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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$4,952,000,000 (2012: approximately HK\$3,890,000,000), representing an increase of 27.3% as compared to 2012.
- Profit attributable to owners of the Company amounted to approximately HK\$704,400,000 (2012: approximately HK\$413,000,000).
- Basic earnings per share were HK65.98 cents (2012: HK38.70 cents).
- Proposed final dividend of HK6.63 cents per share (2012: Nil).

RESULTS

The board of directors (the “Board”) of Tianjin Development Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2013 together with the comparative figures for the corresponding year in 2012 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2013*

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	2	4,952,429	3,890,394
Cost of sales		(4,703,499)	(3,558,045)
Gross profit		248,930	332,349
Other income	3	299,149	200,729
Other gains, net	4	494,344	115,850
Selling expenses		(60,427)	–
General and administrative expenses		(557,267)	(437,262)
Other operating expenses		(81,643)	(62,374)
Finance costs	5	(52,782)	(63,233)
Share of profit (loss) of			
Associates		556,263	458,535
Joint ventures		(3,107)	501
Profit before tax		843,460	545,095
Tax expense	6	(68,602)	(58,375)
Profit for the year	7	774,858	486,720
Attributable to:			
Owners of the Company		704,353	413,094
Non-controlling interests		70,505	73,626
		774,858	486,720
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		65.98	38.70
Diluted		65.45	38.66

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

For the year ended 31 December 2013

	<i>Note</i>	2013 HK\$'000	2012 <i>HK\$'000</i>
Profit for the year		774,858	486,720
Other comprehensive income (expense)			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences			
– the Group		172,223	2,473
– associates		93,550	5,824
– joint ventures		456	2
Change in fair value of available-for-sale financial assets	<i>11</i>	17,367	24,810
Share of other comprehensive income of an associate			
– available-for-sale revaluation reserve		356	2,122
Reclassification upon disposal of subsidiaries		(7,900)	–
Other comprehensive income for the year		276,052	35,231
Total comprehensive income for the year		1,050,910	521,951
Attributable to:			
Owners of the Company		957,731	448,093
Non-controlling interests		93,179	73,858
		1,050,910	521,951

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		2,194,969	2,287,823
Land use rights		160,703	489,407
Investment properties		201,197	195,987
Interests in associates	10	5,179,873	4,944,466
Interests in joint ventures		84,157	17,162
Intangible assets		232,046	239,808
Deferred tax assets		100,077	106,127
Available-for-sale financial assets	11	251,172	233,405
Goodwill		163,032	158,810
		<u>8,567,226</u>	<u>8,672,995</u>
Current assets			
Inventories		130,010	140,285
Amounts due from joint ventures		14,794	14,373
Amount due from ultimate holding company		353	1,379
Amounts due from related companies		41,048	22,792
Amounts due from customers for contract work	12	762,038	966,241
Trade receivables	13	674,829	819,148
Notes receivables	13	18,957	160,523
Other receivables, deposits and prepayments	14	455,403	550,515
Financial assets at fair value through profit or loss		654,731	438,167
Entrusted deposits	15	1,486,872	1,579,335
Restricted bank balances		212,250	102,811
Time deposits with maturity over three months		98,233	254,398
Cash and cash equivalents		4,489,915	3,864,901
		<u>9,039,433</u>	<u>8,914,868</u>
Total assets		<u><u>17,606,659</u></u>	<u><u>17,587,863</u></u>
EQUITY			
Owners of the Company			
Share capital		106,747	106,747
Reserves		10,920,006	9,949,187
		<u>11,026,753</u>	<u>10,055,934</u>
Non-controlling interests		<u>777,787</u>	<u>849,854</u>
Total equity		<u><u>11,804,540</u></u>	<u><u>10,905,788</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 31 December 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	16	–	1,993,500
Deferred tax liabilities		<u>46,845</u>	<u>119,071</u>
		<u>46,845</u>	<u>2,112,571</u>
Current liabilities			
Trade payables	17	931,473	1,201,616
Notes payables	17	356,996	213,202
Other payables and accruals		1,486,805	1,884,941
Amounts due to related companies		573,094	491,822
Amounts due to customers for contract work	12	153,792	104,209
Bank borrowings	16	2,145,068	565,914
Current tax liabilities		<u>108,046</u>	<u>107,800</u>
		<u>5,755,274</u>	<u>4,569,504</u>
Total liabilities		<u>5,802,119</u>	<u>6,682,075</u>
Total equity and liabilities		<u>17,606,659</u>	<u>17,587,863</u>
Net current assets		<u>3,284,159</u>	<u>4,345,364</u>
Total assets less current liabilities		<u>11,851,385</u>	<u>13,018,359</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants except that, as explained in Note 2(iv) and Note 10, the Group is unable to fulfil the requirements of HKAS 28 (as revised in 2011) “Investments in Associates and Joint Ventures” and HKFRS 12 “Disclosure of Interests in Other Entities” for its investment in Dynasty (as defined in Note 2(d)).

