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AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcements of Tianjin Port Development Holdings Limited (the “Company”) dated 27 March 2020 and 8 May 2020 respectively in relation to the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019. Capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 27 March 2020 (the “Announcement”) unless the context requires otherwise.

The board of directors (the “Board”) of the Company is pleased to announce that the Group’s auditor, PricewaterhouseCoopers, has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

AUDITED CONSOLIDATED RESULTS

The audited consolidated results of the Group for the year ended 31 December 2019 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (restated)
Revenue	3	15,077,403	15,871,075
Business tax and surcharge		(10,452)	(14,800)
Cost of sales		(11,843,819)	(12,675,629)
Gross profit		3,223,132	3,180,646
Other income and gains	4	395,733	372,925
Administrative expenses		(1,674,496)	(1,804,583)
Net impairment gains/(losses) on financial assets		1,577	(23,123)
Loss of assets	2	(77,124)	(75,319)
Other operating expenses		(123,458)	(255,336)
Operating profit		1,745,364	1,395,210
Finance costs	5	(657,187)	(616,065)
Share of net profit of associates and joint ventures accounted for using the equity method		427,960	448,394
Profit before income tax		1,516,137	1,227,539
Income tax	7	(410,633)	(263,324)
Profit for the year		<u>1,105,504</u>	<u>964,215</u>
Profit attributable to:			
Equity holders of the Company		388,491	387,745
Non-controlling interests		717,013	576,470
		<u>1,105,504</u>	<u>964,215</u>
Earnings per share	9		
Basic (HK cents)		<u>6.3</u>	<u>6.3</u>
Diluted (HK cents)		<u>6.3</u>	<u>6.3</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK\$'000	2018 HK\$'000 (restated)	1 January 2018 HK\$'000 (restated)
ASSETS				
Non-current assets				
Land use rights		—	5,897,291	6,334,061
Property, plant and equipment		20,351,560	18,803,723	19,834,777
Right-of-use assets		6,737,343	—	—
Intangible assets		68,143	60,069	69,909
Investments accounted for using the equity method		4,773,800	5,524,722	5,972,997
Financial assets at fair value through other comprehensive income		723,781	509,111	—
Available-for-sale financial assets		—	—	958,574
Deferred income tax assets		54,914	54,091	63,520
		<u>32,709,541</u>	<u>30,849,007</u>	<u>33,233,838</u>
Current assets				
Inventories		246,161	318,441	237,647
Trade and other receivables and notes receivables	10	3,177,891	3,301,211	3,234,034
Restricted bank deposits		35,059	19,193	49,742
Time deposits with maturity over three months		1,169,702	1,115,043	573,860
Cash and cash equivalents	2	7,474,924	9,769,956	10,091,685
		<u>12,103,737</u>	<u>14,523,844</u>	<u>14,186,968</u>
Total assets		<u>44,813,278</u>	<u>45,372,851</u>	<u>47,420,806</u>
EQUITY				
Equity attributable to equity holders of the Company				
Share capital		615,800	615,800	615,800
Other reserves		3,599,796	3,704,072	4,624,733
Retained earnings		7,972,628	7,848,640	7,469,484
		<u>12,188,224</u>	<u>12,168,512</u>	<u>12,710,017</u>
Non-controlling interests		<u>14,315,361</u>	<u>13,622,769</u>	<u>14,226,202</u>
Total equity		<u>26,503,585</u>	<u>25,791,281</u>	<u>26,936,219</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

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

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which are measured at fair value.

(a) Adoption of new/revised HKFRSs

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

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

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

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

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

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

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

- the accounting for operating leases with a remaining lease term of less than 12 months at the date of initial application as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

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

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

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

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

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

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

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

<i>HKAS 1 and HKAS 8 (Amendments)</i>	<i>Definition of Material¹</i>
<i>HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)</i>	<i>Interest Rate Benchmark Reform¹</i>
<i>HKFRS 3 (Amendment)</i>	<i>Business Combinations – Definition of a Business¹</i>
<i>HKFRS 10 (Amendment) and</i>	<i>Sale or Contribution of Assets between an Investor</i>
<i>HKAS 28 (2011) (Amendment)</i>	<i>and its Associate or Joint Venture³</i>
<i>HKFRS 17</i>	<i>Insurance Contracts²</i>

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective date is to be determined

2. RESTATEMENTS DUE TO SUSPECTED EMBEZZLEMENT OF FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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 segment information for the reportable segments is as follows:

