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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03382)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

- Total cargo throughput handled was 224 million tonnes, of which total container throughput was 10.27 million TEUs.
- Revenue was HK\$6,244 million.
- Profit attributable to equity holders of the Company was HK\$474 million.
- Basic earnings per share was HK7.7 cents.

The Board is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2023 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

| | | Unaudited | |
|---|-------|--------------------------|-------------------------|
| | | Six months ended 30 June | |
| | Notes | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
| Revenue | 3 | 6,243,968 | 7,113,959 |
| Cost of sales | | (4,211,343) | (5,390,464) |
| Taxes and surcharges | | (2,413) | (6,855) |
| Gross profit | | 2,030,212 | 1,716,640 |
| Other income | 4 | 88,920 | 140,367 |
| Other gains and losses | 4 | 52,273 | 11,051 |
| Administrative expenses | | (897,726) | (881,360) |
| (Allowance for)/reversal of impairment on financial assets | | (2,745) | 1,936 |
| Other expenses | | (3,470) | (1,529) |
| Finance costs | 5 | (149,999) | (200,743) |
| Share of net profit of associates and joint ventures accounted for using the equity method | | 219,129 | 219,620 |
| Profit before income tax | | 1,336,594 | 1,005,982 |
| Income tax | 6 | (252,689) | (234,456) |
| Profit for the period | 7 | 1,083,905 | 771,526 |
| Profit attributable to: | | | |
| Equity holders of the Company | | 474,481 | 286,096 |
| Non-controlling interests | | 609,424 | 485,430 |
| | | 1,083,905 | 771,526 |
| Earnings per share | 9 | | |
| Basic (HK cents) | | 7.7 | 4.6 |
| Diluted (HK cents) | | 7.7 | 4.6 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

| | Unaudited | |
|--|--------------------------|--------------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | <u>1,083,905</u> | <u>771,526</u> |
| Other comprehensive income/(loss) | | |
| Items that will not be reclassified to profit or loss: | | |
| Changes in the fair value of financial assets at fair value through other comprehensive income | 13,951 | (69,337) |
| Deferred taxation on fair value change of financial assets at fair value through other comprehensive income | 751 | 8,345 |
| Currency translation differences | <u>(955,938)</u> | <u>(1,405,343)</u> |
| Other comprehensive loss for the period, net of tax | <u>(941,236)</u> | <u>(1,466,335)</u> |
| Total comprehensive income/(loss) for the period | <u>142,669</u> | <u>(694,809)</u> |
| Total comprehensive income/(loss) attributable to: | | |
| Equity holders of the Company | 50,192 | (391,126) |
| Non-controlling interests | <u>92,477</u> | <u>(303,683)</u> |
| | <u>142,669</u> | <u>(694,809)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

| | | Unaudited 30 June 2023 <i>HK\$'000</i> | Audited 31 December 2022 <i>HK\$'000</i> |
|--|------|---|---|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 18,602,964 | 19,558,260 |
| Right-of-use assets | | 5,774,718 | 6,001,860 |
| Investment properties | | 702,907 | 734,950 |
| Goodwill | | 42,689 | 44,061 |
| Intangible assets | | 110,807 | 123,075 |
| Investments accounted for using the equity method | | 4,658,991 | 4,773,780 |
| Financial assets at fair value through other comprehensive income | | 570,152 | 574,362 |
| Deposits paid for addition of non-current assets | | 46,954 | 127,844 |
| Deferred income tax assets | | 48,643 | 44,384 |
| | | <u>30,558,825</u> | <u>31,982,576</u> |
| Current assets | | | |
| Inventories | | 168,106 | 97,285 |
| Trade and other receivables and notes receivables | 10 | 2,335,016 | 2,173,186 |
| Restricted bank deposits | | 2,944 | 3,035 |
| Cash and cash equivalents | | 6,420,992 | 7,954,823 |
| | | <u>8,927,058</u> | <u>10,228,329</u> |
| Total assets | | <u><u>39,485,883</u></u> | <u><u>42,210,905</u></u> |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 615,800 | 615,800 |
| Other reserves | | 3,356,200 | 3,780,489 |
| Retained earnings | | 9,184,711 | 8,848,169 |
| | | <u>13,156,711</u> | <u>13,244,458</u> |
| Non-controlling interests | | <u>16,126,398</u> | <u>16,409,123</u> |
| Total equity | | <u><u>29,283,109</u></u> | <u><u>29,653,581</u></u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

