the principles of objectivity, impartiality and fairness. We encourage under-performing employees to improve their performance through feedback and communication, or adjust their positions or demote them. Furthermore, the labour union has established a "goal accomplishment platform" and actively organises skill competitions to replace training, so as to promote the construction of the workforce, explore the employees' career development paths, and facilitate transformation, upgrading and performance improvement of the Group.

- The labour union organised occupational skills competition, with more than 2,000 employees participating from nearly 20 units
- The gantry crane project applied for the city-level category 1 competition, and 4 projects including the loading machine project applied for the city-level category 2 competition

The Group is committed to improving and strengthening the training system and providing employees with diversified training and development opportunities. The Group has formulated and implemented a number of policies related to employee development and training, including employee training and occupational education management implementation rules, which help to improve the pertinence of employee training. In response to the pandemic, we adopted a combination of online and offline training, format and applied information technology measures such as mobile learning and virtual reality in training to enhance employees' professional knowledge and help them obtain qualification certifications. In accordance with national laws and regulations and various internal documents, we set the budget for staff training, ensuring that training covers employees at all levels and in various types of work.

In 2020, the Group organised a total of 1,688 employee training sessions for a total of 308,231 hours, covering 7,633 employees[9].

[9] Employee training data comprises professional knowledge and skills training, occupational safety and health training and anti-corruption training.

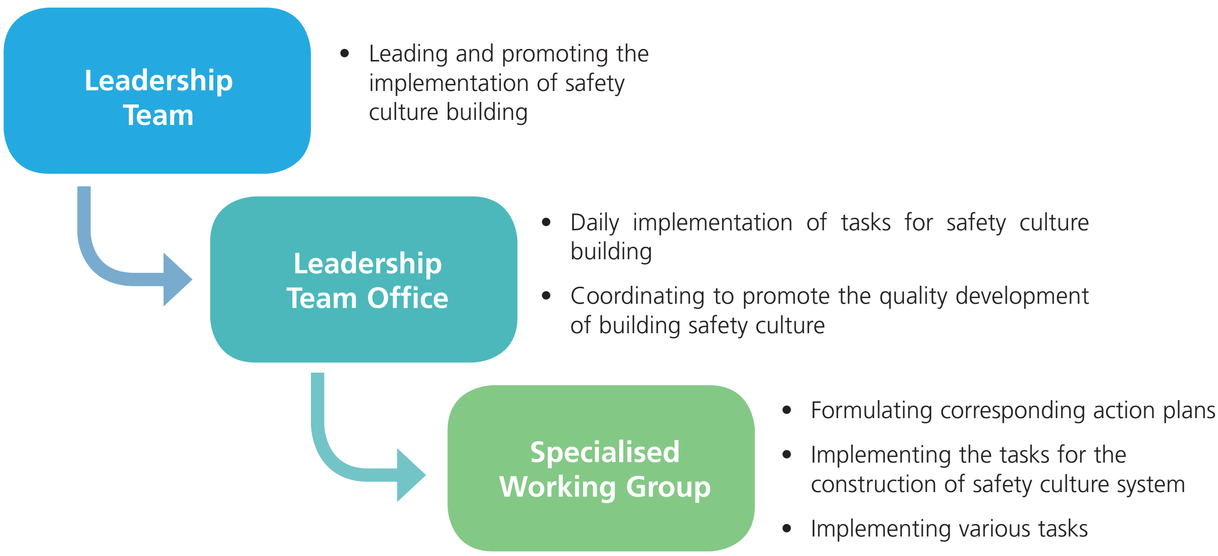
Health and Safety

Occupational health and safety is the foundation of the Group. We strictly comply with relevant national and local laws and regulations[10]. During the year, 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. The Group did not record any case regarding work-related fatalities or serious work accidents during the year.

Safety Management

The Group continuously strengthens its safety management through continuous reviewing and improving the safety management system and internal policies. During the year, the Group revised a total of 5 safety management systems to ensure suitability and effectiveness and actively promoted the construction of standardised safety production systems. At the same time, to avoid occupational safety risks, we commissioned a third-party consultancy to assess and review our safety management system and revised and optimised the safety responsibility system and comprehensive emergency response plan. 19 subsidiaries and affiliates of the Group have obtained GB/T 28001 certification for occupational health and safety management system. In addition, the Group has stipulated safety management measures for contractors, such as strengthening the safety management supervision of contractors in each business and the promotion of safety concept and incorporating safety management into the contractor selection criteria and rating standards to fully protect contractors' safety and health.

Governance Structure for Building Safety Culture



During the year, we invested over RMB91,400,000 for improving and maintaining the safety protection equipment, promoting new production safety technology, assessing safety accident hazards, inspecting and evaluating existing safety systems, conducting safety education as well as consultation and standardisation of works, so as to protect the occupational health and safety of employees in terms of both employee awareness and hardware.

10 Please refer to the **Laws and Regulations** section for the health and safety-related laws and regulations.

Safety Assessment

The Group has an annual comprehensive remuneration assessment management system, connecting the appraisal of management personnel with safety performance indicators to promote safety and improve production safety performance. We have adopted a one-vote veto system. In the event of any safety incident, performance indicators of the responsible personnel are recorded as zero and are subject to the corresponding penalties. During the year, the Group did not have any safety accidents and work-related fatalities.

The Group strictly supervises assignation of production safety tasks at subsidiaries and affiliates, fulfils its responsibility for production safety in accordance with the principle of hierarchical management, and actively promotes production safety measures at all levels. We have established a sound occupational health and safety management system, implemented continuous production safety activity assessment, and performed production safety audits on a rolling basis. While requiring subsidiaries and affiliates to carry out mid-year self-inspection and year-end self-assessment on implementation of production safety responsibility targets, the Group continues to conduct "Four Nos and Two Directs"[11] inspection mechanism on a regular basis.

Three Major Categories of Safety Production Inspection

Seasonal Inspection	Irregular National Inspections During Key Periods	Temporary Inspection
Mainly focusing on the safety requirements of each season and the task deployment and implementation at each unit	The comprehensive inspection conducted by the competent department and leaders before each statutory holiday; and performed special inspections conducted for major activities	Special inspections and rectification conducted by the governments and companies on specific areas

Safety Training

The Group continues to promote the building of safety culture, carry out safety training, and improve the safety awareness of its employees. Every year, training from one to three days is provided according to different needs, including safety management personnel training, certification training for special personnel and safety training for all employees. In 2020, the Group carried out a total of 1,303 training and education sessions on production safety with 104,326 person-times.

During the year, the Group studied the Standard Operating Procedure and carried out comprehensive promotion. We also actively organised experience exchange, and further regulated the operational behaviour of employees. At the same time, combined with the Occupational Disease and Law of Prevention and Control Publicity Week, we focused on conducting training and other online activities, and also invited third-party organisations to provide training to the occupational health management personnel of subsidiaries and affiliates, striving to improve the safety knowledge and skills of employees.

In addition, the Group's leaders put forward ten specific tasks on production safety ("Ten Strict Measures"), requiring all subsidiaries and affiliates to strictly implement the Ten Strict Measures. In this regard, we not only provide relevant training to employees, but also actively publicise relevant regulations to external personnel, relevant operators and contractors to enhance their safety risk prevention awareness and risk management ability.

11 "Four Nos and Two Directs" refers to no prior written notice, no call, no report, no escort and reception, and go direct to fundamental units and go direct to the location.

Production Safety Month and Special Activities for Production Safety

In 2020, the Group actively carried out various forms of safety activities, focusing on the theme of "eliminating hidden dangers of accidents and building a strong defense for safety". We launched the safety production month and special production safety activities simultaneously, striving to facilitate production safety work through activities and further improving employees' awareness of the need for risk prevention and improving safety skills.

In response to the national three-year action plan for special rectification of production safety, the Group implemented its three-year plan for special rectification of production safety based on its own actual production safety situations, and clarified work objectives, tasks and division of responsibilities. The plan includes 2 special implementation plans, including the study of important discussions on production safety and assigning the main responsibility of production safety as well as 7 specific rectification implementation plans, covering topics such as safety of dangerous goods, fire safety, equipment and facilities safety, logistics and transportation safety. Moving forward, the Group will continue to strengthen its daily safety management and safety infrastructure construction, and ensure the implementation of the three-year plan.

Strengthening Safety Education

- Conducted 128 special learning sessions on production safety, covering more than 2,000 person-times
- Conducted 285 video sharing events on typical accidents, covering 5,000 person-times
- Organised more than 4,000 employees at all levels to participate in "Cloud Classes on Production Safety"

Promoting Safety Concepts

- Organised caravan publicity events and distributed more than 1,000 copies of posters and handbooks
- Participated in online safety consultation activities, safety knowledge competition, safety promotion live
- Conducted more than 100 safety promotional activities in corporates, on-site, communities, schools and families

Investigation and Remediation

- Published an action plan for safety hazards investigation to promote special rectification activities in fire prevention, facilities and production safety
- Conducted more than 2,500 inspections at all levels
- Supervised and rectified more than 1,100 problems involving ship deck facilities, communication and navigation equipment, fire-fighting equipment, and pandemic prevention and control

Elimination of Potential Safety Hazards

The Group is dedicated to ensuring all equipment is in compliance and operating properly, striving to avoid all safety hazards and ensure production safety. We reviewed establishment of production safety inspection mechanisms at subsidiaries and affiliates to ensure full coverage of our work, and to comprehensively investigate and rectify potential hazards to effectively prevent various safety accidents.

During the year, we continued to utilise advanced technologies such as drone systems to conduct full-coverage inspections of operational areas and timely rectify any potential hazards. We also increased our investment to improve the video surveillance system to ensure that the images taken by the drones can be sent back to the control room in real time, assisting the subsidiaries and affiliates to mitigate safety risks.

Intelligent Safety Protection Technology

Through technological innovation, Tianjin Port Yuanhang Ore Terminal Co., Ltd. adopted intelligent visual technology to improve the supervision, achieve the upgrade from "passive monitoring" to "active pre-warning", thereby solving the shortcomings of protective safety at production sites more effectively. Through remote video supervision, intelligent video analysis, post-event video retrieval and random inspection, the company can effectively identify illegal behaviours, including insufficient personal protective equipment, inadvertent entry into non-working areas, and issue real-time alerts.

The technology is certified to be of international advanced level and licensed with utility model patent. The technology has been operating in production line and has fully improved the production safety management of the port. This not only improves the supervision efficiency, but also ensures the safety of operations and protects the personal safety of employees.

Occupational diseases involved in the Group's operations are mainly pneumoconiosis. We provide employees with protective equipment and conduct regular inspections at work sites to effectively prevent occupational diseases. In addition, we arrange body checks for employees at least once a year to reduce the risk of occupational diseases. In 2020, the Group did not record any cases of pneumoconiosis and noise-related diseases.

Emergency Management

The Group follows the existing production safety risk prevention and control management system, and continuously improves emergency handling plan. Comprehensive emergency drills are organised at least once a year to deal with two or more different types of emergencies.

Emergency Drills

In 2020, Tianjin Port Tugboat Lighter Co., Ltd. and Tianjin Lingang Tugboat Co., Ltd. organised the annual integrated emergency drill for relevant personnel including the emergency leadership team. The drill covered scenarios such as vessel damage with water inflow due to bad weather, personal injury and illness, and firefighting in vessels.

The drill fully demonstrated employees' high emergency response capability and professional skills. In the simulated emergency scenarios, the emergency leadership team provided relevant information and necessary shore-based support in a timely and accurate manner, and directed rescue work effectively and orderly. The duties of the ship crews were clearly defined and self-rescue measures were actively taken. The rescue ship was promptly put in place and operated proficiently during the rescue.

QUALITY FIRST

The Group adheres to the principle of "quality first" and focuses on improving service quality. We provide customers with quality services by proper management of our own products and services as well as the supply chain. At the same time, the Group continues to innovate and utilise emerging technologies to provide customers with more comprehensive services.

Product and Service Responsibility

The Group is committed to providing quality services to customers. In 2020, a total of 22 subsidiaries and affiliates obtained GB/T 19001 quality management system certification. Ensuring the quality of products and services is the key focus of the Group. We monitor the entire process, area and period of cargo arrival, handling and storage, and formulate relevant regulations to supervise and inspect the subsidiaries and affiliates to ensure the quality of goods. In 2020, we carried out special work on the loss of cargo and damage to the products due to factors such as rainwater and dampening and as a result there was no relevant cargo damage, and there was no other major cargo damage accident during the year. During the year, there was no case of product sold or shipped that needed 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.

Freight Transportation

Management System for Freight Services

- Improved cargo service quality management mechanism, revised quality assessment measures and increased punishment
- Provided quality management training to improve the quality of operations conducted by management personnel

Service Quality Control

- Strengthened the inspection and assessment of on-site operations and conducted multiple forms of inspection and control such as night inspections, holiday inspections and company mutual inspections
- All subsidiaries and affiliates earnestly implemented the main responsibility of anti-damage management, focused on management of containers, solid bulk and liquid bulk cargo, and highlighted the management of anti-rain and humidity-damage in key areas
- In accordance with the historical cargo loss and risk factors, the Group strengthened the inspection of container cargo water clean up and the covering of general cargo. The Group also provided guidance to key units to effectively avoid the occurrence of cargo damage accidents

Sales of fuel oil services

Fuel Quality Management System

- Established relevant requirements of the "Quality, Occupational Health and Safety, Environmental Management System" to continuously improve the quality of the Group's products and services

Fuel Quality Control

- Strict compliance with international and national oil quality standards inspection
- The fuel is supplied by special pipelines to ensure fuel quality. If there is a need to change the fuel type, the fuel can only be supplied after cleaning the oil tank and meeting the testing indicators
- Oil samples are taken when the vessel is bunkered, for inspection by both the vessel and bunkering vessel, along with third party institutions
- Stringent records of supplies and evidence are kept. When quality disputes arise, original documents can be provided

During the year, the Group did not contravene any relevant laws and regulations[12] that have a significant impact on the Group relating to health and safety, privacy issues and remedies for the provision of products and services. Our business does not involve advertising and product labelling and therefore it has no significant impact on our operations.

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

Hazardous Goods Management

The Group attaches great importance to port safety. As cargo handling and storage often involve hazardous goods, we strictly abide by laws, regulations[13] and industry standards and have formed a complete management system with the Port and Shipping Management Bureau, Maritime Safety Administration, Customs and Emergency Management Bureau, and have formulated management procedures and regulations to exercise strict control over hazardous goods at the ports.

The Group is committed to maintaining port safety by regulating work related to hazardous goods and implementing safety measures in every aspect of such operation through the management of personnel and subsidiaries and affiliates.

Practitioners	Subsidiaries and Affiliates
Personnel involved in the management of hazardous goods must obtain relevant qualifications, e.g. safety management personnel qualification, loading and unloading management personnel qualification, etc.	Subsidiaries and affiliates involved in storing and handling hazardous goods shall obtain a port hazardous goods operation certificate issued by the port authority, which specifies the scope and modes of operation of the goods it can handle
Regular training is provided to staff	Subsidiaries and affiliates are required to develop and improve their management systems and to regularly check compliance in relation to their operations

Supply Chain Management

Suppliers are important business partners of the Group, and the selection and effective management of suppliers are closely related to the quality of services the Group provides. The Group's suppliers are divided into three categories, the largest of which is sales business suppliers, followed by labour service suppliers, and the remaining are the port production and construction materials suppliers. In 2020, the Group signed a total of 402 new contracts with materials suppliers, of which 286 are located in Tianjin, accounting for approximately 71%. There were another 512 suppliers who signed long-term agreements with the Group in the last financial year to strive for long-term partnerships.

In order to better express our needs, the Group maintains effective communication with suppliers through various channels, including the centralised procurement platform, WeChat, trading conference, visits and telephone.

[13] Please refer to the **Laws and Regulations** section for the hazardous goods management-related laws and regulations.

Supplier Selection and Assessment

The Group has a Supplier Evaluation Plan to select the most suitable suppliers through a comprehensive monthly and annual evaluation. The monthly evaluation is completed on the materials trading platform, including the automatic evaluation of suppliers by the electronic information system, evaluation of commodities procured by the customers and evaluation of merchants by the platform managers. At the end of each year, the Supplier Management Committee comprehensively assesses the annual rating of each supplier based on the monthly evaluation and other supplementary conditions, and takes the corresponding management measures for the evaluated suppliers in the next agreement year.

