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天津發展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK\$3,746,170,000 (2019: HK\$4,549,058,000).
- Profit attributable to owners of the Company amounted to approximately HK\$294,478,000 (2019: HK\$461,441,000).
- Basic earnings per share were HK27.45 cents (2019: HK43.01 cents).
- Proposed final dividend of HK4.78 cents per share (2019: HK4.78 cents per share), together with interim dividend paid, total dividends for the year amounted to HK7.78 cents per share (2019: 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 2020 together with the comparative figures for the corresponding year in 2019 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2020*

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Continuing operations			
Revenue	2	3,746,170	4,549,058
Cost of sales		(2,696,484)	(2,949,200)
Gross profit		1,049,686	1,599,858
Other income	3	301,924	315,489
Other losses, net	4	(148,936)	(8,087)
Selling and distribution expenses		(546,983)	(861,661)
General and administrative expenses		(510,999)	(493,713)
Other operating expenses		(202,472)	(259,310)
Finance costs	5	(70,814)	(84,961)
Share of net profit of associates and joint ventures accounted for using the equity method		505,760	363,420
Profit before tax		377,166	571,035
Tax expense	6	(75,443)	(61,891)
Profit for the year from continuing operations	8	301,723	509,144
Electricity business			
Gain on disposal of a subsidiary	7	–	136,016
Loss for the year		–	(1,370)
Profit for the year from electricity business		–	134,646
Profit for the year		301,723	643,790

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)**For the year ended 31 December 2020*

	<i>Note</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company			
– from continuing operations		294,478	326,718
– from electricity business		<u>–</u>	<u>134,723</u>
Profit for the year attributable to owners of the Company		<u>294,478</u>	<u>461,441</u>
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		7,245	182,426
– from electricity business		<u>–</u>	<u>(77)</u>
Profit for the year attributable to non-controlling interests		<u>7,245</u>	<u>182,349</u>
		<u>301,723</u>	<u>643,790</u>
		HK cents	<i>HK cents</i>
Earnings per share	9		
Basic			
– Continuing operations and electricity business		<u>27.45</u>	<u>43.01</u>
– Continuing operations		<u>27.45</u>	<u>30.46</u>
Diluted			
– Continuing operations and electricity business		<u>27.45</u>	<u>43.01</u>
– Continuing operations		<u>27.45</u>	<u>30.46</u>

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

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year	301,723	643,790
Other comprehensive income (expense)		
<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	3,973	(392,636)
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	(4,679)	60,657
Share of other comprehensive income of investments accounted for using the equity method – fair value through other comprehensive income reserve	681	11,918
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Currency translation differences – the Group	598,521	(180,566)
– investments accounted for using the equity method	384,265	(154,788)
Other comprehensive income (expense) for the year	982,761	(655,415)
Total comprehensive income (expense) for the year	1,284,484	(11,625)
Attributable to:		
Owners of the Company	983,281	125,390
Non-controlling interests	301,203	(137,015)
	1,284,484	(11,625)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,879,745	2,859,418
Land use rights		627,448	612,740
Investment properties		237,542	239,487
Investments accounted for using the equity method	11	6,832,237	6,558,477
Intangible assets		16,345	9,846
Finance lease receivables		89,273	–
Deposits paid for acquisition of property, plant and equipment		7,644	7,269
Deferred tax assets		56,236	47,213
Equity instruments at fair value through other comprehensive income	12	1,791,755	1,683,058
		<u>12,538,225</u>	<u>12,017,508</u>
Current assets			
Inventories		1,031,580	1,105,629
Amounts due from investments accounted for using the equity method		12,715	56,872
Amount due from ultimate holding company		235	299
Amounts due from related companies		80,530	65,788
Contract assets		191,650	280,979
Finance lease receivables		35,567	–
Trade receivables	13	692,159	689,067
Notes receivables	13	594,478	437,757
Other receivables, deposits and prepayments	13	225,767	465,848
Financial assets at fair value through profit or loss		594,246	434,979
Structured deposits	14	119,952	33,482
Entrusted deposits	15	1,175,772	1,283,035
Restricted bank balances		140,570	329,669
Time deposits with maturity over three months		2,115,271	2,257,953
Cash and cash equivalents		4,330,691	3,097,288
		<u>11,341,183</u>	<u>10,538,645</u>
Total assets		<u><u>23,879,408</u></u>	<u><u>22,556,153</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 31 December 2020*

