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ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

- Total cargo throughput handled was 442 million tonnes, of which total container throughput was 20.20 million TEUs.
- Revenue was HK\$17,371 million.
- Profit attributable to equity holders of the Company was HK\$923 million.
- Basic earnings per share was HK15.0 cents.
- Proposed final dividend of HK5.99 cents per share, representing a payout ratio of approximately 40%.

The board of directors (the “Board”) of Tianjin Port Development Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	2	17,370,544	15,490,177
Cost of sales		(13,528,544)	(12,123,230)
Business tax and surcharge		(10,534)	(9,073)
Gross profit		3,831,466	3,357,874
Other income	3	326,814	244,570
Other gains and losses	3	630,871	124,166
Administrative expenses		(2,191,709)	(1,770,862)
Net impairment losses on financial assets		(1,147)	(26,588)
Other expenses		(46,941)	(17,927)
Finance costs	4	(484,159)	(550,117)
Share of net profit of associates and joint ventures accounted for using the equity method		411,101	435,843
Profit before income tax		2,476,296	1,796,959
Income tax	5	(533,987)	(389,433)
Profit for the year	6	1,942,309	1,407,526
Profit attributable to:			
Equity holders of the Company		923,116	636,161
Non-controlling interests		1,019,193	771,365
		1,942,309	1,407,526
Earnings per share	8		
Basic (HK cents)		15.0	10.3
Diluted (HK cents)		15.0	10.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
Profit for the year	<u>1,942,309</u>	<u>1,407,526</u>
Other comprehensive income		
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	(343,614)	13,604
Income tax relating to the above item	78,957	(3,676)
Currency translation differences	<u>864,717</u>	<u>1,768,443</u>
Other comprehensive income for the year, net of tax	<u>600,060</u>	<u>1,778,371</u>
Total comprehensive income for the year	<u><u>2,542,369</u></u>	<u><u>3,185,897</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	1,208,268	1,449,474
Non-controlling interests	<u>1,334,101</u>	<u>1,736,423</u>
	<u><u>2,542,369</u></u>	<u><u>3,185,897</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		19,953,732	21,467,926
Right-of-use assets		6,550,516	7,068,583
Investment properties		823,624	820,200
Intangible assets		88,063	84,867
Investments accounted for using the equity method		5,897,365	4,806,587
Financial assets at fair value through other comprehensive income		705,558	785,600
Deferred income tax assets		26,216	120,290
		<u>34,045,074</u>	<u>35,154,053</u>
Current assets			
Inventories		81,215	333,765
Trade and other receivables and notes receivables	9	3,179,790	3,405,742
Restricted bank deposits		—	256,852
Time deposits with maturity over three months		1,264,192	771,118
Cash and cash equivalents		7,731,651	7,722,605
		<u>12,256,848</u>	<u>12,490,082</u>
Total assets		<u><u>46,301,922</u></u>	<u><u>47,644,135</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		615,800	615,800
Other reserves		4,880,527	4,508,658
Retained earnings		8,940,062	8,358,000
		<u>14,436,389</u>	<u>13,482,458</u>
Non-controlling interests		<u>16,092,474</u>	<u>15,581,769</u>
Total equity		<u><u>30,528,863</u></u>	<u><u>29,064,227</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		5,087,904	6,775,769
Lease liabilities		405,903	846,226
Deferred income tax liabilities		184,050	268,828
Other long-term liabilities		43,895	37,098
		<u>5,721,752</u>	<u>7,927,921</u>
Current liabilities			
Trade and other payables and contract liabilities	10	4,489,030	4,586,410
Current income tax liabilities		96,464	128,328
Borrowings		5,245,219	5,588,877
Lease liabilities		220,594	348,372
		<u>10,051,307</u>	<u>10,651,987</u>
Total liabilities		<u>15,773,059</u>	<u>18,579,908</u>
Total equity and liabilities		<u>46,301,922</u>	<u>47,644,135</u>
Net current assets		<u>2,205,541</u>	<u>1,838,095</u>
Total assets less current liabilities		<u>36,250,615</u>	<u>36,992,148</u>

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). 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 on the historical cost basis, except for certain financial assets measured at fair value at the end of each reporting period.

The preparation of the consolidated financial statements is 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.