| | | Unaudited 30 June 2023 <i>HK\$'000</i> | Audited 31 December 2022 <i>HK\$'000</i> |
|---|------|---|---|
| | Note | | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | | 4,187,230 | 4,272,314 |
| Lease liabilities | | 175,255 | 210,913 |
| Deferred income tax liabilities | | 214,608 | 230,292 |
| Other long-term liabilities | | 54,106 | 44,685 |
| | | 4,631,199 | 4,758,204 |
| Current liabilities | | | |
| Trade and other payables and contract liabilities | 11 | 3,505,670 | 3,494,757 |
| Current income tax liabilities | | 155,277 | 108,404 |
| Borrowings | | 1,772,561 | 4,018,468 |
| Lease liabilities | | 138,067 | 177,491 |
| | | 5,571,575 | 7,799,120 |
| Total liabilities | | 10,202,774 | 12,557,324 |
| Total equity and liabilities | | 39,485,883 | 42,210,905 |
| Net current assets | | 3,355,483 | 2,429,209 |
| Total assets less current liabilities | | 33,914,308 | 34,411,785 |

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied and methods of computation used in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2023 are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

*HKFRS 17 (including the October 2020
and February 2022 Amendments to HKFRS 17)
Amendments to HKAS 8
Amendments to HKAS 12*

*Insurance Contracts
Definition of Accounting Estimates
Deferred Tax related Assets and Liabilities arising
from a Single Transaction*

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies on application of Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the condensed consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities 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 taxable temporary differences.

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised 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 difference associate with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial statement, financial position and performance, except that the Group recognised the related deferred tax assets and deferred tax liabilities on a gross basis but it has no impact on the retained earnings at the earliest period presented.

3. SEGMENT INFORMATION

Segment information has been prepared in a manner consistent with the information which is regularly reviewed by the chief operating decision maker and used for the purposes of assessing performance and allocating resources between segments.

Principal activities of the three reportable segments are as follows:

- | | | |
|-------------------------------|---|--|
| Cargo handling | – | Provision of container handling and non-containerised cargo handling |
| Sales | – | Sales of materials |
| Other port ancillary services | – | Tugboat services, agency services and other services |

The Group's major operational activities are carried out in the PRC. The Group's revenue from external customers are mainly generated in the PRC.

Inter-segment transactions are carried out at arm's length.

The segment information for the reportable segments is as follows:

| | Unaudited | | | |
|--|--|---------------------------|---|---------------------------|
| | Six months ended 30 June 2023 | | | |
| | Cargo handling HK\$'000 | Sales HK\$'000 | Other port ancillary services HK\$'000 | Total HK\$'000 |
| Total segment revenue | 3,623,545 | 1,421,389 | 1,459,112 | 6,504,046 |
| Inter-segment revenue | – | (14,858) | (245,220) | (260,078) |
| Revenue from external customers | <u>3,623,545</u> | <u>1,406,531</u> | <u>1,213,892</u> | <u>6,243,968</u> |
| Timing of revenue recognition | | | | |
| At a point in time | 3,623,545 | 1,406,531 | 1,159,780 | 6,189,856 |
| Over time | – | – | 54,112 | 54,112 |
| | <u>3,623,545</u> | <u>1,406,531</u> | <u>1,213,892</u> | <u>6,243,968</u> |
| Segment results | <u>1,339,558</u> | <u>10,663</u> | <u>682,404</u> | 2,032,625 |
| Taxes and surcharges | | | | (2,413) |
| Other income | | | | 88,920 |
| Other gains and losses | | | | 52,273 |
| Administrative expenses | | | | (897,726) |
| Allowance for impairment on financial assets | | | | (2,745) |
| Other expenses | | | | (3,470) |
| Finance costs | | | | (149,999) |
| Share of net profit of associates and joint ventures accounted for using the equity method | | | | <u>219,129</u> |
| Profit before income tax | | | | <u>1,336,594</u> |