The Group has applied the following new and revised HKFRSs for the first time in the current year:

Amendments to HKFRSs Amendments to HKFRS 7	Annual Improvements to HKFRSs 2009 – 2011 Cycle Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁴
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁵
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ⁵
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ⁵
HK(IFRIC) – Int 21	Levies ⁵

¹ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 January 2016.

⁵ Effective for annual periods beginning on or after 1 January 2014.

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 (“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 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) Electrical and mechanical

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

(d) 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.

(e) 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.

(f) 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 2013

	Utilities (note (i)) HK\$'000	Hotels (note (ii)) HK\$'000	Electrical and mechanical (note (iii)) HK\$'000	Winery (note (iv)) HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	3,832,059	117,823	1,002,547	–	–	–	4,952,429
Operating profit before interest	65,232	17,595	16,764	–	–	–	99,591
Interest income	42,200	15	17,253	–	–	–	59,468
Finance costs	(16,300)	–	(3,618)	–	–	–	(19,918)
Share of profit of associates	–	–	–	–	170,320	383,876	554,196
Profit before tax	91,132	17,610	30,399	–	170,320	383,876	693,337
Tax expense	(22,319)	(3,173)	(10,565)	–	–	–	(36,057)
Segment results – profit for the year	68,813	14,437	19,834	–	170,320	383,876	657,280
Non-controlling interests	(3,047)	3,352	(9,151)	–	–	(66,257)	(75,103)
Profit attributable to owners of the Company	65,766	17,789	10,683	–	170,320	317,619	582,177
Segment results – profit for the year includes: Depreciation and amortisation	61,617	22,505	64,724	–	–	–	148,846

For the year ended 31 December 2012

	Utilities (note (i)) HK\$'000	Hotels HK\$'000	Electrical and mechanical (note (v)) HK\$'000	Winery (note (iv)) HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	3,772,471	117,923	–	–	–	–	3,890,394
Operating profit before interest	54,524	3,541	–	–	–	–	58,065
Interest income	42,809	21	–	–	–	–	42,830
Finance costs	(28,674)	–	–	–	–	–	(28,674)
Share of (loss) profit of associates	–	–	–	(111,267)	148,217	417,860	454,810
Profit (loss) before tax	68,659	3,562	–	(111,267)	148,217	417,860	527,031
Tax expense	(45,550)	(2,023)	–	–	–	–	(47,573)
Segment results – profit (loss) for the year	23,109	1,539	–	(111,267)	148,217	417,860	479,458
Non-controlling interests	1,830	6,739	–	–	–	(72,123)	(63,554)
Profit (loss) attributable to owners of the Company	24,939	8,278	–	(111,267)	148,217	345,737	415,904
Segment results – profit (loss) for the year includes: Depreciation and amortisation	64,698	28,803	–	–	–	–	93,501

2. SEGMENT INFORMATION *(Cont'd)*

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Reconciliation of profit for the year		
Total reportable segments	657,280	479,458
Share-based payments	(13,088)	(18,210)
Gain on disposal of subsidiaries	171,851	–
Corporate and others <i>(note (vi))</i>	(41,185)	25,472
Profit for the year	<u>774,858</u>	<u>486,720</u>

notes:

- (i) Revenue from supply of electricity, water, and heat and thermal power amounted to HK\$2,359,070,000, HK\$387,187,000 and HK\$1,085,802,000 respectively (2012: HK\$2,292,860,000, HK\$355,662,000 and HK\$1,123,949,000 respectively).
- The above revenue included government supplemental income of HK\$230,587,000 (2012: HK\$321,322,000).
- (ii) The hotel property in Tianjin has been disposed of in August 2013.
- (iii) The operating profit before interest of the electrical and mechanical segment for the year ended 31 December 2013 included a gain of disposal of property, plant and equipment/land use rights and certain construction contracts cost estimate adjustments.
- (iv) As detailed in Note 10, in the absence of Dynasty's published financial statements for the years ended 31 December 2013 and 2012 as at the date that these consolidated financial statements were approved by the Board:
- (a) for the year ended 31 December 2013, the Group was not in a position to (i) equity account for its share of results of Dynasty and share of net assets of Dynasty as at 31 December 2013; (ii) assess whether any impairment of its interest in Dynasty was necessary; and (iii) present Dynasty's summarised financial information and other relevant disclosures for the current and comparative periods.
- (b) for the year ended 31 December 2012, the Group had equity accounted for its share of loss of Dynasty and recognised an impairment loss against the carrying amount of its interest in Dynasty based on the best estimates made by the directors of the Company, which was arrived at with reference to the quoted price of Dynasty's listed shares on 31 December 2012. As a result, the Group recognised an aggregate loss of HK\$111,267,000, which was included in the consolidated statement of profit or loss as share of loss of associate for that year.
- (v) As the acquisitions of Tianjin Tianduan Press Co., Ltd. ("Tianduan") and Tianjin Tianfa Heavy Machinery & Hydro Power Equipment Manufacture Co., Ltd. ("Tianfa Equipment") were completed on 31 December 2012, their financial results, representing that of the electrical and mechanical segment, for the year ended 31 December 2012 were not presented as they were not reported to the CODM prior to their becoming subsidiaries of the Group.
- (vi) These principally include (a) results of the Group's other non-core businesses and other associates which are not categorised as reportable segments; (b) corporate level activities including central treasury management, administrative function and exchange gain or loss; and (c) results of Tianduan and Tianfa Equipment while they were the Group's associates prior to 31 December 2012.

2. SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

As at 31 December 2013

	Utilities HK\$'000	Hotels HK\$'000	Electrical and mechanical HK\$'000	Winery HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total reportable segments HK\$'000	Corporate and others (note) HK\$'000	Total HK\$'000
Segment assets	<u>3,439,643</u>	<u>605,859</u>	<u>3,271,590</u>	<u>786,780</u>	<u>3,533,530</u>	<u>843,456</u>	<u>12,480,858</u>	<u>5,125,801</u>	<u>17,606,659</u>
Segment liabilities	<u>2,084,222</u>	<u>7,947</u>	<u>1,594,618</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,686,787</u>	<u>2,115,332</u>	<u>5,802,119</u>

As at 31 December 2012

	Utilities HK\$'000	Hotels HK\$'000	Electrical and mechanical HK\$'000	Winery HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total reportable segments HK\$'000	Corporate and others (note) HK\$'000	Total HK\$'000
Segment assets	<u>3,496,638</u>	<u>996,856</u>	<u>3,102,945</u>	<u>786,780</u>	<u>3,319,892</u>	<u>824,117</u>	<u>12,527,228</u>	<u>5,060,635</u>	<u>17,587,863</u>
Segment liabilities	<u>2,242,223</u>	<u>88,902</u>	<u>1,611,770</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,942,895</u>	<u>2,739,180</u>	<u>6,682,075</u>

note:

The balances represent assets and liabilities relating to corporate and other non-core businesses not categorised as reportable 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, property, plant and equipment, investment properties, available-for-sale financial assets, interests 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:

	2013 HK\$'000	2012 HK\$'000
The PRC	<u>4,835,024</u>	<u>3,773,312</u>
Hong Kong	<u>117,405</u>	<u>117,082</u>
	<u>4,952,429</u>	<u>3,890,394</u>

