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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS

- Total cargo throughput handled was 222.06 million tonnes, of which total container throughput was 10.039 million TEUs.
- Revenue was HK\$7,114 million.
- Profit attributable to equity holders of the Company was HK\$286 million.
- Basic earnings per share was HK4.6 cents.

The board of directors (the “Board”) of Tianjin Port Development Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
Revenue	3	7,113,959	8,741,674
Cost of sales		(5,390,464)	(6,775,593)
Taxes and surcharges		(6,855)	(5,405)
		<hr/>	<hr/>
Gross profit		1,716,640	1,960,676
Other income	4	140,367	118,074
Other gains and losses	4	11,051	7,796
Administrative expenses		(881,360)	(902,397)
Reversal of impairment on financial assets		1,936	5,942
Other expenses		(1,529)	(2,051)
Finance costs	5	(200,743)	(256,382)
Share of net profit of associates and joint ventures accounted for using the equity method		219,620	247,721
		<hr/>	<hr/>
Profit before income tax		1,005,982	1,179,379
Income tax	6	(234,456)	(260,639)
		<hr/>	<hr/>
Profit for the period	7	771,526	918,740
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Equity holders of the Company		286,096	417,579
Non-controlling interests		485,430	501,161
		<hr/>	<hr/>
		771,526	918,740
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	9		
Basic (HK cents)		4.6	6.8
		<hr/> <hr/>	<hr/> <hr/>
Diluted (HK cents)		4.6	6.8
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period	<u>771,526</u>	<u>918,740</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	(69,337)	(195,701)
Income tax relating to the above item	8,345	48,813
Currency translation differences	<u>(1,405,343)</u>	<u>332,430</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(1,466,335)</u>	<u>185,542</u>
Total comprehensive (loss)/income for the period	<u>(694,809)</u>	<u>1,104,282</u>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(391,126)	506,523
Non-controlling interests	<u>(303,683)</u>	<u>597,759</u>
	<u>(694,809)</u>	<u>1,104,282</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		20,111,450	19,953,732
Right-of-use assets		6,360,997	6,550,516
Investment properties		777,549	823,624
Intangible assets		84,446	88,063
Investments accounted for using the equity method		5,032,062	5,897,365
Financial assets at fair value through other comprehensive income		607,461	705,558
Deferred income tax assets		23,904	26,216
		<u>32,997,869</u>	<u>34,045,074</u>
Current assets			
Inventories		229,736	81,215
Trade and other receivables and notes receivables	10	2,789,523	3,179,790
Restricted bank deposits		24,790	—
Time deposits with maturity over three months		2,978,171	1,264,192
Cash and cash equivalents		5,457,391	7,731,651
		<u>11,479,611</u>	<u>12,256,848</u>
Total assets		<u>44,477,480</u>	<u>46,301,922</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		615,800	615,800
Other reserves		4,201,846	4,880,527
Retained earnings		8,858,753	8,940,062
		<u>13,676,399</u>	<u>14,436,389</u>
Non-controlling interests		<u>16,456,337</u>	<u>16,092,474</u>
Total equity		<u>30,132,736</u>	<u>30,528,863</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings		3,949,102	5,087,904
Lease liabilities		303,369	405,903
Deferred income tax liabilities		163,719	184,050
Other long-term liabilities		45,472	43,895
		4,461,662	5,721,752
Current liabilities			
Trade and other payables and contract liabilities	11	4,221,070	4,489,030
Current income tax liabilities		156,695	96,464
Borrowings		5,264,635	5,245,219
Lease liabilities		240,682	220,594
		9,883,082	10,051,307
Total liabilities		14,344,744	15,773,059
Total equity and liabilities		44,477,480	46,301,922
Net current assets		1,596,529	2,205,541
Total assets less current liabilities		34,594,398	36,250,615

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 of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021 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 2022 are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group’s condensed consolidated financial statements:

<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 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 HKFRSs</i>	<i>Annual Improvements to HKFRSs 2018-2020</i>

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.

For changes in accounting policies on application of Amendments to HKFRS 3 “Reference to the Conceptual Framework”, business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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 period has had no impact on the condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

Principal activities of the three reportable segments are as follows:

- Cargo handling — Provision of container handling and non-containerised cargo handling
- Sales — Supply of fuel and sales of materials
- Other port ancillary services — Tugboat services, agency services and other services

The Group's major operational activities are carried out in the People's Republic of China (the "PRC").