	For the year ended 31 December 2019			
	Cargo handling <i>HK\$'000</i>	Sales <i>HK\$'000</i>	Other port ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>6,985,565</u>	<u>5,908,197</u>	<u>2,183,641</u>	<u>15,077,403</u>
Segment results	<u>2,352,961</u>	<u>141,780</u>	<u>738,843</u>	3,233,584
Business tax and surcharge				(10,452)
Other income and gains				395,733
Administrative expenses				(1,674,496)
Net impairment gains on financial assets				1,577
Loss of assets				(77,124)
Other operating expenses				(123,458)
Finance costs				(657,187)
Share of net profit of associates and joint ventures accounted for using the equity method				<u>427,960</u>
Profit before income tax				<u>1,516,137</u>

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

4. OTHER INCOME AND GAINS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income		
– from deposits	218,750	258,878
– from loan to a joint venture	5,734	5,225
Dividend income from financial assets at fair value through other comprehensive income	19,275	18,573
Government grants	30,305	68,357
Remeasurement gain on investments in associates accounted for using the equity method	96,540	–
Gain on deregistration of subsidiaries	–	2,643
Others	25,129	19,249
	<u>395,733</u>	<u>372,925</u>

5. FINANCE COSTS

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

6. EXPENSES BY NATURE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Costs of goods sold	5,698,032	6,236,931
Depreciation of property, plant and equipment	1,032,684	1,047,450
Depreciation of right-of-use assets	359,010	–
Amortisation of land use rights	–	159,592
Amortisation of intangible assets	18,211	17,935
Exchange loss, net	<u>79,223</u>	<u>204,319</u>

7. INCOME TAX

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
PRC income tax		
– Current	401,450	402,651
– Deferred	<u>9,183</u>	<u>(139,327)</u>
	<u>410,633</u>	<u>263,324</u>

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

PRC income tax has been provided based on the estimated assessable profits for the year at the prevailing income tax rates applicable to the subsidiaries located in the PRC.

8. DIVIDEND

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Proposed final dividend of HK2.52 cents per ordinary share (2018: HK2.79 cents per ordinary share)	<u>155,182</u>	<u>171,808</u>

The Board proposed the payment of a final dividend of HK2.52 cents per ordinary share for the year ended 31 December 2019 (2018: HK2.79 cents). These consolidated financial statements do not reflect this dividend payable.

9. EARNINGS PER SHARE

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

	2019 HK\$'000	2018 HK\$'000 (restated)
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	<u>388,491</u>	<u>387,745</u>
	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for calculating basic earnings per share	6,158,000	6,158,000
Effect of dilutive potential ordinary shares: – Share options	<u>–</u>	<u>431</u>
Weighted average number of ordinary shares for calculating diluted earnings per share	<u>6,158,000</u>	<u>6,158,431</u>

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

10. TRADE AND OTHER RECEIVABLES AND NOTES RECEIVABLES

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

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

11. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

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

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

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

ANNUAL RESULTS

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

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

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

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

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

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

REVIEW OF OPERATIONS

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

In 2019, the Group completed the merger of 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*) ("Tianjin Port Container"), 天津東方海陸集裝箱碼頭有限公司 (Tianjin Orient Container Terminals Co., Ltd.*) ("Tianjin Orient") and 天津五洲國際集裝箱碼頭有限公司 (Tianjin Five Continents International Container Terminal Co., Ltd.*) ("Tianjin Five Continents"). With the integrated operation and management through the merger, Tianjin Port Container, as the surviving party, coordinates its operational resources, further increases its overall efficiency of resources utilisation, reduces operating costs, exhibits its scale of operations and strengthens the sustainability of the Group's container business.

Non-containerised Cargo Handling Business

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

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

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

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

Container Handling Business

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

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

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

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

Sales Business

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

During the year under review, the Group recorded revenue of HK\$5,908 million from sales business, representing a decrease of 8.6% over last year, which was mainly due to the drop in sales volume.

Other Port Ancillary Services Business

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

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

OUTLOOK

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

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

In the coming year, the Group will move forward together to accelerate the construction of a world-class hub port, so as to expand our markets, improve our service and increase our efficiency. Committed to the "client-first" principle, we aim at establishing a "one-stop" service platform by continuously improving our service quality, comprehensively enhancing our service efficiency and effectiveness, as well as constantly optimising our business procedures. The Group will push forward the construction of a world-class intelligent port, which will be thoroughly interconnected with comprehensive intelligence control, digital operation and convenient service. This will bolster the automation and intelligent development

of equipment and system, expedite the digital operation of enterprises, and facilitate convenient trading and logistics services. The Group will also promote the construction of a world-class green port, striving to achieve port safety, continuously optimise transportation structure, create green transport system and further the green development of our port. By enhancing the modernisation of our management system, continuously improving our governance capabilities, maintaining revenue increase and cost control, raising our profitability, prioritising efficiency and effectiveness, strengthening our investment management standards and optimising our risk management system to prevent and mitigate various types of risks, and lay a solid foundation for the Group to implement long-term plans and achieve sustainable development.

