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

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 882)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK$3,517,000,000, representing an increase of 9% as compared to 2010.
- Profit attributable to owners of the Company amounted to approximately HK$437,000,000 (2010: approximately HK$474,000,000).
- Basic earnings per share were HK40.96 cents (2010: HK44.42 cents which included earnings per share of HK77.24 cents from operations of toll roads and port services).

RESULTS

The audited consolidated results of Tianjin Development Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2011 together with the comparative figures for the corresponding year in 2010 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Continuing operations:			
Revenue	2	**3,517,032**	3,223,034
Cost of sales		**(3,242,249)**	(2,972,789)
Gross profit		**274,783**	250,245
Other income	3	**132,885**	41,005
Other gains, net	4	**54,678**	74,392
General and administrative expenses		**(377,582)**	(328,051)
Other operating expenses		**(36,238)**	(33,536)
Finance costs	6	**(33,704)**	(19,170)
Share of profits (losses) of			
Associates		**603,451**	551,165
Jointly controlled entities		**(1,088)**	(19,522)
Profit before tax before impairment loss on property, plant and equipment		**617,185**	516,528
Tax expense	7	**(109,662)**	(53,667)
Profit for the year from continuing operations before impairment loss on property, plant and equipment		**507,523**	462,861
Impairment loss on property, plant and equipment	5	**–**	(829,476)
Profit (loss) for the year from continuing operations after impairment loss on property, plant and equipment		**507,523**	(366,615)
Operation of toll roads:			
Gain on disposal of interest in a subsidiary		**–**	236,415
Gain on disposal of interest in an associate		**–**	9,907
Loss for the year		**–**	(48,328)
Port services:			
Gain on deemed disposal of interest in a subsidiary		**–**	620,111
Profit for the year from operation of toll roads and port services		**–**	818,105
Profit for the year	8	**507,523**	451,490
Attributable to:			
Owners of the Company		**437,195**	474,172
Non-controlling interests		**70,328**	(22,682)
		507,523	451,490

CONSOLIDATED INCOME STATEMENT (Cont'd)

For the year ended 31 December 2011

	Note	**2011** **HK cents**	2010 *HK cents*
Earnings (loss) per share	*9*		
Basic:			
From continuing operations before impairment loss on property, plant and equipment		**40.96**	38.15
From continuing operations after impairment loss on property, plant and equipment		**40.96**	(32.82)
From operation of toll roads and port services		–	77.24
		40.96	44.42
Diluted:			
From continuing operations before impairment loss on property, plant and equipment		**40.93**	38.15
From continuing operations after impairment loss on property, plant and equipment		**40.93**	(32.82)
From operation of toll roads and port services		–	77.24
		40.93	44.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Profit for the year		**507,523**	451,490
Other comprehensive income (losses):			
Currency translation differences			
– the Group		**229,860**	157,675
– associates		**171,564**	88,542
– jointly controlled entities		**810**	825
Release of exchange reserve upon completion of disposal of interest in a subsidiary		**–**	(147,738)
Release of exchange reserve and available-for-sale revaluation reserve upon completion of deemed disposal of interest in a subsidiary		**–**	(367,642)
Change in fair value of available-for-sale financial assets	*11(a)*	**(89,314)**	(133,971)
Deferred taxation on fair value change of available-for-sale financial assets		**–**	(8,625)
Reclassification adjustment for accumulated gain upon disposal of available-for-sale financial assets		**(34,425)**	–
Release of deferred taxation relating to the abovementioned reclassification adjustment		**9,020**	–
Share of other comprehensive (loss) income of an associate – available-for-sale revaluation reserve		**(7,910)**	3,009
Total comprehensive income for the year		**787,128**	43,565
Attributable to:			
Owners of the Company		**689,783**	41,093
Non-controlling interests		**97,345**	2,472
		787,128	43,565

CONSOLIDATED BALANCE SHEET
As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,685,553**	1,111,473
Land use rights		**278,151**	51,970
Investment properties		**134,335**	–
Interest in associates	10	**5,239,421**	4,744,622
Interest in jointly controlled entities		**16,660**	16,938
Deferred tax assets		**100,051**	133,379
Available-for-sale financial assets	11	**208,595**	464,768
Deposit paid for acquisition of property, plant and equipment		**57,429**	–
		7,720,195	6,523,150
Current assets			
Inventories		**3,178**	5,005
Amounts due from jointly controlled entities		**14,580**	25,645
Amount due from ultimate holding company		**1,198**	1,066
Amounts due from related companies		**15,740**	42,361
Amount due from an investee company	18	**–**	16,833
Trade receivables	12	**593,999**	717,302
Other receivables, deposits and prepayments	13	**305,246**	1,596,762
Available-for-sale financial assets	11	**36,991**	–
Financial assets at fair value through profit or loss		**338,708**	393,764
Entrusted deposits	14	**1,638,768**	378,912
Restricted bank balance		**3,083**	10,576
Time deposits with maturity over three months		**809,174**	417,321
Cash and cash equivalents		**2,950,873**	2,521,111
		6,711,538	6,126,658
Assets held for sale	15	**–**	523,859
		6,711,538	6,650,517
Total assets		**14,431,733**	13,173,667
EQUITY			
Owners of the Company			
Share capital		**106,747**	106,747
Reserves		**9,482,322**	8,774,509
		9,589,069	8,881,256
Non-controlling interests		**592,936**	525,477
Total equity		**10,182,005**	9,406,733