The Group manages its environmental and social risks according to the nature of different types of suppliers and has formulated a number of policies to regulate relevant issues regarding procurement of domestic fuel oil, the quality and occupational health and safety management system.

	Sales Supply Chain	Labour Supply Chain	Port Operation and Construction Materials Supply Chain
Products and Services	Provision of fuel oil to inbound vessels	Labours and outsourced workers	Supply of materials for port operations and construction
Environmental and Social Risk Management	• The contract clearly stipulates the requirements of suppliers on quality, safety, environmental protection, corporate social responsibility, compliance, anti-corruption to regulate the behaviour of suppliers	• Safeguard the legal compliance of contracted projects and its labour force to protect the legal rights and interests of the labour force • Evaluate the suppliers' management capabilities through their qualifications, such as registered capital, payment of insurance records, etc.	• Comprehensive assessment of suppliers, including service satisfaction, employment standards, production safety, environmental safety, community responsibilities and ethics • Qualified suppliers are required to submit quality certification documents
Supplier Assessment Methods	• The sales and marketing department formulates procurement plans for each project and prepare contracts • The procurement team establishes the supplier evaluation mechanism, conducts daily and annual review of suppliers to determine the supplier database for the next year	• Perform regular inspection and annual assessment on outsourcing projects	• Established a special evaluation team to review suppliers • Suppliers are subject to preliminary screening, specific meetings and on-site review before they can formally become the Group's suppliers

Respect for Intellectual Property Rights

Innovation is the driving force for growth of enterprises. The Group has set up a management system for encouraging technological innovation to support innovative management and encourage subsidiaries, affiliates and employees to actively innovate, laying a solid foundation for the construction of smart ports. We strictly abide by laws and regulations[14], and highly respect the intellectual property rights of others while protecting our own. Therefore, the Group has formulated patent management measures based on the actual situation to regulate and strengthen patent management work within the Group, and promote technological innovation and advancement.

[14] Please refer to the **Laws and Regulations** section for the intellectual property rights-related laws and regulations.

In 2020, the Group applied for 80 national invention patents, completed 269 technology projects and obtained 53 national patents. The patented invention projects and the results achieved are presented below:

Research and Practice of Automated System for Traditional Container Terminals

Tianjin Port Container Terminal Co., Ltd. has been focusing on the automated construction 2.0, exploring the new path of automatic upgrading and transformation of traditional container terminals, and building a fully-automated operation model consisting of "automatic quay cranes + automatic rail mounted gantry cranes + unmanned electric trucks + intelligent unlocking stations"

Research and Function of Open and Large Scene Intelligent Visual Technology in Port Safety Management and Control

Tianjin Port Yuanhang Ore Terminal Co., Ltd. achieved intelligent analysis, capture and filing of on-site violations by utilising AI intelligent algorithms such as safety helmets wearing detection, key area intrusion identification, human face recognition and vehicle retention recognition

Aerial Turning-Container Mechanical Lock

Tianjin Port No. 1 Stevedoring Co., Ltd. has developed aerial turning-container mechanical lock, which can ensure that the container will not be unlocked when the container is overturned in the air, further safeguarding the safety on the operating sites

Research and Development of Automated Operating System for Traditional Container Cranes

Tianjin Port Pacific International Container Terminal Co., Ltd. solved the problem of shortage of drivers and yard crane equipment by automating and upgrading the cold stack yard. This simultaneously improved the handling quality and customer satisfaction

CUSTOMER ORIENTED

The Group adheres to the quality service concept of "customer-oriented" and takes customer satisfaction as the guiding principle. We try to understand the views of customers through various means, actively solving the needs of customers, fully respecting and protecting the customers' interest, and providing higher quality services.

Customer Satisfaction

The Group attaches great importance to customers' opinions and suggestions, and has established multiple communication channels in order to gather their opinions and continuously improve service quality on all fronts. Our marketing staff communicates face-to-face with end customers during daily visits. Our customer service centre also has a 24-hour service hotline. According to the Group's customer complaint handling procedures, customer service staff provide standardised and high-quality complaint handling services, striving to maintain customer satisfaction. During the year, the satisfaction rate was over 96%.

Customer Complaint Handling Procedures

1. Recording Complaints

- Record customers' feedback, information and contact in detail and accurately
- Confirm the authenticity and reasonableness of the complaint

2. Handling Complaints

- Refer the customer complaints to the responsible department immediately
- Major and emergency incidents should be reported to authority immediately

3. Reply to Customers

- Promptly take measures
- If the complaint cannot be resolved immediately, reply should be given within 24 hours
- Outstanding cases should be handed over upon shift

4. Closing Case

- Be patient while resolving all complaints, obtain recognition from customers, satisfy customers' wishes as much as possible, and complete complaints handling process

In 2020, we carried out special tracking and inspections of service windows regarding service attitude, business process and other production-related issues. Subsidiaries and affiliates were urged to rectify the existing problems and deficiencies, effectively improve the service awareness of their on-site operators and improve customer services at the port. In addition, we held a number of "Four Thousand Actions"[15] activities during the year with the purpose of improving quality and efficiency to proactively understand the needs of customers, conduct in-depth research on the difficulties of customers and explore effective solutions.

[15] "Four Thousand Actions" refers to travel thousands of mountains and rivers, speak thousands of words, think thousands of ways, serve thousands of families.

Efficiency Improvement

In response to customer feedback, we initiated special actions for efficiency improvement. A working command team has been set up by the business dispatch command centre to ensure highest efficiencies in handling customers' vessels from arrival to departure. In 2020, the Group's total container throughput exceeded 18,350,000 TEUs, representing a year-on-year increase of 6.1%, and continued to build the "Tianjin Port Efficiency" brand. In November this year, Tianjin Port Pacific International Container Terminal Co., Ltd., a subsidiary of the Group, ranked first in the world in terms of operational efficiency of 2M Alliance Nordic shipping route with a record high of 270.3 TEUs/hour.

Ensuring Network Information Security

The Group attaches great importance to network information security, strictly abides by the relevant laws and regulations[16], and takes reference to the national information security level protection system to build a network security management mechanism. We make use of the network security situation perception platform to improve our ability to identify, analyse and handle network security hazards from a global perspective. At the same time, we deepen employees' awareness of network security, regularly carry out training activities on Internet security and hacking prevention, effectively preventing and protecting network information security with advanced technology and high prevention awareness.

BUSINESS ETHICS

The Group adheres to the principles of fairness and honesty 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. Supplier assessment is conducted regularly to ensure compliance with relevant ethical requirements.

We have implemented a supervision mechanism to curb corruption and other unethical acts, to gradually improve anti-corruption work, including the implementation of management regulations related to bribery, extortion, fraud and money laundering, standardisation of directors and employees' basic behaviours, and inspection of all employees of the subsidiaries and affiliates, followed by reward and punishment measures.

In order to maintain a high standard of business ethics, the Group continues to educate the concern parties in respect of conduct and integrity. It provides anti-corruption training, including publishing of anti-corruption related information, special training for inspection personnel, theoretical basic learning, ideological education for new recruits, watching educational films, and training courses for talents, to promote discipline in inspection and supervision. In 2020, the Group conducted 30 anti-corruption trainings with a total of 7,590 hours.

The Group has set up a whistle-blowing mechanism to provide an anonymous channel for reporting suspicious cases. Directors and employees can directly visit or report through public telephone or email. The Group keeps the personal information of the whistle-blower confidential in accordance with its anti-corruption related disciplinary regulations, and the investigation of reported cases is handled by a working group comprising more than two staffs to ensure mutual supervision of confidentiality agreements.

In 2020, the Company handled one incident of suspected embezzlement of funds (for details, please refer to the announcement of the Company dated 20 May 2020). Other than that, the Group is not aware of any non-compliance with relevant laws and regulations[17] that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

[16] Please refer to the **Laws and Regulations** section for the information security-related laws and regulations.
[17] Please refer to the **Laws and Regulations** section for the anti-corruption-related laws and regulations.

Anti-corruption Focus

Integrity Education

- Normalise anti-corruption public education, publish anti-corruption policy guidance to higher management
- Strengthen anti-corruption education through education films, WeChat public account and case reporting
- Special training for discipline inspection cadres of subsidiaries and affiliates
- Mass lecture for new employees, exhibition visit at warning centre and anti-corruption talent training program

Strengthening Supervision

- Establish new working mechanism, formulate action documents and strengthen supervision during the pandemic
- Focus inspection on the general units for a total of 122 times during the holidays in order to facilitate competent operation output

Whistle-blowing Mechanism

- An anonymous corruption reporting mechanism is in place
- Set up a working group to review the reported cases and ensure the confidentiality of the whistle-blower's personal information during the transmission to the whistle-blower and the investigation
- Build reporting channels such as mail, visits and phone calls. A reporting hotline was set up, using the uniform hotline of national disciplinary and supervisory authorities 12388

Declaration of Interests

- Implement employee management regulations to regulate the basic behaviour of directors and employees
- Directors and employees are required to avoid conflicts of interest as much as possible and disclose conflicts of interest in expected transactions or relationships
- If conflict of interest exists, it must be reported to the Group's relevant department well in advance

COMMUNITY CARE

The Group adheres to the sustainable development concept of "From the Community, For the Community", and is committed to supporting and promoting the development of the communities in which it operates, and has formulated internal policies to encourage employees to organise volunteer services and activities. In particular, Tianjin Port Tugboat Lighter Co., Ltd. has set up a management system for the Xianchuang Caring Team to provide support for promoting participation of employees in community volunteer activities.

Community Care Volunteer Services

Tianjin Port Tugboat Lighter Co., Ltd. provided support and assistance to community for pandemic prevention during the outbreak of COVID-19. The young volunteers of the company actively participated in community volunteer services to help clean community facilities and contributed to pandemic prevention and control. At the same time, the Youth League Committee of the company proposed a book donation initiative, and the employees followed the call and collected more than 60 books. Young volunteers also put their messages on the title page to send sincere warmth and blessings to the youth in the mountainous areas.

Volunteer Service Activity of "Support the Gaokao with Love"

Shenhua Tianjin Coal Terminal Co., Ltd. organised a volunteer service team for "Support the Gaokao with Love", and set up volunteer service points in Tanggu No. 1 and Tanggu No. 2 Middle School to provide round-the-clock volunteer service for college students and accompanying parents. In the event, volunteers began to serve on time at the examination fields with high foot traffic, and provided voluntary services such as road guidance, consultation, order maintenance and people flow control for the candidates.

"Ensuring Smooth Traffic • Carrying Out Volunteer" Activities

The young volunteers of Tianjin Port Container Terminal Co., Ltd. joined hands with the police force to carry out the "Ensuring Smooth Traffic • Carrying Out Volunteer" activities and assisted in the implementation of prevention and control measures in the port area during the pandemic, so as to contribute to the resumption of work and production in the local area and ensure sustainable production of the port.

LAWS AND REGULATIONS

In response to each ESG aspect, the Company and its subsidiaries and affiliates have implemented respective internal policies, ensuring the compliance with all 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 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 the Prevention and Control of Pollution from Emission of Motor Vehicles and Non-road Mobile Machinery	• Environmental Commitment – Environmental Management System • Environmental Commitment – Emission Control
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 • Tianjin Water Consumption Quota for Industrial Product • Tianjin Municipal Water Consumption Quota • Tianjin Agricultural Water Consumption Quota	• Environmental Commitment – Environmental Management System • Environmental Commitment – Resource Conservation
The Environment and Natural Resources	• Cleaner Production Promotion Law of the PRC • Emergency Response Law of the PRC • Law of the PRC on Appraising Environmental Impacts • Regulation of the PRC on Flood Control • 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 Commitment – Environmental Management System • Environmental Commitment – Climate Action • Environmental Commitment – Ecological Protection
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	• People Focused – Protecting Employees' Rights and Interests • People Focused – Employee Care

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	• People Focused – Health and Safety
Labour Standards	• Law of the PRC on the Protection of Minorities • Special Protection Regulations for Juvenile Workers • Provisions on the Prohibition of Using Child Labour • Employment of Children Regulations in Hong Kong • Employment Ordinance of Hong Kong • Employees' Compensation Ordinance of Hong Kong • Occupational Safety and Health Ordinance in Hong Kong • Personal Data (Privacy) Ordinance of Hong Kong • Minimum Wage Ordinance in Hong Kong • Sex Discrimination Ordinance in Hong Kong • Race Discrimination Ordinance of Hong Kong • Disability Discrimination Ordinance of Hong Kong	• People Focused – Protecting Employees' Rights and Interests
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 • Intellectual Property Law of the PRC • Cybersecurity Law of the PRC • Regulations of the PRC for Safety Protection of Computer Information Systems • Patent Law of the PRC • Personal Data (Privacy) Ordinance in Hong Kong	• Quality First – Product and Service Responsibility • Quality First – Hazardous Goods Management • Quality First – Respect for Intellectual Property Rights • Customer Oriented – Ensuring Network Information Security
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	• Business Ethics

PERFORMANCE DATA SUMMARY

Environmental Management

	2020	2019
Resource Consumption		
Electricity (kWh)	**325,440,000**	300,330,000
Diesel (tonnes)	**33,800**	34,155
Petrol (tonnes)	**306**	314
LNG (tonnes)	**3,560**	2,909
Natural gas (m^3)	**57,000**	61,000
Heat (GJ)	**32,057**	30,007
Water (tonnes)	**3,027,300**	3,006,600
Emissions		
Greenhouse Gas Emissions[18]		
Total GHG emissions (tCO_2e)	**427,512**	402,770
Scope 1: direct emissions (tCO_2e)	**117,454**	116,588
Scope 2: indirect emissions (tCO_2e)	**310,058**	286,182
Air Pollutants		
Sulphur oxides (tonnes)	**126**	143
Nitrogen oxides (tonnes)	**855**	932
Sewage		
Wastewater discharge (tonnes)	**380,000**	620,000
Solid Waste		
Hazardous waste (tonnes)	**248**	173
Non-hazardous waste		
– Scrap wire rope (tonnes)	**1,201**	1,547
– Waste cable (tonnes)	**6.57**	16
– Waste tire (pieces)	**2,906**	1,773

18 **Description of GHG Emission Calculation Methodology:**
GHG emission factors are adjusted compared to 2019, so the 2019 GHG data have been recalculated and adjusted in the above table. GHG emissions calculation and emission factors are referenced from the HKEX's "How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs", "2019 Emission Reduction Project China Regional Grid Baseline Emissions Factor" and the National Centre for Climate Change Strategy and International Cooperation's "Guidelines for Calculation Methods and Reporting of GHG Emissions from Industrial and other Industries Enterprises (Trial)". The Global Warming Potential (GWP) values are referenced from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

Employee Management

	2020	2019
Workforce Demographics		
Total Headcount	**7,637**	8,031
By Region		
Local[19]	**7,635**	8,031
Non-local	**2**	0
By Age		
≤25	**40**	85
26-35	**934**	1,103
36-45	**2,413**	2,305
46-55	**3,002**	3,402
≥56	**1,248**	1,136
By Gender		
Male	**6,206**	6,341
Female	**1,431**	1,690
By Position Level		
Upper Management	**133**	117
Middle Management	**865**	890
General Employees	**6,639**	7,024
Employee Turnover Rate[20]	**9%**	8%
By Region		
Local[19]	**9%**	–
Non-local	**0%**	–
By Age		
≤25	**8%**	–
26-35	**8%**	–
36-45	**3%**	–
46-55	**6%**	–
≥56	**29%**	–
By Gender		
Male	**10%**	–
Female	**6%**	–
By Position Level		
Upper Management	**30%**	–
Middle Management	**6%**	–
General Employees	**9%**	–
Reasons for Leaving[21]		
Resignation	**4%**	11%
Dismissal	**1%**	1%
Retirement	**71%**	77%
Transfer to Non-listed Company	**19%**	7%
Others	**5%**	4%

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

20 Turnover rate per category = Number of employees in the specified category leaving employment during the year/Total number of employees in the specified category as of the end of the year.

