天津港發展控股有限公司
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03382)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

- Total cargo throughput handled was 421.04 million tonnes, of which total container throughput was 18.35 million TEUs.
- Revenue was HK$15,490 million.
- Profit attributable to equity holders of the Company was HK$636 million.
- Basic earnings per share was HK10.3 cents.
- Proposed final dividend of HK4.13 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 2020 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	2	**15,490,177**	15,077,403
Business tax and surcharge		**(9,073)**	(10,452)
Cost of sales		**(12,123,230)**	(11,843,819)
Gross profit		**3,357,874**	3,223,132
Other income	3	**244,570**	299,106
Other gains and losses		**124,166**	(1,987)
Administrative expenses		**(1,770,862)**	(1,674,496)
Net impairment (losses)/gains on financial assets		**(26,588)**	1,577
Loss of assets		**–**	(77,124)
Other expenses		**(17,927)**	(24,844)
Finance costs	4	**(550,117)**	(657,187)
Share of net profit of associates and joint ventures accounted for using the equity method		**435,843**	427,960
Profit before income tax		**1,796,959**	1,516,137
Income tax	5	**(389,433)**	(410,633)
Profit for the year	6	**1,407,526**	1,105,504
Profit attributable to:			
Equity holders of the Company		**636,161**	388,491
Non-controlling interests		**771,365**	717,013
		1,407,526	1,105,504
Earnings per share	8		
Basic (HK cents)		**10.3**	6.3
Diluted (HK cents)		**10.3**	6.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**21,467,926**	20,351,560
Right-of-use assets		**7,068,583**	6,737,343
Investment properties		**820,200**	–
Intangible assets		**84,867**	68,143
Investments accounted for using the equity method		**4,806,587**	4,773,800
Financial assets at fair value through other comprehensive income		**785,600**	723,781
Deferred income tax assets		**120,290**	54,914
		35,154,053	32,709,541
Current assets			
Inventories		**333,765**	246,161
Trade and other receivables and notes receivables	9	**3,405,742**	3,177,891
Restricted bank deposits		**256,852**	35,059
Time deposits with maturity over three months		**771,118**	1,169,702
Cash and cash equivalents		**7,722,605**	7,474,924
		12,490,082	12,103,737
Total assets		**47,644,135**	44,813,278
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**615,800**	615,800
Other reserves		**4,508,658**	3,599,796
Retained earnings		**8,358,000**	7,972,628
		13,482,458	12,188,224
Non-controlling interests		**15,581,769**	14,315,361
Total equity		**29,064,227**	26,503,585

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

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

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

(a) Adoption of revised HKFRSs

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

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

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

Impacts on application of HKFRS 3 (Amendments)

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

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

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

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

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

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

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

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

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

	For the year ended 31 December 2019			
	Cargo handling *HK$'000*	Sales *HK$'000*	Other port ancillary services *HK$'000*	Total *HK$'000*
Total segment revenue	6,985,565	6,094,701	2,654,109	15,734,375
Inter-segment revenue	–	(186,504)	(470,468)	(656,972)
Revenue from external customers	6,985,565	5,908,197	2,183,641	15,077,403
Timing of revenue recognition				
– At a point in time	6,985,565	5,908,197	1,886,781	14,780,543
– Over time	–	–	296,860	296,860
	6,985,565	5,908,197	2,183,641	15,077,403
Segment results	2,352,961	141,780	738,843	3,233,584
Business tax and surcharge				(10,452)
Other income				299,106
Other gains and losses				(1,987)
Administrative expenses				(1,674,496)
Net impairment gains on financial assets				1,577
Loss of assets				(77,124)
Other expenses				(24,844)
Finance costs				(657,187)
Share of net profit of associates and joint ventures accounted for using the equity method				427,960
Profit before income tax				1,516,137

3. OTHER INCOME

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

4. FINANCE COSTS

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

5. INCOME TAX

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

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in or derived from Hong Kong for the year (2019: nil).

PRC income tax has been provided based on the estimated assessable profits for the year at the prevailing income tax rates. The standard PRC corporate income tax rate is 25%.

6. PROFIT FOR THE YEAR

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

	2020	2019
	HK$'000	*HK$'000*
Costs of goods sold	**6,027,884**	5,698,032
Depreciation of property, plant and equipment	**1,099,994**	1,032,684
Depreciation of right-of-use assets	**343,965**	359,010
Amortisation of intangible assets	**20,473**	18,211
Remeasurement gain on investments in associates accounted for using the equity method	**–**	(96,540)
Remeasurement gain on investments in joint ventures accounted for using the equity method	**(5,922)**	–
Exchange (gain)/loss, net	**(129,755)**	79,223

7. DIVIDEND

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

The Board proposed the payment of a final dividend of HK4.13 cents per ordinary share for the year ended 31 December 2020 (2019: HK2.52 cents). These consolidated financial statements do not reflect this dividend payable.