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2021 for the preparation of the consolidated financial statements:

<i>Amendment to HKFRS 16</i>	<i>Covid-19-Related Rent Concessions</i>
<i>Amendments to HKFRS 9, HKAS 39, HKFRS 7,</i>	<i>Interest Rate Benchmark Reform — Phase 2</i>
<i>HKFRS 4 and HKFRS 16</i>	

The application of the amendments to HKFRSs in the current year has 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.

(b) New and amendments to HKFRSs in issue but not yet effective

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

<i>Amendments to HKAS 1</i>	<i>Classification of Liabilities as Current or Non-current and Related amendments to Hong Kong Interpretation 5 (2020)³</i>
<i>Amendments to HKAS 1 and HKFRS Practice Statement 2</i>	<i>Disclosure of Accounting Policies³</i>
<i>Amendments to HKAS 8</i>	<i>Definition of Accounting Estimates³</i>
<i>Amendments to HKAS 12</i>	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transactions³</i>
<i>Amendments to HKAS 16</i>	<i>Property, Plant and Equipment — Proceeds before Intended Use²</i>
<i>Amendments to HKAS 37</i>	<i>Onerous Contracts — Cost of Fulfilling a Contract²</i>
<i>Amendments to HKFRS 3</i>	<i>Reference to the Conceptual Framework²</i>
<i>Amendments to HKFRS 10 and HKAS 28</i>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
<i>Amendment to HKFRS 16</i>	<i>Covid-19-Related Rent Concessions beyond 30 June 2021¹</i>
<i>HKFRS 17</i>	<i>Insurance Contracts and the related Amendments³</i>
<i>Amendments to HKFRSs</i>	<i>Annual Improvements to HKFRSs 2018–2020²</i>

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of 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. 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 2021			
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	Total HK\$'000
Total segment revenue	7,767,750	6,954,023	3,175,476	17,897,249
Inter-segment revenue	—	(179,246)	(347,459)	(526,705)
Revenue from external customers	<u>7,767,750</u>	<u>6,774,777</u>	<u>2,828,017</u>	<u>17,370,544</u>
Timing of revenue recognition				
At a point in time	7,767,750	6,774,777	2,674,953	17,217,480
Over time	—	—	153,064	153,064
	<u>7,767,750</u>	<u>6,774,777</u>	<u>2,828,017</u>	<u>17,370,544</u>
Segment results	<u>2,427,313</u>	<u>87,329</u>	<u>1,327,358</u>	3,842,000
Business tax and surcharge				(10,534)
Other income				326,814
Other gains and losses				630,871
Administrative expenses				(2,191,709)
Net impairment losses on financial assets				(1,147)
Other expenses				(46,941)
Finance costs				(484,159)
Share of net profit of associates and joint ventures accounted for using the equity method				<u>411,101</u>
Profit before income tax				<u>2,476,296</u>

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	<u>7,134,661</u>	<u>6,048,286</u>	<u>2,307,230</u>	<u>15,490,177</u>
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
	<u>7,134,661</u>	<u>6,048,286</u>	<u>2,307,230</u>	<u>15,490,177</u>
Segment results	<u>2,437,981</u>	<u>(15,409)</u>	<u>944,375</u>	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				<u>435,843</u>
Profit before income tax				<u>1,796,959</u>

3. OTHER INCOME, GAINS AND LOSSES

Other income comprises of the following items:

	2021 HK\$'000	2020 HK\$'000
Interest income		
from deposits	172,636	163,789
from loan to a joint venture	—	4,046
Dividend income from financial assets at FVOCI	20,137	17,937
Government grants	97,193	19,944
Value-added tax extra deduction	28,884	29,793
Others	7,964	9,061
	<u>326,814</u>	<u>244,570</u>

Other gains/(losses) comprises of the following items:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Remeasurement gain on investments in joint ventures accounted for using the equity method	128,850	5,922
Gain on disposal of subsidiaries	439,198	—
Exchange gain, net	58,471	129,755
Gain/(loss) on disposal of property, plant and equipment	4,275	(12,408)
Others	77	897
	<u>630,871</u>	<u>124,166</u>

4. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on borrowings	459,680	530,092
Less: Amount capitalised in construction in progress	(12,618)	(18,152)
	<u>447,062</u>	<u>511,940</u>
Interest expenses on lease liabilities	37,097	38,177
	<u>484,159</u>	<u>550,117</u>

5. INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PRC income tax expense/(credit)		
Current	424,375	437,239
Deferred	109,612	(47,806)
	<u>533,987</u>	<u>389,433</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 (2020: 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%.

6. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging the following items:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Costs of goods sold	6,602,355	6,027,884
Employee benefit expenses, including directors' emoluments	2,352,730	2,012,577
Depreciation of property, plant and equipment	1,172,471	1,099,994
Depreciation of right-of-use assets	376,912	343,965
Depreciation of investment properties	20,361	—
Amortisation of intangible assets	24,406	20,473
Expenses relating to short-term leases	92,707	76,087
Auditor's remuneration		
audit services	2,995	2,992
non-audit services	1,766	68
	<u>1,766</u>	<u>68</u>

7. DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Proposed final dividend of HK5.99 cents per ordinary share (2020: HK4.13 cents per ordinary share)	<u>368,864</u>	<u>254,325</u>

The board of directors of the Company proposed the payment of a final dividend of HK5.99 cents per ordinary share for the year ended 31 December 2021 (2020: HK4.13 cents). These consolidated financial statements do not reflect this dividend payable.

8. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	<u>923,116</u>	<u>636,161</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for calculating basic and diluted earnings per share	<u>6,158,000</u>	<u>6,158,000</u>

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.

9. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–90 days	1,771,953	1,817,676
91–180 days	71,658	101,531
Over 180 days	39,020	60,475
	<u>1,882,631</u>	<u>1,979,682</u>

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Credit periods are granted by certain suppliers to the Group for up to 180 days. The ageing analysis of trade and notes payables based on the invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–90 days	2,032,141	1,674,365
91–180 days	123,405	233,984
181–365 days	96,631	120,709
Over 365 days	106,304	95,430
	<u>2,358,481</u>	<u>2,124,488</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

From the perspective of the global economic situation, the COVID-19 pandemic remains the main factor affecting the economy of the whole world. Partial lockdowns and mobility restrictions will continue to be the main issues for the coming period of time. Without a solution to completely control the pandemic, their impact on global trade will always persist.

At the same time, China's economy remains resilient. The fundamental factors in its positive outlook in the long-term have not changed, even with the pandemic prevention and control efforts still being in force. With the formulation and implementation of decisions such as expanding domestic demand and new infrastructure, the economy is stable and improving. The immunisation progress of emerging economies is relatively lagging behind, global orders are continuing to flow back, domestic processing trades are running smoothly and the introduction of the "guaranteed supply and stable price" measures are being rolled out — all of these contribute to strong demand of imports. China's gross domestic product growth rate in 2021 was 8.1%, which was slightly higher than expected. In 2021, China's total value of export trade was US\$3.36 trillion, representing a year-on-year growth of 29.9% (2020: +3.6%), while the total value of import trade was US\$2.69 trillion, representing a year-on-year increase of 30.1% (2020: -1.1%).

Cargo throughput of ports in China maintains a steady growth. According to the statistics published by the Ministry of Transport of the PRC, cargo throughput handled by ports in China was 15.55 billion tonnes in 2021, representing a year-on-year growth of 6.8%, of which container throughput handled was 283 million TEUs, representing a year-on-year increase of 7.0%.

ANNUAL RESULTS

Total cargo throughput handled by the Group in 2021 was 442 million tonnes (2020: 421 million tonnes), an increase of 5.0% over last year, of which total container throughput was 20.20 million TEUs (2020: 18.35 million TEUs), an increase of 10.1% over last year.

	2021	2020	Change	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>amount</i>	<i>Change</i>
			<i>HK\$ million</i>	<i>percentage</i>
Revenue	17,371	15,490	1,881	12.1%
Cost of sales	13,529	12,123	1,406	11.6%
Gross profit	3,831	3,358	473	14.1%
Profit before income tax	2,476	1,797	679	37.8%
Profit attributable to shareholders	923	636	287	45.1%

The Group's profit before income tax was HK\$2,476 million, which included an exchange gain of HK\$58 million (2020: exchange gain of HK\$130 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\$2,418 million (2020: HK\$1,667 million), representing an increase of 45.1% over last year.

Profit attributable to shareholders amounted to HK\$923 million, representing an increase of 45.1% year-on-year. Basic earnings per share was HK15.0 cents.