21 Reasons for leaving refers to the proportion of employees who left for a particular reason to the total number of resigned employees during the year.

	2020	2019
Employee Training[22]		
Employee Total Training Hours	**308,231**	215,469
Employee Average Training Hours	**40**	32
By Gender		
Male	**41**	–
Female	**39**	–
By Position Level		
Upper Management	**41**	–
Middle Management	**41**	–
General Employees	**40**	–
Percentage of Employees Trained		
By Gender		
Male	**100.0%**	–
Female	**99.8%**	–
By Position Level		
Upper Management	**99.2%**	–
Middle Management	**100.0%**	–
General Employees	**100.0%**	–
Total Occupational Safety and Health Training Hours	**10,200**	–
Total Occupational Safety and Health Training Person-times	**104,326**	–
Total Anti-corruption Training Hours	**7,590**	–
Total Anti-corruption Training Person-times	**1,698**	–
Anti-corruption Training Person-times (By Position Level)		
Upper Management	**121**	–
Middle Management	**763**	–
General Employees	**814**	–
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

22 Training data includes employee professional knowledge and skills training, occupational safety and health training and anti-corruption training.

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 Commitment – Emission Control
	KPI A1.1	The types of emissions and respective emissions data.	Environmental Commitment – Air Emissions Management Environmental Commitment – Wastewater Discharge 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 Commitment – 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 Commitment – 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 Commitment – Waste Management
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Commitment – Air Emissions Management Environmental Commitment – Wastewater Discharge Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Commitment – Waste Management
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		Environmental Commitment – 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 Commitment – Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Commitment – Water Management
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Commitment – Construction of Green Port Environmental Commitment – Energy Management Environmental Commitment – 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 Commitment – Water Management
	KPI A2.5	Total packaging material 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 issuer's significant impact on the environment and natural resources.		Environmental Commitment – Environmental Management System Environmental Commitment – Climate Action Environmental Commitment – Ecological Protection
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Commitment – Construction of Green Port Environmental Commitment – Ecological Protection
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.		People Focused – Protecting Employees' Rights and Interests
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	People Focused – Employee Profile Performance Data Summary
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
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.		People Focused – 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.	People Focused – Health and Safety
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		People Focused – Building Talent Hub
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary
	KPI B3.2	The average training hours completed per employee by gender and employee category.	People Focused – Building Talent Hub Performance Data Summary

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	HKEX ESG Reporting Guide Requirements		Sections/Remarks
B. Social			
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.		People Focused – Protecting Employees' Rights and Interests
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People Focused – Protecting Employees' Rights and Interests
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People Focused – Protecting Employees' Rights and Interests During the year, there was no non-compliance report.
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.		Quality First – Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Quality First – 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.	Quality First – 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.		Special Topic in Sustainability: Smart Port Quality First – Product and Service Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality First – Product and Service Responsibility
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Oriented – Customer Satisfaction
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Quality First – Respect for Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures.	Quality First – Product and Service Responsibility

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.		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.	Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	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.		Community Care
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Care
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Care

CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

CHU Bin

Chairman

Aged 52, 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 standing 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, 2019 and 2020, 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 53, 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 a director and 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 43, 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 and a director of certain subsidiaries of the Group. 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. Mr. Sun joined Tianjin Port Group since 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 directors of Tianjin Port Group. Before joining Tianjin Port Group, Mr. Sun was head of the investment promotion department of Tianjin Lingang Chanye 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 in Sinochem Corporation (中國中化集團公司) and was responsible for legal and compliance control affairs. Mr. Sun has been a director of Tianjin Port Co since April 2016. Mr. Sun is also an arbitrator of China Maritime Arbitration Commission.

XUE Xiaoli

Aged 49, was appointed as an executive Director on 15 December 2020. Ms. Xue holds a master's degree in business administration and is a senior economist. Ms. Xue joined Tianjin Port Group since July 1994. Ms. Xue had served as the deputy division chief of investment management department, the chief of investment promotion in the investment promotion service centre* (招商投資服務中心), the division chief and the deputy head of investment promotion department, the deputy head of investment department of Tianjin Port Group from December 2005 to April 2019. Ms. Xue had served as the chief of general office of the board of directors, the secretary to the board of directors and the general manager of investment department of Tianjin Port Co from April 2019 to September 2020. Ms. Xue is currently the general manager of investment and development department of Tianjin Port Group, and a director and supervisor of certain subsidiaries of the Group. Ms. Xue has been a director of Tianjin Port Co since December 2020.

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"), 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 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) and Dynasty Fine Wines Group Limited (Stock Code: 00828), companies whose shares are listed on the Main Board of the Stock Exchange, from September 2014 to July 2018 and from December 2013 to September 2020 respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Japhet Sebastian LAW

Chairman of Remuneration Committee, Member of Audit Committee

Aged 69, 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 to 2002. Prior to returning to Hong Kong, Prof. Law was the director of Operations Research at the Cullen College of Engineering and director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U.S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the U.S. Prof. Law has acted as a consultant for various corporations in Hong Kong and overseas. He is active in public services, having served as a member of the Provisional Regional Council of The Government of 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 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, and an independent supervisor of Beijing Capital International Airport Co., Ltd. (Stock Code: 00694), a company whose shares are listed on the Main Board of the Stock Exchange. Prof. Law also served as an independent non-executive director of Beijing Capital International Airport Co., Ltd. from June 2008 to June 2020.

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 56, 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 in economics from Renmin University, a diploma of Programme for Management Development of Harvard Business School, and held a fellowship from Columbia University in New York, the U.S.

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

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

SENIOR MANAGEMENT

MA Suqin, Susan

Aged 48, 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.

CHEUNG Wah Lung, Warren

Aged 41, was appointed as the Chief Financial Officer of the Company on 5 October 2020, and was appointed as the Company Secretary of the Company on 5 January 2021. Mr. Cheung graduated from the Simon Fraser University in Canada with a bachelor's degree in business administration. Mr. Cheung is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries. Mr. Cheung has extensive experience in auditing, accounting, financial management and compliance management. Prior to joining the Company, he worked in the assurance and advisory business services department of Ernst & Young, Certified Public Accountants, and served as chief financial officer and company secretary in a listed company in Hong Kong.

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 2020, except for CG Code provision E.1.2.

CG Code provision E.1.2 stipulates that the chairman of the Board (the "Chairman") should attend the annual general meeting. Due to other important business engagement at the relevant time, the Chairman did not attend the annual general meeting of the Company held on 9 July 2020.

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 2020.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2020, the Board consists of eight Directors, comprising five executive Directors namely CHU Bin (Chairman), LUO Xunjie (managing Director), SUN Bin, XUE Xiaoli and SHI Jing, and three independent non-executive Directors namely Japhet Sebastian LAW, CHENG Chi Pang, Leslie and ZHANG Weidong.

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

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

In accordance with Article 108 of the Articles of Association, SUN Bin, Japhet Sebastian LAW and ZHANG Weidong shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Responsibilities of the Board

The Board is responsible for overseeing the businesses, overall strategic directions, corporate governance, risk management and internal control, environmental, social and governance, and operational and financial performances of the Group. Daily operations and administration of the Company are delegated to the management and supervised by the executive Directors.

Board Meetings

Regular Board meetings are held at least four times a year. At least 14 days' notice of a regular Board meeting is given to all Directors who are given an opportunity to include matters for discussion in the agenda. Reasonable notice is given for holding additional meetings as and when necessary. The company secretary of the Company (the "Company Secretary") assists the Chairman in preparing the agenda for each meeting. The agenda and accompanying Board papers are sent to all Directors at least 3 days before the intended date of a 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 and are open for inspection at any reasonable time on reasonable notice by any Director.

Attendance at Board Meetings and General Meetings

The Company held nine full Board meetings, an annual general meeting and an extraordinary general meeting in 2020.

The attendance of each Director at the meetings held in 2020 is set out below:

	Attendance/Number of meetings held during Director's tenure		
	Board Meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors			
CHU Bin	9/9	0/1	0/1
LUO Xunjie (appointed on 7 February 2020)	8/8	1/1	1/1
LI Quanyong (resigned on 7 February 2020)	1/1	0/0	0/0
SUN Bin	9/9	1/1	1/1
XUE Xiaoli (appointed on 15 December 2020)	0/0	0/0	0/0
WANG Junzhong (resigned on 15 December 2020)	9/9	1/1	1/1
SHI Jing	8/9	1/1	1/1
Independent Non-executive Directors			
Japhet Sebastian LAW	9/9	1/1	1/1
CHENG Chi Pang, Leslie	9/9	1/1	1/1
ZHANG Weidong	9/9	1/1	1/1

In addition to Board meetings, a meeting of the Chairman and the independent non-executive Directors without the presence of other Directors and the management was held in 2020.

Appointment, Re-election and Removal of Directors

Changes in Directors during the year are as follows:

– LUO Xunjie was appointed as executive Director and Managing Director on 7 February 2020.

– LI Quanyong resigned as executive Director and Managing Director on 7 February 2020.

– XUE Xiaoli was appointed as executive Director on 15 December 2020.

– WANG Junzhong resigned as executive Director on 15 December 2020.

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 his/her appointment to ensure that the Director has a proper 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 provides information to the Directors on the latest development and changes in the Listing Rules and other applicable regulatory requirements to ensure their compliance with the relevant rules and enhance their awareness of good corporate governance practices.

In 2020, the Company provided updates to all Directors on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements. Directors, namely CHU Bin, LUO Xunjie, SUN Bin, WANG Junzhong (resigned on 15 December 2020), SHI Jing, Japhet Sebastian LAW, CHENG Chi Pang, Leslie and ZHANG Weidong attended an in-house seminar covering the risk management and internal control. 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 measures to achieve diversity of the Board. The nomination committee of the Company (the "Nomination Committee") is responsible for the review of the Board Diversity Policy from time to time to ensure its effectiveness.

The Board Diversity Policy is summarised as follows:

– The Company ensures that its Board has the appropriate balance of skills, experience and diversity of perspectives of the Board to support the execution of its business strategy and in order for the Board to be effective.

– Selection of candidates will be based on a range of diverse 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 the Board appropriate for the Company's business and specific needs, and the contribution that the candidate will bring to the Board.

CHAIRMAN AND MANAGING DIRECTOR

The roles of the Chairman and Managing Director are segregated and the positions are held by separate individuals.

The Chairman 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 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 satisfied the criteria of 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 2020 is set out below:

	Attendance/Number of meetings held during Director's tenure		
	Nomination Committee	Remuneration Committee	Audit Committee *(Note)*
Executive Directors			
LUO Xunjie	3/3	NA	NA
SUN Bin	NA	5/5	NA
Independent Non-executive Directors			
Japhet Sebastian LAW	NA	5/5	8/8
CHENG Chi Pang, Leslie	3/3	NA	8/8
ZHANG Weidong	3/3	5/5	8/8

Note: Representatives of the external auditor participated in 4 Audit Committee meetings held in 2020.

Details of the Board committees, including their members, responsibilities and the work performed during 2020 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 the nomination policy of the Company (the "Nomination Policy"), as and when appropriate.

The major work performed by the Nomination Committee during the year ended 31 December 2020 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 2020.

Nomination Policy

The Company 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.

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 of the candidate to devote sufficient time to discharge duties as a member of the Board, and the Board Diversity Policy when evaluating the candidate(s) for directorship. For the appointment of independent non-executive Director(s), the criteria of independence 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 on 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 in the section headed "Procedures for putting forward proposals at general meetings 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 2020 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 and senior management.

– 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 Group's 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 has expired on 25 April 2016.

Details of the Directors' emoluments during the year ended 31 December 2020 are set out in Note 8 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 2020 is set out below:

Remuneration band	2020 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 2020 included reviewing and, where applicable, making recommendations to the Board on and approving the following matters, in accordance with its responsibilities and authorities:

- financial statements and continuing connected transactions included in the annual report and audit findings by external auditor.
- interim financial statements included in the interim report and review findings by external auditor.
- internal audit plan and reports.
- risk management plan and reports.
- effectiveness of the risk management and internal control systems of the Group.
- resignation of external auditor, appointment of new 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 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 2020 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 2020, the remuneration paid/payable in respect of audit services and non-audit services provided by the external auditor of the Company was HK$2,992,000 and HK$68,000 respectively. Non-audit services comprise tax advisory services.

FINANCIAL REPORTING

The Directors acknowledge 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 2020, 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 99 to 102.

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 control, operational control and compliance control. The risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year ended 31 December 2020, the Company has conducted an annual review on the risk management and internal control systems of the Group. The Board has reviewed and confirmed the adequacy and effectiveness of the Group's risk management and internal control systems in all material aspects including financial, operational, compliance controls and risk management functions. The report of the review has been reviewed by the Audit Committee and discussed by the Audit Committee with the Board.

Risk Management Structure and Main Responsibilities

Board

- formulates the strategic objectives of risk management, 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; 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 reports 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 internal audit work and the follow-ups of audit findings and recommendations to ensure the effectiveness of the internal control system.

In addition to annual review by the Company's audit department, the Company has engaged an independent external consultancy firm to conduct a review on internal controls for the year ended 31 December 2020 to assist in monitoring the Group's internal control system. The review results and recommendations have been reported to the Audit Committee and the Board.

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 report 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 the inside information being dealt with and disclosed in a timely manner.

COMPANY SECRETARY

The Company Secretary is an employee of the Company and reports to the Chairman and Managing Director. The Company Secretary is responsible for advising the Board through the Chairman and/or Managing Director on governance matters, arranging induction and professional development of Directors, as well as ensuring good information flow among the Directors and the compliance of the Board policies and procedures. All Directors have access to the Company Secretary for advice and services.

Chan Yeuk Kwan Winnie resigned as the Company Secretary with effect from 5 January 2021. Ms. Chan has taken more than 15 hours of relevant professional training for the year ended 31 December 2020 and complied with the requirement under Rule 3.29 of the Listing Rules.

Cheung Wah Lung Warren was appointed as the Company Secretary with effect from 5 January 2021 by the Board at a physical Board meeting. His biographical details are set out in the section headed "Board of Directors and Senior Management" of this annual report.

SHAREHOLDERS' RIGHTS

Procedures for making enquiries to the Board

The Company encourages Shareholders 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. Relevant Shareholders shall request 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 should state the purpose of the meeting and 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 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 such 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 highly effective communication with the Shareholders and investors with the objective to enable the Shareholders and investors to gain a better understanding about the Group.

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

The Board endeavours to maintain an on-going dialogue with Shareholders. The Company encourages Shareholders to attend annual general meeting and other general meetings of the Company and welcomes Shareholders 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 the 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 9 July 2020 to answer questions from the Shareholders.

All members of independent board committee, Japhet Sebastian LAW, CHENG Chi Pang, Leslie and ZHANG Weidong, had attended the extraordinary general meeting of the Company held on 15 December 2020 to approve the continuing connected transactions. The Company had also invited the independent financial adviser to attend the extraordinary general meeting held on 15 December 2020 and 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. In deciding whether to propose any dividend and in determining the dividend amount, the Board shall take into account, among other things, the Group's operations and earnings, development plans, cash flow, financial position, capital and other reserve requirements and surplus, and any other factors that the Board deems appropriate. The Board will review the dividend policy as appropriate from time to time.

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 2020, 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 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal 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 2020 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 2020 are set out in the consolidated income statement on page 103.

The Board recommends the payment of a final dividend of HK4.13 cents per share for the year ended 31 December 2020. 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 2 July 2021.

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 position, 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 position, 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 hinterland, while the Group's businesses are affected by various factors such as the economic growth rate, level of trade development and industry structure of the hinterland.

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 among Ports

The Group is situated at a cluster of ports in the Bohai Rim Region, and the rapid development of major competing ports has led to intense competition for hub port status in the region.

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

During the year ended 31 December 2020, the Stock Exchange has granted the Company (i) a waiver from the compliance with the requirements of Rule 13.46(2) of the Listing Rules to allow the Company to publish the annual report of the Company for the year ended 31 December 2019 on or before 31 May 2020; and (ii) a waiver from the compliance with the requirements of Rule 13.46(2)(b) of the Listing Rules to lay the audited financial statements of the Company before the Shareholders at the annual general meeting of the Company within the period of 6 months after the financial year end of 31 December 2019.