The segment information for the reportable segments is as follows:

	Unaudited			
	Six months ended 30 June 2022			
	Cargo handling HK\$'000	Sales HK\$'000	Other port ancillary services HK\$'000	Total HK\$'000
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>

Unaudited
Six months ended 30 June 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	3,902,451	3,637,922	1,480,474	9,020,847
Inter-segment revenue	—	(86,381)	(192,792)	(279,173)
Revenue from external customers	<u>3,902,451</u>	<u>3,551,541</u>	<u>1,287,682</u>	<u>8,741,674</u>
Timing of revenue recognition				
At a point in time	3,902,451	3,551,541	1,186,817	8,640,809
Over time	—	—	100,865	100,865
	<u>3,902,451</u>	<u>3,551,541</u>	<u>1,287,682</u>	<u>8,741,674</u>
Segment results	<u>1,310,182</u>	<u>23,633</u>	<u>632,266</u>	1,966,081
Taxes and surcharges				(5,405)
Other income				118,074
Other gains and losses				7,796
Administrative expenses				(902,397)
Reversal of impairment on financial assets				5,942
Other expenses				(2,051)
Finance costs				(256,382)
Share of net profit of associates and joint ventures accounted for using the equity method				<u>247,721</u>
Profit before income tax				<u>1,179,379</u>

4. OTHER INCOME, GAINS AND LOSSES

Other income comprises of the following items:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest income	82,931	77,595
Dividend income from financial assets at fair value through other comprehensive income ("FVOCI")	25,174	11,840
Government grants	12,156	12,509
Value-added tax extra deduction	19,193	15,191
Others	913	939
	<u>140,367</u>	<u>118,074</u>

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Remeasurement gain on investment in an associate accounted for using the equity method	108,524	–
Exchange (loss)/gain, net	(97,364)	26,727
Others	(109)	(18,931)
	<u>11,051</u>	<u>7,796</u>

5. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest expenses on borrowings	188,810	240,885
Less: Amount capitalised in construction in progress	—	(6,539)
	<u>188,810</u>	<u>234,346</u>
Interest expenses on lease liabilities	11,933	22,036
	<u>200,743</u>	<u>256,382</u>

6. INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
PRC income tax expenses		
Current	223,425	247,911
Deferred	11,031	12,728
	<u>234,456</u>	<u>260,639</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 period (2021: nil).

PRC income tax has been calculated based on applicable tax rates in accordance with the relevant laws and regulations in the PRC.

7. PROFIT FOR THE PERIOD

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Costs of goods sold	2,230,529	3,494,457
Depreciation of property, plant and equipment	599,030	587,684
Depreciation of right-of-use assets	190,423	188,135
Depreciation of investment properties	10,161	10,131
Amortisation of intangible assets	16,791	12,584
	<u>2,946,934</u>	<u>4,293,071</u>

8. DIVIDEND

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
2021 final dividend of HK5.99 cents per ordinary share (2021: 2020 final dividend of HK4.13 cents per ordinary share)	<u>368,864</u>	<u>254,325</u>

At the meeting held on 29 March 2022, the Board recommended the payment of a final dividend of HK5.99 cents per ordinary share for the year ended 31 December 2021. The 2021 final dividend was approved at the annual general meeting of the Company held on 15 June 2022.

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2022 (2021: 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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Profit attributable to equity holders of the Company for calculating basic and diluted earnings per share	286,096	417,579

	Unaudited	
	Six months ended 30 June	
	2022	2021
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for calculating basic and diluted earnings per share	6,158,000	6,158,000

In both periods, 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.

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	Audited
	30 June	31 December
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	1,841,089	1,771,953
91–180 days	95,215	71,658
Over 180 days	66,272	39,020
	2,002,576	1,882,631

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	Audited
	30 June	31 December
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	1,443,167	2,032,141
91–180 days	164,627	123,405
181–365 days	178,765	96,631
Over 365 days	89,008	106,304
	1,875,567	2,358,481

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

In the first half of 2022, total cargo throughput handled by the Group was 222.06 million tonnes (2021: 222.43 million tonnes), a slightly decrease of 0.2% over the same period last year, of which total container throughput was 10.039 million TEUs (2021: 10.297 million TEUs), a decrease of 2.5% over the same period last year.