The Board recommends the payment of a final dividend of HK5.99 cents per share for 2021, representing a payout ratio of approximately 40% for the year (2020: 40%).

REVIEW OF OPERATIONS

The Group's core businesses remained stable and achieved total cargo throughput of 442 million tonnes in 2021, representing an increase of 5.0% over 2020.

Non-containerised Cargo Handling Business

During the year under review, the Group achieved total non-containerised cargo throughput of 238.63 million tonnes, representing an increase of 4.7% over last year, of which throughput of the subsidiary terminals grew by 6.1% and throughput of the jointly controlled and affiliated terminals grew by 0.7%.

Nature of terminal	Non-containerised cargo throughput			
	2021 <i>million tonnes</i>	2020 <i>million tonnes</i>	Change amount <i>million tonnes</i>	Change percentage
Subsidiary terminals	178.66	168.32	10.34	6.1%
Jointly controlled and affiliated terminals	59.97	59.54	0.43	0.7%
Total	<u>238.63</u>	<u>227.86</u>	<u>10.77</u>	<u>4.7%</u>

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK\$28.9 per tonne (2020: HK\$26.5 per tonne), an increase of 8.8% over last year. In RMB, the blended average unit price increased by 1.5% over last year.

Container Handling Business

In 2021, the container handling business experienced a stable growth. The Group achieved total container throughput of 20.20 million TEUs, representing an increase of 10.1% over last year, of which throughput of the subsidiary terminals increased by 8.8% and throughput of the jointly controlled and affiliated terminals increased by 12.5%.

Nature of terminal	Container throughput			
	2021	2020	Change	Change
	<i>million TEUs</i>	<i>million TEUs</i>	<i>million TEUs</i>	percentage
Subsidiary terminals	13.19	12.12	1.07	8.8%
Jointly controlled and affiliated terminals	7.01	6.23	0.78	12.5%
Total	20.20	18.35	1.85	10.1%

On a consolidated basis, the blended average unit price of the container handling business decreased by 10.1% over last year to HK\$197.9 per TEU (2020: HK\$220.1 per TEU). In RMB, the blended average unit price decreased by 16.1% over last year. The decrease in the blended average unit price was mainly attributable to the change in cargo mix in 2021.

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\$6,775 million from sales business, representing an increase of 12.0% 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

From a global perspective, the recovery of the economy remains uncertain. The level of inflation has been impacted by the continuous spread of the Omicron variant, the increase in geopolitical risk, the rising energy prices and supply disruptions. According to the World Economic Outlook Update released by the International Monetary Fund (IMF), global economic growth is expected to decrease from 5.9% in 2021 to 4.4% in 2022.

China also faces certain pressures amid uncertainty over the outlook for global economic growth. On 5 March 2022, the Premier Li Keqiang of the State Council proposed in the report on the work of the government that the projected GDP growth target in 2022 is around 5.5%, focusing on maintaining stable macroeconomic performance and keeping the major economic indicators within an appropriate range.

Facing the changes of external environments including the economic situation, political condition, and industrial competition, the Group will continue to seize the opportunities of national strategies such as the Belt and Road Initiative, Xiongan New Area Construction and the coordinated development of the Beijing-Tianjin-Hebei region. It will also forge ahead to establish the North International Shipping Center, intensify the efforts to carry out reform and innovation, and accelerate the upgrade of the industrial structure and informatisation, in order to strengthen the status of the port of Tianjin as the hub port for containers, and to achieve the high-quality, efficient and sustainable development of the Group. On the other hand, the Group practices the concept of green and smart development by implementing key work initiatives, targeting at improving quality and efficiency through standardised, refined, scientific, systematic and intelligent management to enhance the port's capacity, improve service efficiency and optimise transportation structure to ensure higher quality and better development of the Group.

