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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 2015

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$6,368,910,000 (2014 (restated): approximately HK\$6,813,647,000).
- Profit attributable to owners of the Company amounted to approximately HK\$562,351,000 (2014 (restated): approximately HK\$737,009,000).
- Basic earnings per share were HK52.50 cents (2014 (restated): HK69.04 cents).
- Proposed final dividend of HK5.65 cents per share (2014: HK5.65 cents per share), together with interim dividend paid, total dividends for the year amounted to HK10.18 cents per share (2014: HK9.85 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 2015 together with the restated comparative figures for the corresponding year in 2014 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2015*

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Revenue	2	6,368,910	6,813,647
Cost of sales		<u>(5,185,302)</u>	<u>(5,541,371)</u>
Gross profit		1,183,608	1,272,276
Other income	3	357,354	366,475
Other (losses) gains, net	4	(20,822)	198,584
Selling and distribution expenses		(368,362)	(377,534)
General and administrative expenses		(832,962)	(895,028)
Other operating expenses		(155,541)	(186,976)
Finance costs	5	(67,650)	(67,603)
Share of profit (loss) of			
Associates		690,714	703,388
Joint ventures		<u>(11,597)</u>	<u>(13,345)</u>
Profit before tax		774,742	1,000,237
Tax expense	6	<u>(71,533)</u>	<u>(96,119)</u>
Profit for the year	7	<u>703,209</u>	<u>904,118</u>
Attributable to:			
Owners of the Company		562,351	737,009
Non-controlling interests		<u>140,858</u>	<u>167,109</u>
		<u>703,209</u>	<u>904,118</u>
		<i>HK cents</i>	<i>HK cents</i> (restated)
Earnings per share	8		
Basic		<u>52.50</u>	<u>69.04</u>
Diluted		<u>52.28</u>	<u>68.32</u>

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

For the year ended 31 December 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000 (restated)
Profit for the year		<u>703,209</u>	<u>904,118</u>
Other comprehensive (expense) income			
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligations		(8,339)	(63)
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences			
– the Group		(614,065)	13,133
– associates		(230,105)	(7,137)
– joint ventures		(3,570)	(34)
Change in fair value of available-for-sale financial assets	<i>11</i>	(77,372)	(21,683)
Deferred taxation on fair value change of available-for-sale financial assets		(1,047)	(1,213)
Share of other comprehensive (expense) income of an associate			
– available-for-sale financial assets revaluation reserve		(2)	11,608
Reclassification upon disposal/deregistration of subsidiaries and an associate		<u>–</u>	<u>(167,478)</u>
Other comprehensive expense for the year		<u>(934,500)</u>	<u>(172,867)</u>
Total comprehensive (expense) income for the year		<u>(231,291)</u>	<u>731,251</u>
Attributable to:			
Owners of the Company		(157,856)	560,100
Non-controlling interests		(73,435)	171,151
		<u>(231,291)</u>	<u>731,251</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		31 December 2015	31 December 2014	1 January 2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)	(restated)
ASSETS				
Non-current assets				
Property, plant and equipment		5,118,453	4,728,554	3,943,962
Land use rights		475,302	512,557	352,160
Investment properties		166,093	176,185	201,197
Interests in associates	10	4,949,975	4,934,021	5,302,320
Interests in joint ventures		55,611	70,778	84,157
Intangible assets		223,890	271,530	251,118
Deposits paid for acquisition of property, plant and equipment		88,530	128,239	87,704
Deposit paid for acquisition of a land use right		–	–	11,392
Deferred tax assets		97,100	102,174	112,446
Available-for-sale financial assets	11	372,688	470,303	491,966
Goodwill		1,492	111,764	163,032
		11,549,134	11,506,105	11,001,454
Current assets				
Inventories		450,280	523,094	484,947
Amounts due from joint ventures		55,997	14,027	14,794
Amount due from ultimate holding company		204	756	353
Amounts due from related companies		43,817	45,015	41,126
Amounts due from customers for contract work	12	798,629	805,383	762,038
Trade receivables	13	873,207	834,314	800,610
Notes receivables	13	205,055	309,410	310,903
Other receivables, deposits and prepayments	14	367,021	360,560	535,919
Financial assets at fair value through profit or loss		186,107	607,741	654,731
Entrusted deposits	15	1,890,215	2,066,940	1,531,176
Restricted bank balances		125,065	279,474	212,250
Time deposits with maturity over three months		1,471,241	1,160,260	1,461,154
Cash and cash equivalents		4,997,450	6,467,654	5,318,380
		11,464,288	13,474,628	12,128,381
Total assets		23,013,422	24,980,733	23,129,835
EQUITY				
Owners of the Company				
Share capital	16	5,136,285	5,111,234	106,747
Reserves		5,042,608	5,313,195	9,918,796
		10,178,893	10,424,429	10,025,543
Non-controlling interests		3,603,307	3,678,002	3,595,677
Total equity		13,782,200	14,102,431	13,621,220