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
EQUITY			
Owners of the Company			
Share capital	<i>16</i>	5,136,285	5,136,285
Reserves		7,125,373	6,226,129
		12,261,658	11,362,414
Non-controlling interests		4,779,123	4,529,398
Total equity		17,040,781	15,891,812
LIABILITIES			
Non-current liabilities			
Lease liabilities		12,386	7,348
Bank borrowings	<i>17</i>	1,990,417	1,985,417
Deferred tax liabilities		254,339	236,488
		2,257,142	2,229,253
Current liabilities			
Trade payables	<i>18</i>	1,123,730	878,762
Notes payables	<i>18</i>	282,810	196,818
Other payables and accruals	<i>19</i>	1,058,579	1,194,129
Amounts due to related companies		236,339	369,349
Contract liabilities		1,411,007	1,341,568
Lease liabilities		7,258	4,900
Bank borrowings	<i>17</i>	339,304	371,227
Current tax liabilities		122,458	78,335
		4,581,485	4,435,088
Total liabilities		6,838,627	6,664,341
Total equity and liabilities		23,879,408	22,556,153
Net current assets		6,759,698	6,103,557
Total assets less current liabilities		19,297,923	18,121,065

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 2019 and 2020 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 2019 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 2020 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.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA, for the first time in the current year:

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

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

² Effective for annual periods beginning on or after 1 January 2022

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

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2021

2. SEGMENT INFORMATION

Following the outbreak of Coronavirus Disease 2019 (the “**Coronavirus**”) in early 2020, precautionary and control measures including travel restrictions, quarantine and temporary delays in resumption of work have been taken across the People’s Republic of China (the “**PRC**”). The ongoing Coronavirus outbreak in the PRC and beyond has brought about additional uncertainties in the Group’s operating environment and has impacted the Group’s operations and financial performance for the current year.

As the overall impact of the Coronavirus outbreak is still unfolding, the Group has taken the necessary actions to minimise the disruptions to its operations and will continue to carefully monitor the situation and proactively implement measures to mitigate the impact to the Group’s operations.

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 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 2020

	Continuing operations							Electricity business HK\$'000	Total operating segments HK\$'000
	Utilities HK\$'000 <i>(note (i))</i>	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Sub-total HK\$'000		
Segment revenue									
– external customers	1,265,157	1,408,930	34,756	1,037,327	–	–	3,746,170	–	3,746,170
Operating (loss) profit before interest	(9,033)	66,939	(19,682)	(212,140)	–	–	(173,916)	–	(173,916)
Interest income	40,768	36,400	74	5,657	–	–	82,899	–	82,899
Impairment loss on									
– property, plant and equipment	–	(62,590)	–	(11,085)	–	–	(73,675)	–	(73,675)
– impairment loss on intangible assets	–	(5,406)	–	–	–	–	(5,406)	–	(5,406)
Finance costs	–	(5,368)	–	(14,115)	–	–	(19,483)	–	(19,483)
Share of net profit of associates and joint ventures accounted for using the equity method	27,708	4,828	–	–	134,911	330,331	497,778	–	497,778
Profit (loss) before tax	59,443	34,803	(19,608)	(231,683)	134,911	330,331	308,197	–	308,197
Tax (expense) credit	(894)	(28,476)	3,261	2,118	–	–	(23,991)	–	(23,991)
Segment results									
– profit (loss) for the year	58,549	6,327	(16,347)	(229,565)	134,911	330,331	284,206	–	284,206
Non-controlling interests	(2,711)	(5,184)	–	53,815	–	(57,015)	(11,095)	–	(11,095)
Profit (loss) attributable to owners of the Company	55,838	1,143	(16,347)	(175,750)	134,911	273,316	273,111	–	273,111
Segment results									
– profit (loss) for the year includes:									
– Depreciation and amortisation	34,437	81,228	15,056	68,587	–	–	199,308	–	199,308

For the year ended 31 December 2019

	Continuing operations							Electricity business HK\$'000	Total operating segments HK\$'000
	Utilities HK\$'000 <i>(note (i))</i>	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Sub-total 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

2. SEGMENT INFORMATION (continued)

	2020 HK\$'000	2019 HK\$'000
Reconciliation of profit for the year		
Total reportable segments	284,206	686,293
Corporate and others (note (ii))	17,517	(42,503)
Profit for the year	<u>301,723</u>	<u>643,790</u>

notes:

- (i) Revenue from supply of water, and heat and thermal power to external customers amounted to HK\$289,384,000 and HK\$975,773,000, respectively (2019: HK\$349,580,000 and HK\$1,062,999,000, respectively).