Saved as disclosed above, 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 2020.

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 16 to 67, which form part of this directors' report.

Key Relationships with Employees, Customers and Suppliers

Employees

As at 31 December 2020, the Group had approximately 7,600 employees. The Group offers remuneration packages for employees based on their position, performance and the labour market conditions. 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 Group's 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 promoting the 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 16 to 67, 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 the analysis of industry background, scale of operation and credibility of the customers, 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 conducts supplier assessment regularly every year to evaluate their performance, qualifications, industry background, scale of production, product quality and business integrity and select 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 16 to 67, 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 60% of the Group's total purchases for the year and the largest supplier included therein accounted for approximately 28%.

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 five financial years is set out on page 168.

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 2020 are set out in Note 38 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2020 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 2020.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 31 May 2018, Tianjin Port Development Finance Limited, a wholly-owned subsidiary of the Company, as borrower (the "Borrower") and the Company as guarantor entered into a facility agreement with a financial institution as lender for a term loan facility in an aggregate amount of HK$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 2020, the aggregate balance of the loan facilities subject to the above obligations was HK$2,200 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.

The above specific performance obligations and undertaking 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 2020 were as follows:

	Date of grant	Exercise price HK$	Number of share options				Exercise period
			As at 01/01/2020	Exercised	Lapsed	As at 31/12/2020	
Directors							
LI Quanyong *(Note)*	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
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			7,100,000	–	(3,150,000)	3,950,000	

Note: LI Quanyong resigned as an executive Director on 7 February 2020.

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 2020 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 in, 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
XUE Xiaoli (appointed on 15 December 2020)
WANG Junzhong (resigned on 15 December 2020)
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 69 to 72.

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 2020, 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
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 2020, 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 or 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 2020, 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 Holdings Limited ("Tianjin Development") *(Note 3)*	Interest of controlled corporations	1,293,180,000 (L)	21.0%
Tsinlien Group Company Limited ("Tsinlien") *(Note 4)*	Interest of controlled corporations Beneficial owner	1,303,010,000 (L) 35,976 (L)	21.2% 0.0%
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 2020, 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 Bohai, which in turn is a wholly-owned subsidiary of Tsinlien Investment Holdings. By virtue of the SFO, Tsinlien, 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 2020, 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 2020 required to be disclosed in the annual report are as follows:

1. On 30 March 2020, 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*), a subsidiary of the Group, entered into the 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 electrical equipment for the renovation project for change of cargo handling equipment from being powered by fuel oil to electricity. The consideration was approximately RMB14.61 million and payable by instalments in accordance with the progress of the delivery and installation of the electrical equipment.

   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 30 March 2020.

2. On 30 March 2020, 天津港遠航散貨碼頭有限公司 (Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd.*), a subsidiary of the Group, entered into the construction agreement with 天津港航工程有限公司 (Tianjin Port & Channel Engineering Co., Ltd.*) ("Tianjin Port Engineering") for the second phase of the renovation project of Yuanhang south depot located at Nanjiang Port Area of the port of Tianjin. The consideration was approximately RMB72.69 million and payable by instalments in accordance with the progress of construction works.

   Tianjin Port Engineering is a subsidiary of Tianjin Port Group, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the agreement constitutes a connected transaction of the Company. Details of the above connected transaction were disclosed in the announcement of the Company dated 30 March 2020.

3. On 30 March 2020, Tianjin Port Co entered into the system development 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 development of the intelligent monitoring and control system on ecology and atmospheric environment by Tianjin Port Information Technology. The consideration was approximately RMB7.18 million and payable by instalments in accordance with the progress of the development of the 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 30 March 2020.

4. On 28 September 2020, Tianjin Port Co entered into the system development agreement with Tianjin Port Information Technology for the development of the equipment integration system for centralised management and real-time monitoring of the equipment by Tianjin Port Information Technology. The consideration was approximately RMB5.49 million and payable by instalments in accordance with the progress of the development of the 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 28 September 2020.

5. On 15 December 2020, 中國天津外輪代理有限公司 (China Ocean Shipping Agency Tianjin Co., Ltd.*), a subsidiary of the Group, entered into the assets transfer agreement with 天津港國際物流發展有限公司 (Tianjin Port International Logistics Development Co., Ltd.*) ("TP International Logistics") for the purchase of Phase I of Tianjin Port Container Logistics Centre Depot. The consideration was RMB238,624,100 and shall be payable in full on 30 April 2021.

   TP International Logistics 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 15 December 2020 and the circular of the Company dated 29 January 2021. The agreement and the transactions contemplated thereunder were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 3 March 2021.

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 (Revised) "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 91 to 96 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 2020 is set out as follows:

	Annual cap	Actual amount	
	RMB'000	RMB'000	equivalent to approximately HK$'000
With Tianjin Port Group and/or its associates			
Property and assets lease framework agreement	208,500	116,516	131,109
Integrated services framework agreement	1,776,000	1,146,052	1,289,583
Procurement framework agreement	22,000	11,312	12,729
Sales framework agreement	123,000	37,098	41,745
Freight yard, warehousing and assets lease framework agreement	12,000	417	470
Cargo reconfiguration, storage and logistics services framework agreement	110,000	55,170	62,080
Labour framework agreement	25,000	8,129	9,148
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	3,672,120	4,363,261
Land lease agreements	42,432	40,411	45,473
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	67,900	–	–
Jutai Gongmao coal purchase agreement	53,045	19,632	22,091

Pursuant to Chapter 14A of the Listing Rules, details of the continuing connected transactions for the year ended 31 December 2020 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 the 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 (1) the relevant comparable market prices of the similar products with reference to the types and qualities; and (2) the quantities of the products.
Payment terms:	Payments are 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.

As the above framework agreements dated 27 September 2017 had expired on 31 December 2020, the Company had on 28 September 2020 entered into new framework agreements, each for a term of three years from 1 January 2021 to 31 December 2023, with Tianjin Port Group to continue the transactions. Details of the transactions were set out in the announcement of the Company dated 28 September 2020 and the circular of the Company dated 25 November 2020. The new property and assets lease framework agreement, the new integrated services framework agreement and the related proposed annual caps for the three years ending 31 December 2023 were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 15 December 2020.

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, each 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 are 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:	The prices of the coal purchased are 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.

As the above Jutai Gongmao coal sales agreement and the Jutai Gongmao coal purchase agreement, both dated 27 September 2017, had expired on 31 December 2020, Tianjin Zhongtie had on 28 September 2020 entered into the new Jutai Gongmao coal sales agreement and the new Jutai Gongmao coal purchase agreement, both for a term of three years from 1 January 2021 to 31 December 2023, with Jutai Gongmao to continue the transactions. Details of the transactions were set out in the announcement of the Company dated 28 September 2020.

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 2020, 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 2020, the fees collected by the Group on behalf of Tianjin Port Group amounted to RMB358,457,000 (equivalent to approximately HK$425,924,000).

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 2020 are disclosed in Note 30 to the consolidated financial statements. A summary is set out as follows:

	Notes	2020 HK$'000
With Tianjin Port Group and its subsidiaries, associates and joint ventures	1	
Sales of goods and services		**54,324**
Purchases of goods and services		**747,451**
Payments for rental of land, property, plant and equipment		**167,508**
Acquisition of property, plant and equipment		**69,991**
With associates of the Group	2	
Sales of goods and services		**58,311**
Purchases of goods and services		**741,278**
Income from rental of property, plant and equipment		**27,070**
Payments for rental of property, plant and equipment		**11,756**
Interest income		**63,983**
Interest expenses on borrowings		**176,202**
With joint ventures of the Group	2	
Sales of goods and services		**81,995**
Purchases of goods and services		**114,448**
Interest income		**4,046**

Notes:

1. The transactions between the Group and Tianjin Port Group and/or its subsidiaries, associates and joint ventures (with the meaning ascribed 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 (with the meaning ascribed 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 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 information 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, LUO Xunjie and LI Quanyong (resigned on 7 February 2020) 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, Mr. Luo and Mr. Li who are the only common directors in the Company and Tianjin Port Group) and Mr. Chu, Mr. Luo 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 2020 pursuant to the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 73 to 82.

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

On 28 July 2020, PricewaterhouseCoopers, who acted as auditor of the Company for the past three years, resigned and Deloitte Touche Tohmatsu was appointed as auditor of the Company.

The financial statements for the year have been audited by Deloitte Touche Tohmatsu who will 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 March 2021

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Tianjin Port Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 103 to 167, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

KEY AUDIT MATTER *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the Identified Long-term Assets (as defined below)	
We identified the impairment assessment of certain long-term assets relating to the Group's business of cargo handling, sales and other port ancillary services (the "Identified Long-term Assets") as a key audit matter due to the significant degree of judgment by management of the Group associated with their underlying assumptions in the determination of the recoverable amounts and their significance to the consolidated financial statements as a whole. As disclosed in note 32 to the consolidated financial statements, the market capitalisation of the Group as at 31 December 2020 was below its net asset value on the same date and the Group's management therefore considered there was an impairment indicator of the Identified Long-term Assets, comprising property, plant and equipment, right-of-use assets, investment properties, intangible assets and deferred income tax assets and their carrying amounts were HK$21,467,926,000, HK$7,068,583,000, HK$820,200,000, HK$84,867,000 and HK$120,290,000, respectively. As set out in note 32 to the consolidated financial statements, for the purpose of impairment assessment, the recoverable amount of the cash-generating unit of CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. ("CHIMBUSCO Tianjin") has been determined by the management of the Group based on the fair value less cost of disposal of a transaction to be completed subsequent to the end of the reporting period. The recoverable amounts of other cash-generating units of the Group have been determined based on value-in-use calculations. They used financial budgets with reference to past performance and the management's expectation of market development in the value-in-use calculations, where the key inputs parameters include growth rates of business volume, unit price and cost of sales, and discount rates. Based on the assessment prepared by the Group's management, no impairment loss of the Identified Long-term Assets has been recognised in profit or loss for the year ended 31 December 2020 and as at 31 December 2020.	Our procedures in relation to impairment assessment of the Identified Long-term Assets included: • Understanding the key controls over the Group's impairment assessment, including impairment assessment models adopted and assumptions used by the management of the Group; • Evaluating the appropriateness of the valuation model used by the Group's management in determining the fair value less cost of disposal of CHIMBUSCO Tianjin by checking against the terms set out in the equity transfer agreement approved by the board of directors for the recent transaction to be completed subsequent to the end of the reporting period entered into by the controlling entity of CHIMBUSCO Tianjin; • Assessing the reasonableness of the growth rates of business volume, unit price and cost of sales estimated by the Group's management in determining the value-in-use with reference to the Group's historical performance and the management's expectation of the market development; • Involving our internal valuation specialists to assess the reasonableness of the discount rates used by the Group's management in determining the value-in-use with reference to the current market risk-free rate of interest and the industry specific risk factors; • Comparing the actual results in the current year with the management's cash flow projections prepared in the previous year, on a sample basis, to evaluate their reliability and understanding the causes of any signification variances; and • Challenging the sensitivity analysis on the significant assumptions prepared by the management to evaluate their impact on the current headroom.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 29 May 2020.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 skepticism 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 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.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 those charged with governance 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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 the independent auditor's report is Chung Chi Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	3	**15,490,177**	15,077,403
Business tax and surcharge		**(9,073)**	(10,452)
Cost of sales		**(12,123,230)**	(11,843,819)
Gross profit		**3,357,874**	3,223,132
Other income	4	**244,570**	299,106
Other gains and losses		**124,166**	(1,987)
Administrative expenses		**(1,770,862)**	(1,674,496)
Net impairment (losses)/gains on financial assets		**(26,588)**	1,577
Loss of assets		**–**	(77,124)
Other expenses		**(17,927)**	(24,844)
Finance costs	5	**(550,117)**	(657,187)
Share of net profit of associates and joint ventures accounted for using the equity method		**435,843**	427,960
Profit before income tax		**1,796,959**	1,516,137
Income tax	6	**(389,433)**	(410,633)
Profit for the year	7	**1,407,526**	1,105,504
Profit attributable to:			
Equity holders of the Company		**636,161**	388,491
Non-controlling interests		**771,365**	717,013
		1,407,526	1,105,504
Earnings per share	10		
Basic (HK cents)		**10.3**	6.3
Diluted (HK cents)		**10.3**	6.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Profit for the year	**1,407,526**	1,105,504
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	**13,604**	229,569
Income tax relating to the above item	**(3,676)**	(58,192)
Items that will not be subsequently reclassified to profit or loss:		
Currency translation differences	**1,768,443**	(591,236)
Other comprehensive income/(loss) for the year, net of tax	**1,778,371**	(419,859)
Total comprehensive income for the year	**3,185,897**	685,645
Total comprehensive income attributable to:		
Equity holders of the Company	**1,449,474**	174,919
Non-controlling interests	**1,736,423**	510,726
	3,185,897	685,645

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**21,467,926**	20,351,560
Right-of-use assets	12(a)	**7,068,583**	6,737,343
Investment properties	13	**820,200**	–
Intangible assets	14	**84,867**	68,143
Investments accounted for using the equity method	16	**4,806,587**	4,773,800
Financial assets at fair value through other comprehensive income	17	**785,600**	723,781
Deferred income tax assets	18	**120,290**	54,914
		35,154,053	32,709,541
Current assets			
Inventories	19	**333,765**	246,161
Trade and other receivables and notes receivables	20	**3,405,742**	3,177,891
Restricted bank deposits	21	**256,852**	35,059
Time deposits with maturity over three months	21	**771,118**	1,169,702
Cash and cash equivalents	21	**7,722,605**	7,474,924
		12,490,082	12,103,737
Total assets		**47,644,135**	44,813,278
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	22	**615,800**	615,800
Other reserves	23	**4,508,658**	3,599,796
Retained earnings		**8,358,000**	7,972,628
		13,482,458	12,188,224
Non-controlling interests		**15,581,769**	14,315,361
Total equity		**29,064,227**	26,503,585

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	24	**6,775,769**	8,995,525
Lease liabilities	12(b)	**846,226**	690,019
Deferred income tax liabilities	18	**268,828**	261,889
Other long-term liabilities		**37,098**	26,815
		7,927,921	9,974,248
Current liabilities			
Trade and other payables and contract liabilities	25	**4,586,410**	3,524,551
Current income tax liabilities		**128,328**	78,466
Borrowings	24	**5,588,877**	4,437,477
Lease liabilities	12(b)	**348,372**	294,951
		10,651,987	8,335,445
Total liabilities		**18,579,908**	18,309,693
Total equity and liabilities		**47,644,135**	44,813,278
Net current assets		**1,838,095**	3,768,292
Total assets less current liabilities		**36,992,148**	36,477,833

The consolidated financial statements on pages 103 to 167 were approved and authorised for issue by the Board of Directors on 29 March 2021 and are signed on its behalf by:

CHU Bin
Director

LUO Xunjie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Equity attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000 *(Note 23)*	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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 28(a))*	–	–	–	–	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**
Total comprehensive income for the year	**–**	**813,313**	**636,161**	**1,449,474**	**1,736,423**	**3,185,897**
Transfers	**–**	**98,057**	**(98,057)**	**–**	**–**	**–**
Dividends	**–**	**–**	**(155,182)**	**(155,182)**	**(450,558)**	**(605,740)**
Deregistration of subsidiaries	**–**	**(58)**	**–**	**(58)**	**(7,232)**	**(7,290)**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**(12,225)**	**(12,225)**
Lapse of share options	**–**	**(2,450)**	**2,450**	**–**	**–**	**–**
At 31 December 2020	**615,800**	**4,508,658**	**8,358,000**	**13,482,458**	**15,581,769**	**29,064,227**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Cash generated from operations	26(a)	**3,071,398**	2,748,014
Interest received		**158,631**	225,907
PRC income tax paid		**(440,703)**	(441,679)
Net cash generated from operating activities		**2,789,326**	2,532,242
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		**(771,696)**	(1,078,151)
Acquisition of additional interest in a subsidiary	26(b)	**–**	(111,452)
Acquisition of assets through acquisition of a subsidiary	27	**(205,387)**	–
Acquisition of subsidiaries		**6**	(188,165)
Payment for investment in an associate		**–**	(7,814)
Proceeds from disposal of property, plant and equipment and intangible assets		**8,227**	26,125
Proceeds from deregistration of associates and joint ventures		**4,540**	6,285
Dividends received from investments accounted for using the equity method		**452,689**	489,232
Dividends received from financial assets at fair value through other comprehensive income		**18,175**	18,697
Interest received from a joint venture		**19,446**	–
Decrease/(increase) in time deposits with maturity over three months		**473,914**	(79,056)
Net cash used in investing activities		**(86)**	(924,299)
Cash flows from financing activities			
Proceeds from borrowings		**4,140,741**	5,175,207
Repayments of borrowings		**(6,078,348)**	(7,459,529)
Principal portion of lease payments		**(111,432)**	(82,412)
Interest portion of lease payments		**(38,177)**	(46,354)
Interest paid		**(511,793)**	(602,619)
Dividends paid to equity holders of the Company		**(72,160)**	(171,808)
Dividends paid to non-controlling interests		**(449,188)**	(475,902)
Payments to non-controlling interests upon deregistration of subsidiaries		**(135)**	(10,540)
Net cash used in financing activities		**(3,120,492)**	(3,673,957)
Net decrease in cash and cash equivalents		**(331,252)**	(2,066,014)
Cash and cash equivalents at 1 January		**7,474,924**	9,769,956
Effects of exchange rate changes		**578,933**	(229,018)
Cash and cash equivalents at 31 December		**7,722,605**	7,474,924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 (collectively referred to as the "Group") are principally engaged in the provision of containerised and non-containerised cargo handling services, sales and other port ancillary services at the port of Tianjin in the People's Republic of China (the "PRC").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value at the end of each reporting period.

