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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 2023

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$3,338,429,000 (2022: HK\$3,705,129,000).
- Profit attributable to owners of the Company amounted to approximately HK\$635,634,000 (2022: HK\$358,162,000).
- Basic earnings per share were HK59.25 cents (2022: HK33.39 cents).
- Proposed final dividend of HK8.80 cents per share (2022: HK5.50 cents per share), together with interim dividend paid, total dividends for the year amounted to HK12.25 cents per share (2022: HK8.95 cents per share), an increase of 37% from last year.

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 2023 together with the comparative figures for the corresponding year in 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2023*

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	2	3,338,429	3,705,129
Cost of sales		<u>(2,328,301)</u>	<u>(2,694,652)</u>
Gross profit		1,010,128	1,010,477
Other income	3	289,785	330,787
Other gains and losses, net	4	271,209	(158,638)
Selling and distribution expenses		(371,997)	(410,354)
General and administrative expenses		(409,523)	(442,959)
Other operating expenses		(152,118)	(149,775)
Finance costs	5	(107,352)	(82,495)
Share of net profit of associates and joint venture accounted for using the equity method		<u>552,389</u>	<u>457,000</u>
Profit before tax		1,082,521	554,043
Tax expense	6	<u>(99,984)</u>	<u>(49,889)</u>
Profit for the year	7	<u>982,537</u>	<u>504,154</u>
Attributable to:			
Owners of the Company		635,634	358,162
Non-controlling interests		<u>346,903</u>	<u>145,992</u>
		<u>982,537</u>	<u>504,154</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		<u>59.25</u>	<u>33.39</u>
Diluted		<u>59.25</u>	<u>33.38</u>

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

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year	<u>982,537</u>	<u>504,154</u>
Other comprehensive income (expense)		
<i>Items that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income	555,552	(445,991)
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	(83,462)	66,485
Share of other comprehensive expense of investments accounted for using the equity method		
– fair value through other comprehensive income reserve, net of tax	(6,678)	(7,356)
Currency translation differences		
– the Group	(145,465)	(893,877)
– investments accounted for using the equity method	<u>(85,736)</u>	<u>(543,703)</u>
Other comprehensive income (expense) for the year	<u>234,211</u>	<u>(1,824,442)</u>
Total comprehensive income (expense) for the year	<u><u>1,216,748</u></u>	<u><u>(1,320,288)</u></u>
Attributable to:		
Owners of the Company	613,256	(808,584)
Non-controlling interests	<u>603,492</u>	<u>(511,704)</u>
	<u><u>1,216,748</u></u>	<u><u>(1,320,288)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,111,935	2,264,579
Land use rights		473,294	490,418
Investment properties		206,954	218,589
Investments accounted for using the equity method	<i>10</i>	6,826,722	6,743,298
Intangible assets		825	1,081
Financial assets at fair value through profit or loss		33,033	–
Finance lease receivables		15,068	127,248
Deposit paid for acquisition of a subsidiary		110,375	–
Deposits paid for acquisition of property, plant and equipment		47,831	2,572
Deferred tax assets		88,387	80,845
Equity instruments at fair value through other comprehensive income	<i>11</i>	<u>1,719,518</u>	<u>1,281,781</u>
		<u>11,633,942</u>	<u>11,210,411</u>
Current assets			
Inventories		318,690	340,265
Amounts due from investments accounted for using the equity method		13,213	13,425
Amount due from ultimate holding company		305	1,131
Amounts due from related companies		88,039	62,879
Contract assets		107,092	114,250
Finance lease receivables		108,401	–
Trade receivables	<i>12</i>	1,390,103	1,371,974
Other receivables, deposits and prepayments	<i>12</i>	328,706	192,012
Financial assets at fair value through profit or loss		364,998	487,559
Structured deposits	<i>13</i>	154,919	–
Entrusted deposits	<i>14</i>	1,082,594	1,133,865
Restricted bank balances		216,868	178,853
Time deposits with maturity over three months		1,926,784	2,498,153
Cash and cash equivalents		<u>4,461,089</u>	<u>3,661,450</u>
		<u>10,561,801</u>	<u>10,055,816</u>
Asset classified as held for sale	<i>11(c)</i>	<u>96,936</u>	–
		<u>10,658,737</u>	<u>10,055,816</u>
Total assets		<u>22,292,679</u>	<u>21,266,227</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 31 December 2023*

