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ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

- Total cargo throughput handled was 443 million tonnes, of which total container throughput was 19.83 million TEUs.
- Revenue was HK\$13,017 million.
- Profit attributable to equity holders of the Company was HK\$345 million.
- Basic earnings per share was HK5.6 cents.
- Proposed final dividend of HK2.24 cents per share, representing a payout ratio of approximately 40%.

The Board of Tianjin Port Development Holdings Limited is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2022 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	2	13,017,326	17,370,544
Cost of sales		(9,672,328)	(13,528,544)
Business tax and surcharge		(7,572)	(10,534)
Gross profit		3,337,426	3,831,466
Other income	3	374,602	326,814
Other gains and losses	3	(112,662)	630,871
Administrative expenses		(2,010,610)	(2,191,709)
Reversal of/(allowance for) impairment on financial assets, net		15,602	(1,147)
Other expenses		(5,390)	(46,941)
Finance costs	4	(390,092)	(484,159)
Share of net profit of associates and joint ventures accounted for using the equity method		397,552	411,101
Profit before income tax		1,606,428	2,476,296
Income tax	5	(431,519)	(533,987)
Profit for the year	6	<u>1,174,909</u>	<u>1,942,309</u>
Profit attributable to:			
Equity holders of the Company		345,266	923,116
Non-controlling interests		829,643	1,019,193
		<u>1,174,909</u>	<u>1,942,309</u>
Earnings per share	8		
Basic (HK cents)		<u>5.6</u>	<u>15.0</u>
Diluted (HK cents)		<u>5.6</u>	<u>15.0</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	<u>1,174,909</u>	<u>1,942,309</u>
Other comprehensive (loss)/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	(74,510)	(343,614)
Deferred taxation on fair value change of financial assets at fair value through other comprehensive income	5,115	78,957
Share of other comprehensive loss of investments accounted for using the equity method to revaluation reserve, net of tax	(1,708)	—
Currency translation differences	<u>(2,676,485)</u>	<u>864,717</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(2,747,588)</u>	<u>600,060</u>
Total comprehensive (loss)/income for the year	<u><u>(1,572,679)</u></u>	<u><u>2,542,369</u></u>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(922,025)	1,208,268
Non-controlling interests	<u>(650,654)</u>	<u>1,334,101</u>
	<u><u>(1,572,679)</u></u>	<u><u>2,542,369</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		19,558,260	19,953,732
Right-of-use assets		6,001,860	6,550,516
Investment properties		734,950	823,624
Goodwill		44,061	—
Intangible assets		123,075	88,063
Investments accounted for using the equity method		4,773,780	5,897,365
Financial assets at fair value through other comprehensive income		574,362	705,558
Deposits paid for acquisition of land-use-rights		127,844	—
Deferred income tax assets		44,384	26,216
		<u>31,982,576</u>	<u>34,045,074</u>
Current assets			
Inventories		97,285	81,215
Trade and other receivables and notes receivables	9	2,173,186	3,179,790
Restricted bank deposits		3,035	—
Time deposits with maturity over three months		—	1,264,192
Cash and cash equivalents		7,954,823	7,731,651
		<u>10,228,329</u>	<u>12,256,848</u>
Total assets		<u>42,210,905</u>	<u>46,301,922</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		615,800	615,800
Other reserves		3,780,489	4,880,527
Retained earnings		8,848,169	8,940,062
		<u>13,244,458</u>	<u>14,436,389</u>
Non-controlling interests		<u>16,409,123</u>	<u>16,092,474</u>
Total equity		<u>29,653,581</u>	<u>30,528,863</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings		4,272,314	5,087,904
Lease liabilities		210,913	405,903
Deferred income tax liabilities		230,292	184,050
Other long-term liabilities		44,685	43,895
		<u>4,758,204</u>	<u>5,721,752</u>
Current liabilities			
Trade and other payables and contract liabilities	10	3,494,757	4,489,030
Current income tax liabilities		108,404	96,464
Borrowings		4,018,468	5,245,219
Lease liabilities		177,491	220,594
		<u>7,799,120</u>	<u>10,051,307</u>
Total liabilities		<u>12,557,324</u>	<u>15,773,059</u>
Total equity and liabilities		<u>42,210,905</u>	<u>46,301,922</u>
Net current assets		<u>2,429,209</u>	<u>2,205,541</u>
Total assets less current liabilities		<u>34,411,785</u>	<u>36,250,615</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 included applicable disclosure required by the Listing Rules and by 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 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 Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

<i>Amendments to HKFRS 3</i>	<i>Reference to the Conceptual Framework</i>
<i>Amendment to HKFRS 16</i>	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
<i>Amendments to HKAS 16</i>	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
<i>Amendments to HKAS 37</i>	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Amendments to HKFRSs</i>	<i>Annual Improvements to HKFRSs 2018-2020</i>

Except as described below, 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.