8. EARNINGS PER SHARE

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

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

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

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

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:

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

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ENVIRONMENT

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

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

ANNUAL RESULTS

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

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

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

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

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

REVIEW OF OPERATIONS

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

Non-containerised Cargo Handling Business

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

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

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

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

Container Handling Business

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

In 2020, the container handling business experienced a stable growth. The Group achieved total container throughput of 18.35 million TEUs, representing an increase of 6.3% over last year, of which throughput of the subsidiary terminals increased by 20.6% and throughput of the jointly controlled and affiliated terminals dropped by 13.6%. After 天津五洲國際集裝箱碼頭有限公司 (Tianjin Five Continents International Container Terminal Co., Ltd.*) ("Tianjin Five Continents", an associate originally held as to 40% by the Group) became a subsidiary of the Group in June 2019 and was then absorbed and merged by 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*) ("Tianjin Port Container", a subsidiary of the Group), its throughput had been included in subsidiary terminals since July 2019 while it was included in jointly controlled and affiliated terminals in the first half of 2019, causing a large fluctuation between throughput of the two categories.

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

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

Sales Business

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

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

Other Port Ancillary Services Business

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

OUTLOOK

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

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

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

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

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

Costs of Sales

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

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

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

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

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

Gross Profit

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

Administrative Expenses

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

Other Income

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

Other Gains and Losses

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

Finance Costs

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

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

The Group's share of net profit of associates and joint ventures accounted for using the equity method was HK$436 million, representing an increase of 1.8% over last year.

Income Tax

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

FINANCIAL POSITION

Cash Flow

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

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

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

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

Capital Structure

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

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

Assets and Liabilities

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

Liquidity, Financial Resources and Borrowings

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

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

Financial Ratios

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

Pledge of Assets

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

Contingent Liabilities

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

Financial Management and Policy

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

The operations of the Group are located in the PRC and its functional currency is RMB. The Group is exposed to foreign exchange risk primarily from the assets and liabilities that are denominated in non-functional currencies. As at 31 December 2020, most of the Group's assets and liabilities were denominated in RMB except for certain bank borrowings denominated in HK$. RMB exchange rate fluctuated significantly in 2020. Under the impact of the pandemic, the risk aversion in the global financial market has increased significantly and US$ strengthened against multiple major currencies in early 2020. With the continuous improvement of China's pandemic prevention and control, China's economy resumed rapidly, which together with a weaker US$ index, supported the RMB exchange rate, leading the appreciation of RMB in the second half of 2020. As the exchange rate of RMB at the end of 2020 was approximately 6% higher than that at the end of 2019, an exchange gain of HK$130 million (2019: exchange loss of HK$79.22 million) arose from the translation of foreign currency denominated liabilities held by the Group. The fluctuations in RMB exchange rate will affect the Group's results reported in HK$ as the Group operates its business in the PRC and its functional currency is RMB. No hedging arrangement was entered into by the Group in respect of foreign exchange risk exposure during the year under review.

The Group's interest rate risk arises primarily from the fluctuation in interest rates of borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk, while borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2020, the Group's total borrowings were HK$12,365 million and mainly at floating interest rate, and the average borrowing interest rate was 3.8% (31 December 2019: 4.3%).

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

CAPITAL EXPENDITURE AND COMMITMENTS

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

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

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

MATERIAL ACQUISITION

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

EVENTS AFTER THE REPORTING PERIOD

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

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

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

EMPLOYEES

As at 31 December 2020, the Group had approximately 7,600 employees. The Group offers remuneration packages for employees based on their position, performance and the labour market conditions. In addition to basic salary, mandatory provident fund scheme (in accordance with the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or the state-managed pension scheme (for PRC employees), discretionary bonus is also awarded to the employees with reference to the annual results and the employees' work performance. The Group reviews the remuneration policies and packages on a regular basis.

The Group highly values the life-long learning and personal development of the employees, and enhances their productivity through the 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 2020 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 HK4.13 cents per share for the year ended 31 December 2020. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting to be held on Wednesday, 23 June 2021 (the "AGM"), the final dividend will be payable on Thursday, 22 July 2021 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 2 July 2021.

CLOSURE OF REGISTER OF MEMBERS

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

1. from Friday, 18 June 2021 to Wednesday, 23 June 2021, 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, 17 June 2021; and

2. from Wednesday, 30 June 2021 to Friday, 2 July 2021, 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, 29 June 2021.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

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 2020, except for Code Provision E.1.2.

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the directors 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 2020.

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 2020 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 2020 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 2021

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

* *for identification purposes only*