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
EQUITY			
Owners of the Company			
Share capital	15	5,136,285	5,136,285
Reserves		7,398,506	6,879,701
		12,534,791	12,015,986
Non-controlling interests		4,978,137	4,413,294
Total equity		17,512,928	16,429,280
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,019	10,257
Bank borrowings		1,710,630	1,564,639
Deferred tax liabilities		236,233	158,992
		1,951,882	1,733,888
Current liabilities			
Trade payables	16	518,398	842,894
Other payables and accruals	17	1,294,865	1,221,556
Amounts due to related companies		183,024	204,814
Contract liabilities		632,444	742,573
Lease liabilities		5,527	8,319
Bank borrowings		100,000	–
Current tax liabilities		93,611	82,903
		2,827,869	3,103,059
Total liabilities		4,779,751	4,836,947
Total equity and liabilities		22,292,679	21,266,227
Net current assets		7,830,868	6,952,757
Total assets less current liabilities		19,464,810	18,163,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 2022 and 2023 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 2022 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 2023 in due course.

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

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

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and 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 *(continued)*

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangibility ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after 1 January 2025

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 hydroelectric equipment and 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 2023

	Utilities HK\$'000 (note (i))	Pharma- ceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue							
– external customers	<u>1,599,849</u>	<u>1,441,437</u>	<u>130,378</u>	<u>166,765</u>	–	–	<u>3,338,429</u>
Operating profit (loss) before interest	31,204	422,470	21,983	(37,353)	–	–	438,304
Interest income	37,484	72,437	84	750	–	–	110,755
Finance costs	–	(290)	–	–	–	–	(290)
Share of net profit (loss) of associates and joint venture accounted for using the equity method	<u>63,025</u>	<u>(57,025)</u>	–	–	<u>153,276</u>	<u>393,114</u>	<u>552,390</u>
Profit (loss) before tax	131,713	437,592	22,067	(36,603)	153,276	393,114	1,101,159
Tax (expense) credit	<u>(16,802)</u>	<u>(67,485)</u>	<u>(4,267)</u>	<u>1,080</u>	–	–	<u>(87,474)</u>
Segment results							
– profit (loss) for the year	114,911	370,107	17,800	(35,523)	153,276	393,114	1,013,685
Non-controlling interests	<u>(4,532)</u>	<u>(264,003)</u>	–	<u>6,130</u>	–	<u>(67,851)</u>	<u>(330,256)</u>
Profit (loss) attributable to owners of the Company	<u>110,379</u>	<u>106,104</u>	<u>17,800</u>	<u>(29,393)</u>	<u>153,276</u>	<u>325,263</u>	<u>683,429</u>
Segment results							
– profit (loss) for the year includes:							
Depreciation and amortisation	<u>63,822</u>	<u>81,446</u>	<u>14,033</u>	<u>24,482</u>	–	–	<u>183,783</u>

For the year ended 31 December 2022

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

2. SEGMENT INFORMATION *(continued)*

	2023 HK\$'000	2022 HK\$'000
Reconciliation of profit for the year		
Total reportable segments	1,013,685	654,927
Corporate and others <i>(note (ii))</i>	(31,148)	(150,773)
Profit for the year	982,537	504,154

notes:

- (i) Revenue from supply of water, and heat and thermal power to external customers amounted to HK\$311,338,000 and HK\$1,288,511,000, respectively (2022: HK\$326,962,000 and HK\$1,532,269,000, respectively).

The above revenue included government supplemental income of HK\$395,472,000 (2022: HK\$632,061,000).

