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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK\$3,705,129,000 (2021: HK\$3,540,957,000).
- Profit attributable to owners of the Company amounted to approximately HK\$358,162,000 (2021: HK\$470,379,000).
- Basic earnings per share were HK33.39 cents (2021: HK43.85 cents).
- Proposed final dividend of HK5.50 cents per share (2021: HK5.50 cents per share), together with interim dividend paid, total dividends for the year amounted to HK8.95 cents per share (2021: HK8.95 cents per share).

RESULTS

The board of directors (the “**Board**”) of Tianjin Development Holdings Limited (the “**Company**”) announces that the audited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2022 together with the comparative figures for the corresponding year in 2021 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2022*

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Continuing operations			
Revenue	2	3,705,129	3,540,957
Cost of sales		(2,694,652)	(2,525,599)
Gross profit		1,010,477	1,015,358
Other income	3	330,787	305,433
Other gains and losses, net	4	(158,638)	15,343
Selling and distribution expenses		(410,354)	(441,660)
General and administrative expenses		(442,959)	(558,918)
Other operating expenses		(149,775)	(161,238)
Finance costs	5	(82,495)	(48,977)
Share of net profit of associates and joint venture accounted for using the equity method		457,000	555,655
Profit before tax		554,043	680,996
Tax expense	6	(49,889)	(41,717)
Profit for the year from continuing operations	8	504,154	639,279
Presses and mechanical equipment business			
Gain on disposal of subsidiaries	7	–	12,665
Loss for the year	7	–	(58,977)
Loss for the year from presses and mechanical equipment business		–	(46,312)
Profit for the year		504,154	592,967

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)**For the year ended 31 December 2022*

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		358,162	496,882
– from presses and mechanical equipment business		<u>–</u>	<u>(26,503)</u>
Profit for the year attributable to owners of the Company		<u>358,162</u>	<u>470,379</u>
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		145,992	142,397
– from presses and mechanical equipment business		<u>–</u>	<u>(19,809)</u>
Profit for the year attributable to non-controlling interests		<u>145,992</u>	<u>122,588</u>
		<u>504,154</u>	<u>592,967</u>
		HK cents	<i>HK cents</i>
Earnings per share	9		
Basic			
– Continuing operations and presses and mechanical equipment business		<u>33.39</u>	<u>43.85</u>
– Continuing operations		<u>33.39</u>	<u>46.32</u>
Diluted			
– Continuing operations and presses and mechanical equipment business		<u>33.38</u>	<u>43.85</u>
– Continuing operations		<u>33.38</u>	<u>46.32</u>

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

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	<u>504,154</u>	<u>592,967</u>
Other comprehensive (expense) income		
<i>Items that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income	(445,991)	17,349
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	66,485	775
Share of other comprehensive expense of investments accounted for using the equity method – fair value through other comprehensive income reserve, net of tax	(7,356)	(20,682)
Currency translation differences – the Group – investments accounted for using the equity method	(893,877)	221,046
	<u>(543,703)</u>	<u>175,731</u>
Other comprehensive (expense) income for the year	<u>(1,824,442)</u>	<u>394,219</u>
Total comprehensive (expense) income for the year	<u><u>(1,320,288)</u></u>	<u><u>987,186</u></u>
Attributable to:		
Owners of the Company	(808,584)	708,679
Non-controlling interests	(511,704)	278,507
	<u><u>(1,320,288)</u></u>	<u><u>987,186</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,264,579	2,654,028
Land use rights		490,418	524,336
Investment properties		218,589	242,054
Investments accounted for using the equity method	11	6,743,298	7,238,272
Intangible assets		1,081	1,448
Finance lease receivables		127,248	121,822
Deposits paid for acquisition of property, plant and equipment		2,572	1,775
Deferred tax assets		80,845	62,285
Equity instruments at fair value through other comprehensive income	12	<u>1,281,781</u>	<u>1,859,691</u>
		<u>11,210,411</u>	<u>12,705,711</u>
Current assets			
Inventories		340,265	444,339
Amounts due from investments accounted for using the equity method		13,425	14,602
Amount due from ultimate holding company		1,131	181
Amounts due from related companies		62,879	197,433
Contract assets		114,250	66,760
Finance lease receivables		–	97,372
Trade receivables	13	1,371,974	1,123,831
Other receivables, deposits and prepayments	13	192,012	742,623
Financial assets at fair value through profit or loss		487,559	401,047
Entrusted deposits	14	1,133,865	702,016
Restricted bank balances		178,853	118,993
Time deposits with maturity over three months		2,498,153	2,844,265
Cash and cash equivalents		<u>3,661,450</u>	<u>3,998,814</u>
		<u>10,055,816</u>	<u>10,752,276</u>
Total assets		<u><u>21,266,227</u></u>	<u><u>23,457,987</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 31 December 2022*