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

	2013 HK\$'000	2012 HK\$'000
The PRC	<u>7,691,396</u>	<u>7,793,513</u>
Hong Kong	<u>524,581</u>	<u>539,950</u>
	<u>8,215,977</u>	<u>8,333,463</u>

3. OTHER INCOME

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest income	214,556	162,997
Rental income under operating leases, net of negligible outgoings	9,545	15,679
Government grants	13,689	–
Sales of scrap materials	5,255	–
Reversal of receipts in advance from customers	32,911	–
Sundries	23,193	22,053
	<u>299,149</u>	<u>200,729</u>

4. OTHER GAINS, NET

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Gain on disposal of subsidiaries	171,851	–
Gain on disposal of interests in associates	–	58,682
Gain on fair value change of investment properties	–	25,228
Net exchange gain	19,205	5,063
Net gain (loss) on disposal of property, plant and equipment/ land use rights (<i>note</i>)	278,610	(3,159)
Net gain on disposal of available-for-sale financial assets	–	4,644
Net gain on financial assets held for trading		
– listed	8,548	5,376
– unlisted	16,130	20,016
	<u>494,344</u>	<u>115,850</u>

note:

In September 2013, because of the local government's urban redevelopment plan, Tianfa Equipment, a subsidiary in the electrical and mechanical segment, agreed to a relocation plan of its production plant and transferred its ownership of land use rights and certain immovable property, plant and equipment thereon for a compensation of approximately RMB344 million (equivalent to approximately HK\$435 million) from the local government in November 2013, resulting in a gain of approximately HK\$278 million. The compensation will be settled by instalments and as at 31 December 2013, an amount of approximately RMB226 million (equivalent to approximately HK\$286 million) was received while the balance of approximately RMB118 million (equivalent to approximately HK\$149 million) has been included in other receivables.

5. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest expenses on bank borrowings wholly repayable within five years	<u>52,782</u>	<u>63,233</u>

6. TAX EXPENSE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current taxation		
PRC Enterprise Income Tax ("EIT")	62,665	50,044
Deferred taxation	5,937	8,331
	<u>68,602</u>	<u>58,375</u>

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong during the year (2012: Nil).

The Group's PRC subsidiaries are subject to EIT at a rate of 25% except for two subsidiaries which are subject to preferential EIT rate at 15% for a period of 3 years starting from October 2011 as they are qualified as High and New Technology Enterprises.

7. PROFIT FOR THE YEAR

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year is arrived at after charging (crediting):		
Employees' benefits expense (including directors' emoluments)	531,686	403,226
Cost of inventories recognised as an expense	3,366,884	3,069,813
Depreciation		
– charged to cost of sales	88,664	58,062
– charged to administrative expenses	33,237	17,280
– charged to selling expenses	379	–
– charged to other operating expenses	19,306	22,593
Amortisation of land use rights	8,497	6,992
Amortisation of intangible assets	14,138	–
Reversal of allowance for impairment of trade receivables	(4,767)	(2,866)
Impairment loss on property, plant and equipment	–	30,000
Operating lease expense on		
– plants, pipelines and networks	155,680	150,801
– land and buildings	13,298	10,571
Auditor's remuneration	6,039	4,802
Research and development costs		
– charged to other operating expenses	49,999	–

8. EARNINGS PER SHARE

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>704,353</u>	<u>413,094</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic earnings per share	<u>1,067,470</u>	1,067,470
Effect of dilutive potential ordinary shares: Share options	<u>8,710</u>	<u>1,079</u>
Number of ordinary shares taking into account the share options for the purpose of diluted earnings per share	<u>1,076,180</u>	<u>1,068,549</u>

9. DIVIDENDS

A final dividend of HK6.63 cents per share for the year ended 31 December 2013 (2012: Nil), amounting to approximately HK\$70,779,000 (2012: Nil) in total, has been proposed by the Board of the Company and will be subject to approval by the shareholders at the forthcoming annual general meeting.