- (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 2023

	Utilities HK\$'000	Pharma- ceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total reportable segments HK\$'000	Corporate and others HK\$'000 <i>(note)</i>	Total HK\$'000
Segment assets	<u>4,113,689</u>	<u>7,910,671</u>	<u>489,396</u>	<u>601,722</u>	<u>3,686,381</u>	<u>1,016,817</u>	<u>17,818,676</u>	<u>4,474,003</u>	<u>22,292,679</u>
Segment liabilities	<u>1,307,496</u>	<u>1,027,404</u>	<u>17,768</u>	<u>682,618</u>	<u>–</u>	<u>–</u>	<u>3,035,286</u>	<u>1,744,465</u>	<u>4,779,751</u>

As at 31 December 2022

	Utilities HK\$'000	Pharma- ceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total reportable segments HK\$'000	Corporate and others HK\$'000 <i>(note)</i>	Total HK\$'000
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>

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, structured deposits, 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, 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:

	2023 <i>HK'000</i>	2022 <i>HK'000</i>
The PRC	3,208,051	3,627,412
Hong Kong	130,378	77,717
	<u>3,338,429</u>	<u>3,705,129</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The PRC	9,377,578	9,300,776
Hong Kong	400,358	419,761
	<u>9,777,936</u>	<u>9,720,537</u>

3. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income	255,332	254,259
Government grants	7,384	5,425
Dividend income from equity instruments at fair value through other comprehensive income	6,860	21,125
Rental income, net of negligible outgoings	6,252	6,152
Sales of scrap materials	1,461	5,141
Finance lease interest income	6,177	7,968
Sundries	6,319	30,717
	<u>289,785</u>	<u>330,787</u>

4. OTHER GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net gains (losses) on disposal/written off of property, plant and equipment (<i>note</i>)	249,703	(40,411)
Net exchange losses	(17,778)	(65,044)
Reversal of (allowance for) impairment losses:		
– trade receivables	23,683	(2,014)
– contract assets	7,561	21,747
– other receivables	916	(7,265)
– finance lease receivables	(1,966)	504
Decrease in fair value of investment properties	(8,556)	(3,260)
Net fair value (losses) gains on financial assets held for trading		
– listed	(61)	362
– unlisted	17,707	(63,257)
	<u>271,209</u>	<u>(158,638)</u>

note:

Amount included an one-off gain of approximately RMB238,597,000 (equivalent to approximately HK\$265,108,000) (2022: nil) regarding the resumption of the parcels of land and building for industrial use located in Tianjin.

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses on bank borrowings	107,062	82,143
Interest on lease liabilities	290	352
	<u>107,352</u>	<u>82,495</u>

6. TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current taxation		
– PRC Enterprise Income Tax (“EIT”)	111,623	61,681
– Underprovision in prior years	132	9,197
Deferred taxation	(11,771)	(20,989)
	<u>99,984</u>	<u>49,889</u>

No provision for Hong Kong profits tax has been made for both years as there was no estimated assessable profit derived from Hong Kong or the estimated assessable profit is wholly absorbed by tax losses brought forward from previous 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. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year is arrived at after charging:		
Employees' benefits expense (including directors' emoluments)	525,412	557,339
Cost of inventories recognised as an expense	1,772,967	2,057,029
Depreciation		
– charged to cost of sales	124,267	104,259
– charged to administrative expenses	61,926	74,644
– charged to selling expenses	460	998
– charged to other operating expenses	11,035	875
Depreciation of land use rights	5,838	12,259
Amortisation of intangible assets	243	255
Short-term lease expenses on		
– plants, pipelines and networks	24,145	25,289
– land and buildings	3,464	3,947
Auditor's remuneration		
– audit services	8,015	8,328
– non-audit services	2,693	2,405
Research and development costs charged to other operating expenses	<u>144,691</u>	<u>148,501</u>

8. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company for the purpose of basic earnings per share	635,634	358,162
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>–</u>	<u>(71)</u>
Profit attributable to owners of the Company for the purpose of diluted earnings per share	<u>635,634</u>	<u>358,091</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

The computation of the above diluted earnings per share does not assume (i) the issuance of unvested restricted shares granted by Lisheng Pharmaceutical, an indirect non-wholly owned subsidiary of the Company listed on the Shenzhen Stock Exchange since it would result in an increase in earnings per share for the year ended 31 December 2023; and (ii) 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.

