

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**天津发展控股有限公司**  
**TIANJIN DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 882)**

## **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **FINANCIAL HIGHLIGHTS**

- Revenue from continuing operations amounted to approximately HK\$4,549,058,000 (2018: HK\$5,391,500,000).
- Profit attributable to owners of the Company amounted to approximately HK\$461,441,000 (2018: HK\$471,931,000).
- Recurring profit from continuing operations attributable to owners of the Company amounted to approximately HK\$327,000,000, represented an increase of 18% as compared to 2018 (2018: approximately HK\$276,000,000 excluding impairment loss of HK\$300,000,000 in respect of an investment accounted for using equity method and attributable net gain of approximately HK\$417,000,000 on disposal of subsidiaries).
- Basic earnings per share were HK43.01 cents (2018: HK43.99 cents).
- Proposed final dividend of HK4.78 cents per share (2018: HK4.78 cents per share), together with interim dividend paid, total dividends for the year amounted to HK8.04 cents per share (2018: HK8.04 cents per share).

### **RESULTS**

The board of directors (the “Board”) of Tianjin Development Holdings Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2019 together with the comparative figures for the corresponding year in 2018 are as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	2019 HK\$'000	2018 HK\$'000
<b>Continuing operations</b>			
Revenue	2	4,549,058	5,391,500
Cost of sales		<u>(2,949,200)</u>	<u>(3,311,851)</u>
Gross profit		1,599,858	2,079,649
Other income	3	315,489	330,945
Other (losses) gains, net	4	(8,087)	243,917
Selling and distribution expenses		(861,661)	(1,127,398)
General and administrative expenses		(493,713)	(539,572)
Other operating expenses		(259,310)	(344,087)
Finance costs	5	(84,961)	(86,227)
Share of net profit of associates and joint ventures accounted for using the equity method		<u>363,420</u>	<u>318,872</u>
Profit before tax		571,035	876,099
Tax expense	6	<u>(61,891)</u>	<u>(86,630)</u>
Profit for the year from continuing operations	8	509,144	789,469
<b>Electricity business</b>			
Gain on disposal of a subsidiary	7	136,016	–
(Loss) profit for the year	7	<u>(1,370)</u>	<u>84,179</u>
Profit for the year from electricity business		<u>134,646</u>	<u>84,179</u>
Profit for the year		<u><u>643,790</u></u>	<u><u>873,648</u></u>
Profit for the year attributable to owners of the Company			
– from continuing operations		326,718	392,500
– from electricity business		<u>134,723</u>	<u>79,431</u>
Profit for the year attributable to owners of the Company		<u>461,441</u>	<u>471,931</u>
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		182,426	396,969
– from electricity business		<u>(77)</u>	<u>4,748</u>
Profit for the year attributable to non-controlling interests		<u>182,349</u>	<u>401,717</u>
		<u><u>643,790</u></u>	<u><u>873,648</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic			
– Continuing operations and electricity business	9	<u>43.01</u>	<u>43.99</u>
– Continuing operations		<u>30.46</u>	<u>36.59</u>
Diluted			
– Continuing operations and electricity business		<u>43.01</u>	<u>43.99</u>
– Continuing operations		<u>30.46</u>	<u>36.59</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2019*

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year	<b>643,790</b>	873,648
<b>Other comprehensive (expense) income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income	<b>(392,636)</b>	(349,462)
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	<b>60,657</b>	48,718
Share of other comprehensive income (expense) of investments accounted for using the equity method		
– fair value through other comprehensive income reserve	<b>11,918</b>	(8,323)
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Currency translation differences		
– the Group	<b>(180,566)</b>	(550,179)
– investments accounted for using the equity method	<b>(154,788)</b>	(168,626)
Other comprehensive expense for the year	<b>(655,415)</b>	(1,027,872)
Total comprehensive expense for the year	<b>(11,625)</b>	(154,224)
Attributable to:		
Owners of the Company	<b>125,390</b>	(149,062)
Non-controlling interests	<b>(137,015)</b>	(5,162)
	<b>(11,625)</b>	(154,224)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,859,418</b>	3,334,259
Land use rights		<b>612,740</b>	367,572
Investment properties		<b>239,487</b>	190,895
Investments accounted for using the equity method	<i>11</i>	<b>6,558,477</b>	5,352,577
Intangible assets		<b>9,846</b>	17,854
Deposits paid for acquisition of property, plant and equipment		<b>7,269</b>	8,719
Deferred tax assets		<b>47,213</b>	44,785
Equity instruments at fair value through other comprehensive income	<i>12</i>	<b>1,683,058</b>	2,114,590
Goodwill		<u>–</u>	<u>1,427</u>
		<b><u>12,017,508</u></b>	<b><u>11,432,678</u></b>
<b>Current assets</b>			
Inventories		<b>1,105,629</b>	910,342
Amounts due from investments accounted for using the equity method		<b>56,872</b>	229,118
Amount due from ultimate holding company		<b>299</b>	284
Amounts due from related companies		<b>65,788</b>	59,236
Contract assets		<b>280,979</b>	379,799
Trade receivables	<i>13</i>	<b>689,067</b>	544,730
Notes receivables	<i>13</i>	<b>437,757</b>	361,169
Other receivables, deposits and prepayments	<i>14</i>	<b>465,848</b>	581,721
Financial assets at fair value through profit or loss		<b>434,979</b>	463,186
Structured deposits	<i>15</i>	<b>33,482</b>	52,179
Entrusted deposits	<i>16</i>	<b>1,283,035</b>	457,160
Restricted bank balances		<b>329,669</b>	231,063
Time deposits with maturity over three months		<b>2,257,953</b>	1,888,560
Cash and cash equivalents		<b><u>3,097,288</u></b>	<b><u>3,981,992</u></b>
		<b>10,538,645</b>	10,140,539
Assets classified as held for sale			
– electricity business	<i>7</i>	<u>–</u>	<u>1,428,237</u>
		<b><u>10,538,645</u></b>	<b><u>11,568,776</u></b>
<b>Total assets</b>		<b><u><u>22,556,153</u></u></b>	<b><u><u>23,001,454</u></u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**As at 31 December 2019*