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 31 December 2015

		31 December 2015	31 December 2014	1 January 2014
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)	(restated)
LIABILITIES				
Non-current liabilities				
Defined benefit obligations		37,005	33,848	34,937
Deferred income		125,124	126,819	125,597
Obligations under finance leases				
– due after one year		3,641	19,116	–
Bank borrowings	17	83,614	2,645,875	154,412
Deferred tax liabilities		44,053	47,786	49,637
		293,437	2,873,444	364,583
Current liabilities				
Trade payables	18	1,189,501	1,124,367	986,407
Notes payables	18	161,274	377,829	356,996
Other payables and accruals	19	3,449,289	4,841,718	4,556,160
Amounts due to related companies		886,811	993,196	622,341
Amounts due to customers for contract work	12	98,862	103,591	153,792
Obligations under finance leases				
– due within one year		14,221	19,000	–
Bank borrowings	17	2,974,892	351,966	2,288,442
Current tax liabilities		162,935	193,191	179,894
		8,937,785	8,004,858	9,144,032
Total liabilities		9,231,222	10,878,302	9,508,615
Total equity and liabilities		23,013,422	24,980,733	23,129,835
Net current assets		2,526,503	5,469,770	2,984,349
Total assets less current liabilities		14,075,637	16,975,875	13,985,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets at fair value through profit or loss and investment properties, which are carried at fair value. The 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 (Chapter 622).

The financial information relating to the years ended 31 December 2014 and 2015 included in this preliminary announcement of annual results 2015 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 2014 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 2015 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The independent auditor’s report for the year ended 31 December 2015 was 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.

The independent auditor’s report for the year ended 31 December 2014 was qualified. The details of the qualification are set out in the 2014 annual report of the Company.

Application of merger accounting

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA.

In December 2015, the Group completed the acquisition of 67% equity interest in Thrive Leap Limited (“Thrive Leap”) from a wholly-owned subsidiary of Tsinlien Group Company Limited (“Tsinlien”) for a cash consideration of RMB2,315,855,000 (equivalent to HK\$2,772,483,000).

In applying AG 5 to the acquisition of Thrive Leap by the Group, the consolidated statements of financial position of the Group as at 1 January 2014 and 31 December 2014 have been restated to include the assets and liabilities of Thrive Leap and its subsidiaries (collectively referred to as “Thrive Leap Group”) as if they were within the Group on that date. The consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2014 have also been restated to include the financial performance and cash flows of Thrive Leap Group as if this acquisition had been completed on 1 January 2014.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following amendments to HKFRSs:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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

2. SEGMENT INFORMATION

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

The Group has six reportable segments. The segments are managed separately as each business offers different products and services. The accounting policies of the reportable segments are the same as those described in the basis of preparation and accounting policies. The following summary describes the operation in each of the Group’s reportable segments.

(a) Utilities

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

(b) Pharmaceutical

This segment derives revenue from manufacture and sale of pharmaceutical products and the provision of pharmaceutical research and development services as well as design, manufacture and printing for pharmaceutical packaging in the PRC.

The pharmaceutical segment solely represents the operation of Thrive Leap Group. As set out in Note 1, the Group applied the principles of merger accounting in relation to its acquisition of Thrive Leap during the current year. The segment revenue, segment results, segment assets and segment liabilities have been restated to include the revenue, results, assets and liabilities of Thrive Leap 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 sale 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 associate of the Group, Tianjin Port Development Holdings Limited (“Tianjin Port”), which provides port services in Tianjin.