9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
– 2023 interim dividend, paid HK3.45 cents per ordinary share (2022: HK3.45 cents per ordinary share)	37,011	37,011
– 2022 final dividend, paid HK5.50 cents per ordinary share (2021: HK5.50 cents per ordinary share)	59,002	59,002
	96,013	96,013

A final dividend of HK8.80 cents per ordinary share (2022: HK5.50 cents per ordinary share) for the year ended 31 December 2023, amounting to approximately HK\$94,404,000 (2022: 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.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The Group's interests in associates and joint venture		
– Listed shares in Hong Kong		
– Tianjin Port	3,686,381	3,609,172
– Unlisted shares in the PRC		
– Otis China	1,016,817	980,014
– Research Institute	643,059	722,280
– TEDA Power	1,393,252	1,350,016
– Others	87,213	81,816
	6,826,722	6,743,298

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/ASSET CLASSIFIED AS HELD FOR SALE

	<i>notes</i>	2023 HK\$'000	2022 HK\$'000
Equity securities			
Listed, at market value	<i>(a)</i>	99,952	105,322
Unlisted	<i>(b)</i>	1,619,566	1,176,459
		1,719,518	1,281,781

notes:

- (a) The listed securities mainly represent the Group's 4.07% (2022: 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 2023, the market value of the Group's equity interest in Binhai Investment was HK\$79,331,000 (2022: HK\$86,493,000) and the unrealised fair value loss of HK\$7,162,000 (2022: HK\$550,000) was recognised in other comprehensive income.

- (b) The unlisted equity securities mainly represented the Group's 12.15% (2022: 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.

- (c) During the year ended 31 December 2023, Lisheng Pharmaceutical entered into an equity transfer agreement with Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (津藥達仁堂集團股份有限公司) ("**Tianjin Pharmaceutical Da Ren Tang**"), pursuant to which, Lisheng Pharmaceutical agreed to sell and Tianjin Pharmaceutical Da Ren Tang agreed to acquire the entire 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司) held by Lisheng Pharmaceutical, subject to the terms and conditions of the equity transfer agreement at a consideration of RMB87,824,000 (equivalent to approximately HK\$96,936,000) (the "**Transaction**"). The Transaction was not completed as of 31 December 2023, accordingly, such equity investment is classified as asset held for sale as at 31 December 2023.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	1,039,911	978,163
Trade receivables backed by notes	<u>350,192</u>	<u>393,811</u>
Total trade receivables	1,390,103	1,371,974
Others receivables, deposits and prepayments	<u>328,706</u>	<u>192,012</u>
	<u><u>1,718,809</u></u>	<u><u>1,563,986</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	395,361	612,401
31 to 90 days	122,405	137,795
91 to 180 days	142,783	187,714
181 to 365 days	227,110	280,436
Over 1 year	<u>502,444</u>	<u>153,628</u>
	<u><u>1,390,103</u></u>	<u><u>1,371,974</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.

13. STRUCTURED DEPOSITS

As at 31 December 2023, the Group placed with four licensed commercial banks in the PRC for principal-protected structured deposits denominated in Renminbi with maturity of 1 to 3 months after the end of the reporting period. The expected annual interest rate for structured deposits was indicated at 1.3% to 3.3% per annum, however, the actual interest rate to be received is uncertain until maturity. Such structured deposits were accounted for as financial assets at fair value through profit or loss.

14. ENTRUSTED DEPOSITS

As at 31 December 2023, the entrusted deposits denominated in Renminbi were placed with three financial institutions (2022: three financial institutions) in the PRC, with maturity from 6 to 12 months (2022: from 1 to 6 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 4.0% to 7.3% (2022: from 6.0% to 7.3%) per annum.

15. SHARE CAPITAL

	Number of shares Thousand	Value HK\$'000
Issued and fully paid ordinary shares with no par value: At 1 January 2022, 31 December 2022 and 2023	<u>1,072,770</u>	<u>5,136,285</u>

16. TRADE PAYABLES

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

	2023 HK\$'000	2022 HK\$'000
Within 30 days	202,098	293,849
31 to 90 days	70,053	218,562
91 to 180 days	77,495	131,051
Over 180 days	168,752	199,432
	<u>518,398</u>	<u>842,894</u>

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

17. OTHER PAYABLES AND ACCRUALS

	2023 HK\$'000	2022 HK\$'000
Accruals	678,415	683,914
Other payables	616,450	537,642
	<u>1,294,865</u>	<u>1,221,556</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") in the People's Republic of China (the "PRC") 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 (2022: 325,000 tonnes).