The above revenue included government supplemental income of HK\$125,595,000 (2019: HK\$203,670,000).

- (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 2020

	Continuing operations						Total reportable segments HK\$'000	Corporate and others (note) HK\$'000	Total HK\$'000
	Utilities HK\$'000	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000			
Segment assets	<u>3,592,261</u>	<u>7,783,359</u>	<u>488,016</u>	<u>2,586,671</u>	<u>3,661,120</u>	<u>864,221</u>	<u>18,975,648</u>	<u>4,903,760</u>	<u>23,879,408</u>
Segment liabilities	<u>1,584,073</u>	<u>971,092</u>	<u>5,269</u>	<u>1,979,238</u>	<u>–</u>	<u>–</u>	<u>4,539,672</u>	<u>2,298,955</u>	<u>6,838,627</u>

As at 31 December 2019

	Continuing operations						Total reportable segments HK\$'000	Corporate and others (note) HK\$'000	Total HK\$'000
	Utilities HK\$'000	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000			
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>–</u>	<u>–</u>	<u>4,478,646</u>	<u>2,185,695</u>	<u>6,664,341</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, finance lease receivables, 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:

	2020 <i>HK'000</i>	2019 <i>HK'000</i>
The PRC	3,711,414	4,443,223
Hong Kong	<u>34,756</u>	<u>105,835</u>
Continuing operations	3,746,170	4,549,058
Electricity business – the PRC	<u>–</u>	<u>499,190</u>
	<u><u>3,746,170</u></u>	<u><u>5,048,248</u></u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The PRC	10,153,584	9,832,222
Hong Kong	<u>447,377</u>	<u>455,015</u>
	<u><u>10,600,961</u></u>	<u><u>10,287,237</u></u>

3. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations		
Interest income	195,015	173,380
Government grants	39,743	37,491
Dividend income from equity instruments at fair value through other comprehensive income held at the end of the reporting period	2,103	16,511
Rental income, net of negligible outgoings	2,502	8,321
Sales of scrap materials	4,001	4,707
Finance lease interest income	5,334	–
Sundries	<u>53,226</u>	<u>75,079</u>
	<u><u>301,924</u></u>	<u><u>315,489</u></u>

4. OTHER LOSSES, NET

	2020 HK\$'000	2019 HK\$'000
Continuing operations		
Impairment loss on intangible assets	(5,406)	(7,491)
Impairment loss on property, plant and equipment	(73,675)	(73,262)
Net gain (loss) on disposal/written off of property, plant and equipment	435	(261)
Net exchange gain (loss)	44,758	(22,994)
(Allowance for) reversal of impairment losses :		
– trade receivables	(132,342)	62,521
– contract assets	(17,022)	(13,630)
– other receivables	13,355	(258)
– inventories	(6,928)	–
Gain on disposal of a subsidiary (<i>note</i>)	33,422	–
(Decrease) increase in fair value of investment properties	(12,261)	15,667
Net fair value gain on financial assets held for trading		
– listed	1,288	200
– unlisted	5,440	31,421
	<u>(148,936)</u>	<u>(8,087)</u>

note:

On 18 June 2020, the Company entered into a conditional state-owned equity transfer agreement with Tianjin Food Group Co., Ltd. (天津食品集團有限公司) (“**Tianjin Food**”), a fellow subsidiary of Tsinlien Group Company Limited (津聯集團有限公司), pursuant to which, the Company had conditionally agreed to sell the entire equity interest of Tianjin Heavenly Palace Winery Co., Ltd. (天津天宮葡萄酒有限公司) (“**Heavenly Palace**”), a direct wholly-owned subsidiary of the Company, to Tianjin Food at a cash consideration of RMB331,922,200 (equivalent to approximately HK\$389,226,000) (the “**Disposal**”). The consideration was determined with reference to the appraised net asset value of Heavenly Palace and the dividend receivable by the Company in an aggregate sum of RMB149,955,090 (equivalent to approximately HK\$172,959,000) payable by Heavenly Palace. The Disposal of this non-core business of the Group has been approved by the shareholders of the Company at an extraordinary general meeting held on 17 August 2020. Upon completion of the Disposal on 27 October 2020, Heavenly Palace ceased to be a subsidiary of the Group thereafter and the Group recognised a Disposal gain of HK\$33,422,000 during the year ended 31 December 2020.

5. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations		
Interest expenses on bank borrowings	70,125	83,889
Interest expenses on amount due to a related company	363	1,038
Interest on lease liabilities	326	315
	<u>70,814</u>	<u>85,242</u>
Less: Amounts capitalised on construction in progress (included in property, plant and equipment)	<u>–</u>	<u>(281)</u>
	<u>70,814</u>	<u>84,961</u>

6. TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations		
Current taxation		
PRC Enterprise Income Tax (“EIT”)	85,199	62,598
Deferred taxation	(9,756)	(707)
	<u>75,443</u>	<u>61,891</u>

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong for both years.

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) (“**Electricity Company**”), 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 Electricity Company, and TEDA Power would be the surviving company upon completion and would take up and assume all the assets, liabilities and business operations of Electricity Company, 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.

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 Electricity Company 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 from electricity business for the period from 1 January to 22 April 2019, which had been presented as a discontinued operation in the consolidated statement of profit or loss, are set out below:

	For the period from 1 January to 22 April 2019 <i>HK\$'000</i>
Revenue	499,190
Cost of sales	<u>(497,510)</u>
Gross profit	1,680
Other income	3,754
Selling and distribution expenses	(3,732)
General and administrative expenses	(2,414)
Other operating expenses	<u>(46)</u>
Loss before tax	(758)
Tax expense	<u>(612)</u>
Loss for the period	<u><u>(1,370)</u></u>
Attributable to:	
Owner of the Company	(1,293)
Non-controlling interests	<u>(77)</u>
	<u><u>(1,370)</u></u>
Loss for the period from electricity business includes:	
Auditor's remuneration	<u><u>41</u></u>

8. PROFIT FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year from continuing operations is arrived at after charging:		
Employees' benefits expense (including directors' emoluments)	569,928	590,630
Cost of inventories recognised as an expense	2,030,364	2,167,011
Depreciation		
– charged to cost of sales	148,925	156,357
– charged to administrative expenses	58,195	31,480
– charged to selling expenses	561	158
– charged to other operating expenses	387	27,779
Depreciation of land use rights	7,413	8,683
Amortisation of intangible assets	2,939	248
Short-term lease expenses on		
– plants, pipelines and networks	35,480	59,557
– land and buildings	9,793	9,260
Auditor's remuneration	11,353	11,413
Research and development costs charged to other operating expenses	163,141	235,477
	<u>163,141</u>	<u>235,477</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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share		
– from continuing operations and electricity business	<u>294,478</u>	<u>461,441</u>
Number of shares	<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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share – from continuing operations	<u>294,478</u>	<u>326,718</u>
Number of shares	<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>

The computation of diluted earnings per share does not assume the exercise of the share options issued by an investment accounted for using the equity method of the Group and the Company because the exercise price of those share options was higher than the average market price of shares of the investment accounted for using the equity method of the Group and the Company, respectively, for both years.

For electricity business

For the year ended 31 December 2019, basic earnings per share for the electricity business was HK12.56 cents per share and diluted earnings per share for the electricity business was HK12.56 cents per share based on the profit for the year attributable to owners of the Company from the electricity business of HK\$134,723,000 and the denominators detailed above for both basic and diluted earnings per share.

10. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
– 2020 interim dividend, paid HK3.00 cents per share (2019: HK3.26 cents per share)	32,183	34,972
– 2019 final dividend, paid HK4.78 cents per share (2018: HK4.78 cents per share)	<u>51,278</u>	<u>51,278</u>
	<u>83,461</u>	<u>86,250</u>

A final dividend of HK4.78 cents per share for the year ended 31 December 2020, amounting to approximately HK\$51,278,400, 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The Group's interests in associates and joint ventures		
– Listed shares in Hong Kong		
– Tianjin Port	3,661,120	3,387,904
– Unlisted shares in the PRC		
– Otis China	864,221	746,406
– Research Institute	875,736	830,323
– TEDA Power	1,353,370	1,244,313
– Others	77,790	349,531
	<u>6,832,237</u>	<u>6,558,477</u>

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Equity securities			
Listed, at market value	<i>(a)</i>	87,882	98,135
Unlisted	<i>(b)</i>	<u>1,703,873</u>	<u>1,584,923</u>
		<u>1,791,755</u>	<u>1,683,058</u>

notes:

- (a) The listed securities mainly represent the Group's 4.07% (2019: 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 2020, the market value of the Group's equity interest in Binhai Investment was HK\$65,558,000 (2019: HK\$80,433,000) and the unrealised fair value loss of HK\$14,875,000 (2019: gain of HK\$11,570,000) was recognised in other comprehensive expense.

- (b) The unlisted equity securities mainly represented the Group's 12.15% (2019: 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 / NOTES RECEIVABLES / OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	692,159	689,067
Notes receivables	<u>594,478</u>	<u>437,757</u>
	1,286,637	1,126,824
Others receivables, deposits and prepayments	<u>225,767</u>	<u>465,848</u>
	<u><u>1,512,404</u></u>	<u><u>1,592,672</u></u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	473,975	914,947
31 to 90 days	188,934	42,722
91 to 180 days	320,062	50,953
181 to 365 days	152,751	112,353
Over 1 year	<u>150,915</u>	<u>5,849</u>
	<u><u>1,286,637</u></u>	<u><u>1,126,824</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, other receivables and deposits approximate their fair values and are mainly denominated in Renminbi.

14. STRUCTURED DEPOSITS

As at 31 December 2020, the Group placed with two licensed commercial banks (2019: one licensed commercial bank) in the PRC for principal-protected RMB-denominated structured deposits with maturity from 2 to 6 months (2019: 6 months) after the end of the reporting period. The expected annual interest rate for the structured deposits is indicated from 1.6% to 4.4% (2019: 4.4%), 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.

15. ENTRUSTED DEPOSITS

As at 31 December 2020, the entrusted deposits were placed with seven financial institutions (2019: seven financial institutions) in the PRC, with maturity from 1 to 14 months (2019: 1 to 6 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 6.0% to 8.7% (2019: 6.0% 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 2020.

16. SHARE CAPITAL

	Number of shares Thousand	Value HK\$'000
Issued and fully paid ordinary shares with no par value: At 1 January 2019, 31 December 2019 and 2020	<u>1,072,770</u>	<u>5,136,285</u>

17. BANK BORROWINGS

The Group raised new borrowings of HK\$321,366,000 and repaid the loans of HK\$374,150,000 during the year.

As at 31 December 2020, HK\$339,304,000 of borrowings were payable within one year and carried interest rates at 4.35% to 5.66% (2019: 3.95% to 5.66%) per annum.

18. TRADE PAYABLES AND NOTES PAYABLES

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

	2020 HK\$'000	2019 HK\$'000
Within 30 days	315,778	338,984
31 to 90 days	319,078	163,061
91 to 180 days	173,337	207,305
Over 180 days	<u>598,347</u>	<u>366,230</u>
	<u>1,406,540</u>	<u>1,075,580</u>

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

19. OTHER PAYABLES AND ACCRUALS

	2020 HK\$'000	2019 HK\$'000
Accruals	520,871	623,789
Other payables	<u>537,708</u>	<u>570,340</u>
	<u>1,058,579</u>	<u>1,194,129</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Utilities

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

TEDA is a national development zone and has long been in a leading position in terms of overall capabilities in the PRC. Situated at the centre of the Bohai Economic Rim and also at the intersection of Beijing-Tianjin-Hebei metropolitan regions, TEDA is an ideal place for manufacturing and R&D developments.

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 (2019: 425,000 tonnes).

Revenue from the Water Company was approximately HK\$289.4 million, a decrease of 17.2% from HK\$349.6 million in 2019. The Water Company recorded a profit of approximately HK\$17.6 million, an increase of HK\$12.6 million from HK\$5 million last year. This was mainly attributable to higher ancillary services income and interest income, partly offset by lower operating margins due to lower volumes of water sold and tariff adjustment. The total quantity of water sold for the year was approximately 47,177,000 tonnes, representing a decrease of 13.9% over last year.