In the first half of 2022, profit attributable to equity holders of the Company amounted to HK\$286 million and basic earnings per share was HK4.6 cents, a decrease of 31.5% over the same period last year. The decrease was mainly due to an exchange loss arising from the HK\$ denominated liabilities held by the Group resulting from the depreciation of RMB against HK\$ during the period while an exchange gain was recorded in the same period last year.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022.

REVIEW OF OPERATIONS

According to the National Bureau of Statistics, China's GDP recorded a growth of 2.5% year-on-year in the first half of 2022. Due to the rebound of COVID-19 pandemic in China and the impact of Ukraine crisis, China's GDP growth in the second quarter of 2022 was only 0.4%, which has shown a significant decline compared to the GDP growth of 4.8% in the first quarter of the year. With China's efficient pandemic control measures and the release of the economic stabilisation policies, China's economy has gradually stabilised since June 2022. In the first half of 2022, China's total import and export value increased by 10.3% year-on-year to US\$3.08 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 2022 was 7.58 billion tonnes, representing a year-on-year decrease of 0.8%, whereas container throughput handled increased by 3.0% year-on-year to 142.31 million TEUs.

The Group has implemented a range of stringent prevention and control measures in response to the COVID-19 outbreak to safeguard and ensure a well-functioning port supply chain. In the first half of 2022, total cargo throughput handled by the Group was 222.06 million tonnes.

Non-containerised Cargo Handling Business

In the first half of 2022, the Group achieved a total non-containerised cargo throughput of 120.56 million tonnes, representing an increase of 0.7% over the same period last year, of which throughput of the subsidiary terminals grew by 2.4% and throughput of the jointly controlled and affiliated terminals fell by 4.3%.

Nature of terminal	Non-containerised cargo throughput			
	First half of 2022 <i>million tonnes</i>	First half of 2021 <i>million tonnes</i>	Change in amount <i>million tonnes</i>	Percentage change
Subsidiary terminals	91.54	89.39	2.15	2.4%
Jointly controlled and affiliated terminals	29.02	30.32	-1.30	-4.3%
Total	120.56	119.71	0.85	0.7%

Container Handling Business

In the first half of 2022, the Group achieved a total container throughput of 10.039 million TEUs, representing a decrease of 2.5% over the same period last year, of which throughput of the subsidiary terminals dropped by 26.7% and throughput of the jointly controlled and affiliated terminals increased by 43.2%. Due to the completion of acquisition and disposal of subsidiaries in container handling business by the Group in December 2021, it led to the large fluctuation of the throughput between the following two categories.

Nature of terminal	Container throughput			
	First half of 2022 <i>'000 TEUs</i>	First half of 2021 <i>'000 TEUs</i>	Change in amount <i>'000 TEUs</i>	Percentage change
Subsidiary terminals	4,933	6,731	-1,798	-26.7%
Jointly controlled and affiliated terminals	5,106	3,566	1,540	43.2%
Total	10,039	10,297	-258	-2.5%

Sales Business

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

Other Port Ancillary Services Business

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

OUTLOOK

The Russia-Ukraine conflict, the tightened monetary policies adopted by Europe and the United States, the worse-than-expected economic slowdown in China, along with other factors, have brought increased downward risk to the global economy and the threat of long-lasting high inflation. In its report issued in July 2022, the International Monetary Fund (IMF) slashed its global economic growth forecast for 2022 to 3.2%, 0.4 percentage point lower than its projection in April 2022. Furthermore, the Chinese economy is expected to grow by 3.3% in 2022, 1.1 percentage points lower than its projection in April 2022.

Faced with complex and dynamic geopolitical and economic developments as well as recurring outbreaks of the COVID-19 pandemic in many parts of China, among other unfavorable factors, the Group has insisted on implementing strict pandemic prevention measures while placing greater effort on the construction of a smart port and maintaining smooth and efficient port operations. Furthermore, the Group has continued to upgrade its traditional equipment and promote the use of shore power equipment to build green terminals, thus helping to conserve energy, reduce emissions and cut carbon discharge.

The Company was awarded with the “Most Leading Port Operating Services” and the “Most Outstanding Cargo Handling Services” in the Dutch online magazine “Finance Derivative” in the first half of 2022. It demonstrates the international recognition of the outstanding innovation and practice of the Company. As the next step, the Group will continue to ensure intrinsic safety and promote green development, improve production automation and intelligent services via innovation and technologies, and enhance corporate governance and management through reform and innovation, so as to lay a solid foundation for the Group to achieve its long-term plan and sustainable development.