In 2023, revenue from the Water Company was approximately HK\$311.3 million, a decrease of 4.8% from HK\$327 million last year. Profit from the Water Company was approximately HK\$16 million, an increase of 20.3% from HK\$13.3 million in 2022. The increase in profit was mainly due to higher operating margin driven by the tariff improvement and lower administrative expenses, partly offset by lower ancillary services income. The total quantity of water sold for the year was approximately 47,179,000 tonnes, broadly maintained at the same level as that of last year.

Heat and Thermal Power

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. (天津泰達津聯熱電有限公司) ("**Heat and Power Company**") is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA. The Heat and Power Company has transmission pipelines of approximately 549 kilometres (2022: 462 kilometres) and more than 120 processing stations (2022: 120 processing stations) in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2023, the Heat and Power Company reported revenue of approximately HK\$1,288.5 million, a decline of 15.9% from HK\$1,532.3 million last year. Profit from the Heat and Power Company was approximately HK\$35.9 million, as compared with HK\$49.3 million in 2022. The decline in both revenue and profit was mainly due to the decrease in government supplemental income. Such side effect on profit was partly offset by a combination of tariff improvement and reduction in average steam purchase cost. The total quantity of steam sold for the year was approximately 3,588,000 tonnes, representing a decrease of 3.4% over last year.

Electricity

As at 31 December 2023, 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\$2,504.5 million, representing a decrease of 3% compared with last year. TEDA Power contributed to the Group a profit of approximately HK\$63 million, an increase of 5.4% from HK\$59.8 million in 2022. The total quantity of electricity sold for the year was approximately 3,092,394,000 kWh, representing a decline of 2.4% over last year.

Pharmaceutical

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

In 2023, revenue from pharmaceutical segment was approximately HK\$1,441.4 million, a decline of 3.1% from HK\$1,486.8 million last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$1,266.9 million, a decrease of 4.5% from HK\$1,326.9 million in 2022. Revenue from sale of packaging materials amounted to approximately HK\$174.5 million, an increase of 9.1% from HK\$159.9 million last year. Profit from pharmaceutical segment was approximately HK\$370.1 million, compared with HK\$80.8 million last year.

During the year, the revenue of Research Institute decreased by 26.9% to approximately HK\$547.1 million and contributed to the Group a loss (after non-controlling interests) of approximately HK\$46.6 million, as compared with a loss of HK\$51 million in 2022.

The increase in profit from pharmaceutical segment was primarily due to the one-off gain of approximately HK\$265.1 million on the resumption of the parcels of land and building for industrial use located at No. 491, Huanghe Road, Nankai District, Tianjin and lower of selling and distribution expense as well as general and administrative expenses. Stripping out the one-off gain on the resumption of land and building, profit from pharmaceutical segment would have been approximately HK\$105 million.

On 10 October 2023, Tianjin Lisheng Pharmaceutical Co., Ltd (天津力生製藥股份有限公司) (“**Lisheng Pharmaceutical**”, an indirect non-wholly owned subsidiary of the Company) entered into the equity transfer agreement with Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (津藥達仁堂集團股份有限公司) in relation to the disposal of the entire 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司) held by Lisheng Pharmaceutical at a total consideration of RMB87,823,860. The disposal is not yet completed as at the date of this announcement and its details are set out in the announcements dated 25 August 2023 and 10 October 2023 and the circular of the Company dated 10 November 2023.

On 29 December 2023, Lisheng Pharmaceutical entered into an agreement with Jiangxi Qingchun Kangyuan Group Co., Ltd. (江西青春康源集團有限公司), Jiangxi Qingchun Kangyuan Chinese Medicine Co., Ltd. (江西青春康源中藥股份有限公司), Mr. Liu Musheng and Jiangxi Qingchun Kangyuan Pharmaceutical Co., Ltd. (江西青春康源製藥有限公司) (“**Qingchun Kangyuan**”) in relation to the acquisition of 65% equity interest in Qingchun Kangyuan by Lisheng Pharmaceutical at a consideration of RMB136,991,855. Qingchun Kangyuan is principally engaged in the research and development, production and sales of proprietary Chinese medicines and other healthcare products in the PRC. It is also operating a B2B e-commerce platform which is working with the market player across the value chain of pharmaceutical industry, pharmaceutical manufacturers, distributors, wholesalers and pharmacies, to build a data-driven, reliable and efficient pharmaceutical supply chain. The acquisition has been completed in February 2024. Details of the acquisition are set out in the announcement dated 29 December 2023.