Unaudited
Six months ended 30 June 2022

| | 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 | 3,568,169 | 2,323,787 | 1,483,188 | 7,375,144 |
| Inter-segment revenue | – | (60,226) | (200,959) | (261,185) |
| Revenue from external customers | <u>3,568,169</u> | <u>2,263,561</u> | <u>1,282,229</u> | <u>7,113,959</u> |
| Timing of revenue recognition | | | | |
| At a point in time | 3,568,169 | 2,263,561 | 1,233,085 | 7,064,815 |
| Over time | – | – | 49,144 | 49,144 |
| | <u>3,568,169</u> | <u>2,263,561</u> | <u>1,282,229</u> | <u>7,113,959</u> |
| Segment results | <u>1,040,374</u> | <u>34,958</u> | <u>648,163</u> | 1,723,495 |
| Taxes and surcharges | | | | (6,855) |
| Other income | | | | 140,367 |
| Other gains and losses | | | | 11,051 |
| Administrative expenses | | | | (881,360) |
| Reversal of impairment on financial assets | | | | 1,936 |
| Other expenses | | | | (1,529) |
| Finance costs | | | | (200,743) |
| Share of net profit of associates and joint ventures accounted for using the equity method | | | | <u>219,620</u> |
| Profit before income tax | | | | <u>1,005,982</u> |

4. OTHER INCOME, GAINS AND LOSSES

Other income comprises of the following items:

| | Unaudited | |
|---|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Interest income | 49,454 | 82,931 |
| Dividend income from financial assets at fair value through other comprehensive income | 14,475 | 25,174 |
| Government grants | 3,595 | 12,156 |
| Value-added tax extra deduction | 13,114 | 19,193 |
| Others | 8,282 | 913 |
| | <u>88,920</u> | <u>140,367</u> |

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

| | Unaudited | |
|---|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Remeasurement gain on investment in an associate accounted for using the equity method | – | 108,524 |
| Exchange gain/(loss), net | 48,559 | (97,364) |
| Others | 3,714 | (109) |
| | <u>52,273</u> | <u>11,051</u> |

5. FINANCE COSTS

| | Unaudited | |
|--|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Interest expenses on borrowings | 145,595 | 188,810 |
| Less: Amount capitalised in construction in progress | (3,388) | – |
| | <u>142,207</u> | <u>188,810</u> |
| Interest expenses on lease liabilities | 7,792 | 11,933 |
| | <u>149,999</u> | <u>200,743</u> |

6. INCOME TAX

| | Unaudited | |
|---------------------------------|---------------------------------|-----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| PRC income tax expense/(credit) | | |
| Current | 256,049 | 223,425 |
| Deferred | (3,360) | 11,031 |
| | 252,689 | 234,456 |

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 period (2022: nil).

PRC income tax has been provided based on the estimated assessable profits at the prevailing income tax rates.

7. PROFIT FOR THE PERIOD

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

| | Unaudited | |
|---|---------------------------------|-----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Costs of goods sold | 1,393,528 | 2,230,529 |
| Depreciation of property, plant and equipment | 526,412 | 599,030 |
| Depreciation of right-of-use assets | 185,118 | 190,423 |
| Depreciation of investment properties | 9,500 | 10,161 |
| Amortisation of intangible assets | 16,202 | 16,791 |

8. DIVIDEND

| | Unaudited | |
|--|---------------------------------|-----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| 2022 final dividend of HK2.24 cents per ordinary share (2022: 2021 final dividend of HK5.99 cents per ordinary share) | 137,939 | 368,864 |

At the meeting held on 28 March 2023, the Board recommended the payment of a final dividend of HK2.24 cents per ordinary share for the year ended 31 December 2022. The 2022 final dividend was approved at the annual general meeting of the Company held on 2 June 2023.

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2023 (2022: nil).