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 “Business Combinations” so that it refers to the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (the “Conceptual Framework”) instead of “Framework for the Preparation and Presentation of Financial Statements” (replaced by the “Conceptual Framework for Financial Reporting 2010” issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“HKAS 37”) or HK(IFRIC)-Int 21 “Levies” (“HK(IFRIC)-Int 21”), an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current year has had no impact on the Group’s 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>HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) Amendments to HKAS 1</i>	<i>Insurance Contracts¹</i>
<i>Amendments to HKAS 1 Amendments to HKAS 1 and HKFRS Practice Statement 2 Amendments to HKAS 8 Amendments to HKAS 12</i>	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)² Non-current Liabilities with Covenants² Disclosure of Accounting Policies¹</i>
<i>Amendments to HKAS 16 Amendments to HKFRS 10 and HKAS 28 Hong Kong Interpretation 5 (2020) Presentation of Financial Statements</i>	<i>Definition of Accounting Estimates¹ Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹ Lease liabilities in a Sale and Leaseback² Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³ Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause²</i>

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

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” (“HKAS 12”) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

The amendments are effective for the Group’s annual reporting period beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK\$359,577,000 and HK\$380,271,000 respectively. The Group is in the process of assessing the full impact of the application of the amendments.

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 2022			
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	Total HK\$'000
Total segment revenue	7,383,756	3,139,643	3,091,717	13,615,116
Inter-segment revenue	—	(160,999)	(436,791)	(597,790)
Revenue from external customers	<u>7,383,756</u>	<u>2,978,644</u>	<u>2,654,926</u>	<u>13,017,326</u>
Timing of revenue recognition				
At a point in time	7,383,756	2,978,644	2,540,635	12,903,035
Over time	—	—	114,291	114,291
	<u>7,383,756</u>	<u>2,978,644</u>	<u>2,654,926</u>	<u>13,017,326</u>
Segment results	<u>2,047,746</u>	<u>30,542</u>	<u>1,266,710</u>	3,344,998
Business tax and surcharge				(7,572)
Other income				374,602
Other gains and losses				(112,662)
Administrative expenses				(2,010,610)
Reversal of impairment on financial assets, net				15,602
Other expenses				(5,390)
Finance costs				(390,092)
Share of net profit of associates and joint ventures accounted for using the equity method				<u>397,552</u>
Profit before income tax				<u>1,606,428</u>

For the year ended 31 December 2021

	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	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)
Allowance for impairment on financial assets, net				(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>

3. OTHER INCOME, GAINS AND LOSSES

Other income comprises of the following items:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	172,397	172,636
Dividend income from financial assets at FVOCI	45,683	20,137
Government grants	90,810	97,193
Value-added tax extra deduction	59,291	28,884
Others	6,421	7,964
	<u>374,602</u>	<u>326,814</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Remeasurement gain on investments accounted for using the equity method	108,524	128,850
Gain on disposal of subsidiaries	—	439,198
Exchange (loss)/gain, net	(205,341)	58,471
(Loss)/gain on disposal of property, plant and equipment	(14,957)	4,275
Others	(888)	77
	<u>(112,662)</u>	<u>630,871</u>

4. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on borrowings	369,141	459,680
Less: Amount capitalised in construction in progress	(1,255)	(12,618)
	<u>367,886</u>	<u>447,062</u>
Interest expenses on lease liabilities	22,206	37,097
	<u>390,092</u>	<u>484,159</u>

5. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC income tax expense/(credit)		
Current	445,954	424,375
Deferred	<u>(14,435)</u>	<u>109,612</u>
	<u><u>431,519</u></u>	<u><u>533,987</u></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 (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Costs of goods sold	2,942,407	6,602,355
Employee benefit expenses, including directors' emoluments	1,971,567	2,352,730
Depreciation of property, plant and equipment	1,112,941	1,172,471
Depreciation of right-of-use assets	373,094	376,912
Depreciation of investment properties	19,571	20,361
Amortisation of intangible assets	27,036	24,406
Expenses relating to short-term leases	98,949	92,707
Auditor's remuneration		
audit services	2,980	2,995
non-audit services	<u>71</u>	<u>1,766</u>

7. DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed final dividend of HK2.24 cents per ordinary share (2021: HK5.99 cents per ordinary share)	<u>137,939</u>	<u>368,864</u>

The board of directors of the Company proposed the payment of a final dividend of HK2.24 cents per ordinary share for the year ended 31 December 2022 (2021: HK5.99 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	<u>345,266</u>	<u>923,116</u>
	2022 '000	2021 '000
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 at the period when the share options were outstanding.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	1,431,483	1,771,953
91–180 days	50,111	71,658
Over 180 days	<u>58,629</u>	<u>39,020</u>
	<u>1,540,223</u>	<u>1,882,631</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	1,341,957	2,032,141
91–180 days	136,799	123,405
181–365 days	95,893	96,631
Over 365 days	<u>77,852</u>	<u>106,304</u>
	<u>1,652,501</u>	<u>2,358,481</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

In 2022, facing the extremely complicated and severe international and domestic environment, China's annual GDP growth rate was 3.0%, which is lower than the expected target of 5.5% in 2021.

Although the Russo-Ukrainian war has caused drastic global changes, trade habits of various countries were gradually adjusted, and the affected countries switched suppliers and needed commodities, which also made global trade activities grow faster than expected last year. China's foreign trade imports and exports have shown strong resilience. Under the "Belt and Road" and policies under the Regional Comprehensive Economic Partnership (RCEP) and other factors, the total value of China's imports and exports in 2022 exceeded the RMB40 trillion threshold for the first time. In 2022, China's total value of export trade was US\$3.59 trillion, representing a year-on-year growth of 7.0%, while the total value of import trade was US\$2.72 trillion, representing a year-on-year increase of 1.1%.

Cargo throughput at 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 15.68 billion tonnes in 2022, representing a year-on-year growth of 0.9%, of which container throughput handled was 296 million TEUs, representing a year-on-year increase of 4.7%.

ANNUAL RESULTS

Total cargo throughput handled by the Group for 2022 was 443 million tonnes (2021: 442 million tonnes), representing an increase of 0.2% over last year, of which total container throughput was 19.83 million TEUs (2021: 20.20 million TEUs), representing a decrease of 1.8% over last year.

	2022	2021	Change	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	amount	percentage
			<i>HK\$ million</i>	
Revenue	13,017	17,371	-4,354	-25.1%
Cost of sales	9,672	13,529	-3,857	-28.5%
Gross profit	3,337	3,831	-494	-12.9%
Profit before income tax	1,606	2,476	-870	-35.1%
Profit attributable to Shareholders	345	923	-578	-62.6%

The Group's profit before income tax was HK\$1,606 million, which included an exchange loss of HK\$205 million (2021: exchange gain of HK\$58 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 difference, the Group's profit before income tax was HK\$1,811 million (2021: HK\$2,418 million), representing a decrease of 25.1% over last year.

Profit attributable to Shareholders amounted to HK\$345 million, representing a year-on-year decrease of 62.6%. Basic earnings per share was HK5.6 cents.

The Board recommends the payment of a final dividend of HK2.24 cents per share for 2022, representing a payout ratio of approximately 40% for the year (2021: 40%).

OUTLOOK

From a global perspective, the global economic growth is expected to slow down in 2023 as central banks continue to raise interest rates to curb inflation, and the Russo-Ukrainian war continues to create pressure and uncertainty on economic activities. According to the World Economic Outlook Update released by the International Monetary Fund (IMF) in January 2023, the global economic growth rate is expected to drop from 3.4% in 2022 to 2.9% in 2023, before rebounding to 3.1% in 2024.

Although China's economy grew only 3% for the whole year in 2022, the economy is picking up as a series of policy measures to stabilise the economy has taken effect. On 5 March 2023, Premier Li Keqiang of the State Council proposed in the government work report that the main expected goal for development in 2023 is to increase the GDP by about 5%. It aims at making progress in a stable manner, maintaining the domestic employment rate, consumer prices and food production at a target level, promoting stability and quality in imports and exports, achieving a basic balance of revenue and expenditure, and steadily improving the quality of the ecological environment.