(f) Elevators and escalators

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

2. SEGMENT INFORMATION (Cont'd)

For the year ended 31 December 2015

	Utilities (note (i)) HK\$'000	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	3,700,044	1,526,891	109,196	1,032,779	–	–	6,368,910
Operating profit (loss) before interest	60,877	196,717	18,594	(202,630)	–	–	73,558
Interest income	31,808	21,340	20	33,452	–	–	86,620
Gain on fair value change of a financial asset designated as at fair value through profit or loss	–	54,576	–	–	–	–	54,576
Impairment loss on goodwill	–	–	–	(108,398)	–	–	(108,398)
Finance costs	–	(9,074)	–	(5,000)	–	–	(14,074)
Share of (loss) profit of associates	–	(675)	–	–	132,171	552,795	684,291
Profit (loss) before tax	92,685	262,884	18,614	(282,576)	132,171	552,795	776,573
Tax (expense) credit	(18,360)	(46,276)	(3,067)	1,363	–	–	(66,340)
Segment results – profit (loss) for the year	74,325	216,608	15,547	(281,213)	132,171	552,795	710,233
Non-controlling interests	(5,881)	(108,140)	–	65,565	–	(95,412)	(143,868)
Profit (loss) attributable to owners of the Company	<u>68,444</u>	<u>108,468</u>	<u>15,547</u>	<u>(215,648)</u>	<u>132,171</u>	<u>457,383</u>	<u>566,365</u>
Segment results – profit (loss) for the year includes: Depreciation and amortisation	<u>66,995</u>	<u>77,348</u>	<u>16,996</u>	<u>80,559</u>	–	–	<u>241,898</u>

For the year ended 31 December 2014 (restated)

	Utilities (note (i)) HK\$'000	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	3,930,850	1,490,843	118,517	1,273,437	–	–	6,813,647
Operating profit (loss) before interest	83,320	123,191	26,731	(148,246)	–	–	84,996
Interest income	19,831	34,892	16	28,904	–	–	83,643
Impairment loss on goodwill	–	–	–	(51,009)	–	–	(51,009)
Finance costs	–	(10,104)	–	(5,427)	–	–	(15,531)
Share of profit of associates	–	2,444	–	–	171,954	525,200	699,598
Profit (loss) before tax	103,151	150,423	26,747	(175,778)	171,954	525,200	801,697
Tax (expense) credit	(29,944)	(36,082)	(4,413)	2,000	–	–	(68,439)
Segment results – profit (loss) for the year	73,207	114,341	22,334	(173,778)	171,954	525,200	733,258
Non-controlling interests	(5,504)	(85,977)	–	22,031	–	(90,650)	(160,100)
Profit (loss) attributable to owners of the Company	<u>67,703</u>	<u>28,364</u>	<u>22,334</u>	<u>(151,747)</u>	<u>171,954</u>	<u>434,550</u>	<u>573,158</u>
Segment results – profit (loss) for the year includes: Depreciation and amortisation	<u>65,183</u>	<u>76,106</u>	<u>16,810</u>	<u>78,597</u>	–	–	<u>236,696</u>

2. SEGMENT INFORMATION (Cont'd)

	2015 HK\$'000	2014 HK\$'000 (restated)
Reconciliation of profit for the year		
Total reportable segments	710,233	733,258
Gain on disposal of an associate	–	235,368
Gain on deregistration/disposal of subsidiaries	–	2,324
Corporate and others (note (ii))	<u>(7,024)</u>	<u>(66,832)</u>
Profit for the year	<u><u>703,209</u></u>	<u><u>904,118</u></u>

notes:

- (i) Revenue from supply of electricity, water, and heat and thermal power amounted to HK\$2,441,666,000, HK\$365,124,000 and HK\$893,254,000 respectively (2014: HK\$2,517,604,000, HK\$396,997,000 and HK\$1,016,249,000 respectively).