10. INTERESTS IN ASSOCIATES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The Group's interests in associates		
– Listed shares in Hong Kong		
– Dynasty (<i>note</i>)	786,780	786,780
– Tianjin Port	3,533,530	3,319,892
– Unlisted shares in the PRC		
– Otis China	843,456	824,117
– Liaoning Wunushan Milan Winery Co., Ltd. (遼寧五女山米蘭酒業有限公司)	<u>16,107</u>	<u>13,677</u>
	<u>5,179,873</u>	<u>4,944,466</u>

note:

Trading in the shares of Dynasty has been suspended since 22 March 2013 as per its announcement published on the same date. As set out in the subsequent announcements published by Dynasty, the internal investigation conducted on certain transactions of Dynasty has not yet completed and as a result, Dynasty has not published any financial information for the years ended 31 December 2013 and 2012 as at the date that these consolidated financial statements were approved by the Board. Accordingly, for the preparation of these consolidated financial statements:

- (i) for the year ended 31 December 2013, the Group was not in a position to (i) equity account for its share of results of Dynasty and share of net assets of Dynasty as at 31 December 2013; (ii) assess whether any impairment of its interest in Dynasty was necessary; and (iii) present Dynasty's summarised financial information and other relevant disclosures for the current and comparative periods.

- (ii) for the year ended 31 December 2012, the Group had equity accounted for its share of loss of Dynasty and recognised an impairment loss against the carrying amount of its interest in Dynasty based on the best estimates made by the directors of the Company, which was arrived at with reference to the quoted price of Dynasty's listed shares on 31 December 2012. As a result, the Group recognised an aggregate loss of HK\$111,267,000, which was included in the consolidated statement of profit or loss as share of loss of associate for that year.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>notes</i>	2013 HK\$'000	2012 HK\$'000
Equity securities			
Listed, at market value	<i>(a)</i>	235,690	218,323
Unlisted	<i>(b)</i>	<u>15,482</u>	<u>15,082</u>
		<u>251,172</u>	<u>233,405</u>

notes:

- (a) The listed securities represent the Group's 8.28% equity interest in Binhai Investment Company Limited ("Binhai Investment") which has been transferred to and listed on the Main Board from the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 February 2014.

As at 31 December 2013, the market value of the Group's equity interest in Binhai Investment was HK\$235,690,000 (2012: HK\$218,323,000) and the unrealised fair value gain of HK\$17,367,000 (2012: HK\$24,810,000) was recognised in other comprehensive income.

On 25 July 2013, the Group entered into a stock borrowing agreement (the "Agreement") with TEDA Hong Kong Property Company Limited ("TEDA HK"), the controlling shareholder of Binhai Investment, to facilitate the issuance of convertible bonds by Binhai Investment. Under the Agreement, the Group agreed to lend its entire shareholding of Binhai Investment ("Shares", being the 8.28% equity interest in Binhai Investment) in order to allow TEDA HK to use the Shares and the voting rights thereto during the term of the Agreement. During the term of the Agreement, TEDA HK will pay to the Group any income or entitlements in respect of the Shares.

- (b) The unlisted available-for-sale financial assets are principally equity investments in certain entities established and operated in the PRC. They are mainly denominated in Renminbi and carried at cost.

12. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

Amounts representing the contracts in progress of Tianduan and Tianfa Equipment at the end of the year.

13. TRADE RECEIVABLES AND NOTES RECEIVABLES

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

	2013	2012
	HK\$'000	HK\$'000
Within 30 days	342,037	524,526
31 to 90 days	52,416	91,301
91 to 180 days	58,707	135,628
181 to 365 days	105,629	73,339
Over 1 year	134,997	154,877
	693,786	979,671

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 to 180 days are granted to corporate customers of the Group's hotel business; and (ii) 90 to 180 days are granted to customers in the electrical and mechanical segment. No credit terms are granted to customers in the utilities segment.