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
EQUITY			
Owners of the Company			
Share capital	<i>15</i>	5,136,285	5,136,285
Reserves		6,879,701	7,762,408
		12,015,986	12,898,693
Non-controlling interests		4,413,294	4,976,965
Total equity		16,429,280	17,875,658
LIABILITIES			
Non-current liabilities			
Lease liabilities		10,257	8,909
Bank borrowings	<i>16</i>	1,564,639	–
Deferred tax liabilities		158,992	242,610
		1,733,888	251,519
Current liabilities			
Trade payables	<i>17</i>	842,894	569,826
Other payables and accruals	<i>18</i>	1,221,556	1,303,046
Amounts due to related companies		204,814	167,961
Contract liabilities		742,573	897,184
Lease liabilities		8,319	4,500
Bank borrowings	<i>16</i>	–	2,302,263
Current tax liabilities		82,903	86,030
		3,103,059	5,330,810
Total liabilities		4,836,947	5,582,329
Total equity and liabilities		21,266,227	23,457,987
Net current assets		6,952,757	5,421,466
Total assets less current liabilities		18,163,168	18,127,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

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

The financial information relating to the years ended 31 December 2021 and 2022 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2022 in due course.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2024

2. SEGMENT INFORMATION

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

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

(a) Utilities

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

(b) Pharmaceutical

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

(c) Hotel

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

(d) Electrical and mechanical

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

(e) Port services

The result of this segment is contributed by a listed investment accounted for using the equity method of the Group, Tianjin Port Development Holdings Limited (天津港發展控股有限公司) (“**Tianjin Port**”), which provides port services in Tianjin.

(f) Elevators and escalators

The result of this segment is contributed by an investment accounted for using the equity method of the Group, Otis Elevator (China) Investment Company Limited (奧的斯電梯(中國)投資有限公司) (“**Otis China**”), which manufactures and sells elevators and escalators.

2. SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2022

	Continuing operations							Presses and mechanical equipment business	Total
	Utilities HK\$'000 <i>(note (i))</i>	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Sub-total HK\$'000		
Segment revenue									
– external customers	1,859,231	1,486,791	77,717	281,390	–	–	3,705,129	–	3,705,129
Operating profit before interest	25,627	60,162	2,157	5,237	–	–	93,183	–	93,183
Interest income	40,954	115,622	7	3,073	–	–	159,656	–	159,656
Finance costs	–	(352)	–	(23,281)	–	–	(23,633)	–	(23,633)
Share of net profit (loss) of associates and joint venture accounted for using the equity method	59,807	(64,405)	–	–	69,942	393,011	458,355	–	458,355
Profit (loss) before tax	126,388	111,027	2,164	(14,971)	69,942	393,011	687,561	–	687,561
Tax (expense) credit	(3,948)	(30,221)	397	1,138	–	–	(32,634)	–	(32,634)
Segment results									
– profit (loss) for the year	122,440	80,806	2,561	(13,833)	69,942	393,011	654,927	–	654,927
Non-controlling interests	(5,612)	(66,295)	–	2,388	–	(67,834)	(137,353)	–	(137,353)
Profit (loss) attributable to owners of the Company	116,828	14,511	2,561	(11,445)	69,942	325,177	517,574	–	517,574
Segment results									
– profit (loss) for the year includes:									
Depreciation and amortisation	37,453	92,691	15,012	27,053	–	–	172,209	–	172,209

For the year ended 31 December 2021

	Continuing operations							Presses and mechanical equipment business	Total
	Utilities HK\$'000 <i>(note (i))</i>	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Sub-total HK\$'000		
Segment revenue									
– external customers	1,653,676	1,464,421	57,224	365,636	–	–	3,540,957	444,156	3,985,113
Operating (loss) profit before interest	(4,645)	20,927	(12,209)	(58,725)	–	–	(54,652)	(59,676)	(114,328)
Interest income	31,385	140,130	–	964	–	–	172,479	5,136	177,615
Gain on disposal of subsidiaries	–	–	–	–	–	–	–	12,665	12,665
Finance costs	–	(370)	–	(14,292)	–	–	(14,662)	–	(14,662)
Share of net profit (loss) of associates and joint venture accounted for using the equity method	42,643	(35,173)	–	–	193,656	357,134	558,260	–	558,260
Profit (loss) before tax	69,383	125,514	(12,209)	(72,053)	193,656	357,134	661,425	(41,875)	619,550
Tax (expense) credit	(3,765)	(21,371)	3,617	1,178	–	–	(20,341)	(4,437)	(24,778)
Segment results									
– profit (loss) for the year	65,618	104,143	(8,592)	(70,875)	193,656	357,134	641,084	(46,312)	594,772
Non-controlling interests	(2,011)	(83,578)	–	12,232	–	(61,641)	(134,998)	19,809	(115,189)
Profit (loss) attributable to owners of the Company	63,607	20,565	(8,592)	(58,643)	193,656	295,493	506,086	(26,503)	479,583
Segment results									
– profit (loss) for the year includes:									
Depreciation and amortisation	47,525	82,533	15,135	29,005	–	–	174,198	30,950	205,148