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	<b>2018</b> <b>HK\$'000</b>
<b>EQUITY</b>			
<b>Owners of the Company</b>			
Share capital	<i>17</i>	<b>5,136,285</b>	5,136,285
Reserves		<b>6,226,129</b>	6,180,714
		<b>11,362,414</b>	11,316,999
<b>Non-controlling interests</b>		<b>4,529,398</b>	4,783,834
<b>Total equity</b>		<b>15,891,812</b>	16,100,833
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>7,348</b>	–
Bank borrowings	<i>18</i>	<b>1,985,417</b>	–
Deferred tax liabilities		<b>236,488</b>	301,663
		<b>2,229,253</b>	301,663
<b>Current liabilities</b>			
Trade payables	<i>19</i>	<b>878,762</b>	987,954
Notes payables	<i>19</i>	<b>196,818</b>	97,533
Other payables and accruals	<i>20</i>	<b>1,194,129</b>	1,335,665
Amounts due to related companies		<b>369,349</b>	434,446
Contract liabilities		<b>1,341,568</b>	1,154,721
Lease liabilities		<b>4,900</b>	–
Bank borrowings	<i>18</i>	<b>371,227</b>	2,156,606
Current tax liabilities		<b>78,335</b>	148,074
		<b>4,435,088</b>	6,314,999
Liabilities associated with assets classified as held for sale – electricity business	<i>7</i>	<b>–</b>	283,959
		<b>4,435,088</b>	6,598,958
<b>Total liabilities</b>		<b>6,664,341</b>	6,900,621
<b>Total equity and liabilities</b>		<b>22,556,153</b>	23,001,454
<b>Net current assets</b>		<b>6,103,557</b>	4,969,818
<b>Total assets less current liabilities</b>		<b>18,121,065</b>	16,402,496

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements have been prepared under the historical cost basis, except for equity instruments at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties, which are measured at fair value. The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The financial information relating to the years ended 31 December 2018 and 2019 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2019 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The independent auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

#### *New and amendments to HKFRSs that are mandatorily effective for the current year*

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

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

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES** *(continued)*

***Changes in accounting policies and impacts of application on HKFRS 16 “Leases”***

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 January 2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	3,334,259	(248,604)	3,085,655
Land use rights	367,572	261,915	629,487
<b>Current liability</b>			
Lease liabilities	–	8,411	8,411
<b>Non-current liability</b>			
Lease liabilities	–	4,900	4,900

***New and amendments to HKFRSs in issue but not yet effective***

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

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

## 2. SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions and reviewed by the chief operating decision-makers (the “CODM”). The CODM assess the performance of the operating segments based on a measure of profit after tax.

The Group has six reportable segments. The segments are managed separately as each business offers different products and services. The accounting policies of the reportable segments are the same as those described in the basis of preparation and accounting policies. The following summary describes the operation in each of the Group’s reportable segments.

(a) Utilities

This segment derives revenue from distribution of water, heat and thermal power to industrial, commercial and residential customers in the Tianjin Economic and Technological Development Area, the People’s Republic of China (the “PRC”), while the result of electricity business of this segment is contributed by Tianjin TEDA Electric Power Co., Ltd. (天津泰達電力有限公司) (“TEDA Power”), an investment accounted for using the equity method of the Group.

(b) Pharmaceutical

This segment derives revenue from manufacture and sales of pharmaceutical products as well as design, manufacture and printing for pharmaceutical packaging in the PRC, while the result of the provision of pharmaceutical research and development services of this segment is contributed by Tianjin Institute of Pharmaceutical Research Co., Ltd. (天津藥物研究院有限公司) (“Research Institute”), an investment accounted for using the equity method of the Group.

(c) Hotel

This segment derives revenue from operation of a hotel in Hong Kong.

(d) Electrical and mechanical

This segment derives revenue from manufacture and sales of presses, mechanical and hydroelectric equipment as well as large scale pump units.

(e) Port services

The result of this segment is contributed by a listed investment accounted for using the equity method of the Group, Tianjin Port Development Holdings Limited (“Tianjin Port”), which provides port services in Tianjin.

(f) Elevators and escalators

The result of this segment is contributed by an investment accounted for using the equity method of the Group, Otis Elevator (China) Investment Company Limited (“Otis China”), which manufactures and sells elevators and escalators.

## 2. SEGMENT INFORMATION *(continued)*

### For the year ended 31 December 2019

	Continuing operations						Electricity business	Total operating segments	
	Utilities	Pharmaceutical	Hotel	Electrical and mechanical	Port services	Elevators and escalators	Sub-total		Utilities-electricity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue									
– external customers	1,412,579	1,903,359	105,835	1,127,285	–	–	4,549,058	499,190	5,048,248
Operating profit (loss) before interest	38,861	258,922	16,307	(39,754)	–	–	274,336	(2,992)	271,344
Interest income	24,436	34,803	32	6,474	–	–	65,745	2,234	67,979
Gain on disposal of a subsidiary	–	–	–	–	–	–	–	136,016	136,016
Impairment loss on									
property, plant and equipment	–	(14,347)	–	(58,915)	–	–	(73,262)	–	(73,262)
Impairment loss on intangible assets	–	(7,491)	–	–	–	–	(7,491)	–	(7,491)
Finance costs	–	(5,881)	–	(15,956)	–	–	(21,837)	–	(21,837)
Share of net profit of associates and joint ventures accounted for using the equity method	14,354	2,685	–	–	81,742	264,729	363,510	–	363,510
Profit (loss) before tax	77,651	268,691	16,339	(108,151)	81,742	264,729	601,001	135,258	736,259
Tax (expense) credit	(7,543)	(40,734)	(2,681)	1,604	–	–	(49,354)	(612)	(49,966)
Segment results									
– profit (loss) for the year	70,108	227,957	13,658	(106,547)	81,742	264,729	551,647	134,646	686,293
Non-controlling interests	(5,028)	(147,907)	–	21,505	–	(45,692)	(177,122)	77	(177,045)
Profit (loss) attributable to owners of the Company	65,080	80,050	13,658	(85,042)	81,742	219,037	374,525	134,723	509,248
Segment results									
– profit (loss) for the year includes:									
Depreciation and amortisation	41,890	75,117	14,930	72,783	–	–	204,720	17,737	222,457

### For the year ended 31 December 2018

	Continuing operations						Electricity business	Total operating segments	
	Utilities	Pharmaceutical	Hotel	Electrical and mechanical	Port services	Elevators and escalators	Sub-total		Utilities-electricity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue									
– external customers	1,444,062	2,574,809	127,739	1,244,890	–	–	5,391,500	2,494,362	7,885,862
Operating profit (loss) before interest	62,725	255,127	33,936	(82,341)	–	–	269,447	91,637	361,084
Interest income	11,842	59,313	13	6,053	–	–	77,221	8,895	86,116
Gain on disposal of subsidiaries	–	622,323	–	–	–	–	622,323	–	622,323
Impairment loss on									
property, plant and equipment	–	(2,544)	–	(40,506)	–	–	(43,050)	–	(43,050)
Impairment loss on investments accounted for using the equity method	–	(8,711)	–	–	(300,000)	–	(308,711)	–	(308,711)
Finance costs	–	(16,034)	–	(14,611)	–	–	(30,645)	–	(30,645)
Share of net (loss) profit of associates and joint ventures accounted for using the equity method	–	(9,739)	–	–	90,330	241,969	322,560	–	322,560
Profit (loss) before tax	74,567	899,735	33,949	(131,405)	(209,670)	241,969	909,145	100,532	1,009,677
Tax expense	(5,461)	(48,521)	(5,593)	(7,284)	–	–	(66,859)	(16,353)	(83,212)
Segment results									
– profit (loss) for the year	69,106	851,214	28,356	(138,689)	(209,670)	241,969	842,286	84,179	926,465
Non-controlling interests	(6,150)	(361,086)	–	15,723	–	(41,764)	(393,277)	(4,748)	(398,025)
Profit (loss) attributable to owners of the Company	62,956	490,128	28,356	(122,966)	(209,670)	200,205	449,009	79,431	528,440
Segment results									
– profit (loss) for the year includes:									
Depreciation and amortisation	45,119	111,165	15,219	69,734	–	–	241,237	51,878	293,115