FINANCIAL REVIEW

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

Revenue

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

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

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

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

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

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

Costs of Sales

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

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

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

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

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

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

Gross Profit

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

Administrative Expenses

Administrative expenses of the Group decreased by 7.2% over last year to HK\$1,674 million. The Group will continue to take strict measures in control and management so as to maintain administrative expenses at a reasonable level.

Other Income and Gains and Other Operating Expenses

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

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

Finance Costs

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

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

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

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

Income Tax

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

FINANCIAL POSITION

Cash Flow

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

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

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

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

Capital Structure

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

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

Assets and Liabilities

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

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

Liquidity, Financial Resources and Borrowings

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

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

Financial Ratios

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

Pledge of Assets

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

Contingent Liabilities

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

Financial Management and Policy

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

The operations of the Group are located in the PRC and its functional currency is RMB. The Group is exposed to foreign exchange risk primarily from the assets and liabilities that are denominated in non-functional currencies. As at 31 December 2019, most of the Group's assets and liabilities were denominated in RMB except for certain HK\$ bank borrowings. RMB took a roller-coaster ride in 2019 driven mostly by the uncertainty over the China-U.S. trade negotiations. As the exchange rate of RMB at the end of 2019 was approximately 2.2% lower than that at the end of 2018, an exchange loss of HK\$79.22 million (2018: HK\$204 million) arose from the translation of foreign currency denominated liabilities held by the Group. The fluctuations in RMB exchange rate will affect the Group's results reported in HK\$ as the Group operates its business in the PRC. No hedging arrangement was entered into in respect of foreign exchange risk exposure during the year under review.

The Group's interest rate risk arises primarily from the fluctuation on interest rates of borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk while borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2019, the Group's total borrowings were HK\$13,433 million and mainly at floating interest rate, and the average borrowing interest rate was 4.3% (31 December 2018: 4.2%).

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

CAPITAL EXPENDITURE AND COMMITMENTS

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

1. On 17 April 2019, 天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*) (“Tianjin Port Co”), a subsidiary of the Group, (as one of the transferees) entered into an equity transfer agreement with, inter alia, the transferor, pursuant to which Tianjin Port Co agreed to acquire an additional 11.854% equity interest in Tianjin Five Continents at a consideration of RMB173,877,761.86. Details of the equity transfer were set out in the announcement of the Company dated 17 April 2019. The equity transfer was completed in 2019. Following the completion of equity transfer and up to the completion of the Merger (as defined below), the Group held 51.854% equity interest in Tianjin Five Continents which became a subsidiary of the Group.
2. On 10 June 2019, Tianjin Port Co (as one of the transferees) entered into an equity transfer agreement with, inter alia, the transferor, pursuant to which Tianjin Port Co agreed to acquire an additional 24.5% equity interest in Tianjin Orient at a consideration of RMB102,915,357.23. Details of the equity transfer were set out in the announcement of the Company dated 10 June 2019. The equity transfer was completed in 2019. Following the completion of equity transfer and up to the completion of the Merger (as defined below), the Group held 75.5% equity interest in Tianjin Orient which continued to be a subsidiary of the Group.
3. On 30 June 2019, Tianjin Port Container, Tianjin Orient and Tianjin Five Continents (all being subsidiaries of the Group) and their shareholders entered into a merger agreement, pursuant to which Tianjin Port Container would, as the surviving party, absorb and merge with Tianjin Orient and Tianjin Five Continents (the “Merger”). Details of the Merger were set out in the announcement of the Company dated 1 July 2019.