2. SEGMENT INFORMATION *(continued)*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reconciliation of profit for the year		
Total reportable segments	654,927	594,772
Corporate and others <i>(note (ii))</i>	<u>(150,773)</u>	<u>(1,805)</u>
Profit for the year	<u><u>504,154</u></u>	<u><u>592,967</u></u>

notes:

- (i) Revenue from supply of water, and heat and thermal power to external customers amounted to HK\$326,962,000 and HK\$1,532,269,000, respectively (2021: HK\$348,774,000 and HK\$1,304,902,000, respectively).

The above revenue included government supplemental income of HK\$632,061,000 (2021: HK\$341,313,000).

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

Segment assets and liabilities

As at 31 December 2022

	Continuing operations						Total reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i> <i>(note)</i>	Total <i>HK\$'000</i>
	Utilities <i>HK\$'000</i>	Pharmaceutical <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Electrical and mechanical <i>HK\$'000</i>	Port services <i>HK\$'000</i>	Elevators and escalators <i>HK\$'000</i>			
Segment assets	<u>3,690,684</u>	<u>7,337,698</u>	<u>492,483</u>	<u>559,020</u>	<u>3,609,172</u>	<u>980,014</u>	<u>16,669,071</u>	<u>4,597,156</u>	<u>21,266,227</u>
Segment liabilities	<u>1,641,647</u>	<u>1,114,369</u>	<u>9,046</u>	<u>560,106</u>	<u>–</u>	<u>–</u>	<u>3,325,168</u>	<u>1,511,779</u>	<u>4,836,947</u>

As at 31 December 2021

	Continuing operations						Total reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i> <i>(note)</i>	Total <i>HK\$'000</i>
	Utilities <i>HK\$'000</i>	Pharmaceutical <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Electrical and mechanical <i>HK\$'000</i>	Port services <i>HK\$'000</i>	Elevators and escalators <i>HK\$'000</i>			
Segment assets	<u>3,640,019</u>	<u>8,207,187</u>	<u>496,643</u>	<u>787,127</u>	<u>3,861,757</u>	<u>995,664</u>	<u>17,988,397</u>	<u>5,469,590</u>	<u>23,457,987</u>
Segment liabilities	<u>1,506,332</u>	<u>1,062,495</u>	<u>11,788</u>	<u>771,055</u>	<u>–</u>	<u>–</u>	<u>3,351,670</u>	<u>2,230,659</u>	<u>5,582,329</u>

note:

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

2. SEGMENT INFORMATION *(continued)*

Other segment information

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

	2022 <i>HK'000</i>	2021 <i>HK'000</i>
The PRC	3,627,412	3,483,733
Hong Kong	<u>77,717</u>	<u>57,224</u>
Continuing operations	3,705,129	3,540,957
Presses and mechanical equipment business – the PRC	<u>–</u>	<u>444,156</u>
	<u><u>3,705,129</u></u>	<u><u>3,985,113</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC	9,300,776	10,234,570
Hong Kong	<u>419,761</u>	<u>427,343</u>
	<u><u>9,720,537</u></u>	<u><u>10,661,913</u></u>

3. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Interest income	254,259	270,346
Government grants	5,425	4,543
Dividend income from equity instruments at fair value through other comprehensive income	21,125	6,136
Rental income, net of negligible outgoings	6,152	6,920
Sales of scrap materials	5,141	5,647
Finance lease interest income	7,968	8,893
Sundries	<u>30,717</u>	<u>2,948</u>
	<u><u>330,787</u></u>	<u><u>305,433</u></u>