## 2. SEGMENT INFORMATION *(continued)*

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Reconciliation of profit for the year		
Total reportable segments	686,293	926,465
Corporate and others <i>(note (ii))</i>	<u>(42,503)</u>	<u>(52,817)</u>
Profit for the year	<u>643,790</u>	<u>873,648</u>

### *notes:*

- (i) Revenue from supply of water, and heat and thermal power to external customers amounted to HK\$349,580,000 and HK\$1,062,999,000 respectively (2018: HK\$380,481,000 and HK\$1,063,581,000 respectively).

The above revenue included government supplemental income of HK\$203,670,000 (2018: HK\$170,553,000).

- (ii) These principally include (a) results of the Group's other non-core businesses which are not categorised as reportable segments; and (b) corporate level activities including central treasury management, administrative function and exchange gain or loss.

### Segment assets and liabilities

#### As at 31 December 2019

	Continuing operations						Electricity business	Total reportable segments <i>HK\$'000</i>	Corporate and others <i>(note)</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Utilities <i>HK\$'000</i>	Pharmaceutical <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Electrical and mechanical <i>HK\$'000</i>	Port services <i>HK\$'000</i>	Elevators and escalators <i>HK\$'000</i>	Utilities-electricity <i>HK\$'000</i>			
Segment assets	<u>3,295,826</u>	<u>7,527,795</u>	<u>510,979</u>	<u>2,605,432</u>	<u>3,387,904</u>	<u>746,406</u>	–	<u>18,074,342</u>	<u>4,481,811</u>	<u>22,556,153</u>
Segment liabilities	<u>1,512,627</u>	<u>1,049,773</u>	<u>11,891</u>	<u>1,904,355</u>	–	–	–	<u>4,478,646</u>	<u>2,185,695</u>	<u>6,664,341</u>

#### As at 31 December 2018

	Continuing operations						Electricity business	Total reportable segments <i>HK\$'000</i>	Corporate and others <i>(note)</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Utilities <i>HK\$'000</i>	Pharmaceutical <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Electrical and mechanical <i>HK\$'000</i>	Port services <i>HK\$'000</i>	Elevators and escalators <i>HK\$'000</i>	Utilities-electricity <i>HK\$'000</i>			
Segment assets	<u>2,125,314</u>	<u>7,997,889</u>	<u>532,572</u>	<u>2,555,404</u>	<u>3,386,239</u>	<u>760,006</u>	<u>1,428,237</u>	<u>18,785,661</u>	<u>4,215,793</u>	<u>23,001,454</u>
Segment liabilities	<u>1,533,294</u>	<u>1,258,997</u>	<u>11,793</u>	<u>1,844,470</u>	–	–	<u>283,959</u>	<u>4,932,513</u>	<u>1,968,108</u>	<u>6,900,621</u>

### *note:*

The balances represent assets and liabilities relating to corporate and other non-core businesses which are not categorised as reportable segments and principally include the attributable cash and cash equivalents, time deposits with maturity over three months, entrusted deposits, financial assets at fair value through profit or loss, property, plant and equipment, investment properties, equity instruments at fair value through other comprehensive income, certain investments accounted for using the equity method and bank borrowings.

## 2. SEGMENT INFORMATION *(continued)*

### Other segment information

An analysis of the Group's revenue by geographical location of the operations of the relevant subsidiaries is as follows:

	2019 <i>HK'000</i>	2018 <i>HK'000</i>
The PRC	4,443,223	5,263,761
Hong Kong	<u>105,835</u>	<u>127,739</u>
Continuing operations	4,549,058	5,391,500
Electricity business – the PRC	<u>499,190</u>	<u>2,494,362</u>
	<u><u>5,048,248</u></u>	<u><u>7,885,862</u></u>

The Group's non-current assets (excluding financial assets and deferred tax assets) by geographical location of the assets are detailed below:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The PRC	9,832,222	8,811,114
Hong Kong	<u>455,015</u>	<u>462,189</u>
	<u><u>10,287,237</u></u>	<u><u>9,273,303</u></u>

## 3. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest income	173,380	190,851
Government grants	37,491	28,763
Dividend income from equity instruments at fair value through other comprehensive income held at the end of the reporting period	16,511	17,836
Rental income, net of negligible outgoings	8,321	6,390
Sales of scrap materials	4,707	4,914
Sundries	<u>75,079</u>	<u>82,191</u>
	<u><u>315,489</u></u>	<u><u>330,945</u></u>

#### 4. OTHER (LOSSES) GAINS, NET

	<i>notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
<b>Continuing operations</b>			
Impairment loss on investments accounted for using the equity method	(a)	–	(308,711)
Impairment loss on intangible assets		<b>(7,491)</b>	–
Impairment loss on property, plant and equipment		<b>(73,262)</b>	(43,050)
Net (loss) gain on disposal/written off of property, plant and equipment		<b>(261)</b>	1,044
Net exchange loss		<b>(22,994)</b>	(43,049)
Reversal of (allowance for) impairment losses :			
– trade receivables		<b>62,521</b>	53,955
– contract assets		<b>(13,630)</b>	(43,406)
– other receivables		<b>(258)</b>	997
Gain on disposal of subsidiaries	(b)	–	622,323
Increase in fair value of investment properties		<b>15,667</b>	28,453
Net fair value gain (loss) on financial assets held for trading			
– listed		<b>200</b>	5,543
– unlisted		<b>31,421</b>	(30,182)
		<b>(8,087)</b>	243,917