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 revised HKFRSs

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs for the accounting period beginning on 1 January 2020:

HKAS 1 and HKAS 8 (Amendments)	*Definition of Material*
HKFRS 3 (Amendments)	*Definition of a Business*
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	*Interest Rate Benchmark Reform*

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

2.1 Basis of preparation *(continued)*

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

Impacts on application of HKFRS 3 (Amendments)

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred income tax assets, and goodwill resulting from the effects of deferred income tax liabilities. The election on whether to apply the optional concentration test is available on a transaction-by-transaction basis.

The Group has elected to apply the optional concentration test on the acquisition of a subsidiary as detailed in Note 27 and concluded that such acquisition does not constitute a business.

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

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

HKAS 1 (Amendments)	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[4]
HKAS 16 (Amendments)	*Property, Plant and Equipment – Proceeds before Intended Use*[3]
HKAS 37 (Amendments)	*Onerous Contracts – Cost of Fulfilling a Contract*[3]
HKFRS 3 (Amendments)	*Reference to the Conceptual Framework*[3]
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	*Interest Rate Benchmark Reform – Phase 2*[2]
HKFRS 10 (Amendment) and HKAS 28 (2011) (Amendment)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
HKFRS 16 (Amendment)	*Covid-19-Related Rent Concessions*[1]
HKFRS 17	*Insurance Contracts and the related Amendments*[4]
HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2018-2020*[3]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of this new standard and these amendments is expected to be in the period of initial application. So far it has anticipated that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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

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.

(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 2.10.

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

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

(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.

2.3 Business combinations and asset acquisitions

(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.

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

2.3 Business combinations and asset acquisitions *(continued)*

(b) Asset acquisitions

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred income tax assets, and goodwill resulting from the effects of deferred income tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to non-financial assets, financial assets and/or financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(c) Other acquisitions

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

The Group applies the acquisition method of accounting to account for the acquisition of businesses 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

2.5 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$").

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency in HK$ are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

(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.

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

2.6 Foreign currency translation *(continued)*

(c) Group companies

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

– assets and liabilities for each 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.

2.7 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.

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

2.7 Property, plant and equipment *(continued)*

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 2.10).

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

2.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

Leasehold properties	over the term of the lease

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.9 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.

2.10 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)*

2.11 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 2.14), 'amounts due from subsidiaries', 'restricted bank deposits', 'time deposits with maturity over three months' and 'cash and cash equivalents' (Note 2.15) 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 and 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 and 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 and losses in the period in which it arises.

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

2.11 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 and 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.

(c) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.12 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 "Financial Instruments" ("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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Impairment of financial assets *(continued)*

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when the financial assets is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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

2.13 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.

2.14 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 2.11(b) for further information about the Group's accounting for trade receivables and Note 2.12 for the description of the Group's impairment policies.

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

2.15 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.

2.16 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.

2.17 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 for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.18 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)*

2.19 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.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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.

2.20 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

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

2.21 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)*

2.22 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.

2.23 Revenue from contracts with customers

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.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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 recognised 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.

(c) Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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

2.23 Revenue from contracts with customers *(continued)*

Revenue is recognised at a point in time when cargo handling services and other port ancillary services are delivered to the customers. Revenue from sale of goods is recognised 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. Other revenue from other port ancillary services is recognised on a time proportion basis over the contract terms.

Revenue is recognised for these services based on the contract prices, net of discounts, if any. Refund liabilities are recognised at the end of each reporting period for expected discounts payable to customers in relation to sales.

2.24 Interest income

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

2.25 Dividend income

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

2.26 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 income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

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.

2.27 Leases

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.

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

2.27 Leases *(continued)*

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;

– where no recent third party financing is available, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases; and

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group accounts for a lease modification as a separate lease if:

– the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

– the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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)*

2.27 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

– an estimate of 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 as 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.

2.28 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

The Group's major operational activities are carried out in the PRC. The Group's main revenue from external customers and additions to non-current assets are mainly gained or located in the PRC. The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2.

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.

3. SEGMENT INFORMATION *(continued)*

The segment information for the reportable segments is as follows:

	For the year ended 31 December 2020			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Total segment revenue	7,134,661	6,203,354	2,747,469	16,085,484
Inter-segment revenue	–	(155,068)	(440,239)	(595,307)
Revenue from external customers	7,134,661	6,048,286	2,307,230	15,490,177
Timing of revenue recognition				
– At a point in time	7,134,661	6,048,286	2,047,039	15,229,986
– Over time	–	–	260,191	260,191
	7,134,661	6,048,286	2,307,230	15,490,177
Segment results	2,437,981	(15,409)	944,375	3,366,947
Business tax and surcharge				(9,073)
Other income				244,570
Other gains and losses				124,166
Administrative expenses				(1,770,862)
Net impairment losses on financial assets				(26,588)
Other expenses				(17,927)
Finance costs				(550,117)
Share of net profit of associates and joint ventures accounted for using the equity method				435,843
Profit before income tax				1,796,959
Other information:				
– Depreciation and amortisation	1,180,765	34,388	245,125	1,460,278
– Share of net profit of associates and joint ventures accounted for using the equity method	293,021	5,829	48,800	347,650

	At 31 December 2020			
	Cargo handling HK$'000	Sales HK$'000	Other port ancillary services HK$'000	Total HK$'000
Segment assets	30,175,227	2,005,674	10,161,324	42,342,225
Unallocated assets:				
– Interest in an associate				1,438,704
– Financial assets at FVOCI				785,600
– Deferred income tax assets				120,290
– Head office and corporate assets				2,957,316
Total assets				47,644,135
Total assets include:				
– Interests in associates and joint ventures	3,009,436	122,603	235,844	3,367,883
– Additions to non-current assets	812,786	4,875	434,720	1,252,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SEGMENT INFORMATION *(continued)*

	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
Timing of revenue recognition				
– At a point in time	6,985,565	5,908,197	1,886,781	14,780,543
– Over time	–	–	296,860	296,860
	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				299,106
Other gains and losses				(1,987)
Administrative expenses				(1,674,496)
Net impairment gains on financial assets				1,577
Loss of assets				(77,124)
Other expenses				(24,844)
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

4. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Interest income		
from deposits	**163,789**	218,750
from loan to a joint venture	**4,046**	5,734
Dividend income from financial assets at FVOCI	**17,937**	19,275
Government grants	**19,944**	30,305
Value-added tax extra deduction	**29,793**	17,701
Others	**9,061**	7,341
	244,570	299,106

5. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest expenses on borrowings	**530,092**	624,978
Less: Amount capitalised in construction in progress	**(18,152)**	(14,145)
	511,940	610,833
Interest expenses on lease liabilities	**38,177**	46,354
	550,117	657,187

Borrowing costs were capitalised at the weighted average rate of 4.3% (2019: 4.5%) per annum.

6. INCOME TAX

	2020 HK$'000	2019 HK$'000
PRC income tax expense/(credit)		
Current	**437,239**	401,450
Deferred	**(47,806)**	9,183
	389,433	410,633

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 (2019: 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%. A subsidiary is entitled to an exemption for the first three years and followed by a 50% relief rate of 12.5% for the next three years from 2019.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. 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:

	2020 HK$'000	2019 HK$'000
Profit before income tax	**1,796,959**	1,516,137
Less: Share of net profit of associates and joint ventures accounted for using the equity method	**(435,843)**	(427,960)
	1,361,116	1,088,177
Tax calculated at statutory tax rate	**329,752**	279,822
Income not subject to income tax	**(42,648)**	(32,637)
Expenses not deductible for tax purposes	**45,610**	75,302
Tax losses for which no deferred income tax assets were recognised	**102,996**	95,110
Utilisation of previously unrecognised tax losses	**(18,922)**	–
Withholding income tax on undistributed profits of PRC subsidiaries, associates and joint ventures	**10,756**	11,224
Tax exemptions and concessions	**(38,111)**	(18,188)
Income tax	**389,433**	410,633

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting) the following items:

	2020 HK$'000	2019 HK$'000
Costs of goods sold *(Note 19)*	**6,027,884**	5,698,032
Employee benefit expenses, including directors' emoluments *(Note 8)*	**2,012,577**	2,092,533
Depreciation of property, plant and equipment *(Note 11)*	**1,099,994**	1,032,684
Depreciation of right-of-use assets *(Note 12(a))*	**343,965**	359,010
Amortisation of intangible assets *(Note 14)*	**20,473**	18,211
Remeasurement gain on investments in associates accounted for using the equity method *(Note 28)*	**–**	(96,540)
Remeasurement gain on investments in joint ventures accounted for using the equity method	**(5,922)**	–
Exchange (gain)/loss, net	**(129,755)**	79,223
Expenses relating to short-term leases	**76,087**	75,172
Loss on disposal of property, plant and equipment	**12,408**	13,851
Auditor's remuneration		
– audit services	**2,992**	4,900
– non-audit services	**68**	48

8. EMPLOYEE BENEFIT EXPENSES

	2020 HK$'000	2019 HK$'000
Wages and salaries, social security costs and other benefits	**1,919,944**	1,871,428
Employer's contributions to retirement benefits schemes	**92,633**	221,105
	2,012,577	2,092,533

(a) Directors' emoluments

	For the year ended 31 December 2020				
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	–	–	–	–	–
Luo Xunjie *(Managing Director) (Note i)*	–	–	–	–	–
Li Quanyong *(Managing Director) (Note ii)*	–	–	–	–	–
Sun Bin *(Notes iii & vii)*	–	1,338	85	64	1,487
Xue Xiaoli *(Note v)*	–	–	–	–	–
Wang Junzhong *(Notes iii & vi)*	–	90	84	–	174
Shi Jing	–	–	–	–	–
Independent non-executive directors *(Note viii)*					
Japhet Sebastian Law	441	–	134	–	575
Cheng Chi Pang, Leslie	441	–	134	–	575
Zhang Weidong	441	–	134	–	575
	1,323	**1,428**	**571**	**64**	**3,386**

8. EMPLOYEE BENEFIT EXPENSES *(continued)*

(a) Directors' emoluments *(continued)*

	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 *(Note vii)*	–	2,408	–	125	2,533
Li Quanyong *(Managing Director) (Notes ii & vii)*	–	2,315	–	119	2,434
Sun Bin *(Notes iii & vii)*	–	1,200	71	42	1,313
Wang Junzhong *(Notes iii & vi)*	–	–	–	–	–
Wang Rui *(Note iv)*	–	19	7	4	30
Yu Houxin *(Note iv)*	–	–	–	–	–
Shi Jing	–	–	–	–	–
Independent non-executive directors *(Note viii)*					
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

Notes:

i. Appointed on 7 February 2020

ii. Resigned on 7 February 2020

iii. Appointed on 22 January 2019

iv. Resigned on 22 January 2019

v. Appointed on 15 December 2020

vi. Resigned on 15 December 2020

vii. The directors' total emoluments were for their services in connection with the management of the affairs.

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

The emolument of Mr. Wang Junzhong and Mr. Wang Rui received was being a director of a subsidiary of the Company during the years ended 31 December 2020 and 2019, respectively.

During the year, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2019: 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 (2019: nil).

8. EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2019: three) director(s) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2019: two) individuals are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other benefits	**4,761**	3,748
Discretionary bonus	**1,979**	776
Employer's contributions to retirement benefits schemes	**267**	225
	7,007	4,749

	2020 Number of individuals	2019 Number of individuals
The emoluments fell within the following bands:		
Nil – HK$1,000,000	**1**	–
HK$1,000,001 – HK$1,500,000	**1**	–
HK$2,000,001 – HK$2,500,000	**2**	2
	4	2

9. DIVIDEND

	2020 HK$'000	2019 HK$'000
Proposed final dividend of HK4.13 cents per ordinary share (2019: HK2.52 cents per ordinary share)	**254,325**	155,182

The board of directors of the Company proposed the payment of a final dividend of HK4.13 cents per ordinary share for the year ended 31 December 2020 (2019: HK2.52 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:

	2020 HK$'000	2019 HK$'000
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	**636,161**	388,491

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for calculating basic and dilutive earnings per share	**6,158,000**	6,158,000

In both years, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise prices of the share options were higher than the average market price of the Company's shares.

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11. 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 2019	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 28)*	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**
Exchange differences	**604,193**	**642,173**	**612,404**	**38,280**	**19,080**	**112,279**	**2,028,409**
Acquisition of assets through acquisition of a subsidiary *(Note 27)*	**–**	**–**	**864**	**151**	**32**	**–**	**1,047**
Acquisition of a subsidiary	**22,936**	**26,033**	**1,621**	**3**	**15**	**–**	**50,608**
Additions	**–**	**–**	**–**	**1,937**	**–**	**969,242**	**971,179**
Disposals	**(8,770)**	**(429)**	**(120,358)**	**(25,722)**	**(21,100)**	**–**	**(176,379)**
Transfers to construction in progress	**(165,287)**	**–**	**(266,481)**	**–**	**–**	**349,210**	**(82,558)**
Transfers	**800,952**	**344,642**	**819,702**	**59,530**	**28,868**	**(2,083,603)**	**(29,909)**
At 31 December 2020	**10,635,724**	**10,983,869**	**10,556,968**	**668,586**	**323,167**	**1,090,562**	**34,258,876**
Accumulated depreciation							
At 1 January 2019	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**
Exchange differences	**209,750**	**146,696**	**386,813**	**21,978**	**14,607**	**–**	**779,844**
Charge for the year	**302,254**	**228,020**	**527,368**	**27,949**	**14,403**	**–**	**1,099,994**
Disposals	**(4,437)**	**–**	**(106,502)**	**(21,774)**	**(18,536)**	**–**	**(151,249)**
Transfers to construction in progress	**(8,053)**	**–**	**(74,505)**	**–**	**–**	**–**	**(82,558)**
At 31 December 2020	**3,493,786**	**2,446,062**	**6,281,197**	**345,144**	**224,761**	**–**	**12,790,950**
Net book values							
At 31 December 2019	6,387,428	7,900,104	3,961,193	277,416	81,985	1,743,434	20,351,560
At 31 December 2020	**7,141,938**	**8,537,807**	**4,275,771**	**323,442**	**98,406**	**1,090,562**	**21,467,926**

The Group is in the process of applying the title documents of certain buildings with carrying value of approximately HK$179,662,000 (2019: HK$174,987,000). 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.