9. EARNINGS PER SHARE

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

| | Unaudited | |
|--|---------------------------------|-----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Earnings | | |
| Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share | 474,481 | 286,096 |

| | Unaudited | |
|--|---------------------------------|-------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | '000 | '000 |
| Number of shares | | |
| Weighted average number of ordinary shares for calculating basic and diluted earnings per share | 6,158,000 | 6,158,000 |

The computation of diluted earnings per share for the six months ended 30 June 2023 was the same as the computation of basic earnings per share since there was no potential ordinary shares in issue.

The computation of diluted earnings per share for the six months ended 30 June 2022 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.

10. TRADE AND OTHER RECEIVABLES AND NOTES RECEIVABLES

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

| | Unaudited 30 June 2023 HK\$'000 | Audited 31 December 2022 <i>HK\$'000</i> |
|---------------|--|---|
| 0-90 days | 1,443,775 | 1,431,483 |
| 91-180 days | 59,013 | 50,111 |
| Over 180 days | 83,896 | 58,629 |
| | <u>1,586,684</u> | <u>1,540,223</u> |

11. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

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

| | Unaudited 30 June 2023 HK\$'000 | Audited 31 December 2022 <i>HK\$'000</i> |
|---------------|--|---|
| 0-90 days | 856,808 | 1,341,957 |
| 91-180 days | 118,746 | 136,799 |
| 181-365 days | 202,700 | 95,893 |
| Over 365 days | 98,324 | 77,852 |
| | <u>1,276,578</u> | <u>1,652,501</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

Since 2023, with the comprehensive recovery of the economy and society, the effects of policies to stabilise economic growth, employment, and prices have gradually emerged, and China's economy has shown signs of improvement. According to the National Bureau of Statistics of China, China's GDP recorded a year-on-year growth of 5.5% in the first half of 2023. However, the direct impact from weakened external demand on China's foreign trade due to the slowdown in global trade and investment and rising geopolitical risks is still ongoing. In the first half of 2023, China's total import and export value decreased by 4.7% year-on-year to US\$2.92 trillion. According to the statistics from the Ministry of Transport of the PRC, cargo throughput handled by ports in China in the first half of 2023 was 8.189 billion tonnes, representing a year-on-year increase of 8.0%, whereas container throughput handled increased by 4.8% year-on-year to 149.19 million TEUs.

In terms of environmental and social responsibility, the Group continued promoting the implementation of new energy equipment and ancillary facilities, as well as green port construction projects such as energy-saving lighting technology applications; utilised technologies such as the Internet of Things (IoT) and big data to strive for the digital transformation of energy management and control; actively implemented the new concept of dual carbon development advocated by the government and obtained the carbon management system certification and established a carbon management system that covers various aspects including carbon energy identification, carbon data collection, monitoring and accounting, carbon target management, carbon asset development, and trading, etc.

INTERIM RESULTS

In the first half of 2023, total cargo throughput handled by the Group was 224 million tonnes (2022: 222 million tonnes), an increase of 1.0% over the same period last year, of which total container throughput was 10.27 million TEUs (2022: 10.04 million TEUs), an increase of 2.3% over the same period last year.

In the first half of 2023, profit attributable to Shareholders amounted to HK\$474 million and basic earnings per share was HK7.7 cents, an increase of 65.8% over the same period last year. The increase was primarily attributable to the depreciation of RMB against Hong Kong dollars in the same period last year which resulted in an exchange loss on the Hong Kong dollars-denominated liabilities held by the Group, while during the current interim period, the relevant Hong Kong dollars-denominated liabilities have been repaid and an exchange gain has been recorded.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023.

OUTLOOK

The global economy is still in an unstable state due to factors such as the impacts of the tightening monetary policies implemented by central banks around the world to combat inflation. In the World Economic Outlook Update released in July 2023, the International Monetary Fund (IMF) predicted that the global economic growth to be 3.0% and China's economic growth to be 5.2% in 2023, mainly due to the rapid growth coming after the normalisation of supply chains. The uncertainty of the global economy coupled with geopolitical and other factors have led to weakened external demand, which posed challenges to China's port business.