As at 31 December 2013, the government supplemental income receivable from the TEDA Finance Bureau was fully settled (2012: HK\$190,415,000) as referred to in Note 2(i). Annual government supplemental income receivable does not have credit terms and the amount is to be finalised by the TEDA Finance Bureau after the end of 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. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>notes</i>	2013	2012
		HK\$'000	HK\$'000
Consideration receivable for disposal of a subsidiary	<i>(a)</i>	37,975	123,305
Entrusted loans	<i>(b)</i>	25,316	184,957
Compensation receivable		148,678	–
Others		243,434	242,253
		455,403	550,515

notes:

- (a) The amount represents the consideration receivable from the disposal of a subsidiary in prior years and a substantial portion has been settled during the current year.
- (b) The amount as at 31 December 2013 represented an entrusted loan to one government-related borrower (2012: two entrusted loans to two government-related borrowers) in the PRC through one PRC financial institution (2012: two PRC financial institutions) carrying interest at fixed rates. A loan of HK\$164,557,000 was repaid during the current year. The outstanding amount is repayable within one year and with a fixed interest rate at 6% per annum (2012: from 6% to 6.66% per annum).

15. ENTRUSTED DEPOSITS

As at 31 December 2013, the entrusted deposits were placed with three financial institutions (2012: two financial institutions) based in Tianjin with maturity between 1 to 21 months (2012: 2 to 12 months) after the end of the reporting period. The deposits carry fixed rates of return ranging from 4.7% to 9.0% (2012: 5.6% to 10.0%) per annum.

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

16. BANK BORROWINGS

The Group raised new borrowings of HK\$1,153,165,000 and repaid the loan of HK\$1,588,554,000 during the year.

As at 31 December 2013, HK\$2,145,068,000 of borrowings were repayable within one year and carried interest rates at 1.71% to 6.80% (2012: 1.70% to 7.22%) per annum.

17. TRADE PAYABLES AND NOTES PAYABLES

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 30 days	310,269	501,408
31 to 90 days	283,766	371,657
91 to 180 days	464,031	319,209
Over 180 days	230,403	222,544
	<u>1,288,469</u>	<u>1,414,818</u>

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

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, 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 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 2013, revenue from the Electricity Company was approximately HK\$2,359.1 million, an increase of 2.9% from HK\$2,292.9 million last year. Profit decreased 30% to approximately HK\$28 million from HK\$40 million last year. The decline was primarily due to the decrease in gross profit margin as a result of the rising of operating costs and wages. These were partially offset by the reduction in finance costs as the bank borrowings had been fully repaid by end of 2012. The total quantity of electricity sold for the year was approximately 2,688,862,000 kWh, representing an increase of 1.6% over last year.

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.

In 2013, the Water Company reported revenue of approximately HK\$387.2 million representing an increase of 9% over last year and recorded loss of approximately HK\$4.5 million, a significant improvement from the loss of HK\$51.2 million in 2012. The reduction in loss was a result of the improvement of operating margins and the receipt of investment income. The total quantity of water sold for the year was approximately 49,638,000 tonnes, representing an increase of 6.3% 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 TEDA. The Heat & Power Company has steam transmission pipelines of approximately 360 kilometres and more than 105 processing stations in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2013, the Heat & Power Company reported revenue of approximately HK\$1,085.8 million representing a decrease of 3% and recorded profit of approximately HK\$45.4 million, an increase of 32% compared to 2012. The increase in profit was primarily due to the reduction in finance costs as the bank borrowings had been fully repaid during the year. The total quantity of steam sold for the year was approximately 4,036,000 tonnes, representing a decline of 4.3% 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 2013, Courtyard Hotel reported revenue of approximately HK\$117.4 million, an increase of 0.3% from HK\$117.1 million last year. Profit amounted to approximately HK\$22.9 million, a decrease of 2.1% from HK\$23.4 million in 2012. The average occupancy rate was approximately 87%, one percentage point improvement over last year.

Hotel Property in Tianjin

On 28 June 2013, the Group had entered into a sale and purchase agreement to dispose of its entire interest in Loyal Right Limited, a sole shareholder of Lethia Limited which in turn owns 75% equity interest in Tianjin First Hotel Ltd. (天津第一飯店有限公司) (“First Hotel”), for a cash consideration of RMB351,953,000 (equivalent to approximately HK\$445,510,000). The principal asset held by First Hotel is the hotel property in Tianjin. Prior to completion of the disposal, it reported a loss of approximately HK\$8.4 million, which was mainly the expenses and depreciation incurred during the year.