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

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

SUSPECTED EMBEZZLEMENT OF FUNDS

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

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

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

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

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

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Announcement was neither audited nor agreed with by the Group's auditor, PricewaterhouseCoopers, as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information disclosed in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing Rules"):

	Audited annual results <i>HK\$'000</i>	Unaudited annual results disclosed in the Announcement <i>HK\$'000</i>	Difference <i>HK\$'000</i>	Note
For the year ended 31 December 2019				
Consolidated income statement (extract)				
Administrative expenses	(1,674,496)	(1,678,041)	3,545	1
Other operating expenses	(123,458)	(123,576)	118	1
Operating profit	1,745,364	1,741,701	3,663	
Share of net profit of associates and joint ventures accounted for using the equity method	427,960	435,468	(7,508)	2
Profit before income tax	1,516,137	1,519,982	(3,845)	3
Profit for the year	1,105,504	1,109,349	(3,845)	3
Profit attributable to:				
Equity holders of the Company	388,491	389,246	(755)	3
Non-controlling interests	717,013	720,103	(3,090)	3
Consolidated statement of comprehensive income (extract)				
Profit for the year	1,105,504	1,109,349	(3,845)	
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	(591,236)	(591,302)	66	4
Other comprehensive loss for the year, net of tax	(419,859)	(419,925)	66	
Total comprehensive income/(loss) for the year	685,645	689,424	(3,779)	
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	174,919	175,660	(741)	
Non-controlling interests	510,726	513,764	(3,038)	

	Audited annual results HK\$'000	Unaudited annual results disclosed in the Announcement HK\$'000	Difference HK\$'000	Note
As at 31 December 2019				
Consolidated statement of financial position (extract)				
Non-current assets				
Investments accounted for using the equity method	4,773,800	4,781,179	(7,379)	2
Total assets	44,813,278	44,820,657	(7,379)	
Equity attributable to equity holders of the Company				
Other reserves	3,599,796	3,599,782	14	4
Retained earnings	7,972,628	7,973,383	(755)	3
Non-controlling interests	14,315,361	14,318,399	(3,038)	
Total equity	26,503,585	26,507,364	(3,779)	
Current liabilities				
Trade and other payables and contract liabilities	3,524,551	3,528,151	(3,600)	1
Total liabilities	18,309,693	18,313,293	(3,600)	
Total equity and liabilities	44,813,278	44,820,657	(7,379)	
Net current assets	3,768,292	3,764,692	3,600	
Total assets less current liabilities	36,477,833	36,481,612	(3,779)	

Notes:

1. Recognised the decrease of HK\$3,545,000 in the Group's administrative expenses, the decrease of HK\$118,000 in net exchange loss and the decrease of HK\$3,600,000 in other payables.
2. Recognised the decrease of HK\$7,508,000 in the Group's share of net profit of associates and joint ventures accounted for using the equity method and the decrease of HK\$7,379,000 in investments accounted for using the equity method.
3. The adjustments in notes 1 and 2 decreased profit before income tax and profit for the year by HK\$3,845,000, profit attributable to the equity holders of the Company by HK\$755,000, profit attributable to non-controlling interests by HK\$3,090,000.
4. Exchange differences arising from translation of adjustments in notes 1 and 2 were recognised in other comprehensive income.

EMPLOYEES

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

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

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DIVIDEND

The Board recommends the payment of a final dividend of HK2.52 cents per share for the year ended 31 December 2019. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting to be held on Thursday, 9 July 2020 (the "AGM"), the final dividend will be payable on Tuesday, 18 August 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 17 July 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

1. from Monday, 6 July 2020 to Thursday, 9 July 2020, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the shareholders of the Company entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer forms and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 3 July 2020; and

2. from Wednesday, 15 July 2020 to Friday, 17 July 2020, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the shareholders of the Company entitled to the final dividend to be approved at the AGM. In order to qualify for the final dividend, all transfer forms and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 14 July 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2019.

The Company has engaged an independent forensic expert to conduct the independent forensic investigation on the Incident and other related matters. The independent forensic investigation has been completed. The key findings of the independent forensic investigation were disclosed in the announcement of the Company dated 20 May 2020.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the Model Code at all applicable times throughout the year ended 31 December 2019.

AUDIT COMMITTEE

The audit committee of the Company (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 audited annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

PUBLICATION OF ANNUAL RESULTS

This results announcement is published on the website of the Company at www.tianjinportdev.com and the HKEXnews website at www.hkexnews.hk. The 2019 Annual Report of the Company will be published on the website of the Company and the HKEXnews website on or before 1 June 2020, and despatched to the shareholders of the Company on 3 June 2020.

By Order of the Board
Tianjin Port Development Holdings Limited
Chu Bin
Chairman

Hong Kong, 29 May 2020

As at the date of this announcement, the Board comprises Mr. Chu Bin, Mr. Luo Xunjie, Mr. Sun Bin, Mr. Wang Junzhong and Ms. Shi Jing as executive Directors; Professor Japhet Sebastian Law, Mr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong as independent non-executive Directors.

** For identification purposes only*