FINANCIAL REVIEW

Revenue

The Group's revenue was HK\$7,114 million in the first half of 2022, representing a decrease of 18.6% as compared with the same period last year. An analysis of revenue by segment is as follows:

Type of business	Revenue			
	First half of 2022 <i>HK\$ million</i>	First half of 2021 <i>HK\$ million</i>	Change in amount <i>HK\$ million</i>	Percentage change
Non-containerised cargo handling business	2,637	2,491	146	5.9%
Container handling business	931	1,411	-480	-34.0%
Cargo handling business (total)	3,568	3,902	-334	-8.6%
Sales business	2,264	3,552	-1,288	-36.3%
Other port ancillary services business	1,282	1,288	-6	-0.4%
Total	7,114	8,742	-1,628	-18.6%

Revenue from non-containerised cargo handling business was HK\$2,637 million, 5.9% higher than that in the same period last year. In RMB, revenue increased by 5.6%, mainly contributed by the increase in both the throughput and blended average unit price of the non-containerised cargo handling business.

Revenue from container handling business dropped by 34.0% over the same period last year to HK\$931 million. In RMB, revenue decreased by 34.2%, which was mainly attributable to the drop of the throughput of container handling business and the decrease of blended average unit price of the container handling business.

Revenue from sales business was HK\$2,264 million, a 36.3% decrease as compared with the same period last year and a 36.4% decrease in RMB, which was mainly due to the completion of disposal of a subsidiary which engaged in sales business in August 2021.

Revenue from other port ancillary services business was HK\$1,282 million, a 0.4% slight decrease compared with the same period last year and a 0.7% decrease in RMB.

Cost of Sales

In the first half of 2022, cost of sales of the Group was HK\$5,390 million, representing a decrease of 20.4% as compared with the same period last year. An analysis of costs by segment is as follows:

Type of business	Costs			
	First half of 2022 <i>HK\$ million</i>	First half of 2021 <i>HK\$ million</i>	Change in amount <i>HK\$ million</i>	Percentage change
Cargo handling business	2,527	2,592	-65	-2.5%
Sales business	2,229	3,528	-1,299	-36.8%
Other port ancillary services business	634	656	-22	-3.3%
Total	5,390	6,776	-1,386	-20.4%

Cost of cargo handling business was HK\$2,527 million, 2.5% lower than that in the same period last year. In RMB, cost decreased by 2.8%, primarily attributable to the decrease in container throughput.

Cost of sales business was HK\$2,229 million, a 36.8% decrease as compared with the same period last year. In RMB, cost decreased by 37.0% which was mainly due to the completion of disposal of a subsidiary which engaged in sales business in August 2021.

Cost of other port ancillary services business was HK\$634 million, a 3.3% decline as compared with the same period last year and a 3.5% decrease in RMB, which was mainly due to the decrease in cost of the services business.

Gross Profit

Gross profit and gross profit margin for the first half of 2022 were HK\$1,717 million (2021: HK\$1,961 million) and 24.1% (2021: 22.4%) respectively. Gross profit decreased by 12.4% over the same period last year and gross profit margin increased by 1.7 percentage points over the same period last year, which was mainly driven by the decrease in the proportion of sales business and its gross profit margin was lower than that of other businesses.

Administrative Expenses

Administrative expenses of the Group decreased by 2.3% as compared with the same period last year to HK\$881 million, mainly due to decrease of labor cost. The Group will continue to take strict measures in control and management so as to maintain administrative expenses at a reasonable level.

Other Income and Other Gains and Losses

Other income amounted to HK\$140 million, representing an increase of HK\$22.29 million as compared with the same period last year, which was primarily due to increase of both the interest income from deposits and dividend income from financial assets at FVOCI.

Other gains and losses amounted to HK\$11.05 million, mainly due to the remeasurement gain of HK\$108.52 million on investment in an associate accounted for using the equity method and the exchange loss of HK\$97.36 million.

Finance Costs

Finance costs (excluding capitalised interest) were HK\$201 million, a decrease of 21.7% as compared with the same period last year, which was mainly attributable to the decrease in total borrowings 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\$220 million, representing a decrease of 11.3% as compared with the same period last year.