CONSOLIDATED BALANCE SHEET (Cont'd)

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	16	**1,987,500**	—
Deferred tax liabilities		**76,056**	8,798
		2,063,556	8,798
Current liabilities			
Trade payables	17	**379,035**	273,613
Notes payable		**9,458**	35,253
Other payables and accruals		**1,069,121**	982,720
Amounts due to related companies		**194,836**	78,884
Amounts due to non-controlling interests		**97,489**	42,127
Bank borrowings		**362,514**	2,167,735
Current tax liabilities		**73,719**	101,017
		2,186,172	3,681,349
Liabilities directly associated with assets classified as held for sale	15	—	76,787
		2,186,172	3,758,136
Total liabilities		**4,249,728**	3,766,934
Total equity and liabilities		**14,431,733**	13,173,667
Net current assets		**4,525,366**	2,892,381
Total assets less current liabilities		**12,245,561**	9,415,531

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the historical cost convention, except for available-for-sale financial assets, financial assets at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Adoption of amendments to existing standards and interpretation

In 2011, the Group adopted new or revised amendments and interpretation of HKFRSs ("new or revised HKFRSs") below:

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new or revised HKFRSs did not result in significant impact on the Group's results and financial position or significant changes in the Group's accounting policies and presentation of the consolidated financial statements.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 required all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Group has already commenced an assessment of the impact of HKFRS 9 but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)–Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)–Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

New and revised standards on consolidation, joint arrangements, associates and disclosures (Cont'd)

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual periods beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad and it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors are in the process of assessing the impact of the application of the amendments to HKAS 12 on the consolidated financial statements.

The Group has already commenced an assessment of the impact of these new or revised HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of performance and financial position.

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 chief operating decision-makers assess the performance of the operating segments based on a measure of profit after tax.

The Group has five reportable segments. The segments are managed separately as each business offers different products and services. The following summary describes the operations in each of the Group's reportable segments.

(a) Utilities

This segment derives revenue from distribution of electricity, water, heat and thermal power to industrial, commercial and residential customers in the Tianjin Economic and Technological Development Area ("TEDA"), the People's Republic of China ("PRC").

(b) Hotels

This segment derives revenue from operation of hotels in Hong Kong and Tianjin.

(c) Winery

The result of this segment is contributed by a listed associate of the Group, Dynasty Fine Wines Group Limited ("Dynasty"), which produces and sells winery products.

(d) Port services

The result of this segment is contributed by a listed associate of the Group, Tianjin Port Development Holdings Limited ("Tianjin Port"), which provides port services in Tianjin.

(e) Elevators and escalators

The result of this segment is contributed by an associate of the Group, Otis Elevator (China) Investment Company Limited ("Otis China"), which manufactures and sells elevators and escalators.

2. SEGMENT INFORMATION (Cont'd)

For the year ended 31 December 2011

	Continuing operations					
	Utilities *(note (i))* ***HK$'000***	**Hotels** ***HK$'000***	**Winery** ***HK$'000***	**Port Services** *(note (iii))* ***HK$'000***	**Elevators and escalators** ***HK$'000***	**Total operating segments** ***HK$'000***
Segment revenue	**3,402,434**	**114,598**	**–**	**–**	**–**	**3,517,032**
Operating profit before interest	**69,011**	**2,905**	**–**	**–**	**–**	**71,916**
Interest income	**20,236**	**22**	**–**	**–**	**–**	**20,258**
Finance costs	**(11,682)**	**–**	**–**	**–**	**–**	**(11,682)**
Share of profits of associates	**–**	**–**	**1,907**	**149,785**	**437,618**	**589,310**
Profit before tax	**77,565**	**2,927**	**1,907**	**149,785**	**437,618**	**669,802**
Tax expense	**(5,134)**	**(32,442)**	**–**	**–**	**–**	**(37,576)**
Segment results – profit (loss) for the year	**72,431**	**(29,515)**	**1,907**	**149,785**	**437,618**	**632,226**
Non-controlling interests	**(1,459)**	**6,298**	**–**	**–**	**(75,533)**	**(70,694)**
Profit (loss) attributable to owners of the Company	**70,972**	**(23,217)**	**1,907**	**149,785**	**362,085**	**561,532**
Segment results – profit (loss) for the year includes:						
Depreciation and amortization	**47,789**	**29,073**	**–**	**–**	**–**	**76,862**