In response to the COVID-19 pandemic, the Group has proactively implemented a range of measures to prevent and control the pandemic. It strives to sail through the difficult time by protecting the health and safety of its customers and employees, ensuring stable operation 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 continue to work together to expand its markets and optimise the on-site services to increase its market share and improve operational efficiency. While laying solid foundation and improving systems to strengthen quality, safety and green development, the Group also stays innovative and adopts leading technologies to promote automated operation and intelligent services continuously. Moreover, it will insist on reform and innovation as well as staying abreast of the market in order to strengthen its governance and management, thereby 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\$17,371 million, representing an increase of 12.1% over last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	Change amount <i>HK\$ million</i>	Change percentage
Non-containerised cargo handling business	5,158	4,468	690	15.4%
Container handling business	2,610	2,667	-57	-2.1%
Cargo handling business (total)	7,768	7,135	633	8.9%
Sales business	6,775	6,048	727	12.0%
Other port ancillary services business	2,828	2,307	521	22.6%
Total	<u>17,371</u>	<u>15,490</u>	<u>1,881</u>	<u>12.1%</u>

Revenue from non-containerised cargo handling business increased by 15.4% over last year to HK\$5,158 million. In RMB, revenue increased by 7.7%, mainly contributed by the increase in non-containerised cargo throughput.

Revenue from container handling business decreased by 2.1% over last year to HK\$2,610 million. In RMB, revenue decreased by 8.7% which was mainly attributable to the change in cargo mix in 2021 resulting in a decrease in the average unit price.

Revenue from sales business was HK\$6,775 million, a 12.0% increase over last year and a 4.5% increase in RMB, which was mainly due to the rise in selling prices.

Revenue from other port ancillary services business was HK\$2,828 million, a 22.6% increase over last year and a 14.4% increase in RMB, which was mainly due to the increase in port cargo throughput, leading to an increase in revenue of related ancillary services.

Cost of Sales

During the year under review, cost of sales of the Group was HK\$13,530 million, representing an increase of 11.6% over last year. An analysis of costs by segment is as follows:

Type of business	Cost			
	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	Change amount <i>HK\$ million</i>	Change percentage
Cargo handling business	5,341	4,697	644	13.7%
Sales business	6,688	6,063	625	10.3%
Other port ancillary services business	1,501	1,363	138	10.1%
Total	<u>13,530</u>	<u>12,123</u>	<u>1,407</u>	<u>11.6%</u>

Cost of cargo handling business was HK\$5,341 million, a 13.7% increase over last year. In RMB, cost increased by 6.1%, primarily attributable to increase of cost driven by the growth in sales.

Cost of sales business increased by 10.3% over last year to HK\$6,688 million. In RMB, cost increased by 2.9% which was mainly due to the increase in purchase prices.

Cost of other port ancillary services business increased by 10.1% over last year to HK\$1,501 million. In RMB, cost increased by 2.8%, which was mainly due to increase in business turnover driving the increase in the relevant cost.

Gross Profit

Gross profit and gross profit margin for 2021 were HK\$3,831 million (2020: HK\$3,358 million) and 22.1% (2020: 21.7%) respectively. Gross profit increased by HK\$474 million and gross profit margin slightly increased by 0.4 percentage points over last year, the overall gross profit remains stable.

Administrative Expenses

Administrative expenses of the Group increased by 23.8% over last year to HK\$2,192 million, which was mainly due to the relief measures for pandemic such as reduction or exemption of social security expenses in 2020 while these relief measures were ended this year; in addition, there was an increase of expenses for pandemic prevention and control such as centralised residence. 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\$327 million, representing an increase of HK\$82 million over last year, which was primarily due to the increase of income from government grants.

Other Gains and Losses

Other gains and losses amounted to HK\$631 million, representing an increase of HK\$507 million over last year, which was mainly due to a profit of HK\$568 million from the gain on disposal of subsidiaries and remeasurement gain on investment in a joint venture accounted for using the equity method in 2021.

Finance Costs

Finance costs (excluding capitalised interest) were HK\$484 million and finance costs (including capitalised interest) were HK\$497 million, a decrease of 12.0% and 12.6% respectively over last year, which was mainly attributable to the decrease in total borrowings during the 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\$411 million, representing a decrease of 5.7% over last year.

Income Tax

The Group's income tax expenses amounted to HK\$534 million, representing an increase of HK\$145 million over last year, which was mainly due to increase in profit before tax.

FINANCIAL POSITION

Cash Flow

In 2021, net decrease in cash and cash equivalents of the Group amounted to HK\$234 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK\$3,535 million.

Net cash outflow from investing activities amounted to HK\$721 million, which included receipt of dividends of HK\$446 million, cash outflow of HK\$470 million as a result of increase in time deposits with maturity over three months upon maturity, net cash outflow of HK\$390 million from acquisition of a subsidiary, net cash inflow of HK\$1,079 million from disposal of subsidiaries; capital expenditures of HK\$1,137 million and investment of financial assets at fair value through other comprehensive income of HK\$245 million.