The above revenue also included government supplemental income of HK\$115,567,000 (2014: HK\$209,798,000).

- (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 2015

	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 (note) HK\$'000	Total HK\$'000
Segment assets	<u>3,766,858</u>	<u>5,700,630</u>	<u>577,163</u>	<u>3,473,848</u>	<u>3,556,978</u>	<u>970,551</u>	<u>18,046,028</u>	<u>4,967,394</u>	<u>23,013,422</u>
Segment liabilities	<u>2,340,455</u>	<u>1,206,793</u>	<u>9,916</u>	<u>1,859,043</u>	<u>–</u>	<u>–</u>	<u>5,416,207</u>	<u>3,815,015</u>	<u>9,231,222</u>

As at 31 December 2014 (restated)

	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 (note) HK\$'000	Total HK\$'000
Segment assets	<u>3,669,357</u>	<u>5,669,388</u>	<u>596,890</u>	<u>3,798,908</u>	<u>3,642,012</u>	<u>978,429</u>	<u>18,354,984</u>	<u>6,625,749</u>	<u>24,980,733</u>
Segment liabilities	<u>2,242,767</u>	<u>1,093,004</u>	<u>8,992</u>	<u>2,037,120</u>	<u>–</u>	<u>–</u>	<u>5,381,883</u>	<u>5,496,419</u>	<u>10,878,302</u>

note:

The balances represent assets and liabilities relating to corporate and other non-core businesses which have not been categorised as reportable segments and principally include cash and cash equivalents, time deposits with maturity over three months, entrusted deposits, financial assets at fair value through profit or loss, property, plant and equipment, investment properties, available-for-sale financial assets, interests in certain associates and bank borrowings.

2. SEGMENT INFORMATION *(Cont'd)*

Other segment information

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
The PRC	6,259,714	6,695,130
Hong Kong	<u>109,196</u>	<u>118,517</u>
	<u>6,368,910</u>	<u>6,813,647</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
The PRC	10,586,858	10,425,245
Hong Kong	<u>492,488</u>	<u>508,383</u>
	<u>11,079,346</u>	<u>10,933,628</u>

3. OTHER INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Interest income	243,045	269,713
Government grants	35,535	56,744
Rental income under operating leases, net of negligible outgoings	5,975	11,690
Sales of scrap materials	3,719	1,948
Dividend income from available-for-sale financial assets	14,932	4,559
Sundries	<u>54,148</u>	<u>21,821</u>
	<u>357,354</u>	<u>366,475</u>

4. OTHER (LOSSES) GAINS, NET

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Impairment loss on goodwill	(108,398)	(51,009)
Net exchange loss	(32,911)	(6,617)
Impairment loss on property, plant and equipment	(14,038)	(593)
Impairment loss on available-for-sale financial assets	(5,017)	–
Net loss on disposal/written off of property, plant and equipment	(11,119)	(37,984)
Gain on fair value change of a financial asset designated as at fair value through profit or loss	54,576	–
Net gain on financial assets held for trading		
– listed	28,406	16,054
– unlisted	65,207	29,774
Reversal of allowance (allowance) for inventories	2,472	(4,430)
Gain on disposal of an associate (<i>note</i>)	–	235,368
Gain on fair value change of an investment property	–	15,697
Gain on deregistration of a subsidiary	–	2,324
	<u>(20,822)</u>	<u>198,584</u>

note:

On 25 June 2014, the Company completed the disposal of its entire equity interest in Famous Ever Group Limited, which owns 44.7% equity interest in Dynasty Fine Wines Group Limited (“Dynasty”), to Tsinlien at a cash consideration of HK\$890,000,000 (the “Disposal”) and recognised a gain of HK\$235,368,000. Details of the Disposal are set out in the announcement and the circular of the Company dated 5 May 2014 and 27 May 2014, respectively.

5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Interest expenses on bank borrowings	78,315	77,837
Interest on obligations under finance leases	1,103	1,669
Less: Amounts capitalised on construction in progress (included in property, plant and equipment)	(11,768)	(11,903)
	<u>67,650</u>	<u>67,603</u>

6. TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Current taxation		
PRC Enterprise Income Tax (“EIT”)	71,521	88,922
Deferred taxation	12	7,197
	<u>71,533</u>	<u>96,119</u>

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong during the year (2014: Nil).