*notes:*

- (a) Due to the carrying value of the Group's interest in Tianjin Port, including goodwill, exceeded its market value at the end of the reporting period, the Group has carried out an impairment assessment and recognised an impairment loss of HK\$300,000,000 with respect to the interest in Tianjin Port for the year ended 31 December 2018 (2019: Nil).
- (b) On 6 August 2018, TianJin Jinhao Pharmaceutical Co., Ltd. (天津金浩醫藥有限公司) (“Jinhao Pharmaceutical”), an indirect non-wholly owned subsidiary of the Company, entered into a joint cooperation agreement with Tianjin China Merchants Tianhe Pharmaceutical Technology Development Partnership (limited partnership) (天津招商天合醫藥科技發展合夥企業(有限合夥)) (“China Merchants Tianhe”) in relation to the disposal of part of the equity interest in Tianjin Institute of Pharmaceutical Research Co., Ltd. (天津藥物研究院有限公司) (“Research Institute”) by Jinhao Pharmaceutical to China Merchants Tianhe through a combination of (i) China Merchants Tianhe, as investor, agreed to inject an aggregate sum of RMB1,004,000,000 by way of cash contribution into Research Institute, in which, RMB33,889,796 will be contributed as the additional registered capital of Research Institute (amounting to approximately 46.5% of the enlarged registered capital), and the balance of RMB970,110,204 will be contributed towards the capital reserve of Research Institute; and (ii) Jinhao Pharmaceutical agreed to transfer part of its shares in Research Institute (amounting to approximately 18.5% of the enlarged registered capital) to China Merchants Tianhe for a consideration of RMB399,270,000 (the “Disposal”). Upon the completion of the Disposal on 31 October 2018, Research Institute was held as to 35% and 65% respectively by Jinhao Pharmaceutical and China Merchants Tianhe, and the Group recognised a Disposal gain of HK\$622,323,000 during the year ended 31 December 2018.

## 5. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest expenses on bank borrowings	83,889	84,936
Interest expenses on amount due to a related company	1,038	4,545
Interest on lease liabilities	315	–
	<u>85,242</u>	<u>89,481</u>
Less: Amounts capitalised on construction in progress (included in property, plant and equipment)	<u>(281)</u>	<u>(3,254)</u>
	<u><u>84,961</u></u>	<u><u>86,227</u></u>

## 6. TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Continuing operations</b>		
Current taxation		
PRC Enterprise Income Tax (“EIT”)	62,598	76,182
Deferred taxation	<u>(707)</u>	<u>10,448</u>
	<u><u>61,891</u></u>	<u><u>86,630</u></u>

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong during the year (2018: Nil).

The Group’s PRC subsidiaries are subject to EIT at a rate of 25% except for certain PRC subsidiaries which are subject to a preferential EIT rate of 15% as they are qualified as High and New Technology Enterprises.

## 7. ELECTRICITY BUSINESS

On 6 December 2018, TEDA Power and Tianjin TEDA Tsinlien Electric Power Co., Ltd. (天津泰達津聯電力有限公司) (“Tsinlien Electric”), a non-wholly owned subsidiary of the Group, entered into the absorption and merger agreement, pursuant to which TEDA Power would absorb and merge with Tsinlien Electric, and TEDA Power would be the surviving company upon completion of the merger and would take up and assume all the assets, liabilities and business operations of Tsinlien Electric, which would then be deregistered and cease to exist as a legal entity (the “Merger”). Upon completion of the Merger, the equity interest of TEDA Power is owned as to approximately 47.09% and 52.91% by the Group and Tianjin TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司), respectively.

At 31 December 2018, the assets and liabilities attributable to Tsinlien Electric that were expected to be merged into TEDA Power within 12 months from the end of that reporting period, were classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position.

The Merger was completed on 22 April 2019 and the Group recognised a disposal gain of HK\$136,016,000. The Group’s 47.09% equity interest in TEDA Power was recognised as an investment accounted for using the equity method with the amount of HK\$1,284,683,000.

The net assets of Tsinlien Electric at the date of disposal were as follows:

	<i>HK\$’000</i>
Analysis of assets and liabilities:	
Property, plant and equipment	465,585
Land use rights	12,243
Deferred tax assets	30,950
Inventories	23
Amounts due from related parties	149,513
Trade and other receivables	516,378
Cash and cash equivalents	229,311
Trade and other payables	(99,503)
Contract liabilities	(66,394)
Dividend payable	(52,378)
Current tax liabilities	(18,706)
	<u>1,167,022</u>
Net assets disposed of	<u>1,167,022</u>
Gain on disposal of a subsidiary:	
Net assets disposed of	(1,167,022)
An investment accounted for using the equity method	1,284,683
Non-controlling interests	65,813
Capital gain tax provision	(45,870)
Transaction costs	(1,588)
	<u>136,016</u>
Gain on disposal	<u>136,016</u>
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	<u>(229,311)</u>

## 7. ELECTRICITY BUSINESS *(continued)*

The results for the period/year from electricity business, which have been presented as a discontinued operation in the consolidated statement of profit or loss, are set out below:

	<b>For the period from 1 January to 22 April 2019 HK\$'000</b>	For the year ended 31 December 2018 HK\$'000
Revenue	<b>499,190</b>	2,494,362
Cost of sales	<b>(497,510)</b>	(2,333,653)
Gross profit	<b>1,680</b>	160,709
Other income	<b>3,754</b>	9,491
Other gains, net	–	16,625
Selling and distribution expenses	<b>(3,732)</b>	(19,899)
General and administrative expenses	<b>(2,414)</b>	(60,776)
Other operating expenses	<b>(46)</b>	(5,618)
(Loss) profit before tax	<b>(758)</b>	100,532
Tax expense	<b>(612)</b>	(16,353)
(Loss) profit for the period/year	<b>(1,370)</b>	84,179
Attributable to:		
Owner of the Company	<b>(1,293)</b>	79,431
Non-controlling interests	<b>(77)</b>	4,748
	<b>(1,370)</b>	84,179
(Loss) profit for the period/year from electricity business includes:		
Auditor's remuneration	<b>41</b>	949

The major classes of assets and liabilities of the electricity business as at 31 December 2018, which had been presented separately in the consolidated statement of financial position, were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	470,610
Land use rights	12,757
Deferred tax assets	30,162
Inventories	22
Trade receivables	49,611
Other receivables, deposits and prepayments	14,237
Time deposits with maturity over three months	349,438
Cash and cash equivalents	501,400
Total assets classified as held for sale	<u>1,428,237</u>
Trade and other payables and total liabilities associated with assets classified as held for sale	<u>(283,959)</u>

## 8. PROFIT FOR THE YEAR

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year from continuing operations is arrived at after charging:		
Employees' benefits expense (including directors' emoluments)	590,630	763,470
Cost of inventories recognised as an expense	2,167,011	2,296,775
Depreciation		
– charged to cost of sales	156,357	151,979
– charged to administrative expenses	31,480	68,703
– charged to selling expenses	158	993
– charged to other operating expenses	27,779	23,838
Depreciation of land use rights	8,683	8,287
Amortisation of intangible assets	248	259
Short term lease expenses on		
– plants, pipelines and networks	59,557	70,949
– land and buildings	9,260	10,264
Auditor's remuneration	11,413	11,297
Research and development costs charged to other operating expenses	235,477	313,988
	<u>235,477</u>	<u>313,988</u>