Income Tax

The Group's income tax expenses amounted to HK\$234 million, representing a decrease of HK\$26.18 million over the same period last year.

FINANCIAL POSITION

Cash Flow

In the first half of 2022, net decrease in cash and cash equivalents of the Group amounted to HK\$1,925 million.

The Group continued to generate steady cash flow from its operations. Net cash inflow from operating activities amounted to HK\$1,495 million.

Net cash outflow from investing activities amounted to HK\$2,259 million, which included cash outflow of HK\$1,770 million as a result of increase in time deposits with maturity over three months, and capital expenditure of HK\$541 million.

Net cash outflow from financing activities amounted to HK\$1,161 million, which included a net decrease of HK\$758 million in borrowings, and lease payment of HK\$64 million.

Capital Structure

The equity attributable to equity holders of the Company as at 30 June 2022 was HK\$13,676 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 30 June 2022, the Company had an issued share capital of 6,158 million shares and the market capitalisation was approximately HK\$4,003 million (at the closing price of the shares of the Company of HK\$0.65 per share on 30 June 2022).

Assets and Liabilities

As at 30 June 2022, the Group's total assets were HK\$44,477 million (31 December 2021: HK\$46,302 million) and total liabilities were HK\$14,345 million (31 December 2021: HK\$15,773 million). Net current assets as at 30 June 2022 were HK\$1,597 million (31 December 2021: HK\$2,206 million).

Liquidity, Financial Resources and Borrowings

As at 30 June 2022, the Group's cash and deposits (including restricted bank deposits and time deposits with maturity over three months) were HK\$8,460 million (31 December 2021: HK\$8,996 million) and principally denominated in RMB.

The Group's total borrowings as at 30 June 2022 were HK\$9,214 million (31 December 2021: HK\$10,333 million), with HK\$5,265 million repayable within one year, HK\$2,510 million repayable after one year and within five years and HK\$1,439 million repayable after five years. About 23.8% and 76.2% of the Group's borrowings were denominated in HK\$ and RMB respectively.

Financial Ratios

As at 30 June 2022, the Group's gearing ratio (total borrowings divided by total equity) was 30.6% (31 December 2021: 33.8%), and current ratio (current assets divided by current liabilities) was 1.2 (31 December 2021: 1.2).

Pledge of Assets

None of the Group's assets were pledged as at 30 June 2022.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 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 30 June 2022, most of the Group's assets and liabilities were denominated in RMB except for certain bank borrowings denominated in HK\$. RMB exchange rate fluctuated in the first half of 2022. In the first quarter of 2022, with the outbreak of the Russia-Ukraine conflict, risk aversion drove RMB to appreciate to a high level. RMB declined rapidly from its high level in the second quarter of the year under the impact of rising COVID-19 cases in China and the strong US\$. As the exchange rate of RMB at the end of June 2022 was approximately 4.6% lower than that at the end of 2021, an exchange loss of approximately HK\$97.36 million (30 June 2021: exchange gain of approximately HK\$26.73 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 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 2022, the Group's total borrowings were HK\$9,214 million and mainly at floating interest rate, and the average borrowing interest rates for RMB and HK\$ borrowings were 4.4% (31 December 2021: 4.3%) and 1.9% (31 December 2021: 1.3%) respectively.

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 financial market.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six months ended 30 June 2022 and up to the date of this announcement, no important events affecting the Group has taken place that is required to be disclosed.

CAPITAL EXPENDITURE AND COMMITMENTS

In the first half of 2022, the Group acquired property, plant and equipment amounted to HK\$1,707 million including acquired through acquisition of subsidiaries.

As at 30 June 2022, the Group's capital commitments (including authorised but not contracted for) amounted to HK\$2,100 million (31 December 2021: HK\$2,120 million).

EMPLOYEES

As at 30 June 2022, the Group had approximately 6,300 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 six months ended 30 June 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. 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.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 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 2022.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022, except for Code Provision F.2.2.

Code Provision F.2.2 stipulates that the chairman of the Board should attend the annual general meeting. Due to other important 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 ("AGM"). In his absence, Luo Xunjie, an executive director of the Company chaired the AGM and the chairmen of the audit, remuneration and nomination committees of the Board also attended the AGM to answer questions of Shareholders at the AGM.

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 six months ended 30 June 2022.

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 2022 interim report of the Company will be published on the website of the Company and the HKEXnews website in due course.

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

Hong Kong, 29 August 2022

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