Heat and Thermal Power

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. ("**Heat and Power Company**") is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA. The Heat and Power Company has steam transmission pipelines of approximately 475 kilometres (2019: 462 kilometres) and more than 120 processing stations (2019: 120 processing stations) in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2020, the Heat and Power Company reported revenue of approximately HK\$975.8 million, a decline of 8.2% from HK\$1,063 million last year. Profit from the Heat and Power Company was approximately HK\$13.2 million, as compared with HK\$50.8 million in 2019. The decline in both revenue and profit was primarily due to the decrease in government supplemental income by HK\$78 million. Such side effect on profit was partly offset by a combination of tariff improvement and reduction in average steam purchase cost. The total quantity of steam sold for the year was approximately 3,625,000 tonnes, broadly maintained at the same level of the previous year.

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 had been disclosed and presented as profit from Electricity Business in the Group’s consolidated statement of profit or loss in 2019.

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.

During the year, the revenue of TEDA Power amounted to approximately HK\$2,135.2 million. TEDA Power contributed to the Group a profit of approximately HK\$27.7 million, as compared with HK\$14.4 million in 2019. The total quantity of electricity sold for the year was approximately 3,050,711,000 kWh.

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 2020, revenue from pharmaceutical segment was approximately HK\$1,408.9 million, a decline of 26% from HK\$1,903.4 million last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$1,276.3 million, a decrease of 28.8% from HK\$1,791.6 million in 2019. Revenue from sale of packaging materials amounted to approximately HK\$132.6 million, an increase of 18.6% from HK\$111.8 million last year. Profit from pharmaceutical segment was approximately HK\$6.3 million, a decrease of 97.2% from HK\$228 million last year. The decline in both revenue and profit was primarily due to lower sales volumes and lower operating margins for sale of pharmaceutical products business as a result of weaker demand stemmed from the outbreak of Coronavirus Disease 2019 (“**Coronavirus**”) at the beginning of the year and heightened price competition from impact of centralised drug procurement program, and the impairment provision of approximately HK\$65.4 million on the relevant assets in connection with the termination of the 23-valent pneumococcal polysaccharide vaccine project, partly offset by lower of selling and distribution expenses as well as general and administrative expenses.

During the year, the revenue of Research Institute decreased by 12.5% to approximately HK\$904.7 million and contributed to the Group a loss (after non-controlling interests) of approximately HK\$5 million, as compared with a loss of HK\$4.4 million in 2019.

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.

Revenue from Courtyard Hotel declined by HK\$71 million to approximately HK\$34.8 million for the year 2020 and reported a loss of approximately HK\$16.3 million compared to a profit of HK\$13.7 million last year. The result was mainly attributable to the ongoing Coronavirus situation and its adverse impact on cross border and international travel. The average room rate declined and the average occupancy rate was approximately 29.9%, as compared with 81.7% in 2019.

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 2020, revenue from electrical and mechanical segment was approximately HK\$1,037.3 million, representing a decrease of 8% over last year. Loss from electrical and mechanical segment was approximately HK\$229.6 million compared to a loss of HK\$106.5 million in 2019. Stripping out the impairment loss of HK\$11 million on property, plant and equipment as well as the allowance of HK\$124.4 million for trade receivables and contract assets, the loss from electrical and mechanical segment would have been approximately HK\$94.2 million, compared to a loss of HK\$98.3 million for the previous year on a like-for-like basis. The result was primarily attributable to the lower revenue and operating margins for hydroelectric equipment business and a weakening of small and medium-sized hydropower sector.

During the year, 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) (“**Tianfa Equipment**”) and Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) (“**Tianduan**”) 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 on 30 March 2020 and 12 June 2020, respectively (“**Potential Disposals**”).

As at the date of the Group’s audited consolidated financial statements was authorised by the Board of the Company, Tianjin Tai Kang has not entered into any formal agreements regarding the Potential Disposals. Details of the Potential Disposals were disclosed in the Company’s announcements dated 27 March 2020 and 11 June 2020, respectively. The Group will continue to take cautious view with the operating performance of electrical and mechanical segment and may consider critically the advantages in its restructuring.

Strategic and Other Investments

Port Services

As at 31 December 2020, 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.