For the year ended 31 December 2010

	Continuing operations							
	Utilities *(note (i))* *HK$'000*	Hotels *HK$'000*	Winery *HK$'000*	Port services *HK$'000*	Elevators and escalators *HK$'000*	Sub-total *HK$'000*	Operation of toll roads *(note (ii))* *HK$'000*	Total operating segments *HK$'000*
Segment revenue	3,137,407	85,627	–	–	–	3,223,034	–	3,223,034
Operating profit (loss) before interest	45,848	(21,073)	–	–	–	24,775	(49,562)	(24,787)
Interest income	19,077	21	–	–	–	19,098	2,766	21,864
Impairment loss on properties, plant and equipment	(753,456)	(55,322)	–	–	–	(808,778)	–	(808,778)
Finance costs	(5,694)	(1,633)	–	–	–	(7,327)	–	(7,327)
Share of profits of associates	–	–	71,178	110,336	359,321	540,835	–	540,835
Profit (loss) before tax	(694,225)	(78,007)	71,178	110,336	359,321	(231,397)	(46,796)	(278,193)
Tax (expense) credit	(56,393)	5,673	–	–	–	(50,720)	(1,532)	(52,252)
Segment results – profit (loss) for the year	(750,618)	(72,334)	71,178	110,336	359,321	(282,117)	(48,328)	(330,445)
Non-controlling interests	59,088	17,813	–	–	(62,019)	14,882	6,437	21,319
Profit (loss) attributable to owners of the Company	(691,530)	(54,521)	71,178	110,336	297,302	(267,235)	(41,891)	(309,126)
Segment results – profit (loss) for the year includes:								
Depreciation and amortization	93,965	29,833	–	–	–	123,798	–	123,798

2. SEGMENT INFORMATION (Cont'd)

	2011	2010
	HK$'000	*HK$'000*
Reconciliation of profit (loss) for the year		
Total operating segments	**632,226**	(330,445)
Results of operation of toll roads	**–**	48,328
Share option expenses	**(17,835)**	(545)
Corporate and others *(note (iv))*	**(106,868)**	(83,953)
Profit (loss) for the year from continuing operations after impairment loss on property, plant and equipment	**507,523**	(366,615)

notes:

(i) Revenue from utilities includes government supplemental income of approximately HK$304,400,000 (2010: approximately HK$311,000,000) granted by the Finance Bureau of Tianjin Economic and Technological Development Area (the "TEDA Finance Bureau") to the Group's operating subsidiaries in the utilities segment.

Revenue from external customers and government supplemental income for supply of electricity, water, heat and thermal power amounted to approximately HK$2,087,200,000, HK$316,800,000 and HK$998,400,000 respectively (2010: approximately HK$1,938,400,000, HK$314,000,000 and HK$885,000,000 respectively).

(ii) This was related to the Group's toll roads operation, namely, (a) Tianjin Jinzheng Transportation Development Company Limited ("Jinzheng") which operates the Eastern Outer Ring Road ("EORR"); and (b) Golden Horse Resources Limited ("Golden Horse") which held 60% equity interest in Jinbin Expressway. The operation of toll roads ceased to be a reportable segment for the Group upon completion of the disposal of Jinzheng and Golden Horse in December 2010.

(iii) The Group's interest in Tianjin Port was diluted from 67.33% to 21% in 2010 and the Group's share of results of Tianjin Port is continued to be presented as part of the continuing operations.

(iv) These principally include (a) results of the Group's other non-core businesses which are not categorized as operating 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 2011

	Utilities	**Hotels**	**Winery**	**Port services**	**Elevators and escalators**	**Total operating segments**	**Corporate and others** *(note)*	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**3,158,568**	**1,031,225**	**901,151**	**3,220,005**	**805,788**	**9,116,737**	**5,314,996**	**14,431,733**
Segment liabilities	**1,926,517**	**92,047**	**–**	**–**	**–**	**2,018,564**	**2,231,164**	**4,249,728**

As at 31 December 2010

	Utilities	Hotels	Winery	Port services	Elevators and escalators	Total operating segments	Corporate and others *(note)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	2,617,127	1,055,944	886,237	3,045,447	686,164	8,290,919	4,882,748	13,173,667
Segment liabilities	1,513,631	90,227	–	–	–	1,603,858	2,163,076	3,766,934

2. SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities (Cont'd)

note:

The balances represent assets and liabilities relating to corporate and other non-core businesses not categorized as operating segments, which principally include cash and cash equivalents, time deposits with maturity over three months, entrusted deposits, financial assets at fair value through profit or loss, amount due from an investee company, properties, plant and equipment, investment properties, available-for-sale financial assets, interest in certain associates and bank borrowings.