Net cash outflow from financing activities amounted to HK\$3,048 million, which included payment of dividends and interest expenses on borrowings of HK\$1,112 million, net decrease of HK\$1,524 million in borrowings, and lease payment of HK\$412 million.

Capital Structure

The equity attributable to equity holders of the Company as at 31 December 2021 was HK\$14,436 million (31 December 2020: HK\$13,482 million), and the net asset value of the Company was HK\$2.3 per share (31 December 2020: HK\$2.2 per share).

As at 31 December 2021, the Company had an issued share capital of 6,158 million shares and the market capitalisation was HK\$3,818 million (at the closing market price of the shares of the Company of HK\$0.62 per share on 31 December 2021).

Assets and Liabilities

As at 31 December 2021, the Group's total assets were HK\$46,302 million (31 December 2020: HK\$47,644 million) and total liabilities were HK\$15,773 million (31 December 2020: HK\$18,580 million). Net current assets as at 31 December 2021 were HK\$2,206 million (31 December 2020: HK\$1,838 million).

Liquidity, Financial Resources and Borrowings

As at 31 December 2021, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK\$8,996 million (31 December 2020: HK\$8,751 million), which were principally denominated in RMB.

The Group's total borrowings as at 31 December 2021 were HK\$10,333 million (31 December 2020: HK\$12,365 million), with HK\$5,245 million repayable within one year, HK\$3,510 million repayable after one year and within five years and HK\$1,578 million repayable after five years. About 78.7% and 21.3% of the Group's borrowings were denominated in RMB and HK\$ respectively.

Financial Ratios

As at 31 December 2021, the Group's gearing ratio (total borrowings divided by total equity) was 33.8% (31 December 2020: 42.5%), and current ratio (current assets divided by current liabilities) was 1.2 (31 December 2020: 1.2).

Pledge of Assets

None of the Group's assets were pledged as at 31 December 2021.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2021.

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 2021, 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 the beginning of 2021 and it has stabilised and slightly appreciated in the later period of the year. As the exchange rate of RMB at the end of 2021 was approximately 3% higher than that at the end of 2020, an exchange gain of HK\$58 million (2020: exchange gain of HK\$130 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 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 2021, the Group's total borrowings were HK\$10,333 million and mainly at floating interest rate, and the average borrowing interest rate was 3.8% (31 December 2020: 3.8%).

The Group will continue to monitor the risks of exchange rate and interest rate closely. In view of the fluctuations in RMB exchange rate and its debts in foreign currencies, the Group will continuously review its treasury strategy, 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 2021, additions to property, plant and equipment of the Group amounted to HK\$1,122 million, which primarily comprised of renovation of terminals and depots.

As at 31 December 2021, the Group's capital commitments for property, plant and equipment (including authorised but not contracted for) amounted to HK\$2,120 million (31 December 2020: HK\$1,888 million).

MATERIAL ACQUISITION AND DISPOSAL

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, 天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*) (“Tianjin Port Co”, a subsidiary of the Group) (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. Details of the equity transfer were set out in the announcement of the Company dated 26 February 2021 and the circular of the Company dated 1 April 2021. The equity transfer was approved by the independent shareholders at the extraordinary general meeting of the Company held on 28 April 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 34.99% equity interest in 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*), at a consideration of RMB1,348,371,228.15. Details of the equity transfer were set out in the announcement of the Company dated 26 February 2021 and the circular of the Company dated 28 June 2021. The equity transfer was approved by the shareholders at the extraordinary general meeting of the Company held on 13 August 2021.

On 28 April 2021, Tianjin Port Co (as transferee) entered into an agreement with the transferor, pursuant to which Tianjin Port Co agreed to procure its designated subsidiary to acquire all the issued shares of COSCO SHIPPING Ports (Tianjin Euroasia) Limited at the consideration of RMB269,619,801.39. Upon completion of the transaction, COSCO SHIPPING Ports (Tianjin Euroasia) Limited will become a wholly-owned subsidiary of the Group, the Group’s indirect equity interest in 天津港歐亞國際集裝箱碼頭有限公司 (Tianjin Port Euroasia International Container Terminal Co., Ltd.*) will increase from 40% to 70%, and 天津港歐亞國際集裝箱碼頭有限公司 (Tianjin Port Euroasia International Container Terminal Co., Ltd.*) will become a subsidiary of the Group. Details of the transaction were set out in the announcement of the Company dated 28 April 2021 and the circular of the Company dated 28 June 2021. The transaction was approved by the shareholders at the extraordinary general meeting of the Company held on 13 August 2021.