During the year, the revenue of Tianjin Port increased by 2.8% to approximately HK\$15,492.8 million and profit attributable to owners of Tianjin Port was approximately HK\$642.4 million.

Tianjin Port contributed to the Group a profit of approximately HK\$134.9 million, representing an increase of 65.1% over last year.

Elevators and Escalators

As at 31 December 2020, 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\$20,595 million, representing an increase of 8.4% compared with last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$273.3 million, representing an increase of 24.8% over 2019.

Investment in Binhai Investment Company Limited

As at 31 December 2020, the Group has 4.07% 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\$65.6 million (2019: approximately HK\$80.4 million) and the unrealised fair value loss of approximately HK\$14.8 million (2019: a gain of approximately HK\$11.5 million) was recognised in other comprehensive expense.

Investment in Tasly Holding Group Co., Ltd.

As at 31 December 2020, 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. (天津力生製藥股份有限公司). 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.

As at 31 December 2020, the fair value of investment in Tasly Holding was approximately HK\$1,577.2 million (31 December 2019: HK\$1,473.4 million), accounting for approximately 6.6% of the Group’s total assets, and on that date the fair value gain together with the exchange effect amounted to approximately HK\$103.8 million has been recognised in other comprehensive income. During the year, there was no dividend distribution from Tasly Holding (2019: HK\$13.8 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

Looking ahead to 2021, the global economic outlook remains challenging with considerable uncertainties arising from the development of pandemic and external environment, despite signs of economic recovery in many parts of the world following the launching of vaccination schemes and implementing prevention and control measures for the pandemic. China's epidemic prevention and control measures made significant progress. With the implementation of various reform measures, the Chinese economy is expected to grow with more focus on medium to long term sustainability.

In the competitive and challenging environment, our Company with solid business and financial strength will be capable of dealing with the challenges ahead and will accelerate the pace of business integration. The Company will actively take part in the reform and promotion for a new era of high quality development in Tianjin City, and will also proactively plan out its development so as to seize the new opportunities ahead. We are confident for the future.

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 31 December 2020, the total cash on hand and total bank borrowings of the Group's continuing operations stood at approximately HK\$6,586.5 million and HK\$2,329.7 million respectively (2019: approximately HK\$5,684.9 million and HK\$2,356.6 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$339.3 million (2019: approximately HK\$371.2 million) will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 19% as at 31 December 2020 (2019: approximately 20.7%).

Of the total HK\$2,329.7 million bank borrowings outstanding as at 31 December 2020, HK\$1,990.4 million were subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods and RMB285.7 million (equivalent to approximately HK\$339.3 million) were fixed-rate debts with annual interest rates at 4.35% to 5.66%.

As at 31 December 2020, 85.4% (2019: 84.2%) of the Group's total bank borrowings was denominated in Hong Kong dollar, 14.6% (2019: 15.8%) 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 2020, the Group had a total of approximately 3,496 employees (2019: 3,734) of which approximately 262 (2019: 418) were management personnel and 1,088 (2019: 1,245) 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 2020, restricted bank balances, land use rights and buildings of HK\$140.6 million (2019: HK\$329.7 million), HK\$68.5 million (2019: HK\$64.6 million) and HK\$338.1 million (2019: HK\$352.9 million) were respectively pledged to financial institutions by the Group to secure general banking facilities.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK4.78 cents per share for the year ended 31 December 2020 (2019: HK4.78 cents per share) to the shareholders whose names appear on the Company's register of members on 5 July 2021. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 24 June 2021, the final dividend will be paid on 26 July 2021.

The final dividend together with the interim dividend of HK3.00 cents per share paid on 30 October 2020 makes a total of HK7.78 cents per share for the year (2019: HK8.04 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 June 2021 (Monday) to 24 June 2021 (Thursday), 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 18 June 2021 (Friday).

The register of members of the Company will be closed from 2 July 2021 (Friday) to 5 July 2021 (Monday), 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 30 June 2021 (Wednesday).

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 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the year ended 31 December 2020.

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 2020 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 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2020 Annual Report will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

By Order of the Board
Tianjin Development Holdings Limited
Chen Yanhua
Executive Director and General Manager

Hong Kong, 30 March 2021

As at the date of this announcement, the Board of the Company consists of Mr. Zhang Bingjun, 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*