Other segment information

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

	2011	2010
	HK$'000	*HK$'000*
PRC mainland	**3,403,296**	3,138,168
Hong Kong	**113,736**	84,866
	3,517,032	3,223,034

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

	2011	2010
	HK$'000	*HK$'000*
PRC mainland	**6,854,087**	5,350,080
Hong Kong	**557,462**	574,923
	7,411,549	5,925,003

3. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Interest income	**110,233**	35,682
Rental income under operating leases net of negligible outgoings	**6,143**	–
Sundries	**16,509**	5,323
	132,885	41,005

4. OTHER GAINS, NET

	2011	2010
	HK$'000	*HK$'000*
Gain on disposal of assets held for sale	**6,689**	–
Net exchange gain	**34,360**	42,178
Net gain on disposal of available-for-sale financial asset	**30,872**	–
Net gain (loss) on disposal of property, plant and equipment	**109**	(3,671)
Net (loss) gain on financial assets held for trading		
– listed	**(24,425)**	10,129
– unlisted	**9,954**	25,756
Others	**(2,881)**	–
	54,678	74,392

5. IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

In 2010, against a background of a change in government policies and on the basis of a review of the Group's existing operations, management had decided that impairment losses were required to be recognized in respect of the Group's property, plant and equipment in the following operations:

	2010
	HK$'000
Utilities	753,456
Hotel operation of Hyatt Hotel	55,322
Others	20,698
Total	829,476

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest expenses on bank borrowings repayable within five years	**33,704**	19,170

7. TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Current taxation		
PRC Enterprise Income Tax ("PRC EIT")	**77,220**	26,773
Deferred taxation	**32,442**	26,894
	109,662	53,667

No provision for Hong Kong profits tax has been made as there is no estimated assessable profit derived from Hong Kong during the year (2010: Nil).

The Group's PRC subsidiaries are subject to PRC EIT at 25%. Certain subsidiaries in the utilities segment are currently subject to a preferential tax rate of 24% (2010: 22%), the tax rate will be increased to 25% in 2012.

The deferred tax charge for the current year is mainly related to a reversal of a deferred tax asset relating to tax losses that were recognized in prior years. As a result of revised operating budgets, certain tax losses are no longer expected to be utilized in the foreseeable future and accordingly, the related deferred tax asset was reversed during the year ended 31 December 2011.

8. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Employee benefit expense (including directors' emoluments)	**337,669**	275,006
Purchase of electricity, water and steam for sale	**2,845,276**	2,551,393
Depreciation		
– charged to cost of sales	**42,465**	88,462
– charged to administrative expenses	**9,313**	10,972
– charged to other operating expenses	**22,983**	24,009
Amortization of land use rights	**6,858**	6,557
Provision for impairment of trade receivables	**14,793**	39,031
Operating lease expense on		
– plants, pipelines and networks	**147,137**	129,992
– land and buildings	**9,172**	7,648
Auditor's remuneration	**6,531**	5,262

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the profit (loss) attributable to owners of the Company and the number of shares in issue as follows:

	2011	2010		
	Continuing operations	Continuing operations after impairment loss on property, plant and equipment	Operation of toll roads and port services	Sub-total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) attributable to owners of the Company for purposes of basic and diluted earnings (loss) per share	**437,195**	(350,370)	824,542	474,172
Number of shares	***Thousand***	*Thousand*	*Thousand*	
Number of ordinary shares for purpose of basic earnings (loss) per share	**1,067,470**	1,067,470	1,067,470	
Effect of dilutive potential ordinary shares: Options	**682**	–	–	
Number of ordinary shares taking into account of share options for purpose of diluted earnings (loss) per share	**1,068,152**	1,067,470	1,067,470	

The share options had no dilutive effect on the basic earnings (loss) per share for 2010.