On 31 August 2021, Tianjin Port Co entered into a subscription agreement with an A-share company, the shares of which are listed on the Shanghai Stock Exchange, pursuant to which Tianjin Port Co agreed to subscribe for 6,702,412 RMB-denominated ordinary shares (A shares) with a nominal value of RMB1 each to be issued by the A-share company under the Non-public Issuance (“Target Share”) at the subscription price of RMB29.84 per each Target Share with the total subscription amount being RMB199,999,974.08. Details of the transaction were set out in the announcement of the Company dated 31 August 2021.

On 20 December 2021, Tianjin Port Co and one of its wholly-owned subsidiary (the “Designated Subsidiary”) entered into an equity transfer agreement with an associate of the transferor and the transferor, pursuant to which the Designated Subsidiary agreed to acquire all the issued shares of OOCL Terminal (Tianjin) Limited at the consideration of RMB172,604,258.41. Upon completion of the equity transfer, OOCL Terminal (Tianjin) Limited would become a wholly-owned subsidiary of the Group, the Group’s equity interest in Tianjin Port Alliance International Container Terminal Co., Ltd. would increase from 40% to 60%. Details of the equity transfer were set out in the announcement of the Company dated 20 December 2021.

EVENTS AFTER THE REPORTING PERIOD

On 21 January 2022, 天津港物流發展有限公司 (Tianjin Port Logistics Development Co., Ltd.*), a subsidiary of the Group, entered into an equity transfer agreement with 天津港經濟技術合作有限公司 (Tianjin Port Economic Technological Cooperation Co., Ltd.*) (a wholly-owned subsidiary of 天津港(集團)有限公司 (Tianjin Port (Group) Co., Ltd.)) to transfer 49% of the equity interest in 天津港遠達物流有限公司 (Tianjin Port Master Logistics Co., Ltd.*) at the consideration of RMB18,242,300. Following the completion of the transaction, the Group will no longer hold any equity interest in 天津港遠達物流有限公司 (Tianjin Port Master Logistics Co., Ltd.*). Details of equity transfer were set out in the announcement of the Company dated 21 January 2022.

On 25 February 2022, Tianjin Port Co, 天津港第四港埠有限公司 (Tianjin Port No. 4 Stevedoring Co., Ltd.*) (“Fourth Company”), a subsidiary of the Group, and an independent third party investor entered into a capital increase agreement, pursuant to which the investor agreed to make contribution to the registered capital of Fourth Company in the amount of RMB693.70 million. Immediately following the completion of the transaction, the equity interest held by the Group in Fourth Company will decrease from 100% to 65%. Details of which were set out in the announcement of the Company dated 25 February 2022.

EMPLOYEES

As at 31 December 2021, the Group had approximately 7,500 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. During the year ended 31 December 2021, the Group had no forfeited contributions under the retirement benefits scheme that might be used by the Group to reduce the existing level of contributions (for the year ended 31 December 2020: Nil). 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DIVIDEND

The Board recommends the payment of a final dividend of HK5.99 cents per share for the year ended 31 December 2021. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting to be held on Wednesday, 15 June 2022 (the "AGM"), the final dividend will be payable on Friday, 22 July 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 24 June 2022.

CLOSURE OF REGISTER OF MEMBERS

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

1. from Friday, 10 June 2022 to Wednesday, 15 June 2022, 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 Thursday, 9 June 2022; and
2. from Wednesday, 22 June 2022 to Friday, 24 June 2022, 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, 21 June 2022.

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 2021.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2021.

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 of the Company (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 2021.

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 annual results for the year ended 31 December 2021 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 2021 annual report of the Company will be published on the website of the Company and the HKEXnews website and despatched to the shareholders of the Company in due course.

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

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises Mr. Chu Bin, Mr. Luo Xunjie, Dr. Li Xiaoguang, Mr. Sun Bin and Mr. Yang Zhengliang 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*