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

7. PROFIT FOR THE YEAR

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Profit for the year is arrived at after charging (crediting):		
Employees’ benefits expense (including directors’ emoluments)	971,226	955,120
Cost of inventories recognised as an expense	3,691,502	3,849,997
Depreciation		
– charged to cost of sales	129,643	141,118
– charged to administrative expenses	68,692	69,893
– charged to selling expenses	1,389	1,468
– charged to other operating expenses	16,996	16,810
Amortisation of land use rights	10,420	8,727
Amortisation of intangible assets	33,486	16,272
Reversal of allowance for impairment of trade receivables	(8,557)	(6,705)
Operating lease expense on		
– plants, pipelines and networks	149,101	155,523
– land and buildings	13,378	14,391
Auditor’s remuneration	7,619	7,195
Research and development costs charged to other operating expenses	<u>153,646</u>	<u>168,831</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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>562,351</u>	<u>737,009</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,071,151	1,067,470
Effect of dilutive potential ordinary shares: Share options	<u>4,581</u>	<u>11,274</u>
Weighted average number of ordinary shares taking account of the share options for the purpose of diluted earnings per share	<u>1,075,732</u>	<u>1,078,744</u>

9. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Dividends recognised as distribution during the year		
– 2015 interim dividend, paid		
– HK4.53 cents per share (2014: HK4.20 cents per share)	48,596	44,834
– 2014 final dividend, paid		
– HK5.65 cents per share (2013: HK6.63 cents per share)	60,612	70,773
Dividends to the owners of a subsidiary of Thrive Leap prior to acquisition by the Group	<u>–</u>	<u>47,548</u>
	<u>109,208</u>	<u>163,155</u>

A final dividend of HK5.65 cents per share for the year ended 31 December 2015, amounting to approximately HK\$60,612,000 in total, 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. INTERESTS IN ASSOCIATES

	31 December 2015 HK\$'000	31 December 2014 HK\$'000 (restated)	1 January 2014 HK\$'000 (restated)
The Group's interests in associates			
– Listed shares in Hong Kong			
– Dynasty	–	–	786,780
– Tianjin Port	3,556,978	3,642,012	3,533,530
– Unlisted shares in the PRC			
– Otis China	970,551	978,429	843,456
– Others	422,446	313,580	138,554
	4,949,975	4,934,021	5,302,320

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2015 HK\$'000	31 December 2014 HK\$'000 (restated)	1 January 2014 HK\$'000 (restated)
<i>notes</i>			
Equity securities			
Listed, at market value	155,099	234,395	256,058
Unlisted	217,589	235,908	235,908
	372,688	470,303	491,966

notes:

- (a) The listed securities mainly represent the Group's 4.23% equity interest in Binhai Investment Company Limited ("Binhai Investment") which is listed on the Main Board of the Stock Exchange.

As at 31 December 2015, the market value of the Group's equity interest in Binhai Investment was HK\$121,566,000 (2014: HK\$205,919,000) and the unrealised fair value loss of HK\$84,353,000 (2014: a loss of HK\$29,771,000) was recognised in other comprehensive expense.

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

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

Amounts represent the contracts in progress of subsidiaries of the electrical and mechanical segment at the end of the year.

13. TRADE RECEIVABLES AND NOTES RECEIVABLES

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

	31 December 2015 HK\$'000	31 December 2014 HK\$'000 (restated)	1 January 2014 HK\$'000 (restated)
Within 30 days	459,189	454,126	484,385
31 to 90 days	103,358	153,262	147,005
91 to 180 days	167,009	262,017	224,578
181 to 365 days	168,024	123,246	114,735
Over 1 year	180,682	151,073	140,810
	<u>1,078,262</u>	<u>1,143,724</u>	<u>1,111,513</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 to 180 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.

As at 31 December 2015, the government supplemental income receivables from the TEDA Finance Bureau were fully received (2014: fully received). Annual government supplemental income receivables do not have credit terms and the amounts are to be finalised by the TEDA Finance Bureau after the end of each financial year. Continuous settlements have been received by the Group over the years.