10. INTEREST IN ASSOCIATES

	2011	2010
	HK$'000	*HK$'000*
Group's interest in associates		
– Listed shares in Hong Kong		
– Dynasty	**901,151**	886,237
– Tianjin Port	**3,220,005**	3,045,447
– Unlisted shares in Otis China	**805,788**	686,164
– Unlisted shares in Tianjin Tianduan *(note)*	**169,158**	–
– Other unlisted shares	**143,319**	126,774
	5,239,421	4,744,622

note:

On 11 October 2011, a non wholly-owned subsidiary of the Company, Tianjin Tai Kang Industrial Co., Ltd. (天津泰康實業有限公司) ("Tianjin Tai Kang"), entered into a capital injection agreement with Tianjin Benefo Machinery & Electric Holding Co., Ltd. (天津百利機電控股集團有限公司) and an independent third party, pursuant to which Tianjin Tai Kang agreed to inject a cash amount of RMB135,000,000 (equivalent to approximately HK$165,222,000) into Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) ("Tianjin Tianduan") for the acquisition of 21.83% of the enlarged capital of Tianjin Tianduan. The capital injection was completed on 11 November 2011, Tianjin Tianduan became an associate of the Group and equity accounting was adopted by the Group in respect of its interest in Tianjin Tianduan thereafter.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		2011	2010
	notes	***HK$'000***	*HK$'000*
Equity securities			
Listed, at market value	*(a)*	**193,513**	282,827
Unlisted	*(b)*	**52,073**	181,941
		245,586	464,768
Disclosure			
Current assets		**36,991**	–
Non-current assets		**208,595**	464,768
		245,586	464,768

notes:

(a) The listed shares represent the Group's 8.28% equity interest in Binhai Investment Company Limited ("Binhai Investment") which is listed on the Growth Enterprise Market Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As at 31 December 2011, the market value of the Group's equity interest in Binhai Investment was approximately HK$193,513,000 (2010: approximately HK$282,827,000), and the unrealized fair value loss of approximately HK$89,314,000 (2010: approximately HK$133,971,000) was recognized in other comprehensive income.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Cont'd)

notes: (Cont'd)

(b) On 22 June 2011, the Group entered into a sale and purchase agreement to dispose of its entire 6.62% interest in Tianjin Xinzhan Expressway Co., Ltd. (天津新展高速公路有限公司) ("Tianjin Xinzhan") to Tianjin Expressway Group Co., Ltd. (天津高速公路集團有限公司), one of the shareholders of Tianjin Xinzhan, at a cash consideration of RMB118,100,000 (equivalent to approximately HK$143,774,000). Tianjin Xinzhan is a joint venture established in the PRC and operates the Tangjin Expressway in Tianjin. All conditions precedent stipulated under the agreement were fulfilled and the disposal was completed on 12 October 2011. Since then, the Group's interest in Tianjin Xinzhan ceased to be an unlisted available-for-sale financial asset of the Group.

The remaining unlisted available-for-sale financial assets were principally trust investments in certain entities established and operated in the PRC. They are mainly denominated in Renminbi.

12. TRADE RECEIVABLES

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

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**411,525**	500,487
31 to 90 days	**20,082**	23,236
91 to 180 days	**26,082**	17,623
Over 180 days	**136,310**	175,956
	593,999	717,302

The various group companies have different credit policies which are dependent on the practice of the markets and the businesses. In general, credit periods of 30 to 180 days are granted to corporate customers of the Group's hotel business. No credit terms are granted to customers in the utilities segment.

As at 31 December 2011, the government supplemental income receivable of approximately HK$257,281,000 (2010: approximately HK$400,045,000) was due from TEDA Finance Bureau as referred to in Note 2(i). Annual government supplemental income receivable does not have credit terms and the amount is to be finalized by TEDA Finance Bureau after year end. Continuous settlements have been received by the Group in the past years.

The carrying amounts of trade receivables, other receivables and deposits approximate their fair value and are mainly denominated in Renminbi. The maximum exposure to credit risk at the end of reporting period is the carrying value of the receivable mentioned above.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Consideration receivable for disposal of Jinzheng	**123,305**	1,408,922
Other receivables, deposits and prepayments	**181,941**	187,840
	305,246	1,596,762

14. ENTRUSTED DEPOSITS

As at 31 December 2011, the entrusted deposits were placed with two financial institutions based in Tianjin, PRC with maturity between 2 to 16 months after the end of the reporting period (2010: 4 to 33 months). The deposits carry fixed rates of return ranging from 6.1% to 8.4% per annum (2010: 5.31% to 7.00%). The Group has the right to early redeem the deposits and these deposits were classified as current assets.

15. ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

	notes	2011 HK$'000	2010 HK$'000
Assets held for sale			
– hotel operation of Hyatt Hotel	(a)	–	357,686
– properties held for sale	(b)	–	166,173
		–	523,859
Liabilities directly associated with assets held for sale			
– hotel operation of Hyatt Hotel	(a)	–	76,787

notes:

(a) During the year ended 31 December 2010, management resolved, and commenced action, to dispose its 75% interest in Hyatt Regency Tianjin Hotel ("Hyatt Hotel"). However, following changes in market sentiment in 2011, management has decided to retain it for future development. Accordingly, the assets and liabilities of Hyatt Hotel were reclassified to the corresponding line items on the consolidated balance sheet. The assets and liabilities of Hyatt Hotel as at 31 December 2011 and 2010 are detailed as below:

	31 December 2011 HK$'000	31 December 2010 HK$'000
Assets		
Property, plant and equipment	**121,676**	115,957
Land use rights	**230,623**	219,783
Trade receivables	**85**	56
Other receivables, deposits and prepayments	**27,303**	19,675
Cash and cash equivalents	**3,586**	2,215
Total assets	**383,273**	357,686
Liabilities		
Other payables and accruals	**1,465**	1,811
Deferred tax liabilities	**78,614**	74,976
Total liabilities	**80,079**	76,787

(b) As a result of the disposal of interest in Golden Horse in 2010, the Group was transferred ownership of 26 properties located in Shenzhen and Tianjin which management resolved to dispose and were classified as assets held for sale. Up to 31 December 2011, 24 properties were disposed and the management is of the opinion to retain the remaining 2 properties to earn rentals as a result of the change in PRC property market. Accordingly, the unsold properties at the amount of approximately HK$134,335,000 as at 31 December 2011, being the date of change of management intention, were reclassified to investment properties.

16. BANK BORROWINGS

On 18 February 2011, the Company obtained a term loan banking facility (the "Facility") of HK$2,000,000,000 for the purpose of refinancing a prior syndicated bank loan, which was obtained in 2006 and had been fully repaid on 29 July 2011. The tenor of the Facility is up to 60 months unless not extended by the lenders at the 36th month from the date of the Facility agreement.

Except for the above, the Group raised new borrowings of approximately HK$429,398,000 and repaid the loan of approximately HK$248,675,000 during the year.

As at 31 December 2011, approximately HK$362,514,000 of borrowings were repayable within one year and carried interest rates at 1.70% to 7.54% (2010: 0.78% to 5.48%) per annum.

17. TRADE PAYABLES

The ageing analysis of the Group's trade payables is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**22,720**	17,058
31 to 90 days	**248,961**	38,931
91 to 180 days	**–**	15
Over 180 days	**107,354**	217,609
	379,035	273,613

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

18. AMOUNT DUE FROM AN INVESTEE COMPANY

The balance as at 31 December 2010 was unsecured, interest free and having no fixed repayment term and was mainly denominated in Renminbi. The balance was fully repaid during the year 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Utilities

The Group's utility businesses are mainly operating in the Tianjin Economic and Technological Development Area ("TEDA"), through supplying electricity, water, heat and thermal power to industrial, commercial and residential customers.

TEDA is a national development zone and ranked no. 1 in terms of overall capabilities in the PRC. Situated at the centre of Bohai economic rim and with a planned area of 33 square kilometres in the east and 48 square kilometres in the west, TEDA is an ideal place for manufacturing and R&D developments.

Electricity

Tianjin TEDA Tsinlien Electric Power Co., Ltd. ("Electricity Company") is principally engaged in supply of electricity in the TEDA. It also provides services in relation to maintenance of power supply equipment and technical consultancy. Currently, the installed transmission capacity of Electricity Company is approximately 706,000 kVA.

In 2011, the Electricity Company reported revenue of approximately HK$2,087.2 million and profit of approximately HK$16.9 million, representing an increase of 7.7% and a decrease of 59% respectively over last year. The decline in profit for the year was mainly due to the decrease of supplemental income from the TEDA Finance Bureau. The total quantity of electricity sold for the year was approximately 2,600,000,000 kWh, representing an increase of 4% over last year.

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. ("Water Company") is principally engaged in supply of tap water in the TEDA. It is also engaged 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 400,000 tonnes.

In 2011, the Water Company reported revenue of approximately HK$316.8 million, representing an increase of 1% over last year; and profit of approximately HK$5.8 million. A loss of approximately HK$22.8 million was recorded in last year, if excluding an impairment loss of approximately HK$263.8 million. The profit during the year was mainly attributable to the rise of water price which has offset the impact of decrease of the government supplemental income in 2011. The total quantity of water sold for the year was approximately 47,556,000 tonnes, representing a decline of 0.3% 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 the TEDA. The Heat & Power Company has steam transmission pipelines of approximately 360 kilometres and more than 99 processing stations in the TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2011, the Heat & Power Company reported revenue of approximately HK$998.4 million representing an increase of 13% over last year; and profit of approximately HK$49.6 million. A loss of approximately HK$15.3 million was recorded in last year, if excluding the impairment of approximately HK$489.7 million. The profit during the year was mainly due to the write-back of depreciation expenses arising from the impairment in plant, properties and equipments provided in last year. The total quantity of steam sold for 2011 was approximately 3,924,000 tonnes, representing an increase of 2.7% over last year.