Looking ahead to the second half of the year, the Group will continue to pursue high-quality development and prioritise customer needs; actively promote the advantages of the coordinated development of the Beijing-Tianjin-Hebei Region and fully leverage the role of the "maritime gateway" hub of the Beijing-Tianjin-Hebei Region; continuously improve the level of port infrastructure, and promote the upgrading of port intelligence and low-carbon development; perpetually expand the functions of port services to maintain the smooth and efficient operation of the port; and strive to build a world-class, efficient, high-quality, smart and green port.

OPERATION AND FINANCIAL REVIEW

In the first half of 2023, total cargo throughput handled by the Group was 224 million tonnes.

Revenue and cost of sales of core business

Revenue

The Group's revenue was HK\$6,244 million in the first half of 2023, representing a decrease of 12.2% as compared with the same period last year. The revenue by segment is as follows:

| Type of business | Revenue | | | |
|---|-----------------------|-----------------------|---------------------|-------------------------|
| | First half of 2023 | First half of 2022 | Change in amount | Change in percentage |
| | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | |
| Non-containerised cargo handling business | 2,554 | 2,637 | -83 | -3.1% |
| Container handling business | 1,070 | 931 | 139 | 14.8% |
| Cargo handling business (total) | 3,624 | 3,568 | 56 | 1.6% |
| Sales business | 1,407 | 2,264 | -857 | -37.9% |
| Other port ancillary services business | 1,213 | 1,282 | -69 | -5.3% |
| Total | 6,244 | 7,114 | -870 | -12.2% |

Cost of Sales

In the first half of 2023, cost of sales of the Group was HK\$4,211 million, representing a decrease of 21.9% as compared with the same period last year. The costs by segment is as follows:

| Type of business | Costs | | | |
|--|-----------------------|-----------------------|---------------------|-------------------------|
| | First half of 2023 | First half of 2022 | Change in amount | Change in percentage |
| | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | |
| Cargo handling business | 2,284 | 2,527 | -243 | -9.6% |
| Sales business | 1,396 | 2,229 | -833 | -37.4% |
| Other port ancillary services business | 531 | 634 | -103 | -16.2% |
| Total | 4,211 | 5,390 | -1,179 | -21.9% |

Cargo Handling Business

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

Revenue of the cargo handling business was HK\$3,624 million, 1.6% higher than that in the same period last year and a 8.6% increase in RMB, primarily attributable to the increase in the throughput of container handling business.

Cost of the cargo handling business was HK\$2,284 million, 9.6% lower than that in the same period last year and a 3.4% decrease in RMB, primarily attributable to the strict cost control of cargo handling business by the Group.

Cargo Handling Business – Non-containerised Cargo Handling Business

In the first half of 2023, the Group achieved a total non-containerised cargo throughput of 117.78 million tonnes, representing a decrease of 2.3% over the same period last year, of which throughput of the subsidiary terminals fell by 5.2% and throughput of the jointly controlled and affiliated terminals grew by 6.7%.

| Nature of terminal | Non-containerised cargo throughput | | | |
|---|------------------------------------|-----------------------|-----------------------|-------------------------|
| | First half of 2023 | First half of 2022 | Change in amount | Change in percentage |
| | <i>million tonnes</i> | <i>million tonnes</i> | <i>million tonnes</i> | |
| Subsidiary terminals | 86.81 | 91.54 | -4.73 | -5.2% |
| Jointly controlled and affiliated terminals | 30.97 | 29.02 | 1.95 | 6.7% |
| Total | 117.78 | 120.56 | -2.78 | -2.3% |

On a consolidated basis, the blended average unit price of the non-containerised cargo handling business was HK\$29.4 per tonne (2022: HK\$28.8 per tonne), representing an increase of 2.1% over the same period last year. In RMB, the blended average unit price of which increased by 9.2% over the same period last year.

Revenue from the non-containerised cargo handling business was HK\$2,554 million, 3.1% lower than that in the same period last year and a 3.6% increase in RMB, the increase of revenue in RMB was mainly due to the increase in the blended average unit price, but the depreciation of RMB resulted in a decrease of revenue in Hong Kong dollars.