## 9. EARNINGS PER SHARE

*For continuing operations and electricity business*

The calculations of the basic and diluted earnings per share from continuing operations and electricity business attributable to owners of the Company are based on the following data:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to owners of the Company for the purposes of basic earnings per share		
– from continuing operations and electricity business	461,441	471,931
Effect of dilutive earnings per share		
– adjustment in relation to share options issued by an investment accounted for using the equity method of the Group	–	(6)
Profit attributable to owners of the Company for the purpose of diluted earnings per share		
– from continuing operations and electricity business	461,441	471,925
<b>Number of shares</b>	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

## 9. EARNINGS PER SHARE (continued)

### *For continuing operations*

The calculations of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to owners of the Company for the purposes of basic earnings per share – from continuing operations	<b>326,718</b>	392,500
Effect of dilutive earnings per share – adjustment in relation to share options issued by an investment accounted for using the equity method of the Group	–	(6)
Profit attributable to owners of the Company for the purposes of diluted earnings per share – from continuing operations	<b><u>326,718</u></b>	<b><u>392,494</u></b>
<b>Number of shares</b>	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<b><u>1,072,770</u></b>	<b><u>1,072,770</u></b>

### *For electricity business*

Basic earnings per share for the electricity business is HK12.56 cents per share (2018: HK7.40 cents per share) and diluted earnings per share for the electricity business is HK12.56 cents per share (2018: HK7.40 cents per share) based on the profit for the period/year attributable to owners of the Company from the electricity business of HK\$134,723,000 (2018: HK\$79,431,000) and the denominators detailed above for both basic and diluted earnings per share.

## 10. DIVIDENDS

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
– 2019 interim dividend, paid HK3.26 cents per share (2018: HK3.26 cents per share)	<b>34,972</b>	34,972
– 2018 final dividend, paid HK4.78 cents per share (2017: HK4.55 cents per share)	<b><u>51,278</u></b>	<u>48,811</u>
	<b><u>86,250</u></b>	<b><u>83,783</u></b>

A final dividend of HK4.78 cents per share for the year ended 31 December 2019, amounting to approximately HK\$51,278,000, has been proposed by the Board of the Company and will be subject to the approval by the shareholders at the forthcoming annual general meeting.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The Group's interests in associates and joint ventures		
– Listed shares in Hong Kong		
– Tianjin Port	3,387,904	3,386,239
– Unlisted shares in the PRC		
– Otis China	746,406	760,006
– Research Institute	830,323	855,215
– TEDA Power	1,244,313	–
– Others	349,531	351,117
	<u>6,558,477</u>	<u>5,352,577</u>

## 12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Equity securities</b>			
Listed, at market value	<i>(a)</i>	98,135	85,098
Unlisted	<i>(b)</i>	<u>1,584,923</u>	<u>2,029,492</u>
		<u>1,683,058</u>	<u>2,114,590</u>

*notes:*

- (a) The listed securities mainly represent the Group's 4.69% (2018: 4.69%) equity interest in Binhai Investment Company Limited ("Binhai Investment") which is listed on the Main Board of the Stock Exchange.

As at 31 December 2019, the market value of the Group's equity interest in Binhai Investment was HK\$80,433,000 (2018: HK\$68,863,000) and the unrealised fair value gain of HK\$11,570,000 (2018: loss of HK\$26,794,000) was recognised in other comprehensive income.

- (b) The unlisted equity securities mainly represented the Group's 12.15% (2018: 12.15%) equity interest in Tasly Holding Group Co., Ltd. ("Tasly Holding"). Tasly Holding is a conglomerate in the PRC and is mainly holding Tasly Pharmaceutical Group Co., Ltd., which is listed on the Shanghai Stock Exchange and is principally engaged in research and development, manufacturing and distribution of pharmaceutical product in the PRC.

Other unlisted equity securities are principally equity investments in certain entities established and operated in the PRC. They are mainly denominated in Renminbi. The unlisted equity instruments are measured at fair value through other comprehensive income.

### 13. TRADE RECEIVABLES AND NOTES RECEIVABLES

The ageing analysis of the Group's trade and notes receivables (net of allowance) is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	914,947	329,280
31 to 90 days	42,722	167,731
91 to 180 days	50,953	213,645
181 to 365 days	112,353	101,687
Over 1 year	<u>5,849</u>	<u>93,556</u>
	<u><u>1,126,824</u></u>	<u><u>905,899</u></u>

Various group companies have different credit policies which are dependent on the practice of the markets and the businesses in which they operate. In general, credit periods of (i) 30 days are granted to corporate customers of the Group's hotel business; (ii) 90 to 180 days are granted to customers in the electrical and mechanical segment; and (iii) 30 to 180 days are granted to customers in the pharmaceutical segment. No credit terms are granted to customers in the utilities segment.

Annual government supplemental income receivables do not have credit terms and the amounts are finalised by the TEDA Finance Bureau each financial year. Continuous settlements have been received by the Group over the years.

The carrying amounts of trade and notes receivables approximate their fair values and are mainly denominated in Renminbi.

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Entrusted loan ( <i>note</i> )	–	34,247
Others	<u>465,848</u>	<u>547,474</u>
	<u><u>465,848</u></u>	<u><u>581,721</u></u>

*note:*

The amount represented an entrusted loan to one government-related corporate borrower in the PRC through one PRC financial institution and the outstanding amount was repayable within one year with a variable interest rate at RMB benchmark lending rate plus 1.2% per annum as at 31 December 2018.

### 15. STRUCTURED DEPOSITS

As at 31 December 2019, the Group placed in one licensed commercial bank (2018: one licensed commercial bank) in the PRC for principal-protected RMB-denominated structured deposits with maturity within 6 months (2018: 1 month) after the end of the reporting period. The expected annual interest rate for the structured deposits is indicated at 4.40% (2018: 2.55% to 3.15%), however, the actual interest to be received is uncertain until maturity. Such structured deposits were accounted for as financial assets at fair value through profit or loss under HKFRS 9.

## 16. ENTRUSTED DEPOSITS

As at 31 December 2019, the entrusted deposits were placed with seven financial institutions (2018: three financial institutions) in the PRC, with maturity from 1 to 6 months (2018: 3 to 17 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 6.0% to 8.5% (2018: 6.3% to 8.5%) per annum.

Contracts with maturity over one year confer the Group rights of early redemption at amortised cost, before the maturity date. Accordingly, those deposits were classified as current assets as at 31 December 2018.