12. 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	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 28)*	287,247	–	–	–	287,247
Derecognition	–	–	(67,408)	–	(67,408)
Depreciation for the year	(159,649)	(36,279)	(159,476)	(3,606)	(359,010)
At 31 December 2019	**5,898,554**	**333,678**	**489,220**	**15,891**	**6,737,343**
Exchange differences	**370,567**	**19,478**	**22,597**	**486**	**413,128**
Additions	**–**	**–**	**275,506**	**10,204**	**285,710**
Acquisition of a subsidiary	**3,475**	**–**	**–**	**–**	**3,475**
Derecognition	**–**	**–**	**(24,170)**	**(2,938)**	**(27,108)**
Depreciation for the year	**(166,320)**	**(35,940)**	**(135,032)**	**(6,673)**	**(343,965)**
At 31 December 2020	**6,106,276**	**317,216**	**628,121**	**16,970**	**7,068,583**

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

(b) Lease liabilities

	2020 HK$'000	2019 HK$'000
Within 1 year	**348,372**	294,951
Between 1 and 2 years	**149,095**	57,832
Between 2 and 5 years	**61,823**	169,997
Over 5 years	**635,308**	462,190
	1,194,598	984,970

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13. INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
Cost		
At 1 January	**–**	–
Acquisition of assets through acquisition of a subsidiary *(Note 27)*	**820,200**	–
At 31 December	**820,200**	–

The investment properties represent land and buildings in the PRC which are initially measured at cost. The fair value of the investment properties as at 31 December 2020 has been determined based on the fair value less cost of disposal of a recent transaction of the same properties. The consideration of the recent transaction was determined with reference to the appraised value assessed by the independent valuer using replacement costs approach. In estimating the fair value of the investment properties as at 31 December 2020, the highest and best use of the investment properties is their current use. The fair value measurement of the investment properties is included in level 3.

Significant unobservable inputs include current costs of replacements of similar properties adjusted for nature, location and conditions of the Group's properties, and land costs.

14. INTANGIBLE ASSETS

Computer software

	2020 HK$'000	2019 HK$'000
Cost		
At 1 January	**195,094**	175,627
Exchange differences	**12,564**	(3,951)
Additions	**4,049**	12,037
Acquisition of subsidiaries	**592**	6,519
Disposals	**(23,027)**	(4,589)
Transfers	**29,909**	9,451
At 31 December	**219,181**	195,094
Accumulated amortisation		
At 1 January	**126,951**	115,558
Exchange differences	**9,321**	(2,841)
Charge for the year	**20,473**	18,211
Disposals	**(22,431)**	(3,977)
At 31 December	**134,314**	126,951
Net book values		
At 31 December	**84,867**	68,143

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.	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Summarised assets and liabilities						
Current assets	**263,953**	184,777	**219,680**	220,254	**205,239**	235,770
Non-current assets	**1,603,233**	1,580,984	**4,950,547**	4,802,051	**1,864,669**	1,780,262
Current liabilities	**(509,485)**	(623,407)	**(485,275)**	(422,172)	**(370,261)**	(298,386)
Non-current liabilities	**(130,445)**	–	**(1,157,304)**	(1,454,238)	**(290,097)**	(418,620)
Net assets	**1,227,256**	1,142,354	**3,527,648**	3,145,895	**1,409,550**	1,299,026
Net assets attributable to non-controlling interests	**871,681**	811,379	**2,505,580**	2,234,432	**1,001,160**	922,658
Summarised profit or loss and other comprehensive income						
Revenue	**649,949**	659,934	**1,276,452**	1,267,447	**458,647**	472,736
Profit for the year	**10,752**	492	**339,094**	331,498	**63,691**	42,703
Total comprehensive income/(loss) for the year	**84,902**	(25,059)	**559,985**	257,222	**150,785**	11,852
Profit for the year attributable to non-controlling interests	**7,637**	349	**240,848**	235,453	**45,238**	30,330
Dividends paid to non-controlling interests	**–**	9,605	**87,334**	120,339	**18,534**	43,755
Summarised cash flows						
Net cash from operating activities	**83,932**	70,544	**684,652**	675,490	**177,309**	158,939
Net cash (used in)/from investing activities	**(9,691)**	(9,806)	**(103,458)**	(57,827)	**(13,485)**	19,782
Net cash from/(used in) financing activities	**6,572**	(91,226)	**(649,475)**	(584,033)	**(177,782)**	(163,983)

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15. SUBSIDIARIES *(continued)*

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

	Tianjin Port Container Terminal Co., Ltd. ("Tianjin Port Container")		Tianjin Port Yuanhang International Ore Terminal Co., Ltd.	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Summarised assets and liabilities				
Current assets	**989,216**	690,909	**484,263**	342,128
Non-current assets	**4,278,656**	3,640,105	**3,991,846**	3,896,215
Current liabilities	**(592,873)**	(448,377)	**(432,367)**	(471,441)
Non-current liabilities	**(535,016)**	(207,986)	**(2,017,433)**	(1,935,304)
Net assets	**4,139,983**	3,674,651	**2,026,309**	1,831,598
Net assets attributable to non-controlling interests	**2,336,527**	2,073,903	**1,439,224**	1,300,927
Summarised profit or loss and other comprehensive income				
Revenue	**1,556,331**	1,021,327	**922,024**	742,518
Profit for the year	**343,018**	149,361	**175,794**	126,310
Total comprehensive income for the year	**598,175**	74,587	**303,234**	85,578
Profit for the year attributable to non-controlling interests	**193,593**	68,576	**124,861**	89,714
Dividends paid to non-controlling interests	**29,056**	–	**49,959**	7,999
Summarised cash flows				
Net cash from operating activities	**493,384**	308,654	**364,135**	89,810
Net cash used in investing activities	**(894,756)**	(113,734)	**(37,492)**	(132,476)
Net cash from/(used in) financing activities	**138,857**	(166,614)	**(339,011)**	35,503

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2020 HK$'000	2019 HK$'000
Investments in associates and joint ventures	**4,806,587**	4,773,800
Loan to a joint venture *(Note)*	**–**	141,703
	4,806,587	4,915,503
Analysed as:		
Current assets *(Note 20)*	**–**	141,703
Non-current assets	**4,806,587**	4,773,800
	4,806,587	4,915,503

Note: At 31 December 2019, the loan was unsecured, interest bearing at LIBOR plus 1.5% per annum and repayable in 2020. During the year ended 31 December 2020, the Group further acquired additional interest in the relevant joint venture which becomes a subsidiary of the Group.

At 31 December 2020, 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 (2019: nil).

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

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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. ("Tianjin Port Finance")		Shenhua Tianjin Coal Terminal Co., Ltd.		Tianjin Five Continents International Container Terminal Co., Ltd. ("Tianjin Five Continents")	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000 *(Note 28(a))*
Summarised assets and liabilities						
Current assets	**4,735,730**	3,954,918	**326,059**	333,616	**N/A**	–
Non-current assets	**6,980,016**	6,657,817	**2,301,067**	2,123,506	**N/A**	–
Current liabilities	**(8,717,455)**	(7,850,688)	**(240,357)**	(244,272)	**N/A**	–
Non-current liabilities	**(991)**	–	**(10,473)**	(10,759)	**N/A**	–
Net assets	**2,997,300**	2,762,047	**2,376,296**	2,202,091	**N/A**	–
Included in the above assets and liabilities:						
Cash and cash equivalents	**3,386,013**	1,831,677	**4**	4	**N/A**	–
Current financial liabilities (excluding trade and other payables and provisions)	**8,681,290**	7,803,192	**118,821**	167,448	**N/A**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**–**	–	**N/A**	–
Summarised profit or loss and other comprehensive income						
Revenue	**414,590**	419,383	**1,032,738**	1,026,055	**N/A**	270,113
Profit for the year	**183,736**	231,313	**391,292**	302,858	**N/A**	46,638
Other comprehensive income/(loss)	**188,161**	(63,548)	**163,715**	(55,364)	**N/A**	(804)
Total comprehensive income	**371,897**	167,765	**555,007**	247,494	**N/A**	45,834
Included in the above profit for the year:						
Depreciation and amortisation	**234**	259	**73,261**	78,759	**N/A**	55,320
Interest income	**405,122**	410,401	**82**	74	**N/A**	446
Interest expense	**106,804**	101,562	**–**	1,480	**N/A**	6,128
Income tax expense	**74,722**	76,676	**131,858**	136,940	**N/A**	15,493
Dividends received from the associate and joint venture	**65,589**	61,621	**171,361**	152,013	**N/A**	31,690

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.	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Summarised assets and liabilities						
Current assets	**448,430**	351,460	**205,163**	143,993	**121,176**	141,490
Non-current assets	**1,481,890**	1,505,464	**2,334,445**	2,306,930	**792,289**	794,846
Current liabilities	**(94,905)**	(79,436)	**(354,705)**	(469,088)	**(76,197)**	(74,774)
Non-current liabilities	**(3,633)**	(4,111)	**(423,954)**	(372,181)	**(876)**	–
Net assets	**1,831,782**	1,773,377	**1,760,949**	1,609,654	**836,392**	861,562
Included in the above assets and liabilities:						
Cash and cash equivalents	**356,988**	269,166	**138,735**	60,994	**68,812**	94,349
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**302,044**	414,601	**–**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**423,954**	372,181	**–**	–
Summarised profit or loss and other comprehensive income						
Revenue	**547,533**	568,835	**530,450**	491,196	**213,575**	272,284
Profit for the year	**117,112**	135,855	**79,436**	57,105	**81,154**	115,170
Other comprehensive income/(loss)	**120,762**	(43,513)	**108,110**	(36,607)	**60,027**	(21,217)
Total comprehensive income	**237,874**	92,342	**187,546**	20,498	**141,181**	93,953
Included in the above profit for the year:						
Depreciation and amortisation	**124,380**	123,607	**121,258**	121,100	**51,605**	53,142
Interest income	**4,944**	3,768	**1,525**	1,217	**2,615**	750
Interest expense	**65**	–	**35,380**	41,436	**9**	–
Income tax expense	**38,782**	45,488	**26,971**	19,907	**27,064**	38,422
Dividends received from the associate and joint venture	**71,293**	80,375	**14,259**	15,628	**83,175**	55,816

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.

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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		Shenhua Tianjin Coal Terminal Co., Ltd.		Tianjin Port Alliance International Container Terminal Co., Ltd.	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Net assets of the associate and joint venture	**2,997,300**	2,762,047	**2,376,296**	2,202,091	**1,831,782**	1,773,377
Proportion of the Group's ownership interest	**48%**	48%	**45%**	45%	**40%**	40%
Group's share of net assets of the associate and joint venture	**1,438,704**	1,325,783	**1,069,333**	990,941	**732,713**	709,351
Goodwill	**–**	–	**5,018**	4,715	**5,184**	4,870
Carrying amount	**1,438,704**	1,325,783	**1,074,351**	995,656	**737,897**	714,221

	Tianjin Port Euroasia International Container Terminal Co., Ltd.		Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Net assets of the associate and joint venture	**1,760,949**	1,609,654	**836,392**	861,562
Proportion of the Group's ownership interest	**40%**	40%	**50%**	50%
Group's share of net assets of the associate and joint venture	**704,380**	643,862	**418,196**	430,781
Goodwill	**–**	–	**57,609**	54,123
Carrying amount	**704,380**	643,862	**475,805**	484,904

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.

	2020 HK$'000	2019 HK$'000
Aggregate carrying amount of individually immaterial associates and joint ventures	**375,450**	609,374
Aggregate amount of the Group's share of:		
Profit for the year	**52,372**	27,219
Other comprehensive income/(loss)	**31,959**	(15,274)
Total comprehensive income	**84,331**	11,945

17. FINANCIAL ASSETS AT FVOCI

	2020 HK$'000	2019 HK$'000
Equity securities listed in the PRC	**728,581**	671,192
Equity securities listed in Hong Kong	**6,700**	7,800
Unlisted equity investments	**50,319**	44,789
	785,600	723,781

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

	2020 HK$'000	2019 HK$'000
Renminbi	**778,900**	715,981
HK dollars	**6,700**	7,800
	785,600	723,781

18. DEFERRED INCOME TAX

Deferred income tax assets

	Unrealised profit on inter-company transfer of property, plant and equipment HK$'000	Provisions for impairment HK$'000	Others HK$'000	Total HK$'000
At 1 January 2019	21,199	22,572	10,320	54,091
Exchange differences	(447)	(521)	(250)	(1,218)
(Charged)/credited to consolidated income statement	(936)	1,602	1,375	2,041
At 31 December 2019	**19,816**	**23,653**	**11,445**	**54,914**
Exchange differences	**4,457**	**1,652**	**705**	**6,814**
Credited/(charged) to consolidated income statement	**56,830**	**2,300**	**(568)**	**58,562**
At 31 December 2020	**81,103**	**27,605**	**11,582**	**120,290**

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$1,808,454,000 (2019: HK$1,487,240,000) 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$1,808,454,000 will expire from 2021 to 2025 (2019: HK$1,487,240,000 will expire from 2020 to 2024).

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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 2019	111,499	108,585	220,084
Exchange differences	(3,440)	(2,137)	(5,577)
Tax paid	–	(16,298)	(16,298)
Transfer to current income 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**
Exchange differences	**10,913**	**5,343**	**16,256**
Tax paid	**–**	**(17,644)**	**(17,644)**
Transfer to current income tax liabilities	**–**	**(6,105)**	**(6,105)**
Charged to consolidated income statement	**–**	**10,756**	**10,756**
Charged to other comprehensive income	**3,676**	**–**	**3,676**
At 31 December 2020	**180,840**	**87,988**	**268,828**

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

	2020 HK$'000	2019 HK$'000
Bunker and other fuel oil	**246,313**	147,813
Consumable and other materials	**87,452**	98,348
	333,765	246,161

The costs of inventories recognised as expense and included in costs of sales were HK$6,482,561,000 (2019: HK$6,220,421,000), of which costs of goods sold amounted to HK$6,027,884,000 (2019: HK$5,698,032,000).

20. TRADE AND OTHER RECEIVABLES AND NOTES RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**2,102,367**	1,985,140
Less: Provision for impairment	**(122,685)**	(90,726)
Trade receivables, net	**1,979,682**	1,894,414
Other receivables	**252,317**	262,033
Prepayments	**349,736**	270,837
Dividend receivables	**1,446**	3,533
Amount due from a joint venture	**–**	19,762
Loan to a joint venture *(Note 16)*	**–**	141,703
	2,583,181	2,592,282
Notes receivables	**822,561**	585,609
	3,405,742	3,177,891

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 2020, the Group endorsed notes receivables amounting to approximately HK$755,611,000 (2019: HK$799,670,000) to suppliers to settle trade and other payables. The majority of 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.

Amount due from a joint venture as at 31 December 2019 was 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:

	2020 HK$'000	2019 HK$'000
0 – 90 days	**1,817,676**	1,741,719
91 – 180 days	**101,531**	100,198
Over 180 days	**60,475**	52,497
	1,979,682	1,894,414

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

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:

	2020 HK$'000	2019 HK$'000
At 1 January	**90,726**	94,728
Exchange differences	**7,394**	(2,041)
Provision for/(reversal of) impairment	**27,715**	(1,961)
Reversal upon written off	**(3,150)**	–
At 31 December	**122,685**	90,726

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

	2020 HK$'000	2019 HK$'000
Restricted bank deposits *(Note)*	**256,852**	35,059
Time deposits with maturity over three months	**771,118**	1,169,702
Cash and cash equivalents	**7,722,605**	7,474,924
Total deposits and cash and cash equivalents	**8,750,575**	8,679,685

Note: Restricted bank deposits mainly represent guarantee deposits for bank notes payables and cash consideration payable for acquisition of assets through acquisition of a subsidiary of HK$250,912,000 *(Note 27)*.