Cargo Handling Business – Container Handling Business

In the first half of 2023, the Group achieved a total container throughput of 10.27 million TEUs, representing an increase of 2.3% over the same period last year, of which throughput of the subsidiary terminals increased by 26.0% and throughput of the jointly controlled and affiliated terminals dropped by 20.6%.

| Nature of terminal | Container throughput | | | |
|---|--|--|--|-------------------------|
| | First half of 2023 <i>million TEUs</i> | First half of 2022 <i>million TEUs</i> | Change in amount <i>million TEUs</i> | Change in Percentage |
| Subsidiary terminals | 6.21 | 4.93 | 1.28 | 26.0% |
| Jointly controlled and affiliated terminals | 4.06 | 5.11 | -1.05 | -20.6% |
| Total | 10.27 | 10.04 | 0.23 | 2.3% |

On a consolidated basis, the blended average unit price of the container handling business was HK\$172.2 per TEU (2022: HK\$188.8 per TEU), representing a decrease of 8.8% over the same period last year. In RMB, the blended average unit price of which decreased by 2.4% over the same period last year.

Revenue from the container handling business increased by 14.8% over the same period last year to HK\$1,070 million and a 22.8% increase in RMB, which was mainly attributable to the increase of the throughput of container handling business.

Sales Business

The Group's sales business is mainly engaged in the sales of materials.

Revenue from sales business was HK\$1,407 million, a 37.9% decrease as compared with the same period last year and a 33.5% decrease in RMB, which was mainly due to the decrease in the business volume of sales business.

Cost of sales business was HK\$1,396 million, a 37.4% decrease as compared with the same period last year and a 33.0% decrease in RMB, which was mainly due to the decrease in the business volume of sale business leading to the corresponding decrease in the cost 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\$1,213 million, a 5.3% decrease compared with the same period last year and a 1.2% increase in RMB.

Cost of other port ancillary services business was HK\$531 million, a 16.2% decrease compared with the same period last year and a 10.4% decrease in RMB, which was mainly due to the strict cost control of the port ancillary services business by the Group.

Gross Profit

Gross profit and gross profit margin for the first half of 2023 were HK\$2,030 million (2022: HK\$1,717 million) and 32.5% (2022: 24.1%) respectively. Gross profit increased by 18.3% over the same period last year and gross profit margin increased by 8.4 percentage points over the same period last year, which was mainly driven by the increase in the proportion of cargo handling business which gross profit margin was higher than that of other businesses.

Administrative Expenses

Administrative expenses of the Group increased by 1.9% as compared with the same period last year to HK\$898 million, which was mainly due to increase of research and development expenses. The Group will continue to take strict measures in control and management so as to maintain administrative expenses at a reasonable level.

Other Income, Gains and Losses

Other income amounted to HK\$89 million, representing a decrease of HK\$51 million as compared with the same period last year, which was primarily due to decrease of the interest income from deposits, dividend income from financial assets at fair value through other comprehensive income and government grants.

Other gains and losses amounted to HK\$52 million, representing an increase of HK\$41 million as compared with the same period last year, mainly due to the offsetting impact of below factors: (i) an one-off remeasurement gain of HK\$109 million on an investment in an associate accounted for using the equity method was recorded in the same period last year while no such gain in the current period; and (ii) an increase in foreign exchange gain of HK\$146 million.

Finance Costs

Finance costs (excluding capitalised interest) were HK\$150 million, a decrease of 25.3% as compared with the same period last year, which was mainly attributable to the decrease in interest expenses on both borrowings and lease liabilities compared with the same period 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\$219 million, which remained stable as compared with the same period last year.

Income Tax

The Group's income tax expenses amounted to HK\$253 million, representing an increase of HK\$18 million over the same period last year.

FINANCIAL POSITION

Cash Flow

In the first half of 2023, net decrease in cash and cash equivalents of the Group amounted to HK\$1,315 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK\$1,456 million.