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

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2015 HK\$'000	31 December 2014 HK\$'000 (restated)	1 January 2014 HK\$'000 (restated)
Consideration receivable for disposal of a subsidiary	—	—	37,975
Entrusted loan (<i>note</i>)	23,866	25,316	25,316
Compensation receivable	91,505	98,045	148,678
Others	251,650	237,199	323,950
	<u>367,021</u>	<u>360,560</u>	<u>535,919</u>

note:

The amount represented an entrusted loan to one government-related borrower in the PRC through one PRC financial institution carrying interest at fixed rate. The outstanding amount is repayable within one year with a fixed interest rate at 6% per annum (2014: 6% per annum).

15. ENTRUSTED DEPOSITS

As at 31 December 2015, the entrusted deposits were placed with six financial institutions (2014 (restated): five financial institutions) in the PRC with maturity from 1 to 21 months (2014: 1 to 20 months) after the end of the reporting period. The deposits carry variable rates of return ranging from 3.1% to 9.0% (2014: 3.8% to 9.0%) per annum.

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

16. SHARE CAPITAL

	<i>notes</i>	Number of shares thousand	Value HK\$'000
Issued and fully paid:			
At 1 January 2014			
– ordinary shares of HK\$0.1 each		1,067,470	106,747
Transfer from share premium upon abolition of par value under the Hong Kong Companies Ordinance	<i>(a)</i>	–	5,004,487
At 31 December 2014		1,067,470	5,111,234
Exercise of share options	<i>(b)</i>	5,300	25,051
At 31 December 2015			
– ordinary shares with no par value		<u>1,072,770</u>	<u>5,136,285</u>

notes:

- (a) Under the Hong Kong Companies Ordinance, with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. As such, the share premium account of the Company amounting to HK\$5,004,487,000 was transferred to, and became part of, the share capital of the Company accordingly. There is no impact on the number of shares in issue or the relative entitlements of any of the shareholders as a result of this transition.
- (b) During the year ended 31 December 2015, the Company issued 5,300,000 shares to the option holders who exercised their share options under the share option scheme of the Company. These new shares rank pari passu in all respects with other shares in issue.

17. BANK BORROWINGS

The Group raised new borrowings of HK\$326,358,000 and repaid the borrowings of HK\$245,752,000 during the year.

As at 31 December 2015, HK\$2,974,892,000 of borrowings were repayable within one year and carried interest rates at 1.72% to 5.68% (2014: 1.31% to 6.71%) per annum.

18. TRADE PAYABLES AND NOTES PAYABLES

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

	31 December 2015 HK\$'000	31 December 2014 HK\$'000 (restated)	1 January 2014 HK\$'000 (restated)
Within 30 days	327,420	392,664	337,251
31 to 90 days	335,203	362,537	294,037
91 to 180 days	318,446	434,534	469,640
Over 180 days	369,706	312,461	242,475
	<u>1,350,775</u>	<u>1,502,196</u>	<u>1,343,403</u>

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

19. OTHER PAYABLES AND ACCRUALS

	31 December 2015 HK\$'000	31 December 2014 HK\$'000 (restated)	1 January 2014 HK\$'000 (restated)
Receipts in advance	893,687	874,996	530,933
Accruals	651,938	552,194	775,522
Other payables	856,690	642,045	477,222
Consideration payable (<i>note</i>)	1,046,974	2,772,483	2,772,483
	<u>3,449,289</u>	<u>4,841,718</u>	<u>4,556,160</u>

note:

The amount represents the outstanding consideration payable on the acquisition of 67% equity interest in Thrive Leap (*note* 1).

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 electricity, water, heat and thermal power to industrial, commercial and residential customers.

TEDA, located at the centre of Bohai economic rim, is a national development zone and an ideal place for manufacturing and R&D developments. TEDA plays a leading role over the past three decades in China's economic development.

Electricity

Tianjin TEDA Tsinlien Electric Power Co., Ltd. ("Electricity Company") is principally engaged in supply of electricity in TEDA. It also provides services in relation to maintenance of power supply equipment and technical consultancy. Currently, the installed transmission capacity of Electricity Company is approximately 706,000 kVA (2014: 706,000 kVA).