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:

	2020 HK$'000	2019 HK$'000
Renminbi	**8,516,835**	8,233,956
US dollars	**220,336**	441,672
HK dollars	**13,404**	4,057
	8,750,575	8,679,685

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

22. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	**12,000,000**	**1,200,000**
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 31 December 2020	**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:

	2020		2019	
	Average exercise price HK$	**Number of share options '000**	Average exercise price HK$	Number of share options '000
At 1 January	**1.51**	**7,100**	1.43	14,650
Lapsed	**1.86**	**(3,150)**	1.36	(7,550)
At 31 December	**1.23**	**3,950**	1.51	7,100
Exercisable 31 December		**3,950**		7,100

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

	2020		2019	
	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
HK$1.828	**0.33**	**700**	1.33	700
HK$0.896	**1.50**	**2,150**	2.50	3,200
HK$1.514	**3.72**	**1,100**	4.72	1,100
At 31 December		**3,950**		7,100

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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 2019	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**
Other comprehensive income for the year	**–**	**–**	**3,153**	**–**	**810,160**	**–**	**–**	**813,313**
Transfers	**–**	**–**	**–**	**–**	**–**	**98,057**	**–**	**98,057**
Deregistration of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(58)**	**(58)**
Lapse of share options	**–**	**–**	**–**	**(2,450)**	**–**	**–**	**–**	**(2,450)**
At 31 December 2020	**10,291,605**	**(9,111,447)**	**173,128**	**2,198**	**941,692**	**1,796,614**	**414,868**	**4,508,658**

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, as the surviving party, absorbed and merged with two subsidiaries of the Group, Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents.

24. BORROWINGS

	2020 HK$'000	2019 HK$'000
Unsecured borrowings:		
Non-current		
Long-term borrowings	**6,775,769**	8,995,525
Current		
Short-term borrowings	**1,586,561**	1,188,826
Current portion of long-term borrowings	**4,002,316**	3,248,651
	5,588,877	4,437,477
	12,364,646	13,433,002
Repayable:		
Within 1 year	**5,588,877**	4,437,477
Between 1 and 2 years	**2,095,006**	4,075,739
Between 2 and 5 years	**2,404,886**	3,234,492
Over 5 years	**2,275,877**	1,685,294
	12,364,646	13,433,002
Carrying amounts are denominated in the following currencies:		
Renminbi	**10,031,399**	10,341,398
HK dollars	**2,197,709**	3,091,604
US dollars	**135,538**	–
	12,364,646	13,433,002
Weighted average interest rates per annum:		
Renminbi	**4.4%**	4.5%
HK dollars	**1.5%**	4.0%
US dollars	**2.5%**	N/A

The carrying amounts of borrowings approximate their fair values. Borrowings of HK$1,704,551,000 (2019: HK$1,052,168,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating interest rates, thus exposing the Group to cash flow interest rate risk.

25. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Trade payables	**1,807,272**	1,525,911
Notes payables	**317,216**	171,040
Trade and notes payables	**2,124,488**	1,696,951
Receipts in advance	**599,570**	623,440
Contract liabilities	**307,159**	274,264
Dividend payables to non-controlling interests	**54,682**	43,329
Dividend payable to an immediate holding company	**83,022**	–
Cash consideration payable for acquisition of assets through acquisition of a subsidiary *(Note 27)*	**284,451**	–
Construction payables	**579,459**	488,324
Staff salaries and benefits payables	**143,915**	109,182
Other non-trade payables	**409,664**	289,061
	4,586,410	3,524,551

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

25. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES *(continued)*

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

	2020 HK$'000	2019 HK$'000
0 – 90 days	**1,674,365**	1,444,764
91 – 180 days	**233,984**	116,703
181 – 365 days	**120,709**	78,192
Over 365 days	**95,430**	57,292
	2,124,488	1,696,951

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2020 HK$'000	2019 HK$'000
Profit before income tax	**1,796,959**	1,516,137
Adjustments for:		
– Interest income	**(167,835)**	(224,484)
– Finance costs	**550,117**	657,187
– Share of net profit of associates and joint ventures accounted for using the equity method	**(435,843)**	(427,960)
– Dividend income from financial assets at FVOCI	**(17,937)**	(19,275)
– Remeasurement gain on investments in associates accounted for using the equity method	**–**	(96,540)
– Remeasurement gain on investments in joint ventures accounted for using the equity method	**(5,922)**	–
– Loss on disposal of property, plant and equipment	**12,408**	13,851
– (Gain)/loss on derecognition of right-of-use assets	**(1,106)**	1,911
– Loss on deregistration of subsidiaries	**209**	–
– Depreciation of property, plant and equipment	**1,099,994**	1,032,684
– Depreciation of right-of-use assets	**343,965**	359,010
– Amortisation of intangible assets	**20,473**	18,211
– Net impairment losses/(gains) on financial assets	**26,588**	(1,577)
– Exchange (gain)/loss, net	**(129,755)**	79,223
Changes in working capital:		
– Inventories	**(87,604)**	84,555
– Trade and other receivables and notes receivables	**(521,972)**	17,852
– Restricted bank deposits	**31,377**	(16,286)
– Trade and other payables and contract liabilities	**548,800**	(248,326)
– Other long-term liabilities	**8,482**	1,841
Cash generated from operations	**3,071,398**	2,748,014

(b) Acquisition of additional interest in a subsidiary

On 10 June 2019, Tianjin Port Holdings Co., Ltd. ("Tianjin Port Co"), 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.

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows used in financing activities.

	Borrowings HK$'000	Interest payables HK$'000	Other payables HK$'000	Lease liabilities HK$'000	Dividend payables to equity holders of the Company HK$'000	Dividend payables to non-controlling interests HK$'000	Total HK$'000
At 1 January 2019	15,450,852	3,073	–	1,136,266	–	46,512	16,636,703
Financing cash flows	(2,284,322)	(602,619)	(10,540)	(128,766)	(171,808)	(475,902)	(3,673,957)
Non-cash items:							
Interest expenses	10,584	600,249	–	46,354	–	–	657,187
New lease contracts entered into	–	–	–	(44,820)	–	–	(44,820)
Acquisition of a subsidiary *(Note 28(a))*	501,307	–	–	–	–	–	501,307
Deregistration of subsidiaries	–	–	10,540	–	–	–	10,540
Declaration of dividends	–	–	–	–	171,808	473,737	645,545
Exchange differences	(245,419)	189	–	(24,064)	–	(1,018)	(270,312)
At 31 December 2019	**13,433,002**	**892**	**–**	**984,970**	**–**	**43,329**	**14,462,193**
Financing cash flows	**(1,937,607)**	**(511,793)**	**(135)**	**(149,609)**	**(72,160)**	**(449,188)**	**(3,120,492)**
Non-cash items:							
Interest expenses	**6,105**	**505,835**	**–**	**38,177**	**–**	**–**	**550,117**
New lease contracts entered into	**–**	**–**	**–**	**257,496**	**–**	**–**	**257,496**
Acquisition of assets through acquisition of a subsidiary *(Note 27)*	**135,539**	**4,140**	**–**	**–**	**–**	**–**	**139,679**
Acquisition of a subsidiary	**61,609**	**5,357**	**–**	**–**	**–**	**–**	**66,966**
Deregistration of subsidiaries	**–**	**–**	**135**	**–**	**–**	**–**	**135**
Withholding tax	**–**	**–**	**–**	**–**	**–**	**7,193**	**7,193**
Declaration of dividends	**–**	**–**	**–**	**–**	**155,182**	**450,558**	**605,740**
Exchange differences	**665,998**	**4,498**	**–**	**63,564**	**–**	**2,790**	**736,850**
At 31 December 2020	**12,364,646**	**8,929**	**–**	**1,194,598**	**83,022**	**54,682**	**13,705,877**

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27. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 15 December 2020, Tianjin Port Co, a subsidiary of the Group, entered into an agreement with other shareholder of Tianjin Port Haifeng Bonded Logistics Co., Ltd. ("Haifeng Logistics"), a joint venture of the Group (in which the Group held 51% equity interest prior to the acquisition), to acquire 49% equity interest in Haifeng Logistics. Following the completion of the acquisition, the Group held 100% equity interest in Haifeng Logistics which becomes a subsidiary of the Group. The transaction was accounted for as acquisition of assets by the end of December 2020.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 "Business Combinations" and concluded that the investment properties are considered as a single identifiable asset.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in investment properties and concluded that the acquired set of activities and assets is not a business. The acquisition is accounted for as an acquisition of assets.

Assets and liabilities recognised at the date of acquisition were as follows:

	2020 HK$'000
Property, plant and equipment *(Note 11)*	1,047
Investment properties *(Note 13)*	820,200
Trade and other receivables and notes receivables	3,804
Cash and cash equivalents	45,525
Trade and other payables and contract liabilities	(13,454)
Loan from the Group *(Note 16)*	(141,071)
Borrowings	(135,539)
Net assets acquired	580,512
Satisfied by:	
Fair value of 51% equity interest in Haifeng Logistics	296,061
Cash consideration	284,451
	580,512
Fair value of 51% equity interest in Haifeng Logistics	296,061
Less: Investment in a joint venture accounted for using the equity method	(277,914)
Remeasurement gain on investment in a joint venture accounted for using the equity method	18,147
Cash consideration	284,451
Less: Cash consideration payable *(Note 25)*	(284,451)
	–
Cash consideration paid to restricted bank account *(Note 21)*	(250,912)
Cash and cash equivalents acquired	45,525
Net cash outflow arising on acquisition	(205,387)

28. ACQUISITION OF SUBSIDIARIES

(a) On 17 April 2019, Tianjin Port Co, 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 was 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 were as follows:

	2019 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 7)*	81,581
Cash consideration paid	195,583
Cash and cash equivalents acquired	96,336
Net cash outflow arising on acquisition	(99,247)

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28. 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 was 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 were as follows:

	2019 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 7)*	14,959
Cash consideration paid	100,469
Cash and cash equivalents acquired	11,551
Net cash outflow arising on acquisition	(88,918)

29. COMMITMENTS

	2020 HK$'000	2019 HK$'000
Contracted but not provided for		
Property, plant and equipment	**325,649**	393,064
Investment in an associate	**–**	571,940
Authorised but not contracted for		
Property, plant and equipment	**1,562,233**	1,837,544

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties of the Group

	2020 HK$'000	2019 HK$'000
With Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") and its subsidiaries, associates and joint ventures		
Sales of goods and services	**54,324**	82,069
Purchases of goods and services	**747,451**	709,754
Payments for rental of land, property, plant and equipment *(Note)*	**167,508**	215,679
Acquisition of property, plant and equipment	**69,991**	188,893
With associates		
Sales of goods and services	**58,311**	84,618
Purchases of goods and services	**741,278**	727,156
Income from rental of property, plant and equipment	**27,070**	33,013
Payments for rental of property, plant and equipment *(Note)*	**11,756**	13,668
Interest income	**63,983**	49,046
Interest expenses on borrowings	**176,202**	188,757
Investment in an associate	**–**	7,814
With joint ventures		
Sales of goods and services	**81,995**	83,299
Purchases of goods and services	**114,448**	105,781
Interest income	**4,046**	5,734

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

30. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(b) Balances with related parties of the Group

	2020 HK$'000	2019 HK$'000
With Tianjin Port Group and its subsidiaries, associates and joint ventures		
Trade and other receivables and notes receivables *(Note i)*	**43,315**	44,653
Trade and other payables and contract liabilities *(Note i)*	**374,225**	220,752
Lease payables	**104,342**	85,933
With associates		
Trade and other receivables and notes receivables *(Note i)*	**4,076**	123
Trade and other payables and contract liabilities *(Note i)*	**79,456**	93,267
Deposits *(Note ii)*	**3,977,489**	3,966,175
Borrowings *(Note iii)*	**3,992,182**	4,056,006
With joint ventures		
Trade and other receivables and notes receivables *(Note i)*	**2,811**	20,639
Trade and other payables and contract liabilities *(Note i)*	**6,379**	7,729
Loan to a joint venture *(Note 16)*	**–**	141,703

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, a 48% owned associate of the Group, carry interests at prevailing market rates. Tianjin Port Finance is a non-bank financial institution with limited liability established under PRC law. The business activities of Tianjin Port Finance are regulated and supervised by the People's Bank of China and the China Banking and Insurance Regulatory Commission.

iii. As at 31 December 2020, borrowings from Tianjin Port Finance amounted to HK$3,992,182,000 (2019: HK$4,056,006,000), in which HK$3,503,232,000 (2019: HK$3,537,475,000) are repayable within 5 years and the remaining HK$488,950,000 (2019: HK$518,531,000) 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% (2019: from 3.9% to 4.9%) per annum.

(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 2020, 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) "Related Party Disclosures", 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 8.

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 2020, 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 2020, if Renminbi had weakened/strengthened by 8% (2019: 5%) against non-functional currencies with all other variables held constant, the Group's profit for the year would have been approximately HK$172,369,000 (2019: HK$136,025,000) 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 2020, if interest rates on borrowings had been 50 (2019: 50) basis points higher/lower with all other variables held constant, the Group's profit for the year would have been approximately HK$41,074,000 (2019: HK$62,750,000) 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 2020, if the price of the listed equity investments had been 10% (2019: 10%) higher/lower with all other variables held constant, the Group's total equity would have increased/decreased by approximately HK$55,336,000 (2019: HK$67,899,000) as a result of changes in fair value of the listed equity investments classified as financial assets at FVOCI.

Credit risk

Credit risk arises from trade and other receivables, 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT *(continued)*

31.1 Financial risk factors *(continued)*

Credit risk *(continued)*

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 trade receivables, impairments are provided at lifetime ECL without credit-impaired. For other financial assets, impairments are provided at 12-month ECL.
- Stage 2: financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For trade receivables, impairments are provided at lifetime ECL without credit-impaired. For other financial assets, impairments are provided at lifetime ECL.
- Stage 3: financial instruments that have objective evidence of impairment. For these assets, lifetime ECL are recognised.
- Stage 4 (write-off): financial instruments that have indicated evidence that the debtor is in severe financial difficulty and the Group has no realistic prospect recovery. The amount of assets is written off.

	Internal credit rating	12-month ECL or lifetime ECL	Gross amount 2020 HK$'000	2019 HK$'000
Restricted bank balances	N/A	12-month ECL	**256,852**	35,059
Time deposits with maturity over three months	N/A	12-month ECL	**771,118**	1,169,702
Cash and cash equivalents	N/A	12-month ECL	**7,722,605**	7,474,924
Other receivables	Note (i)	12-month ECL	**302,923**	310,906
Prepayments	N/A	12-month ECL	**349,736**	270,837
Dividend receivables	Note (i)	12-month ECL	**1,446**	3,533
Amount due from a joint venture	Note (i)	12-month ECL	**–**	19,762
Loan to a joint venture	Note (i)	12-month ECL	**–**	141,703
Notes receivables	N/A	12-month ECL	**822,561**	585,609
Trade receivables	Note (ii)	Lifetime ECL (not credit-impaired)	**2,070,977**	1,969,278
		Lifetime ECL (credit-impaired)	**31,390**	15,862

Notes:

(i) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2020 and 2019, the Group considers that the credit loss from these balances are not significant since these balances are not past due.

(ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the provision at lifetime ECL. Except for credit-impaired balances, the Group determines the expected credit losses on these items group by past due status.

Movement in lifetime ECL that has been recognised for trade receivables under the simplified approach is as follows:

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At at 1 January 2019	76,647	18,081	94,728
Reversal of impairment	(106)	(1,855)	(1,961)
Exchange differences	(1,677)	(364)	(2,041)
At 31 December 2019	**74,864**	**15,862**	**90,726**
Impairment losses recognised	**13,977**	**13,738**	**27,715**
Reversal upon written off	**(3,150)**	**–**	**(3,150)**
Exchange differences	**5,604**	**1,790**	**7,394**
At 31 December 2020	**91,295**	**31,390**	**122,685**

31. FINANCIAL RISK MANAGEMENT *(continued)*

31.1 Financial risk factors *(continued)*

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 2020				
Financial liabilities included in trade and other payables and contract liabilities	**3,679,681**	**–**	**–**	**–**
Borrowings	**5,961,342**	**2,381,994**	**2,868,407**	**2,605,922**
Lease liabilities	**384,631**	**181,650**	**350,436**	**551,541**
	10,025,654	**2,563,644**	**3,218,843**	**3,157,463**
At 31 December 2019				
Financial liabilities included in 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

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 2020 was 42.5% (2019: 50.7%).