In 2023, the Group will aim for high-quality development. It will carefully plan new development measures, continue to deepen market development, improve the supporting service functions of the port; actively expand market operations, focus on customer needs, improve service standards, and upgrade customer experience. In addition, the Group will implement the concept of green and smart development, adhere to people-oriented, safe and healthy, green and low-carbon development; and insist on digital empowerment, innovation-driven operations, self-reliance and self-improvement as always. The Group will continue to improve operational efficiency and strengthen cost control, enhance corporate governance, continuously deepen refined management, tighten risk control, and boost profitability, thereby laying a solid foundation for the Group's long-term planning and sustainable development.

OPERATION AND FINANCIAL REVIEW

Revenue and cost of sales of core business

The Group's core businesses remained stable and achieved total cargo throughput of 443 million tonnes in 2022, representing an increase of 0.2% over 2021.

Revenue

During the year under review, the Group recorded revenue of HK\$13,017 million, representing a decrease of 25.1% over last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>	Change amount <i>HK\$ million</i>	Change percentage
Non-containerised cargo handling business	5,385	5,158	227	4.4%
Container handling business	1,999	2,610	-611	-23.4%
Cargo handling business (total)	7,384	7,768	-384	-4.9%
Sales business	2,979	6,775	-3,796	-56.0%
Other port ancillary services business	2,654	2,828	-174	-6.1%
Total	13,017	17,371	-4,354	-25.1%

Cost of Sales

During the year under review, cost of sales of the Group was HK\$9,672 million, representing a decrease of 28.5% over last year. An analysis of costs by segment is as follows:

Type of business	Costs			
	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>	Change amount <i>HK\$ million</i>	Change percentage
Cargo handling business	5,336	5,341	-5	-0.1%
Sales business	2,948	6,687	-3,739	-55.9%
Other port ancillary services business	1,388	1,501	-113	-7.5%
Total	9,672	13,529	-3,857	-28.5%

Cargo handling business

The Group's cargo handling business includes non-containerised cargo handling business and container cargo handling business.

Total revenue from cargo handling business decreased by 4.9% over last year to HK\$7,384 million. In RMB, revenue decreased by 1.1%, primarily attributable to the decrease in container cargo handling business.

Cost of cargo handling business was HK\$5,336 million, representing a 0.1% slight decrease over last year. In RMB, cost increased by 4.0%, primarily attributable to increase of cost driven by the increase in non-containerised cargo throughput.

Cargo handling business – non-containerised cargo handling business

During the year under review, the Group achieved total non-containerised cargo throughput of 241.03 million tonnes, representing an increase of 1.0% over last year, of which throughput of the subsidiary terminals grew by 0.9% and throughput of the jointly controlled and affiliated terminals grew by 1.2%.

Nature of terminal	Non-containerised cargo throughput			
	2022 <i>million tonnes</i>	2021 <i>million tonnes</i>	Change amount <i>million tonnes</i>	Change percentage
Subsidiary terminals	180.34	178.66	1.68	0.9%
Jointly controlled and affiliated terminals	60.69	59.97	0.72	1.2%
Total	241.03	238.63	2.40	1.0%

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK\$29.9 per tonne (2021: HK\$28.9 per tonne), representing an increase of 3.4% over last year. In RMB, the blended average unit price increased by 7.9% over last year.

Revenue from non-containerised cargo handling business increased by 4.4% over last year to HK\$5,385 million. In RMB, revenue increased by 8.6%, mainly contributed by the increase in non-containerised cargo throughput and the blended average unit price has increased.

Cargo handling business – container handling business

In 2022, the container handling business experienced a slight decline in business. The Group achieved total container throughput of 19.83 million TEUs, representing a decrease of 1.8% over last year, of which throughput of the subsidiary terminals decreased by 19.9% and throughput of the jointly controlled and affiliated terminals increased by 32.2%. Since the Group has completed the acquisition and disposal of subsidiaries in the container handling business in December 2021, the throughput of the following two categories has fluctuated significantly.

Nature of terminal	Container throughput			
	2022 <i>million TEUs</i>	2021 <i>million TEUs</i>	Change amount <i>million TEUs</i>	Change percentage
Subsidiary terminals	10.56	13.19	-2.63	-19.9%
Jointly controlled and affiliated terminals	9.27	7.01	2.26	32.2%
Total	19.83	20.20	-0.37	-1.8%

On a consolidated basis, the blended average unit price of the container handling business decreased by 4.4% over last year to HK\$189.3 per TEU (2021: HK\$197.9 per TEU). In RMB, the blended average unit price decreased by 0.5% over last year.