Hotels

Courtyard by Marriott Hong Kong

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 2011, Courtyard Hotel's revenue increased by 34% to approximately HK$113.7 million and loss of approximately HK$10.9 million was recorded. It would have recorded a profit before tax of approximately HK$24 million if excluding one-off deferred tax of HK$35 million. The good performance was benefited from the robust economy in Hong Kong and its excellent service which results in the improvement of room rate. During the year, the average occupancy rate increased to approximately 86 % from 83% in last year.

Hyatt Regency Tianjin Hotel

Hyatt Regency Tianjin Hotel ("Hyatt Hotel") has been closed since July 2009. Hyatt Hotel was classified as assets held for sale in 2010. After consideration of various factors and current market condition, it would be appropriate to retain it for future development. Accordingly, the assets and liabilities related to Hyatt Hotel were reclassified from assets held for sale to the corresponding line items on the financial statements of the Group. During the year, Hyatt Hotel recorded a loss of approximately HK$18.6 million.

Strategic and Other Investments

Winery

During the year, the revenue of Dynasty Fine Wines Group Limited ("Dynasty") (stock code: 828) decreased by 10% to approximately HK$1,445.1 million; profit attributable to owners of Dynasty dropped by 97% to approximately HK$4.3 million. Sales volume declined by 18% to 51.9 million bottles. Red wine accounted for approximately 84% of total sales. The poor results were mainly due to (i) decrease in sales volume; and (ii) shrink in gross profit margin.

Dynasty contributed to the Group a profit of approximately HK$1.9 million, representing a decline of 97% over last year.

Port Services

During the year, the revenue of Tianjin Port Development Holdings Limited ("Tianjin Port") (stock code: 3382) increased by 10% to approximately HK$16,547.7 million and profit attributable to owners of Tianjin Port was approximately HK$713 million, representing an increase of 25% over last year. The satisfactory results were due to the increase of overall throughput, especially the cargo throughput, and rise of unit price. The expanded operating scale and the complementary business structure have strengthened its competitiveness in uncertain worldwide economy and demonstrated its advantages.

Tianjin Port contributed to the Group a profit of approximately HK$149.8 million, representing an increase of 36% compared to last year.

Elevators and Escalators

During the year, the revenue of Otis Elevator (China) Investment Company Limited ("Otis China") amounted to approximately HK$16,521 million, representing an increase of 23% over 2010.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK$362.1 million, representing an increase of 22% over last year.

Investment in Binhai Investment Company Limited

During the year, the Group had 8.28% interest in Binhai Investment Company Limited ("Binhai Investment") (stock code: 8035). As at 31 December 2011, the market value of the Group's interest in Binhai Investment amounted to approximately HK$193.5 million (2010: approximately HK$282.8 million) and the unrealized fair value loss of approximately HK$89.3 million (2010: approximately HK$134 million) was recognized in other comprehensive income.

Acquisition of 21.83% equity interest in Tianjin Tianduan Press Co., Ltd.

On 11 October 2011, Tianjin Tai Kang Industrial Co., Ltd. (天津泰康實業有限公司) ("Tianjin Tai Kang"), a non wholly-owned subsidiary of the Company, entered into a capital injection agreement with Tianjin Benefo Machinery & Electric Holding Co., Ltd. (天津百利機電控股集團有限公司) ("Tianjin Benefo") and Mr. Wu Ri which owned 78.45% and 21.55%, respectively of the then registered capital of Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) ("Tianjin Tianduan"). Tianjin Benefo is also a non-controlling shareholder of Tianjin Tai Kang.

Pursuant to the capital injection agreement, Tianjin Tai Kang and Mr. Wu Ri have agreed to inject cash of RMB135,000,000 (equivalent to approximately HK$165,222,000) and RMB83,833,000 (equivalent to approximately HK$102,601,000) respectively, and Tianjin Benefo has agreed to inject land and properties with an aggregate value of RMB170,183,000 (equivalent to approximately HK$208,282,000), into Tianjin Tianduan whereby on completion, Tianjin Tai Kang would own 21.83% of the enlarged capital of Tianjin Tianduan.

The capital injection was financed by internal resources of Tianjin Tai Kang and was completed on 11 November 2011. Tianjin Tianduan became an associate of the Group and equity accounting was adopted by the Group in respect of its equity interest in Tianjin Tianduan.

Details of the acquisition can be referred to the announcement of the Company dated 11 October 2011.