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. FINANCIAL RISK MANAGEMENT *(continued)*

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 2020, financial instruments included in level 1 and level 3 comprise listed equity securities and unlisted equity securities respectively which were classified as financial assets at FVOCI. Listed equity securities of HK$735,281,000 (2019: HK$678,992,000) were measured at the quoted price in active market. The fair values of unlisted equity securities as at 31 December 2020 of HK$50,319,000 (2019: HK$44,789,000) have been arrived at based on valuation carried out by an independent valuer by adopting market approach with the use of enterprise multiples of comparable companies and marketability discounts.

Reconciliation of assets measured at fair value based on level 3:

	Financial assets at FVOCI	
	2020	2019
	HK$'000	HK$'000
At 1 January	**44,789**	45,791
Fair value change recognised in other comprehensive income	**2,507**	–
Exchange differences	**3,023**	(1,002)
At 31 December	**50,319**	44,789

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 certain long-term assets

At 31 December 2020, the market capitalisation of the Group was below its net asset value. This was an impairment indicator of certain long-term assets, including all of the Group's property, plant and equipment, right-of-use assets, investment properties, intangible assets and deferred income tax assets on the consolidated statement of financial position (the "Identified Long-term Assets").

Management of the Group performed impairment assessment for the Identified Long-term Assets. Each type of business is identified as a cash-generating unit. Management reviews the business performance on an individual cash-generating unit basis. The recoverable amounts of cash-generating units are determined either using value-in-use model or fair value less cost of disposal.

The recoverable amount of the cash-generating unit of CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. is determined using fair value less cost of disposal of a transaction to be completed subsequent to the end of the reporting period as further set out in Note 36, which is higher than the carrying amount of the cash-generating unit as at 31 December 2020.

The recoverable amounts of other cash-generating units are determined based on value-in-use model. Management of the Group prepared cash flow forecasts for a five-year period based on the assumptions including the estimations of growth rates of business volume, unit price and cost of sales, and the discount rates. The growth rates are estimated with reference to past performance and management's expectations of the market development. The discount rates used reflect the cost of capital of each cash-generating unit and the industry specific factors. As a result of the impairment assessment of long-term assets, no impairment provision was made.

Management of the Group considered that there was no impairment indicator of non-current assets other than the Identified Long-term Assets as at 31 December 2020 as they are either accounted for using equity method or stated at fair value at the end of the reporting period.

Provision for impairment of receivables

The Group's management determines the provision for impairment of receivables (including trade and other receivables). This estimate is based on the credit risk of receivables and performed using a provision matrix.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

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33. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

At 31 December 2020, 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 2020 and 2019:

Name	Registered capital/ Issued share capital	Interest held 2020 (%)	2019 (%)	Principal activities
Listed, indirectly held by the Company, established and operating in the PRC				
Tianjin Port Holdings Co., Ltd.#	RMB2,411,667,532	**56.81**	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**	100	Container handling, non-containerised cargo handling and ancillary services
Tianjin Port No. 4 Stevedoring Co., Ltd.**	RMB808,278,000	**100**	100	Non-containerised cargo handling and ancillary services
Tianjin Port Coke Terminals Co., Ltd.**	RMB600,000,000	**100**	100	Non-containerised cargo handling and ancillary services
Tianjin Port Goods and Materials Supplying Co., Ltd.**	RMB98,396,000	**100**	100	Sales of supplies and materials
Tianjin Port Logistics Development Co., Ltd.**	RMB1,090,730,000	**100**	100	Agency and port ancillary services
Tianjin Port Petrochemicals Terminal Company Limited**	RMB110,700,000	**100**	100	Non-containerised cargo handling and ancillary services
Tianjin Port Tugboat Lighter Co., Ltd.***	RMB286,709,000	**100**	100	Tugboat services
Tianjin Port Xingdong Logistics Co., Ltd.**	RMB444,000,000	**100**	100	Port ancillary services
Tianjin Ocean Shipping Tally Co., Ltd.**	RMB20,000,000	**84**	84	Tallying services
Tianjin Port Container Terminal Co., Ltd.**	RMB2,408,312,700	**76.68**	76.68	Container handling and ancillary services
China Ocean Shipping Agency Tianjin Co., Ltd.**	RMB101,220,000	**60**	60	Agency services
Tianjin Zhongtie Storage and Transportation Co., Ltd.**	RMB10,000,000	**60**	60	Sales of other materials
TPG Global RO-RO Terminal Co., Ltd.*	RMB264,460,000	**56.17**	56.17	Non-containerised cargo handling and ancillary services
Tianjin Port Ro-Ro Terminal Co., Ltd.*	US$23,500,000	**56.17**	56.17	Non-containerised cargo handling and ancillary services
CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd.**	RMB200,000,000	**53**	53	Sales of fuel oil
Tianjin Port China Coal Hua'neng Coal Terminal Co., Ltd.**	RMB1,125,000,000	**51**	51	Non-containerised cargo handling and ancillary services
Tianjin Port Pacific International Container Terminal Co., Ltd.*	RMB2,303,350,000	**51**	51	Container handling and ancillary services

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

(a) Subsidiaries *(continued)*

Name	Registered capital/ Issued share capital	Interest held 2020 (%)	Interest held 2019 (%)	Principal activities
Unlisted, indirectly held by the Company, established and operating in the PRC *(continued)*				
Tianjin Port Yuanhang Ore Terminal Co., Ltd.*	US$58,895,400	**51**	51	Non-containerised cargo handling and ancillary services
Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd.*	US$115,110,000	**51**	51	Non-containerised cargo handling and ancillary services
Tianjin Port Yuanhang International Ore Terminal Co., Ltd.*	RMB1,470,283,000	**51**	51	Non-containerised cargo handling and ancillary services
Tianjin Haitian Bonded Logistics Co., Ltd.*	RMB210,000,000	**51**	51	Warehousing, logistics and ancillary services
Tianjin Port CNAF Terminal Co., Ltd.**	RMB149,000,000	**51**	51	Non-containerised cargo handling and ancillary services
Tianjin Port Haifeng Bonded Logistics Co., Ltd.**	RMB645,600,000	**100**	N/A	Warehousing, logistics and ancillary services
Tianjin Dongfang Petroleum Co., Ltd.** *(Note)*	RMB50,000,000	**50**	N/A	Port ancillary services
Unlisted, indirectly held by the Company, incorporated and operating in Hong Kong				
Champion Sky Enterprises Limited	HK$2	**100**	100	Investment holding
Unlisted, directly held by the Company, incorporated and operating in Hong Kong				
Grand Point Investment Limited	HK$1	**100**	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**	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**	100	Treasury services
Tianjin Port Development International Limited^	US$1	**–**	100	Investment holding
Win Many Investments Limited	US$1	**100**	100	Investment holding

Note: The entity is considered to be subsidiary of the Group despite that the Group holds 50% of the equity interest therein as the Group has the power to appoint and remove the majority of the board of directors of the entity and holds more than half of the voting rights at the board of directors' and shareholders' meetings of the entity by virtue of shareholders' agreement entered into during the year ended 31 December 2020. The net liabilities of the entity were HK$24,450,000 on deemed acquisition date.

Joint stock company with limited liability
* Sino-foreign joint venture
** Limited liability company
*** Wholly-foreign owned enterprise
^ Deregistered during the year ended 31 December 2020

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

(b) Associates

The followings are principal associates at 31 December 2020 and 2019, all of which are unlisted, established and operating in the PRC:

Name	Registered capital	Interest held 2020 (%)	2019 (%)	Principal activities
Tianjin Yuanhang Ore Logistics Co., Ltd.	RMB45,000,000	**49**	49	Logistics and ancillary services
Tianjin Port Finance Co., Ltd.	RMB1,150,000,000	**48**	48	Financial services
Shenhua Tianjin Coal Terminal Co., Ltd.	RMB1,524,988,500	**45**	45	Non-containerised cargo handling and ancillary services
Tianjin Port Alliance International Container Terminal Co., Ltd.	US$160,000,000	**40**	40	Container handling and ancillary services

(c) Joint ventures

The followings are principal joint ventures at 31 December 2020 and 2019, all of which are unlisted, established and operating in the PRC:

Name	Registered capital	Interest held 2020 (%)	2019 (%)	Principal activities
Tianjin Port Haifeng Bonded Logistics Co., Ltd. *(Note 27)*	RMB645,600,000	**N/A**	51	Warehousing, logistics and ancillary services
Tianjin Port Euroasia International Container Terminal Co., Ltd.	RMB1,260,000,000	**40**	40	Container handling and ancillary services
Tianjin Port Shihua Crude Oil Terminal Co., Ltd.	RMB482,660,000	**50**	50	Non-containerised cargo handling and ancillary services
Tianjin Dehai Petroleum Products Sales Co., Ltd.	RMB42,000,000	**50**	50	Sales of fuel
Vopak Nanjiang Petrochemical Terminal Tianjin Company Limited	US$8,460,000	**50**	50	Warehousing, logistics and ancillary services
Tianjin Dongfeng Petroleum Co., Ltd.	RMB50,000,000	**N/A**	50	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. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The directors of the Company consider that such presentation would better reflect the financial performance and position of the Group.

36. EVENTS AFTER THE REPORTING PERIOD

On 15 December 2020, China Ocean Shipping Agency Tianjin Co., Ltd., a subsidiary of the Group, entered into a conditional agreement with Tianjin Port International Logistics Development Co., Ltd. to acquire a group of assets at the consideration of RMB238,624,100. The transaction was approved by the independent shareholders of the Company on 3 March 2021.

On 26 February 2021, Tianjin Port Co, a subsidiary of the Group, entered into an agreement with Tianjin Port Economic-Technological Cooperation Co., Ltd. to transfer 53% equity interest in CHIMBUSCO Marine Bunker (Tianjin) Co., Ltd. at the consideration of RMB14,900,285.28. The transaction has not yet completed and subject to, among others, the approval of independent shareholders of the Company.

On 26 February 2021, Tianjin Port Co, a subsidiary of the Group, entered into an agreement with COSCO SHIPPING Ports Limited and COSCO SHIPPING Ports (Tianjin) Limited to transfer 34.99% equity interest in Tianjin Port Container at the consideration of RMB1,348,371,288.15. Upon the completion of the transaction, the Group will hold 41.69% equity interest in Tianjin Port Container, and Tianjin Port Container will cease to be a subsidiary of the Group, and will become an associate of the Group. The transaction has not yet completed and subject to, among others, the approval of shareholders of the Company.

37. IMPACT OF COVID-19 PANDEMIC

The outbreak of the COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts on the global economy and business environment, and may directly and indirectly affect the operations of the Group. In response to the COVID-19 pandemic, the Group has implemented a range of preventive measures and the operation remained stable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2020	2019
	HK$'000	HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**3,052**	2,959
Right-of-use assets	**7,138**	2,699
Interests in subsidiaries	**14,785,854**	13,804,020
Financial assets at FVOCI	**6,700**	7,800
	14,802,744	13,817,478
Current assets		
Other receivables	**26,866**	23,248
Amounts due from subsidiaries	**164,017**	154,093
Time deposits with maturity over three months	**771,118**	365,951
Cash and cash equivalents	**2,149,138**	3,244,547
	3,111,139	3,787,839
Total assets	**17,913,883**	17,605,317
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**615,800**	615,800
Other reserves *(Note i)*	**12,937,328**	11,953,973
Retained earnings *(Note ii)*	**3,026,433**	2,830,898
Total equity	**16,579,561**	15,400,671
LIABILITIES		
Non-current liabilities		
Lease liabilities	**2,721**	–
Other non-current liabilities	**345**	–
	3,066	–
Current liabilities		
Lease liabilities	**3,915**	2,726
Dividend payable to an immediate holding company	**83,022**	–
Other payables	**23,830**	26,915
Amounts due to subsidiaries	**1,220,489**	2,175,005
	1,331,256	2,204,646
Total liabilities	**1,334,322**	2,204,646
Total equity and liabilities	**17,913,883**	17,605,317

The statement of financial position of the Company was approved by the Board of Directors on 29 March 2021 and was signed on its behalf by:

CHU Bin
Director

LUO Xunjie
Director

38. 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 2019	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**
Currency translation differences	**–**	**–**	**–**	**–**	**986,905**	**986,905**
Fair value loss on financial assets at FVOCI	**–**	**–**	**(1,100)**	**–**	**–**	**(1,100)**
Lapse of share options	**–**	**–**	**–**	**(2,450)**	**–**	**(2,450)**
At 31 December 2020	**10,291,605**	**1,450,909**	**(8,100)**	**2,198**	**1,200,716**	**12,937,328**

ii. Retained earnings of the Company

	HK$'000
At 1 January 2019	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**
Profit for the year	**348,267**
Dividend	**(155,182)**
Lapse of share options	**2,450**
At 31 December 2020	**3,026,433**

FIVE YEARS FINANCIAL SUMMARY

	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020 HK$'000**
Consolidated Income Statement					
Revenue	16,456,982	16,621,811	15,871,075	15,077,403	**15,490,177**
Business tax and surcharge	(39,105)	(18,318)	(14,800)	(10,452)	**(9,073)**
Cost of sales	(11,848,641)	(12,961,777)	(12,675,629)	(11,843,819)	**(12,123,230)**
Gross profit	4,569,236	3,641,716	3,180,646	3,223,132	**3,357,874**
Other income and expenses, other gains and losses	(99,200)	445,717	19,147	196,728	**324,221**
Administrative expenses	(1,979,661)	(1,912,589)	(1,804,583)	(1,674,496)	**(1,770,862)**
Finance costs	(584,608)	(571,887)	(616,065)	(657,187)	**(550,117)**
Share of net profit of associates and joint ventures accounted for using the equity method	448,108	502,577	448,394	427,960	**435,843**
Profit before income tax	2,353,875	2,105,534	1,227,539	1,516,137	**1,796,959**
Income tax	(571,717)	(471,273)	(263,324)	(410,633)	**(389,433)**
Profit for the year	1,782,158	1,634,261	964,215	1,105,504	**1,407,526**
Profit attributable to:					
Equity holders of the Company	527,431	763,000	387,745	388,491	**636,161**
Non-controlling interests	1,254,727	871,261	576,470	717,013	**771,365**
	1,782,158	1,634,261	964,215	1,105,504	**1,407,526**
Consolidated Statement of Financial Position					
Land use rights	5,686,092	6,334,061	5,897,291	–	**–**
Property, plant and equipment	18,960,072	19,834,777	18,803,723	20,351,560	**21,467,926**
Right-of-use assets	–	–	–	6,737,343	**7,068,583**
Investment properties	–	–	–	–	**820,200**
Intangible assets	65,043	69,909	60,069	68,143	**84,867**
Investments accounted for using the equity method	5,421,257	5,972,997	5,524,722	4,773,800	**4,806,587**
Financial assets at FVOCI	–	–	509,111	723,781	**785,600**
Available-for-sale financial assets	518,458	958,574	–	–	**–**
Deferred income tax assets	91,491	63,520	54,091	54,914	**120,290**
Current assets	11,588,951	14,186,968	14,523,844	12,103,737	**12,490,082**
Total assets	42,331,364	47,420,806	45,372,851	44,813,278	**47,644,135**
Total liabilities	(18,220,114)	(20,484,587)	(19,581,570)	(18,309,693)	**(18,579,908)**
Non-controlling interests	(12,976,770)	(14,226,202)	(13,622,769)	(14,315,361)	**(15,581,769)**
Shareholders' equity	11,134,480	12,710,017	12,168,512	12,188,224	**13,482,458**

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
"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+
XUE Xiaoli
SHI Jing

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

CHEUNG Wah Lung, Warren

AUDITOR

Deloitte Touche Tohmatsu
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

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

INVESTOR RELATIONS

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

WEBSITE

www.tianjinportdev.com

STOCK CODE

Hong Kong Stock Exchange: 03382

△ Members of Nomination Committee, ZHANG Weidong is the chairman of the committee
+ Members of Remuneration Committee, Japhet Sebastian LAW is the chairman of the committee
* Members of Audit Committee, CHENG Chi Pang, Leslie is the chairman of the committee

Tianjin Port Development Holdings Limited

Suite 3904-3907, 39/F., Tower Two, Times Square
1 Matheson Street, Causeway Bay, Hong Kong
Tel : (852) 2847 8888
Fax : (852) 2899 2086
www.tianjinportdev.com