Revenue from container handling business decreased by 23.4% over last year to HK\$1,999 million. In RMB, revenue decreased by 20.3% which was mainly attributable to the decrease in throughput and blended average unit price in 2022.

Sales Business

The Group's sales business is mainly engaged in the supply of fuel and sale of materials.

During the year under review, revenue from sales business was HK\$2,979 million, representing a 56.0% decrease over last year and a 54.3% decrease in RMB, which was mainly due to the completion of disposal of a subsidiary which is engaged in the sale business in August 2021.

Cost of sales business decreased by 55.9% over last year to HK\$2,948 million and a 54.1% decrease in RMB, which was mainly due to the completion of disposal of a subsidiary which is engaged in the sale business in August 2021 leading to the corresponding decrease in the costs of sales.

Other Port Ancillary Services Business

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

Revenue from other port ancillary services business was HK\$2,654 million, representing a 6.1% decrease over last year and a 2.3% decrease in RMB, which was mainly due to the decline of business volume.

Cost of other port ancillary services business decreased by 7.5% over last year to HK\$1,388 million. In RMB, cost decreased by 3.8%, which was mainly due to the decrease in business volume, thereby reducing the relevant cost.

Gross Profit

Gross profit and gross profit margin for 2022 were HK\$3,337 million (2021: HK\$3,831 million) and 25.6% (2021: 22.1%) respectively. Gross profit decreased by HK\$494 million and gross profit margin increased by 3.5 percentage points over last year, with the overall gross profit margin was increased slightly.

Administrative Expenses

Administrative expenses of the Group decreased by 8.3% over last year to HK\$2,011 million, which was mainly due to the decrease of staff cost. 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\$375 million, representing an increase of HK\$48 million over last year, which was primarily due to the increase of the extra deduction from the value-added tax.

Other Gains and Losses

Other gains and losses amounted to a loss of HK\$113 million, representing a decrease of HK\$744 million over last year, which was mainly due to that a one-off gain was recorded from the disposal of interest in a subsidiary by the Group in 2021 while no similar disposal was made in 2022, and that an exchange gain of HK\$58 million was recorded in 2021 while an exchange loss of HK\$205 million was recorded in 2022.

Finance Costs

Finance costs (excluding capitalised interest) were HK\$390 million and finance costs (including capitalised interest) were HK\$391 million, representing a decrease of 19.4% and 21.2% respectively over last year, which was mainly attributable to the decrease in total borrowings when compared with that of last year.

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

The Group's share of net profit of associates and joint ventures accounted for using the equity method was HK\$398 million, representing a decrease of 3.3% over last year.

Income Tax

The Group's income tax expenses amounted to HK\$432 million, representing a decrease of HK\$102 million over last year, which was mainly due to decrease in profit before tax.

FINANCIAL POSITION

Cash Flow

In 2022, net increase in cash and cash equivalents of the Group amounted to HK\$957 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK\$3,088 million.

Net cash inflow from investing activities amounted to HK\$120 million, which included receipt of dividends of HK\$284 million, cash inflow of HK\$1,157 million as a result of decrease in time deposits with maturity over three months upon maturity and capital expenditures of HK\$1,349 million.

Net cash outflow from financing activities amounted to HK\$2,251 million, which included payment of dividends and interest expenses on borrowings of HK\$1,446 million, net decrease of HK\$1,353 million in borrowings, lease payment of HK\$228 million, and receipt of capital contribution from non-controlling interest of HK\$777 million.

Capital Structure

The equity attributable to equity holders of the Company as at 31 December 2022 was HK\$13,244 million (31 December 2021: HK\$14,436 million), and the net asset value of the Company was HK\$2.2 per share (31 December 2021: HK\$2.3 per share).

As at 31 December 2022, the Company had an issued share capital of 6,158 million shares and the market capitalisation was approximately HK\$3,510 million (at the closing market price of the shares of the Company of HK\$0.57 per share on 30 December 2022).

Assets and Liabilities

As at 31 December 2022, the Group's total assets were HK\$42,211 million (31 December 2021: HK\$46,302 million) and total liabilities were HK\$12,557 million (31 December 2021: HK\$15,773 million). Net current assets as at 31 December 2022 were HK\$2,429 million (31 December 2021: HK\$2,206 million).

Liquidity, Financial Resources and Borrowings

As at 31 December 2022, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK\$7,958 million (31 December 2021: HK\$8,996 million), which were principally denominated in RMB.