4. OTHER GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Net loss on disposal/written off of property, plant and equipment	(40,411)	(637)
Net exchange (losses) gains	(65,044)	22,516
(Allowance for) reversal of impairment losses:		
– trade receivables	(2,014)	(26,168)
– contract assets	21,747	(14,880)
– other receivables	(7,265)	590
– finance lease receivables	504	(380)
Decrease in fair value of investment properties	(3,260)	(2,422)
Net fair value gains (losses) on financial assets held for trading		
– listed	362	1,199
– unlisted	(63,257)	35,525
	<u>(158,638)</u>	<u>15,343</u>

5. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Interest expenses on bank borrowings	82,143	48,613
Interest on lease liabilities	352	364
	<u>82,495</u>	<u>48,977</u>

6. TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Current taxation		
– PRC Enterprise Income Tax (“EIT”)	61,681	34,854
– Underprovision in prior years	9,197	22,071
Deferred taxation	(20,989)	(15,208)
	<u>49,889</u>	<u>41,717</u>

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

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

7. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries of presses and mechanical equipment business

On 26 August 2021, Tianjin Tai Kang Investment Co., Ltd. (天津泰康投資有限公司) (“**Tianjin Tai Kang**”) entered into an equity transfer agreement with Tianjin Jinzhi State-owned Assets Capital Investment Operation Co., Ltd. (天津津智國有資本投資運營有限公司) (“**Tianjin Jinzhi**”), pursuant to which Tianjin Tai Kang agreed to sell and Tianjin Jinzhi agreed to acquire 78.45% equity interest in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) (“**Tianjin Tianduan**”) at a total cash consideration of RMB510,020,000 (equivalent to approximately HK\$614,482,000). As at 31 December 2021, the Group received approximately RMB153,006,000 (equivalent to approximately HK\$184,344,000) with the remainder of approximately RMB357,014,000 (equivalent to approximately HK\$430,138,000) included in the Group’s other receivables (Note 13). As Tianjin Tianduan and its subsidiary represented a presses and mechanical equipment business in electrical and mechanical segment of the Group, the disposal constituted a discontinued operation of presses and mechanical equipment business.

The disposal was completed on 30 September 2021, on which date control of Tianjin Tianduan passed to Tianjin Jinzhi and the Group recognised a disposal gain of HK\$12,665,000.

	<i>HK\$'000</i>
Consideration	<u>614,482</u>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	273,062
Land use rights	103,650
Intangible assets	24,344
Deferred tax assets	2,921
Inventories	779,229
Contract assets	62,968
Trade receivables	228,564
Other receivables, deposits and prepayments	59,165
Restricted bank balances, bank deposits, bank balances and cash	417,999
Deferred tax liabilities	(16,268)
Trade payables	(482,668)
Other payables and accruals	(45,476)
Contract liabilities	(730,064)
Current tax liabilities	<u>(6,953)</u>
Net assets disposed of	<u>670,473</u>
Gain on disposal of subsidiaries:	
Net assets disposed of	(670,473)
Consideration	614,482
Non-controlling interests	69,894
Transaction costs	<u>(1,238)</u>
Gain on disposal	<u>12,665</u>
Net cash inflow arising on disposal:	
Cash and cash equivalents disposed of	(99,624)
Consideration received	<u>184,344</u>
	<u>(84,720)</u>

7. DISPOSAL OF SUBSIDIARIES *(continued)*

Disposal of subsidiaries of presses and mechanical equipment business *(continued)*

The results from presses and mechanical equipment business, which had been presented as a discontinued operation in the consolidated statement of profit or loss were set out below:

	For the period from 1 January to 30 September 2021 <i>HK\$'000</i>
Revenue	444,156
Cost of sales	<u>(380,879)</u>
Gross profit	63,277
Other income	12,602
Selling and distribution expenses	(49,646)
General and administrative expenses	(42,768)
Other operating expenses	<u>(38,005)</u>
Loss before tax	(54,540)
Tax expense	<u>(4,437)</u>
Loss for the period	<u><u>(58,977)</u></u>
Attributable to:	
Owner of the Company	(36,982)
Non-controlling interests	<u>(21,995)</u>
	<u><u>(58,977)</u></u>
Loss for the period from presses and mechanical equipment business includes:	
Auditor's remuneration	<u><u>117</u></u>

During the nine-month period ended 30 September 2021, the presses and mechanical equipment business incurred net cash flows of HK\$124,277,000 in operating activities, incurred net cash outflows of HK\$306,111,000 in investing activities and net cash outflows of HK\$45,783,000 in financing activities.

8. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year from continuing operations is arrived at after charging:		
Employees' benefits expense (including directors' emoluments)	557,339	576,208
Cost of inventories recognised as an expense	2,057,029	1,955,641
Depreciation		
– charged to cost of sales	104,259	128,564
– charged to administrative expenses	74,644	55,364
– charged to selling expenses	998	1,128
– charged to other operating expenses	875	560
Depreciation of land use rights	12,259	6,549
Amortisation of intangible assets	255	263
Short-term lease expenses on		
– plants, pipelines and networks	25,289	27,187
– land and buildings	3,947	9,903
Auditor's remuneration	10,733	10,671
Research and development costs charged to other operating expenses	<u>148,501</u>	<u>157,327</u>

9. EARNINGS PER SHARE

For continuing operations and presses and mechanical equipment business

The calculation of the basic and diluted earnings per share from continuing operations and presses and mechanical equipment business attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company for the purpose of basic earnings per share		
– from continuing operations and presses and mechanical equipment business	358,162	470,379
Effect of dilutive potential ordinary shares arising from restricted shares incentive scheme of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) (“Lisheng Pharmaceutical”), a subsidiary of the Company	<u>(71)</u>	<u>–</u>
Profit attributable to owners of the Company for the purpose of diluted earning per share		
– from continuing operations and presses and mechanical equipment business	<u>358,091</u>	<u>470,379</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

9. EARNINGS PER SHARE (continued)

For continuing operations

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company for the purpose of basic earnings per share – from continuing operations	358,162	496,882
Effect of dilutive potential ordinary shares arising from restricted shares incentive scheme of Lisheng Pharmaceutical	<u>(71)</u>	<u>–</u>
Profit attributable to owners of the Company for the purpose of diluted earnings per share – from continuing operations	<u>358,091</u>	<u>496,882</u>
Number of shares		
	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

For presses and mechanical equipment business

For the year ended 31 December 2021, basic and diluted loss per share for presses and mechanical equipment business was HK2.47 cents per share. The calculation of the basic and diluted loss per share from presses and mechanical equipment business attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share – from presses and mechanical equipment business	<u>N/A</u>	<u>26,503</u>
Number of shares		
	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,072,770</u>	<u>1,072,770</u>

The computation of the above diluted earnings/loss per share does not assume the exercise of the share options issued by an investment accounted for using the equity method of the Group because the exercise price of those share options were higher than the average market price of shares of an investment accounted for using the equity method of the Group for both years.

10. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
– 2022 interim dividend, paid HK3.45 cents per ordinary share (2021: HK3.45 cents per ordinary share)	37,011	37,011
– 2021 final dividend, paid HK5.50 cents per ordinary share (2020: HK4.78 cents per ordinary share)	<u>59,002</u>	<u>51,278</u>
	<u>96,013</u>	<u>88,289</u>

A final dividend of HK5.50 cents per ordinary share (2021: HK5.50 cents per ordinary share) for the year ended 31 December 2022, amounting to approximately HK\$59,002,000 (2021: HK\$59,002,000), has been proposed by the Board of the Company and will be subject to the approval by the shareholders at the forthcoming annual general meeting.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The Group's interests in associates and joint venture		
– Listed shares in Hong Kong		
– Tianjin Port	3,609,172	3,861,757
– Unlisted shares in the PRC		
– Otis China	980,014	995,664
– Research Institute	722,280	868,614
– TEDA Power	1,350,016	1,425,533
– Others	<u>81,816</u>	<u>86,704</u>
	<u>6,743,298</u>	<u>7,238,272</u>

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity securities			
Listed, at market value	<i>(a)</i>	105,322	108,439
Unlisted	<i>(b)</i>	1,176,459	1,751,252
		1,281,781	1,859,691

notes:

- (a) The listed securities mainly represent the Group's 4.07% (2021: 4.07%) equity interest in Binhai Investment Company Limited ("**Binhai Investment**") which is listed on the Main Board of the Stock Exchange.

As at 31 December 2022, the market value of the Group's equity interest in Binhai Investment was HK\$86,493,000 (2021: HK\$87,043,000) and the unrealised fair value loss of HK\$550,000 (2021: gain of HK\$21,485,000) was recognised in other comprehensive income.

- (b) The unlisted equity securities mainly represented the Group's 12.15% (2021: 12.15%) equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) ("**Tasly Holding**"). Tasly Holding is a conglomerate in the PRC and is mainly holding Tasly Pharmaceutical Group Co., Ltd., which is listed on the Shanghai Stock Exchange and is principally engaged in research and development, manufacturing and distribution of pharmaceutical product in the PRC.