## 17. SHARE CAPITAL

	<b>Number of shares Thousand</b>	<b>Value HK\$'000</b>
Issued and fully paid ordinary shares with no par value: At 1 January 2018, 31 December 2018 and 2019	<u>1,072,770</u>	<u>5,136,285</u>

## 18. BANK BORROWINGS

The Group raised new borrowings of HK\$2,269,904,000 and repaid the loans of HK\$2,158,683,000 during the year.

As at 31 December 2019, HK\$371,227,000 of borrowings were payable within one year and carried interest rates at 3.95% to 5.66% (2018: 3.43% to 6.00%) per annum.

## 19. TRADE PAYABLES AND NOTES PAYABLES

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

	<b>2019 HK\$'000</b>	<b>2018 HK\$'000</b>
Within 30 days	<b>338,984</b>	323,639
31 to 90 days	<b>163,061</b>	195,592
91 to 180 days	<b>207,305</b>	118,582
Over 180 days	<u><b>366,230</b></u>	<u>447,674</u>
	<u><b>1,075,580</b></u>	<u>1,085,487</u>

The carrying amounts of trade and notes payables approximate their fair values and are mainly denominated in Renminbi.

## 20. OTHER PAYABLES AND ACCRUALS

	<b>2019 HK\$'000</b>	<b>2018 HK\$'000</b>
Accruals	<b>623,789</b>	642,466
Other payables	<u><b>570,340</b></u>	<u>693,199</u>
	<u><b>1,194,129</b></u>	<u>1,335,665</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### *Utilities*

The Group's utility businesses are mainly operated in the TEDA through supplying electricity, water, heat and thermal power to industrial, commercial and residential customers.

TEDA, located at the centre of Bohai economic rim and also at the intersection of Beijing-Tianjin-Hebei metropolitan regions, is a national development zone and an ideal place for manufacturing and R&D developments. TEDA plays a leading role over the past three decades in Tianjin's economic development.

#### *Electricity*

In December 2018, pursuant to an absorption and merger agreement dated 6 December 2018 entered into between Tianjin TEDA Tsinlien Electric Power Co., Ltd. ("Electricity Company") and Tianjin TEDA Electric Power Co., Ltd. (天津泰達電力有限公司) ("TEDA Power"), TEDA Power absorbed and merged with Electricity Company while TEDA Power was the surviving company upon completion of the merger and assumed all the assets, liabilities and business operations of Electricity Company which was subsequently dissolved and deregistered (the "Merger"). Upon the completion of Merger on 22 April 2019, TEDA Power was owned as to approximately 47.09% and 52.91% respectively by the Group and Tianjin TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司), and became an investment accounted for using the equity method of the Group thereafter. As a result of the Merger, the Group recognised a gain, together with the result from Electricity Company up to the date of Merger, amounted in aggregate to approximately HK\$134.6 million, which has been disclosed and presented as profit from Electricity Business in the Group's consolidated statement of profit or loss.

TEDA Power is principally engaged in supply of electricity in TEDA. It also provides services in relation to construction of electricity supply network, application of technology related to new energy and renewable energy, electricity construction and related technical services. Currently, the installed transmission capacity of TEDA Power is approximately 946,000 kVA. TEDA Power contributed to the Group a profit of approximately HK\$14.4 million and the total quantity of electricity sold for the year was approximately 3,161,046,000 kWh.

#### *Water*

Tianjin TEDA Tsinlien Water Supply Co., Ltd. ("Water Company") is principally engaged in supply of tap water in TEDA. It also provides services in installation and maintenance of water pipes, technical consultancy, retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 425,000 tonnes (2018: 425,000 tonnes).

In 2019, revenue from the Water Company was approximately HK\$349.6 million, a decrease of 8% from HK\$380.5 million last year. The Water Company recorded a profit of approximately HK\$5 million, a decrease of HK\$18.6 million from HK\$23.6 million in 2018. This was mainly attributable to decrease in government supplemental income and lower operating margins driven by the increase in operating costs outstripped the tariff improvement. The total quantity of water sold for the year was approximately 54,824,000 tonnes, representing a decrease of 0.7% over last year.

### ***Heat and Thermal Power***

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. (“Heat & Power Company”) is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA. The Heat & Power Company has steam transmission pipelines of approximately 462 kilometres (2018: 462 kilometres) and more than 120 processing stations (2018: 120 processing stations) in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2019, the Heat and Power Company reported revenue of approximately HK\$1,063 million, broadly maintained at the same level of previous year. Profit from the Heat and Power Company was approximately HK\$50.8 million, an increase of 11.6% from HK\$45.5 million in 2018. The increase in profit was primarily due to increase in government supplemental income and higher volumes of steam sold, partially offset by the increase in average steam purchase cost during the year. The total quantity of steam sold for the year was approximately 3,641,000 tonnes, representing an increase of 3.2% over last year.

### ***Pharmaceutical***

Pharmaceutical segment is principally engaged in the production and sale of chemical drugs as well as design, manufacture and printing for pharmaceutical packaging in the PRC, and also participates in the business of research and development of new medicine technology and new products through its 35% equity interest in Tianjin Institute of Pharmaceutical Research Co., Ltd. (天津藥物研究院有限公司) (“Research Institute”).

In 2019, revenue from pharmaceutical segment was approximately HK\$1,903.4 million, a decline of 26.1% from HK\$2,574.8 million last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$1,791.6 million, a decrease of 24% from HK\$2,357.2 million in 2018. Revenue from sale of packaging materials amounted to approximately HK\$111.8 million, an increase of 13.8% from HK\$98.2 million last year. The decrease in revenue was primarily due to the absence of revenue of Research Institute from sale of pharmaceutical products and provisions of research and development services as well as other pharmaceutical related operations following the completion of the disposal of part of equity interest in Research Institute in October 2018 (the “Disposal”). If not taking into account the revenue of Research Institute for the corresponding year in 2018, revenue from pharmaceutical segment increased by approximately 3.5%. Profit from pharmaceutical segment decreased from HK\$851.2 million last year to approximately HK\$228 million mainly due to the absence of the gain of HK\$622.3 million on Disposal in 2018. Stripping out the Disposal gain in 2018, profit from pharmaceutical segment broadly maintained at the same level of last year. This segment result was primarily attributable to higher gross profit on both sale of pharmaceutical products and packaging materials business, completely offset by higher operating expenses.

During the year, the revenue of Research Institute amounted to approximately HK\$1,034.3 million and contributed to the Group a loss (after non-controlling interests) of approximately HK\$4.4 million.

### ***Hotel***

Courtyard by Marriott Hong Kong (“Courtyard Hotel”), situated in a prime location on the Hong Kong Island, is a 4-star hotel with 245 guest rooms. It is positioned as an ideal lodge for business and leisure travellers.