In 2015, revenue from the Electricity Company was approximately HK\$2,441.7 million, a decrease of 3% from HK\$2,517.6 million last year. Profit decreased HK\$8.6 million to approximately HK\$24.1 million from HK\$32.7 million last year. This was primarily due to increase in wages, maintenance costs and other operating expenses. The total quantity of electricity sold for the year was approximately 2,610,601,000 kWh, a decline of 0.3% over last year.

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. ("Water Company") is principally engaged in supply of tap water in TEDA. It also provides services in installation and maintenance of water pipes, technical consultancy, retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 425,000 tonnes (2014: 425,000 tonnes).

In 2015, revenue from the Water Company was approximately HK\$365.1 million, a 8% below that of 2014. The Water Company recorded a profit of approximately HK\$6.1 million compared to HK\$1.9 million in 2014. The increase was mainly attributable to the improved operating margins driven by tariff adjustments. The total quantity of water sold for the year was approximately 49,669,000 tonnes, representing a decrease of 4% over last year.

Heat and Thermal Power

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. ("Heat & Power Company") is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA. The Heat & Power Company has steam transmission pipelines of approximately 360 kilometres (2014: 360 kilometres) and more than 105 processing stations (2014: 105 processing stations) in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2015, the Heat and Power Company reported revenue of approximately HK\$893.2 million, a decrease of 12.1% over last year and recorded a profit of approximately HK\$44.1 million, a 14.2% increase compared to 2014. The increase in profit was attributable to the improved operating margins, driven by the reduction in average steam purchase cost. The total quantity of steam sold for the year was approximately 3,519,000 tonnes, representing an increase of 1% over last year.

Pharmaceutical

The pharmaceutical business refers to 67% equity interest in Thrive Leap Limited (“Thrive Leap”) and was acquired from Golden Tripod Holdings Limited (“Golden Tripod”), a wholly-owned subsidiary of Tsinlien Group Company Limited (“Tsinlien”) at a consideration of RMB2,315,855,000. The sale and purchase agreement was signed on 22 July 2015 and the acquisition was completed on 21 December 2015, and Thrive Leap became a 67%-owned subsidiary of the Company. The principal assets of the pharmaceutical business consist of the holding of 93,710,608 A shares, through its wholly-owned subsidiary TianJin Jinhao Pharmaceutical Co., Ltd. (天津金浩醫藥有限公司), in Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) (“Lisheng”), representing approximately 51.36% of the total issued A shares in Lisheng, and 65% and 100% equity interest in Tianjin Yiyao Printing Co., Ltd. (天津宜藥印務有限公司) and Tianjin Institute of Pharmaceutical Research Co., Ltd. (天津藥物研究院有限公司).

For the year ended 31 December 2015, Thrive Leap reported a revenue of approximately HK\$1,526.9 million and recorded a profit of approximately HK\$159.7 million. As the profit attributable to the Company was not up to the profit target according to the sale and purchase agreement and recorded a shortfall of approximately HK\$54.6 million, Tsinlien and Tianjin Pharmaceutical Group Co., Ltd. (天津市醫藥集團有限公司) (“Tianjin Pharmaceutical”) (as vendor’s guarantors) would have to pay the Company for the 67% shortfall amount in cash on or before 14 April 2016. Further details are set out in the paragraph headed “*Profit Guarantee in relation to the Acquisition of 67% of the issued share capital of Thrive Leap Limited*” of this announcement.

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 2015, revenue from Courtyard Hotel of approximately HK\$109.2 million was 7.9% below that of the previous year. Against the backdrop of tourism slowdown in Hong Kong, Profit from Courtyard Hotel decreased by HK\$6.8 million to approximately HK\$15.5 million for the year 2015. The average occupancy rate was approximately 84.2%, a slight decline as compared to 85.4% in 2014. The average room rate fell 8.4%.