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

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	978,163	687,939
Trade receivables backed by notes	<u>393,811</u>	<u>435,892</u>
Total trade receivables	1,371,974	1,123,831
Others receivables, deposits and prepayments	<u>192,012</u>	<u>742,623</u>
	<u><u>1,563,986</u></u>	<u><u>1,866,454</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	612,401	592,400
31 to 90 days	137,795	150,210
91 to 180 days	187,714	167,691
181 to 365 days	280,436	126,081
Over 1 year	<u>153,628</u>	<u>87,449</u>
	<u><u>1,371,974</u></u>	<u><u>1,123,831</u></u>

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

Annual government supplemental income receivables do not have credit terms and the amounts are finalised by the relevant bureaus of TEDA from time to time. Continuous settlements have been received by the Group over the years.

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

Included in other receivables as at 31 December 2021 is a consideration receivable of approximately RMB357,014,000 (equivalent to approximately HK\$415,616,000) payable to the Group by Tianjin Jinzhi and had been fully settled in March 2022.

14. ENTRUSTED DEPOSITS

As at 31 December 2022, the entrusted deposits were placed with three financial institutions (2021: four financial institutions) in the PRC, with maturity from 1 to 6 months (2021: 2 to 17 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 6.0% to 7.3% (2021: from 6.6% to 7.3%) per annum.

Contracts with maturity over one year confer the Group rights of early redemption at amortised cost, before the maturity date. Accordingly, those deposits were classified as current assets as at 31 December 2022 and 2021.

15. SHARE CAPITAL

	Number of shares Thousand	Value HK\$'000
Issued and fully paid ordinary shares with no par value: At 1 January 2021, 31 December 2021 and 2022	<u>1,072,770</u>	<u>5,136,285</u>

16. BANK BORROWINGS

The Group raised new borrowings of HK\$1,564,265,000 and repaid the loans of HK\$2,292,200,000 during the year.

As at 31 December 2022, no borrowings were payable within one year. At 31 December 2021, HK\$2,302,263,000 of borrowings were payable with one year and carried interest rates at 1.72% to 5.66% per annum.

17. TRADE PAYABLES

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

	2022 HK\$'000	2021 HK\$'000
Within 30 days	293,849	99,858
31 to 90 days	218,562	113,659
91 to 180 days	131,051	139,718
Over 180 days	<u>199,432</u>	<u>216,591</u>
	<u>842,894</u>	<u>569,826</u>

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

18. OTHER PAYABLES AND ACCRUALS

	2022 HK\$'000	2021 HK\$'000
Accruals	683,914	727,682
Other payables	<u>537,642</u>	<u>575,364</u>
	<u>1,221,556</u>	<u>1,303,046</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Utilities

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

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

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. (天津泰達津聯自來水有限公司) (“**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 325,000 tonnes (2021: 325,000 tonnes).

Revenue from the Water Company was approximately HK\$327 million, a decrease of 6.3% from HK\$348.8 million in 2021. Profit from the Water Company was approximately HK\$13.3 million, compared with HK\$15 million last year. The decline in both revenue and profit was primarily attributable to lower ancillary services income, partly offset by tariff improvement and lower administrative expenses. The total quantity of water sold for the year was approximately 47,222,000 tonnes, representing an increase of 1% over 2021.

Heat and Thermal Power

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. (天津泰達津聯熱電有限公司) (“**Heat & Power Company**”) is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA. The Heat & Power Company has steam transmission pipelines of approximately 462 kilometres (2021: 462 kilometres) and more than 120 processing stations (2021: 120 processing stations) in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2022, revenue from the Heat and Power Company was approximately HK\$1,532.3 million, an increase of 17.4% from HK\$1,304.9 million last year. Profit from the Heat and Power Company was approximately HK\$49.3 million, compared with HK\$7.9 million in 2021. The increase in both revenue and profit was primarily attributable to increase in government supplemental income by HK\$290.7 million, partly offset by a combination of tariff adjustment and increase in average steam purchase cost. The total quantity of steam sold for the year was approximately 3,714,000 tonnes, representing an increase of 1.3% over 2021.

Electricity

As at 31 December 2022, the Group has 47.09% equity interest in Tianjin TEDA Electric Power Co., Ltd. (天津泰達電力有限公司) (“**TEDA Power**”). TEDA Power is principally engaged in supply of electricity in TEDA and also provides services in relation to construction of electricity supply network, application of technology related to new energy and renewable energy, electricity construction and related technical services. Currently, the installed transmission capacity of TEDA Power is approximately 996,000 kVA.