Hotel

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

In 2023, Courtyard Hotel reported revenue of approximately HK\$130.4 million, an increase of 67.8% from HK\$77.7 million. Profit from Courtyard Hotel was approximately HK\$17.8 million compared to a profit of HK\$2.6 million last year. The increase in operating result of Courtyard Hotel was primarily due to the reopening of the borders with China at the beginning of 2023. The average room rate increased slightly and the average occupancy rate was approximately 83.2%, nineteen 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 2023, revenue from electrical and mechanical business of approximately HK\$166.8 million, as compared with HK\$281.4 million last year. Loss from electrical and mechanical business was approximately HK\$35.5 million compared to a loss of HK\$13.8 million in 2022. The loss was primarily attributable to lower revenue as a results of the lower level of contract works completed in the hydroelectric equipment business and lower operating margins, partly offset by lower finance costs following the repayment in full of its outstanding bank borrowings in late 2022.

Strategic and Other Investments

Port Services

As at 31 December 2023, the Group has 21% equity interest in Tianjin Port Development Holdings Limited (“**Tianjin Port**”) (stock code: 3382). Tianjin Port is engaged in the provision of port services including container and cargo handling services, sales and other port ancillary services in Tianjin, the PRC.

During the year, the revenue of Tianjin Port increased by 3.6% to approximately HK\$13,479.8 million and profit attributable to owners of Tianjin Port was approximately HK\$729.9 million.

Tianjin Port contributed to the Group a profit of approximately HK\$153.3 million, representing an increase of 119.3% over last year.

Elevators and Escalators

As at 31 December 2023, 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\$20,629.4 million, representing a decrease of 17.6% compared with last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$325.3 million, broadly maintained at the same level as that of last year.

Investment in Binhai Investment Company Limited

As at 31 December 2023, 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\$79.3 million (2022: approximately HK\$86.5 million) and the unrealised fair value loss of approximately HK\$7.2 million (2022: approximately HK\$0.5 million) was recognised in other comprehensive income.

Investment in Tasly Holding Group Co., Ltd.

As at 31 December 2023, 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 Lisheng Pharmaceutical. 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 2023, the fair value of investment in Tasly Holding was approximately HK\$1,587.1 million (2022: approximately HK\$1,072.3 million), accounting for approximately 7.1% of the Group’s total assets, and on that date the fair value gain together with the exchange effect amounted to approximately HK\$514.8 million has been recognised in other comprehensive income. During the year, there was no dividend distribution from Tasly Holding (2022: approximately HK\$14.1 million). The holding of 12.15% equity interest in Tasly Holding is not held for trading and not expected to be sold in the foreseeable future.

PROSPECT

Looking ahead to 2024, the pace of economic recovery in the world’s leading economies is mixed while uncertainties remain persisted. Upcoming elections in major countries and geopolitical changes, etc. have made the external environment more complex and unpredictable. The China’s economy is facing downward pressure due to shifting growth pace, industrial structures upgrading, and the transition from old to new momentum. However, China’s economy shows great resilience and its fundamentals remains unchanged, and are expected to be stable and sound in the long run. With the implementation of a series of supportive policies, China’s economy will maintain an overall steady trend.

Under the new situation, the Company will be capable of dealing with the challenges ahead with its solid business and financial strength. While maintaining steady and sustainable development of various businesses, the Company will speed up its development and actively take part in the Tianjin city's initiative to deepen and upgrade state-owned enterprises reform. The Company will also proactively plan out its development so as to seize new opportunities.

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 31 December 2023, the total cash on hand and total bank borrowings of the Group stood at approximately HK\$6,604.7 million and HK\$1,810.6 million respectively (2022: approximately HK\$6,338.5 million and HK\$1,564.6 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$100 million (2022: nil) will mature within one year. During the year ended 31 December 2023, the Group entered into a loan agreement with commercial bank in Hong Kong, pursuant to which loan facility of up to HK\$100 million were made available to the Group subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods. The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 14.4% as at 31 December 2023 (2022: approximately 13%).

Bank borrowings of HK\$1,710.6 million outstanding as at 31 December 2023 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 2023 and 31 December 2022, all of the Group's bank borrowings was denominated in Hong Kong dollar.