Disposal of Investment in Tangjin Expressway

On 22 June 2011, the Group through its wholly-owned subsidiary, Godia Holdings Limited, entered into a sale and purchase agreement with Tianjin Expressway Group Co., Ltd. (天津高速公路集團有限公司) ("Tianjin Expressway Group") for the disposal of its entire 6.62% equity interest in Tianjin Xinzhan Expressway Co., Ltd (天津新展高速公路有限公司) ("Tianjin Xinzhan") at a cash consideration of RMB118,100,000 (equivalent to approximately HK$143,774,000) (the "Disposal").

Tianjin Xinzhan is owned by the Company, Tianjin Expressway Group and Grace Crystal Limited as to 6.62%, 33.38% and 60% respectively and is principally engaged in construction, operation, management and maintenance of Tangjin Expressway, Tianjin north section and the provision of related services. The Disposal was approved by the relevant governmental authorities in the PRC and completed on 12 October 2011. A gain of approximately HK$31,272,000 was recognized by the Group accordingly.

PROSPECT

In 2012, the global economy will continue to encounter many challenges, especially the Euro zone debt crisis which has led to uncertainties in political and economic arenas. It is expected that with the implementation of new economic policies and measures by the central government and the continuous adjustment of the economic growth model, the overall economy of China will enjoy a stable and healthy growth. The Company will continue to leverage on its strengths and participate actively in the restructuring of state-owned assets of Tianjin city; and under the strong support of Tianjin Municipal Government and the parent company, expedite the business restructuring and explore new businesses while maintaining steady and sustainable growth of various businesses.

In view of a volatile external environment and tightening monetary policies implemented by the central government, the Company will continue to maintain the principle of equally emphasizing development and prudence and stick to disciplined financial management so as to enable the Company to stand at an advantageous and stable position at any time. Looking forward, the Company is fully confident in its overall business performance.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 31 December 2011, the Group's total cash on hand and total bank borrowings stood at approximately HK$3,763 million and approximately HK$2,350 million respectively (2010: approximately HK$2,951 million and approximately HK$2,168 million respectively) of which approximately HK$362.5 million (2010: approximately HK$2,168 million) bank borrowings will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 24% as at 31 December 2011 (2010: approximately 24%).

Of the total HK$2,350 million bank borrowings outstanding as at 31 December 2011, HK$1,987.5 million were subject to floating rates with a spread of 1.40% over HIBOR of relevant interest periods and RMB50 million (equivalent to approximately HK$61.6 million) was calculated at the 10 basis points over benchmark rate of the People's Bank of China. The remaining RMB244 million (equivalent to approximately HK$301 million) of bank borrowings were fixed-rate debts with annual interest rates at 5.31% to 7.54%.

As at 31 December 2011, 85% (2010: 92%) of the Group's total bank borrowings was denominated in HK dollars, 15% (2010: 8%) was denominated in Renminbi.

During the year, the Group has not entered into any derivative contracts or hedging transactions.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of approximately 1,000 employees at the end of the year, of whom approximately 190 were management personnel and 400 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 its Hong Kong employees. The contributions are based on a fixed percentage of the members' salaries.

CHARGE ON ASSETS

As at 31 December 2011, restricted bank balance of approximately HK$3 million was pledged against notes payable of approximately HK$9.5 million.

DIVIDEND

The Board do not recommend the payment of a final dividend for the year ended 31 December 2011.

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 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (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 deviation from code provision A.1.1 of the CG Code, which stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

During the year ended 31 December 2011, only three regular board meetings were held. As business operations of the Company were under the management and supervision of the executive directors, who had from time to time held meetings to resolve all material business or management issues and therefore, certain Board consents were obtained through the circulation of written resolutions.

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 directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required 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 of 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 three independent non-executive directors, namely Ms. Ng Yi Kum, Estella (Chairman of the Committee), Dr. Cheng Hon Kwan and Mr. Mak Kwai Wing, Alexander. Regular meetings have been held during the year to review the accounting principles and practices adopted by the Group and discussed with the management its internal controls and financial reporting matters. The final results for the year ended 31 December 2011 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 balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 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 2011 Annual Report will be available at the websites of the Company and the Stock Exchange and despatched to shareholders of the Company in mid April 2012.

By Order of the Board
Tianjin Development Holdings Limited
Yu Rumin
Chairman

Hong Kong, 29 March 2012

As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Bai Zhisheng, Mr. Zhang Wenli, Dr. Gong Jing, Mr. Wang Zhiyong, Mr. Cheung Wing Yui, Edward, Dr. Chan Ching Har, Eliza*, Dr. Cheng Hon Kwan**, Mr. Mak Kwai Wing, Alexander** and Ms. Ng Yi Kum, Estella**.*

* *non-executive director*
** *independent non-executive director*