Net cash outflow from investing activities amounted to HK\$249 million, which included cash outflow of capital expenditure of HK\$331 million.

Net cash outflow from financing activities amounted to HK\$2,522 million, which included a net decrease of HK\$2,144 million in borrowings, and lease payment of HK\$71 million.

Capital Structure

The equity attributable to equity holders of the Company as at 30 June 2023 was HK\$13,157 million (31 December 2022: HK\$13,244 million), and the net asset value of the Company was HK\$2.1 per share (31 December 2022: HK\$2.2 per share).

As at 30 June 2023, the Company had an issued share capital of 6,158 million shares and the market capitalisation was approximately HK\$3,325 million (at the closing price of the Shares of the Company of HK\$0.54 per share on 30 June 2023).

Assets and Liabilities

As at 30 June 2023, the Group's total assets were HK\$39,486 million (31 December 2022: HK\$42,211 million) and total liabilities were HK\$10,203 million (31 December 2022: HK\$12,557 million). Net current assets as at 30 June 2023 were HK\$3,355 million (31 December 2022: HK\$2,429 million).

Liquidity, Financial Resources and Borrowings

As at 30 June 2023, the Group's cash and deposits (including restricted bank deposits) were HK\$6,424 million (31 December 2022: HK\$7,958 million) and principally denominated in RMB.

The Group's total borrowings as at 30 June 2023 were HK\$5,960 million (31 December 2022: HK\$8,291 million), with HK\$1,773 million repayable within one year, HK\$722 million repayable after one year and within two years, HK\$2,365 million repayable after two years and within five years and HK\$1,100 million repayable after five years. All of the Group's borrowings were denominated in RMB.

Financial Ratios

As at 30 June 2023, the Group's gearing ratio (total borrowings divided by total equity) was 20.4% (31 December 2022: 28.0%), and current ratio (current assets divided by current liabilities) was 1.6 (31 December 2022: 1.3).

Pledge of Assets

None of the Group's assets were pledged as at 30 June 2023.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2023.

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 30 June 2023, most of the Group's assets and liabilities were denominated in RMB. 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 period 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 30 June 2023, the Group's total borrowings were HK\$5,960 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 review its treasury strategy continuously, with the aim to be well prepared and to respond quickly and effectively to the rapidly changing conditions in the financial market.

CAPITAL EXPENDITURE AND COMMITMENTS

In the first half of 2023, the Group acquired property, plant and equipment amounted to HK\$172 million.

As at 30 June 2023, the Group's capital commitments (including authorised but not contracted for) amounted to HK\$1,529 million (31 December 2022: HK\$1,734 million).

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six months ended 30 June 2023 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 30 June 2023, the Group had approximately 6,000 employees. The Group determines and offers remuneration packages for employees based on their position, performance and the labour market conditions. In addition to basic salary, mandatory provident fund scheme (established under the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or the state-managed pension scheme (established 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 six months ended 30 June 2023, the Group did not forfeited any contribution under the retirement benefits scheme that might be used to reduce the existing level of contributions (2022: 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 business development of the Group. The management proactively engages and communicates with employees to foster the employer-employee relationship.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have been reviewed by the independent auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The audit committee of the Company has reviewed the interim results for the six months ended 30 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 six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the CG Code throughout the six months ended 30 June 2023.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the Model Code at all applicable times throughout the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Company at www.tianjinportdev.com and the HKEXnews website at www.hkexnews.hk. The 2023 interim 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:

| | |
|------------------|--|
| “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 (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; |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules; |
| “PRC” or “China” | the People’s Republic of China; |
| “RMB” | Renminbi, the lawful currency of the PRC; |

| | |
|------------------|---|
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company; |
| “Shareholder(s)” | the holder(s) of the Shares; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “U.S.” | the United States of America; |
| “US\$” | United States dollar, the lawful currency of the U.S.; and |
| “%” | per cent. |

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

Hong Kong, 29 August 2023

As at the date of this announcement, the Board comprises Mr. Chu Bin, Mr. Luo Xunjie, Mr. Teng Fei, 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.