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, structured deposits, 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 2023, the Group had a total of approximately 2,376 employees (2022: 2,490) of which approximately 214 (2022: 215) were management personnel and 754 (2022: 784) 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 2023, restricted bank balances of HK\$216.9 million (2022: HK\$ 178.9 million) was pledged to financial institutions by the Group to secure general banking facilities.

LITIGATION

As disclosed in the announcements of the Company dated 3 August 2023, 10 August 2023 and 30 December 2023 (the “**Announcements**”), Tianjin Central Pharmaceutical Co., Ltd. (天津市中央藥業有限公司) (“**Central Pharmaceutical**”), an indirect non-wholly owned subsidiary of the Company, was a party to a litigation arising from the ordinary course of business with its sales and marketing agent (the “**Agent**”). As stated in the Announcements, certain assets of Central Pharmaceutical had been retained as a request of claim for a payment in relation to the provision of sales and marketing services to Central Pharmaceutical. Central Pharmaceutical had lodged a petition for counterclaim on 7 August 2023 and received the civil judgement of the trial of first instance issued by Tianjin No.2 Intermediate People's Court on 8 December 2023. The Agent was not satisfied with the judgement and filed a civil petition for appeal to the Higher People's Court of Tianjin on 19 December 2023. Central Pharmaceutical had also lodged a civil petition for appeal on 21 December 2023 and is pending the Higher People's Court of Tianjin hearing. The management of the Group are of the opinion that any possible legal liability which may incur from such litigation shall not have material adverse effect on the financial position of the Group.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK8.80 cents per share for the year ended 31 December 2023 (2022: HK5.50 cents per share) to the shareholders whose names appear on the Company's register of members on 26 June 2024. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 13 June 2024, the final dividend will be paid on 29 July 2024.

The final dividend together with the interim dividend of HK3.45 cents per share paid on 30 October 2023 makes a total of HK12.25 cents per share for the year (2022: HK8.95 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 7 June 2024 (Friday) to 13 June 2024 (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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 6 June 2024 (Thursday).

The register of members of the Company will be closed from 24 June 2024 (Monday) to 26 June 2024 (Wednesday), 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 21 June 2024 (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 2023.

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 C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the year ended 31 December 2023 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 21 June 2023. Mr. Teng Fei, executive director and deputy 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 C3 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.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Board proposes to amend the existing articles of association of the Company (“**Articles of Association**”) for the purposes of (i) tying in with the latest legal and regulatory requirements and market practice to allow the Company the flexibility to hold general meetings as hybrid meetings where shareholders of the Company may participate by means of electronic facilities; (ii) setting out other related powers of the Board and the chairman of the general meeting, including making arrangements for attendance at the meetings as well as ensuring the security and orderly conduct of the meetings; (iii) bringing the existing Articles of Association to conform to the core shareholder protection standards set out in Appendix A1 to the Listing Rules that apply to all issuers to provide the same level of protection to all investors; and (iv) aligning the existing Articles of Association with the applicable laws of Hong Kong and the Listing Rules and making other housekeeping amendments. The Board proposes to adopt a new set of Articles of Association (the “**New Articles of Association**”) with all proposed amendments to the existing Articles of Association be adopted to replace the existing Articles of Association.

The proposed adoption of the New Articles of Association shall be subject to the passing of a special resolution by the Shareholders at the forthcoming annual general meeting of the Company. A circular containing, among others, details of the proposed amendments to the existing Articles of Association and a notice convening the annual general meeting will be despatched to the Shareholders as soon as practicable.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises four independent non-executive directors, namely Ms. Ng Yi Kum, Estella (Chairman of the Committee), Mr. Wong Shiu Hoi, Peter, Mr. Lau Ka Keung and Mr. Sin Hendrick. 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 2023 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 2023 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 2023 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
Zhai Xinxiang
Executive Director and General Manager

Hong Kong, 27 March 2024

As at the date of this announcement, the Board of the Company consists of Mr. Teng Fei, Dr. Zhai Xinxiang, Mr. Sun Lijun, Ms. Ng Yi Kum, Estella**, Mr. Wong Shiu Hoi, Peter**, Mr. Lau Ka Keung** and Mr. Sin Hendrick**.*

* *non-executive director*

** *independent non-executive director*