During the year, the revenue of TEDA Power amounted to approximately HK\$2,581.2 million, representing an increase of 3.7% compared with last year. TEDA Power contributed to the Group a profit of approximately HK\$59.8 million, an increase of 40.4% from HK\$42.6 million in 2021. The total quantity of electricity sold for the year was approximately 3,166,854,000 kWh, representing an increase of 2.1% over last year.

Pharmaceutical

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

Revenue from pharmaceutical segment was approximately HK\$1,486.8 million, an increase of 1.5% from HK\$1,464.4 million in 2021. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$1,326.9 million, an increase of 1.5% from HK\$1,306.7 million in 2021. Revenue from sale of packaging materials amounted to approximately HK\$159.9 million, an increase of 1.4% from HK\$157.7 million last year. Profit from pharmaceutical segment was approximately HK\$80.8 million, compared with HK\$104.1 million last year.

During the year, the revenue of Research Institute decreased by 10.8% to approximately HK\$748.6 million and contributed to the Group a loss (after non-controlling interests) of approximately HK\$51 million, as compared with a loss of HK\$34.4 million in 2021.

The decline in profit from pharmaceutical segment was primarily due to the disposal loss of HK\$42.2 million on the relevant assets in connection with the termination of the 23-valent pneumococcal polysaccharide vaccine project, partly offset by lower selling and distribution expense driven by further strengthened the reasonable control over advertising and marketing expenses. If not taking into account the disposal loss, profit from pharmaceutical segment amounted to approximately HK\$123 million, an increase of HK\$20 million from HK\$103 million last year on a like-for-like basis.

Hotel

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

Revenue from Courtyard Hotel increased by HK\$20.5 million to approximately HK\$77.7 million. Profit from Courtyard Hotel was approximately HK\$2.6 million compared to a loss of HK\$8.6 million. The improvement in operating result of Courtyard Hotel was primarily due to the enrollment of Hong Kong Government's Designated Quarantine Hotel Scheme which ended in September 2022 and also the orderly relaxation of pandemic controls by the Hong Kong Government. The average room rate increased slightly and the average occupancy rate was approximately 64.1%, nine percentage points improvement over last year.

Electrical and Mechanical

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

In 2022, revenue from electrical and mechanical business of approximately HK\$281.4 million was 23% below that of last year. Loss from electrical and mechanical business was approximately HK\$13.8 million compared to a loss of HK\$70.9 million in 2021. The reduction in loss was primarily attributable to lower administration expenses and reversal of impairment loss on contract assets, partly offset by lower revenue and operating margins on certain contract works completed during the year. The Group will continue to take cautious view with the operating performance of electrical and mechanical business and may consider critically the advantages in its restructuring.

Strategic and Other Investments

Port Services

As at 31 December 2022, the Group has 21% equity interest in Tianjin Port Development Holdings Limited (“**Tianjin Port**”) (stock code: 3382). Tianjin Port is engaged in the provision of port services including container and cargo handling services, sales and other port ancillary services in Tianjin, the PRC.

During the year, the revenue of Tianjin Port decreased by 25% to approximately HK\$13,009.8 million and profit attributable to owners of Tianjin Port was approximately HK\$333 million.

Tianjin Port contributed to the Group a profit of approximately HK\$69.9 million, representing a decrease of 63.9% over last year. The decline was primarily due to the absence of a one-off gain on disposal of interest in a subsidiary in last year and the incurrence of exchange loss.

Elevators and Escalators

As at 31 December 2022, the Group has 16.55% equity interest in Otis Elevator (China) Investment Company Limited (奧的斯電梯(中國)投資有限公司) (“**Otis China**”). Otis China is engaged in the manufacture and sale of elevators and escalators in the PRC.

During the year, the revenue of Otis China amounted to approximately HK\$25,049.7 million, representing a decrease of 7% compared with last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$325.2 million, representing an increase of 10% over last year.

Investment in Binhai Investment Company Limited

As at 31 December 2022, the Group has 4.07% interest in Binhai Investment Company Limited (“**Binhai Investment**”) (stock code: 2886) and on that date, the market value of the Group’s interest in Binhai Investment was approximately HK\$86.5 million (2021: approximately HK\$87 million) and the unrealised fair value loss of approximately HK\$0.5 million (2021: a gain of approximately HK\$21.5 million) was recognised in other comprehensive income.

Investment in Tasly Holding Group Co., Ltd.