The Group's total borrowings as at 31 December 2022 were HK\$8,291 million (31 December 2021: HK\$10,333 million), with HK\$4,018 million repayable within one year, HK\$839 million repayable after one year and within two years, HK\$2,175 million repayable after two year and within five years, and HK\$1,259 million repayable after five years. About 73.5% and 26.5% of the Group's borrowings were denominated in RMB and HK\$ respectively.

Financial Ratios

As at 31 December 2022, the Group's gearing ratio (total borrowings divided by total equity) was 28.0% (31 December 2021: 33.8%), and current ratio (current assets divided by current liabilities) was 1.3 (31 December 2021: 1.2).

Pledge of Assets

None of the Group's assets were pledged as at 31 December 2022.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2022.

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 2022, most of the Group's assets and liabilities were denominated in RMB except for certain bank borrowings denominated in HK\$. The RMB exchange rate fluctuated significantly in 2022. In the first three quarters of 2022, it was affected by the US dollar interest rate hikes and other factors. Until mid-November of 2022, with the introduction of PRC economic stabilisation policies, it started to show a recovery trend. The exchange rate of RMB at the end of 2022 was approximately 9% lower than that at the end of 2021, which was the largest annual decline in recent years, resulting in an exchange loss of HK\$205 million (2021: exchange gain of HK\$58 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 2022, the Group's total borrowings were HK\$8,291 million and mainly at floating interest rate.

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 2022, additions to property, plant and equipment of the Group amounted to HK\$1,148 million, which primarily comprised construction or renovation of terminals and depots.

As at 31 December 2022, the Group's capital commitments for property, plant and equipment (including authorised but not contracted for) amounted to HK\$1,734 million (31 December 2021: HK\$2,120 million).

MATERIAL ACQUISITION AND DISPOSAL

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 on 31 August 2022, the equity interest held by the Group in Fourth Company had decreased from 100% to 65%. Details of which were set out in the announcement of the Company dated 25 February 2022.

EVENTS AFTER REPORTING PERIOD

Subsequent to the year ended 31 December 2022 and up to the date of this announcement, no important events affecting the Group has taken place that is required to be disclosed.

EMPLOYEES

As at 31 December 2022, the Group had approximately 6,141 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 2022, 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 2021: 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 2022 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 audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DIVIDEND

The Board recommends the payment of a final dividend of HK2.24 cents per share for the year ended 31 December 2022. Subject to the approval of Shareholders at the forthcoming AGM to be held on Wednesday, 14 June 2023, the final dividend will be payable on Monday, 24 July 2023 to Shareholders whose names appear on the register of members of the Company on Monday, 26 June 2023.

CLOSURE OF REGISTER OF MEMBERS

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

1. from Friday, 9 June 2023 to Wednesday, 14 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining Shareholders entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all properly completed 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 8 June 2023; and
2. from Wednesday, 21 June 2023 to Monday, 26 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining Shareholders entitled to the final dividend to be approved at the AGM. In order to qualify for the final dividend, all properly completed 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 20 June 2023.

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 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the CG Code throughout the year ended 31 December 2022, except for CG Code provision F.2.2.

CG Code provision F.2.2 stipulates that the chairman of the Board should attend the annual general meeting. Due to other business commitment at the relevant time, the chairman of the Board was unable to attend the annual general meeting of the Company held on 15 June 2022.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 2022.

AUDIT COMMITTEE

As at 31 December 2022, 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. Subsequently on 28 March 2023, Luo Laura Ying has been appointed as a member of the Audit Committee. The annual results for the year ended 31 December 2022 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 2022 annual report of the Company will be published on the website of the Company and the HKEXnews website in due course.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“AGM”	the forthcoming annual general meeting of the Company to be held on Wednesday, 14 June 2023;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“CG Code”	the Corporate Governance Code, Appendix 14 to the Listing Rules;
“Company”	Tianjin Port Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 03382);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Tianjin Port Co”	天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*), a limited liability company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717), and a non-wholly owned subsidiary of the Group;
“US\$”	United States dollar, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 28 March 2023

As at the date of this announcement, the Board comprises Mr. Chu Bin, Mr. Luo Xunjie, Dr. Li Xiaoguang, Mr. Sun Bin, Mr. Lou Zhanshan and Mr. Yang Zhengliang as executive Directors; and Professor Japhet Sebastian Law, Mr. Cheng Chi Pang, Leslie, Mr. Zhang Weidong and Ms. Luo Laura Ying as independent non-executive Directors.

* *for identification purposes only*