The disposal was completed on 30 August 2013 and the Group recognised a gain of approximately HK\$171.9 million. Details of the transaction were set out in the Company’s announcement dated 28 June 2013.

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 2013, electrical and mechanical segment recorded revenue of approximately HK\$1,002.5 million and a profit of approximately HK\$19.8 million. The results included a net gain on relocation compensation from local government that partially offset the operating loss which was primarily attributable to the lower level of activities in hydroelectric industry, the reschedule of certain construction phases of hydroelectric projects as well as certain construction contracts cost estimate adjustments during the year.

Strategic and Other Investments

Winery

Trading in the shares of Dynasty Fine Wines Group Limited (“Dynasty”) (stock code: 828) has been suspended since 22 March 2013. As set out in the subsequent announcements published by Dynasty, the internal investigation conducted on certain transactions of Dynasty has not yet been completed and as a result, Dynasty has not published any financial information for the years ended 31 December 2013 and 2012 as at the date that these consolidated financial statements were approved by the Board. Accordingly, for the preparation of these consolidated financial statements, the Group was not in a position to (i) equity account for its share of results of Dynasty and share of net assets of Dynasty as at 31 December 2013; and (ii) assess whether any impairment of its interest in Dynasty was necessary.

Port Services

During the year, the revenue of Tianjin Port Development Holdings Limited (“Tianjin Port”) (stock code: 3382) increased by 23% to approximately HK\$22,108.8 million and profit attributable to owners of Tianjin Port was approximately HK\$811 million, representing an increase of 14.9% over last year.

Tianjin Port contributed to the Group a profit of approximately HK\$170.3 million, representing an increase of 14.9% as compared with 2012.

Elevators and Escalators

During the year, the revenue of Otis Elevator (China) Investment Company Limited (“Otis China”) amounted to approximately HK\$19,680.6 million, representing an increase of 17.9% over last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$317.6 million, representing a decrease of 8% over 2012.

Investment in Binhai Investment Company Limited

During the year, the Group had 8.28% interest in Binhai Investment Company Limited (“Binhai Investment”) (stock code: 2886). As at 31 December 2013, the market value of the Group’s interest in Binhai Investment was approximately HK\$235.7 million (2012: approximately HK\$218.3 million) and the unrealised fair value gain of approximately HK\$17.4 million (2012: HK\$24.8 million) was recognised in other comprehensive income.

On 25 July 2013, the Group entered into a stock borrowing agreement (“Agreement”) with TEDA Hong Kong Property Company Limited (“TEDA HK”), the controlling shareholder of Binhai Investment, to facilitate the issuance of convertible bonds by Binhai Investment. Under the Agreement, the Group agreed to lend its entire shareholding of Binhai Investment (“Shares”, being the 8.28% equity interest in Binhai Investment) in order to allow TEDA HK to use the Shares and the voting rights thereto during the term of the Agreement. During the term of the Agreement, TEDA HK will pay to the Group any income or entitlements in respect of the Shares.

PROSPECT

Looking forward to 2014, the European and American economies are heading to the direction of recovery although at slow paces. Low interest rate environment is likely to persist and will help these countries continue to improve their economies. 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. We feel confident for the future.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 31 December 2013, the Group’s total cash on hand and total bank borrowings stood at approximately HK\$4,800.4 million and approximately HK\$2,145.1 million respectively (31 December 2012: HK\$4,222.1 million and HK\$2,559.4 million respectively) of which all bank borrowings (2012: approximately HK\$565.9 million) will mature within one year.

Of the total HK\$2,145.1 million bank borrowings outstanding as at 31 December 2013, HK\$2,000 million were subject to floating rates with a spread of 1.4% over HIBOR of relevant interest periods. The remaining RMB115 million (equivalent to approximately HK\$145.1 million) of bank borrowings was fixed-rate debts with annual interest rates at 3.12% to 6.80%. As at 31 December 2013, 93% (31 December 2012: 78%) of the Group’s total bank borrowings was denominated in HK dollars, 7% (31 December 2012: 22%) was denominated in Renminbi.