In 2019, revenue from Courtyard Hotel of approximately HK\$105.8 million was 17.1% below that of the previous year. Against the backdrop of tourism slowdown in Hong Kong, profit from Courtyard Hotel decreased by HK\$14.7 million to approximately HK\$13.7 million for the year 2019. The average room rate was under pressure and the average occupancy rate was approximately 81.7%, a decline as compared to 91.2% in 2018.

## ***Electrical and Mechanical***

Electrical and mechanical segment is principally engaged in the manufacture and sale of presses, mechanical and hydroelectric equipment as well as large scale pump units in the PRC.

In 2019, revenue from electrical and mechanical segment was approximately HK\$1,127.3 million, representing a decrease of 9.5% over last year. Loss from electrical and mechanical segment was approximately HK\$106.5 million compared to HK\$138.7 million in last year. Stripping out the gain of HK\$50.7 million on additional compensation for plant relocation and impairment loss of HK\$58.9 million on property, plant and equipment made in relation to hydroelectric equipment business, the loss would have been approximately HK\$98.3 million, compared to a loss of HK\$145.6 million on a like-for-like basis. The segment loss stemmed from lower revenue due to slowdown in the sector and lower operating margins in hydraulic press business.

On 30 March 2020, Tianjin Tai Kang Investment Co., Ltd. (天津泰康投資有限公司) (“Tianjin Tai Kang”), a non-wholly owned subsidiary of the Company, intends to dispose of its entire equity interest in Tianjin Tianfa Heavy Machinery & Hydro Power Equipment Manufacture Co., Ltd. (天津市天發重型水電設備製造有限公司) and to assign the related shareholder’s loan by Tianjin Tai Kang by way of public listing-for-sale process on the Tianjin Property Rights Exchange Centre (天津產權交易中心) in accordance with the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC (“Potential Disposal”). The initial bidding price for the Potential Disposal is RMB158,681,800 (equivalent to approximately HK\$176,528,869), of which, equity interest amounts to RMB8,681,800 and the related shareholder’s loan amounts to RMB150,000,000. The final consideration for the Potential Disposal will depend on the final bid price to be offered by the successful bidder in the public listing-for-sale process. Tianjin Tai Kang will enter into a formal agreement with the successful bidder following completion of the public listing-for-sale process.

As at the date of the Group’s audited consolidated financial statements was authorised for issue by the Board of Directors of the Company, Tianjin Tai Kang has not entered into any formal agreement regarding the Potential Disposal. Details of the Potential Disposal was disclosed in the Company’s announcement dated 27 March 2020.

## **Strategic and Other Investments**

### ***Port Services***

As at 31 December 2019, the Group has 21% equity interest in Tianjin Port Development Holdings Limited (“Tianjin Port”) (stock code: 3382). Tianjin Port is engaged in the provision of port services including container and cargo handling services, sales and other port ancillary services in Tianjin, the PRC.

As set out in the respective announcements published by Tianjin Port dated 12 February 2020 and 24 March 2020, Tianjin Port Coke Terminals Co., Ltd. (天津港焦炭碼頭有限公司), a wholly-owned subsidiary of Tianjin Port Holdings Co., Ltd. (天津港股份有限公司) (whose shares are listed on the Shanghai Stock Exchange (600717.SH) and is indirectly owned as to approximately 56.81% by Tianjin Port), occurred an incident of suspected embezzlement of funds. Tianjin Port has engaged an independent forensic expert to carry out the independent forensic investigation on this incident and other related matter.

During the year, the revenue of Tianjin Port decreased by 5% to approximately HK\$15,077.4 million and profit attributable to owners of Tianjin Port was approximately HK\$389.2 million.

Tianjin Port contributed to the Group a profit of approximately HK\$81.7 million, representing a decline of 9.5% over last year. The Group carried out an impairment assessment for its equity interest in Tianjin Port and no impairment loss has been recognised in the consolidated income statement for the year (2018: recognised impairment loss HK\$300 million).

### ***Elevators and Escalators***

As at 31 December 2019, the Group has 16.55% equity interest in Otis Elevator (China) Investment Company Limited (“Otis China”). Otis China is engaged in the manufacture and sale of elevators and escalators in the PRC.

During the year, the revenue of Otis China amounted to approximately HK\$19,007 million, representing a decrease of 0.8% compared with last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$219 million, representing an increase of 9.4% over 2018.

### ***Investment in Binhai Investment Company Limited***

As at 31 December 2019, the Group has 4.69% interest in Binhai Investment Company Limited (“Binhai Investment”) (stock code: 2886) and on that date, the market value of the Group’s interest in Binhai Investment was approximately HK\$80.4 million (2018: approximately HK\$68.9 million) and the unrealised fair value gain of approximately HK\$11.5 million (2018: a loss of approximately HK\$26.8 million) was recognised in other comprehensive expense.

### ***Investment in Tasly Holding Group Co., Ltd.***

As at 31 December 2019, the Group had 12.15% equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) (“Tasly Holding”), a non-core passive investment in relation to the Group’s pharmaceutical segment which was acquired indirectly from the controlling shareholder in 2015 by using merger accounting and is now held by Tianjin Central Pharmaceutical Co., Ltd. (天津市中央藥業有限公司), a wholly-owned subsidiary of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥有限公司). Tasly Holding is a conglomerate established under the laws of the PRC on 30 March 2000 and its principal asset includes the holding of 683,481,524 A shares in Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司) (“Tasly Pharmaceutical”), representing approximately 45.18% of its total issued A shares. Tasly Pharmaceutical is principally engaged in the research and development, manufacturing and distribution of pharmaceutical products in the PRC.

At the date of initial application of the Hong Kong Financial Reporting Standard 9 - Financial Instruments on 1 January 2018, the carrying amount of investment in Tasly Holding was HK\$191.5 million and was reclassified from available-for-sale financial assets to equity instruments at fair value through other comprehensive income. As at 31 December 2019, the fair value of investment in Tasly Holding was approximately HK\$1,473.4 million (31 December 2018: HK\$1,908.8 million), accounting for approximately 6.5% of the Group’s total assets, and on that date the fair value loss together with the exchange effect amounted to approximately HK\$435.4 million has been recognised in other comprehensive income. During the year, the Group’s dividend income from Tasly Holding for the year ended 31 December 2018 was approximately HK\$13.8 million (2018: HK\$14 million). The holding of 12.15% equity interest in Tasly Holding is not held for trading and not expected to be sold in the foreseeable future.