As at 31 December 2022, the Group had 12.15% equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) (“**Tasly Holding**”), a non-core passive investment in relation to the Group’s pharmaceutical segment which was acquired indirectly from the controlling shareholder in 2015 by using merger accounting and is now held by Tianjin Central Pharmaceutical Co., Ltd. (天津市中央藥業有限公司), a wholly-owned subsidiary of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司). Tasly Holding is a conglomerate established under the laws of the PRC on 30 March 2000 and its principal asset includes the holding of 683,481,524 A shares in Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司) (“**Tasly Pharmaceutical**”), representing approximately [45.57]% of its total issued A shares. Tasly Pharmaceutical is principally engaged in the research and development, manufacturing and distribution of pharmaceutical products in the PRC.

As at 31 December 2022, the fair value of investment in Tasly Holding was approximately HK\$1,072.3 million (31 December 2021: HK\$1,632.4 million), accounting for approximately 5% of the Group’s total assets, and on that date the fair value loss together with the exchange effect amounted to approximately HK\$560.1 million has been recognised in other comprehensive income. During the year, there was HK\$14.1 million dividend distribution from Tasly Holding (2021: nil). The holding of 12.15% equity interest in Tasly Holding is not held for trading and not expected to be sold in the foreseeable future.

PROSPECT

Looking ahead to 2023, the growth momentum in the world’s leading economies is expected to slow down. The geopolitical changes and economic environment will be encountering increasing uncertainty, which will make the global economy more complex and unpredictable. The China’s economic performance will remain a steady trend, but still faces challenges and risks. The downside pressures in the economy cannot be neglected. As China has entered a new phase of pandemic control, with the orderly implementation of various positive policies and measures, it is expected that China’s economy will maintain a stable development.

Despite the competitive and challenging environment, the Company will continuously adhere to the management philosophy of “Stable and pragmatic, Continuous improvement, and People-focused”, and strengthen its business foundation and financial strength to meet any challenges ahead. The Company will accelerate the transition to high-quality business development.

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 31 December 2022, the total cash on hand and total bank borrowings of the Group stood at approximately HK\$6,338.5 million and HK\$1,564.6 million respectively (2021: approximately HK\$6,962.1 million and HK\$2,302.3 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. As at 31 December 2022, none of the Group's bank borrowings will mature within one year (2021: approximately HK\$2,302.3 million).

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 13% as at 31 December 2022 (2021: approximately 18%).

Bank borrowings of HK\$1,564.6 million outstanding as at 31 December 2022 were subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods. This interest rate is linked to the sustainability performance of the Group's environmental, social and governance performance metrics, which may be reduced depending on the extent of pre-determined key performance indicators being met. As at 31 December 2021, fixed-rate debts which amounted to RMB251 million (equivalent to approximately HK\$306.8 million) with annual interest rates at 4.35% to 5.66% was fully repaid during the year.

As at 31 December 2022, all of the Group's bank borrowings was denominated in Hong Kong dollar (2021: 86.7% of the Group's total bank borrowings was denominated in Hong Kong dollar, 13.3% was denominated in Renminbi).

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of approximately 2,490 employees (2021: 2,629) of which approximately 215 (2021: 219) were management personnel and 784 (2021: 799) were technical staff, with the balance being production workers.

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

CHARGE ON ASSETS

As at 31 December 2022, restricted bank balances of HK\$178.9 million (2021: restricted bank balances of HK\$119 million, land use rights of HK\$68.8 million and buildings of HK\$339.9 million) was pledged to financial institutions by the Group to secure general banking facilities.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK5.50 cents per share for the year ended 31 December 2022 (2021: HK5.50 cents per share) to the shareholders whose names appear on the Company's register of members on 4 July 2023. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 21 June 2023, the final dividend will be paid on 24 July 2023.

The final dividend together with the interim dividend of HK3.45 cents per share paid on 28 October 2022 makes a total of HK8.95 cents per share for the year (2021: HK8.95 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 June 2023 (Friday) to 21 June 2023 (Wednesday), 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 15 June 2023 (Thursday).

The register of members of the Company will be closed from 3 July 2023 (Monday) to 4 July 2023 (Tuesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 30 June 2023 (Friday).

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 2022.

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") as set out in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2022 except for the deviation from code provision F.2.2 of the CG Code, which stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagements, Mr. Wang Gang, the Chairman of the Company, was unable to attend the annual general meeting of the Company held on 23 June 2022. Dr. Li Xiaoguang, executive director and general manager of the Company, took the chair of the annual general meeting pursuant to the articles of association of the Company.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for the directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the 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 the effectiveness of the Company’s risk management (including ESG risks) and internal control systems, auditing and financial reporting matters. The final results for the year ended 31 December 2022 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 financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 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 audited consolidated financial statements of the Group for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2022 Annual Report will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

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

Hong Kong, 30 March 2023

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

* *non-executive director*

** *independent non-executive director*