The gearing ratio as measured by total borrowings to shareholders’ funds was at approximately 20% as at 31 December 2013 (2012: approximately 25%).

On 10 December 2013, the Company entered into a facility agreement with a syndicate of banks in respect of a term loan facility of HK\$2,550 million for a period up to 60 months unless not extended by the lenders at the 36th month from the date of the facility agreement. On 30 January 2014, HK\$2,000 million was utilized to repay the prior term loan and the remaining proceeds has been applied to finance the general working capital requirements of the Company.

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

EMPLOYEES AND REMUNERATION POLICIES

At the end of the year, the Group had a total of approximately 2,800 employees of which approximately 440 were management personnel and 901 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 members' salaries.

CHARGE ON ASSETS

As at 31 December 2013, restricted bank balance of approximately HK\$212.3 million was pledged against notes payable of approximately HK\$357 million.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK6.63 cents per share for the year ended 31 December 2013 (2012: Nil) to the shareholders whose names appear on the Company's register of members on 13 June 2014. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 5 June 2014, the final dividend will be paid on or about 14 July 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 June 2014 (Tuesday) to 5 June 2014 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 30 May 2014 (Friday).

The register of members of the Company will be closed from 11 June 2014 (Wednesday) to 13 June 2014 (Friday), 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 10 June 2014 (Tuesday).

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The Company's auditor has qualified its report on the Group's consolidated financial statements for the year ended 31 December 2013, an extract of which is as follows:

Basis for Qualified Opinion

As set out in Note 19(a) to the consolidated financial statements, as at the date of this report, Dynasty (as defined in Note 48 to the consolidated financial statements), a listed associate of the Group, has not published any financial information for each of the two years ended 31 December 2013 and 2012. For the year ended 31 December 2013, the Group was accordingly not in a position to (i) equity account for its share of results of Dynasty and share of net assets of Dynasty as at 31 December 2013; (ii) assess whether any impairment of its interest in Dynasty was necessary; and (iii) disclose the summarised financial information of Dynasty. Consequently, the Group was unable to fulfil the requirements of Hong Kong Accounting Standard ("HKAS") 28 (as revised in 2011) "Investments in Associates and Joint Ventures" and Hong Kong Financial Reporting Standard 12 "Disclosure of Interests in Other Entities" issued by the Hong Kong Institute of Certified Public Accountants, which require the application of the equity method for accounting for investments in associates and an impairment assessment thereof, as well as the relevant disclosures in respect of the associates for the current and comparative periods.

For the year ended 31 December 2012, the Group had equity accounted for its share of loss of Dynasty and recognised an impairment loss against the carrying amount of its interest in Dynasty based on the best estimates made by the directors of the Company, which was arrived at with reference to the quoted price of Dynasty's listed shares on 31 December 2012. However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves with the appropriateness of the estimates made by the directors of the Company to account for the share of loss for that year and net assets less impairment loss of Dynasty as at 31 December 2012 as we did not have sufficient access to the financial information, management and the auditor of Dynasty. This, together with the fact that the required summarised financial information of Dynasty was not disclosed in accordance with HKAS 28, caused us to qualify our audit opinion on the consolidated financial statements for the year ended 31 December 2012.

It is not practical for us to quantify the effects of the departures from these requirements on the consolidated financial statements for the years ended 31 December 2013 and 2012.

Qualified Opinion

In our opinion, except for the matters set out in the Basis for Qualified Opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the Group's share of results and other comprehensive income or expense of, and investment in, Dynasty:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept.

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 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The code provision A.1.1 of the CG Code 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, three regular board meetings were held. As business operations of the Company were under 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.

The code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other pre-arranged engagement, Mr. Wong Shiu Hoi, Peter, independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 30 May 2013.

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 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 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 its internal controls and financial reporting matters. The final results for the year ended 31 December 2013 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 2013 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 2013 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 2014.

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

Hong Kong, 27 March 2014

As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zhang Wenli, Mr. Wang Zhiyong, Mr. Tuen Kong, Simon, Dr. Cui Di, Mr. Hao Feifei, Mr. Cheung Wing Yui, Edward, Dr. Chan Ching Har, Eliza*, 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*