## PROSPECT

In 2020, the worldwide spread of the novel coronavirus epidemic is impacting the global economic and social macro environments to an unprecedentedly significant extent. Financial and commodities markets will be volatile. Trade protectionism is intensifying, and the external environment will be encountering increasing instability and uncertainty. China's epidemic prevention and control measures have initially achieved positive results and the resumption of work and production has been carried out in an orderly manner. As the internal and external economic conditions remain severe and complex, the economic development of China will face relatively great pressure in the short term. However, with the gradual implementation of various economic measures, it is believed that the resilience and potentials of China's economy will provide an impetus for its stable economic development.

With the diversification of state-owned enterprises equity and mixed-ownership reform continuing to deepen, Tianjin Municipal People's Government are through its state-owned capital operation platform giving an impetus to the ongoing shift in driving forces for economic development and the optimisation of industrial structure as well as the increase in operational efficiency of state-owned enterprises. The position and advantages of Tianjin Tsinlien Investment Holdings Co., Ltd. (天津津聯投資控股有限公司), a controlling shareholder of the Company and also a cross-border state-owned capital operating company under the Tianjin Municipal People's Government, increasingly manifest itself. Having successfully launched the marketisation of management team selection and recruitment process and smoothly embarked on the research and formulation of development plan for a new era, its will continue to move forward with various reform and economic development in Tianjin City.

The Company will actively involve in the reform and promotion of a new era of high-quality development in Tianjin City by leveraging the business platform of its controlling shareholder. Meanwhile, the Company will also proactively implement the strategy-driven and innovation-driven development plan so as to seize the new development opportunities ahead. In addition, the Company will stick closely to its prudent financial discipline and strive to maintain a steady and sustainable business development to meet the challenges in the future.

## LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 31 December 2019, the total cash on hand and total bank borrowings of the Group's continuing operations stood at approximately HK\$5,684.9 million and HK\$2,356.6 million respectively (2018: approximately HK\$6,101.6 million and HK\$2,156.6 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$371.2 million (2018: approximately HK\$2,156.6 million) will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 20.7% as at 31 December 2019 (2018: approximately 19%).

Of the total HK\$2,356.6 million bank borrowings outstanding as at 31 December 2019, HK\$1,985.4 million were subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods and RMB332.6 million (equivalent to approximately HK\$371.2 million) were fixed-rate debts with annual interest rates at 4.35% to 5.66%.

As at 31 December 2019, 84.2% (2018: 83.3%) of the Group's total bank borrowings was denominated in Hong Kong dollar, 15.8% (2018: 16.7%) was denominated in Renminbi.

The Group's activities expose it to a variety of financial risks. The major financial assets and financial liabilities of the Group include cash and cash equivalents, time deposits with maturity over three months, entrusted deposits, other financial assets and bank borrowings. The Group's financial risk management is aimed at mitigating the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's interest rate, foreign currency and credit risk exposures. The Group regularly reviews its liquidity and financing requirements to ensure that sufficient financial resources are maintained to cover the funding needs.

During the year, the Group has not entered into any derivative contracts or hedging transactions. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and shall consider hedging foreign currency exposure should the need arise.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2019, the Group had a total of approximately 3,734 employees (2018: 4,179) of which approximately 418 (2018: 474) were management personnel and 1,245 (2018: 1,043) were technical staff, with the balance being production workers.

The Group contributes to an employee pension scheme established by the PRC government which undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC. The Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. The contributions are based on a fixed percentage of the employees' salaries.

## **CHARGE ON ASSETS**

As at 31 December 2019, restricted bank balances, land use rights and buildings of HK\$329.7 million (2018: HK\$231.1 million), HK\$64.6 million (2018: HK\$67.7 million) and HK\$352.9 million (2018: HK\$368.6 million) were respectively pledged to financial institutions by the Group to secure general banking facilities.

## **FINAL DIVIDENDS**

The Board recommends the payment of a final dividend of HK4.78 cents per share for the year ended 31 December 2019 (2018: HK4.78 cents per share) to the shareholders whose names appear on the Company's register of members on 7 July 2020. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 26 June 2020, the final dividend will be paid on 31 July 2020.

The final dividend together with the interim dividend of HK3.26 cents per share paid on 28 October 2019 makes a total of HK8.04 cents per share for the year (2018: HK8.04 cents per share).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 22 June 2020 (Monday) to 26 June 2020 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the annual general meeting of the Company, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 19 June 2020 (Friday).

The register of members of the Company will be closed from 3 July 2020 (Friday) to 7 July 2020 (Tuesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 2 July 2020 (Thursday).

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2019.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year, except for the following deviations.

During the year ended 31 December 2019, only two regular board meetings were held, which deviates from code provision A.1.1 of the CG Code. As business operations of the Company were under the management and supervision of the executive directors, who had from time to time held executive meetings to resolve all material business or management issues and therefore, certain Board consents were obtained through the circulation of written resolutions.

Since the retirement of Mr. Zeng Xiaoping on 31 July 2018, the roles of the Chairman of the Board and the Chairman of the nomination committee had been outstanding, which deviated from code provisions A.2 and A.5.1 of the CG Code. Following the appointments of Mr. Wang Zhiyong as Chairman of the Board as well as Chairman of the nomination committee and Mr. Chen Yanhua as executive director and general manager on 29 August 2019, the Company has complied with these code provisions.

The Board will continue to monitor and review the Company's corporate governance practices and procedures and make necessary changes when it considers appropriate.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for the directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the standard as set out in the Model Code throughout the year.

The Company has also established written guidelines regarding securities transaction on no less exacting terms than the Model Code for senior management and specific individuals who may have access to price sensitive information in relation to the securities of the Company.

## **AUDIT COMMITTEE**

The Audit Committee of the Company currently comprises five independent non-executive directors, namely Ms. Ng Yi Kum, Estella (Chairman of the Committee), Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander, Mr. Wong Shiu Hoi, Peter and Dr. Loke Yu. Regular meetings have been held during the year to review the accounting principles and practices adopted by the Group and discussed with the management the effectiveness of the Company’s risk management and internal control systems, and financial reporting matters. The final results for the year ended 31 December 2019 have been reviewed by the Audit Committee of the Company.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in this 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 as approved by the Board on 15 May 2020. 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 this preliminary announcement.

By Order of the Board  
**Tianjin Development Holdings Limited**  
**Wang Zhiyong**  
*Chairman and Executive Director*

Hong Kong, 15 May 2020

*As at the date of this announcement, the Board of the Company consists of Mr. Wang Zhiyong, Mr. Chen Yanhua, Dr. Li Xiaoguang, Mr. Zhuang Qifei, Mr. Cui Xiaofei, Mr. Cheung Wing Yui, Edward\*, Dr. Cheng Hon Kwan\*\*, Mr. Mak Kwai Wing, Alexander\*\*, Ms. Ng Yi Kum, Estella\*\*, Mr. Wong Shiu Hoi, Peter\*\* and Dr. Loke Yu\*\*.*

\* *non-executive director*

\*\* *independent non-executive director*