Electrical and Mechanical

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

In 2015, revenue from electrical and mechanical segment of approximately HK\$1,032.8 million was 18.9% below that of last year. Loss from electrical and mechanical segment was approximately HK\$281.2 million compared to HK\$173.8 million for 2014. Loss before amounts written off of HK\$26.2 million on property, plant and equipment and impairment loss provision of HK\$108.4 million on goodwill related to hydraulic presses business was approximately HK\$146.6 million, compared to loss before impairment charges and amounts on written off of property, plant and equipment of HK\$82.3 million in 2014. The increase in loss was due to lower operating profit which was primarily resulted from slowdown in the sector and higher manufacturing contracts cost estimate adjustments during the year.

Strategic and Other Investments

Port Services

As at 31 December 2015, 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 the PRC.

During the year, the revenue of Tianjin Port decreased by 38.8% to approximately HK\$20,541.8 million and profit attributable to owners of Tianjin Port was approximately HK\$639.4 million, representing a decrease of 21.9% over last year.

Tianjin Port contributed to the Group a profit of approximately HK\$132.2 million, representing a decline of 23.2% as compared with 2014.

Elevators and Escalators

As at 31 December 2015, the Group has 16.55% equity interest in Otis Elevator (China) Investment Company Limited (“Otis China”). Otis China is engaged in the manufacturing and selling of elevators and escalators in the PRC.

During the year, the revenue of Otis China amounted to approximately HK\$22,674.7 million, representing a decrease of 15.6% over 2014.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$457.4 million, representing an increase of 5.2% over last year.

Investment in Binhai Investment Company Limited

During the year, the Group had 4.23% interest in Binhai Investment Company Limited (“Binhai Investment”) (stock code: 2886). As at 31 December 2015, the market value of the Group’s interest in Binhai Investment was approximately HK\$121.6 million (2014: approximately HK\$205.9 million) and the unrealised fair value loss of approximately HK\$84.4 million (2014: a loss of approximately HK\$29.8 million) was recognised in other comprehensive expense.

PROSPECT

Looking ahead to 2016, the global economy is experiencing a profound adjustment and sluggish recovery. The international trade will slack up. Financial and commodities markets will be volatile, and the external environment will be encountering increasing instability and uncertainty. The Chinese economy is facing a tedious downward pressure due to shifting growth pace, structural adjustment and the transition from old to new momentum. Nonetheless, the long term favorable fundamentals of China’s economy remain unchanged, and it is expected that the gradual implementation of various economic measures will provide the impetus for the stable economic development.

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 31 December 2015, the Group's total cash on hand, total bank borrowings and obligations under finance leases stood at approximately HK\$6,593.8 million, approximately HK\$3,058.5 million and approximately HK\$17.9 million respectively (31 December 2014 (restated): HK\$7,907.4 million, HK\$2,998 million and HK\$38.1 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities provided by banks. The bank borrowings of HK\$2,974.9 million (2014 (restated): approximately HK\$352 million) and obligations under finance leases of HK\$14.2 million (2014 (restated): HK\$19 million) will mature within one year.

The gearing ratio as measured by total borrowings, including bank borrowings and obligations under finance leases, to shareholders' funds was at approximately 30% as at 31 December 2015 (2014 (restated): approximately 29%).

Of the total HK\$3,058.5 million bank borrowings outstanding as at 31 December 2015, HK\$2,540.7 million were subject to floating rates with a spread of 1.8% over HIBOR of relevant interest periods and RMB434 million (equivalent to approximately HK\$517.8 million) of bank borrowings was fixed-rate debts with annual interest rates at 1.72% to 5.68%. Annual interest rate for obligations under finance leases was 6%.

As at 31 December 2015, 83% (31 December 2014 (restated): 84.4%) of the Group's total bank borrowings was denominated in HK dollars, 17% (31 December 2014 (restated): 14.3%) was denominated in Renminbi and no bank borrowings (31 December 2014 (restated): 1.3%) was denominated in US dollar.

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 considers hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had a total of approximately 5,652 employees (31 December 2014: 2700) of which approximately 567 (31 December 2014: 420) were management personnel and 2,368 (31 December 2014: 850) 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 and also paid supplementary retirement benefits for certain retired employees of the Group in the PRC. The Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. The contributions are based on a fixed percentage of the members' salaries.

CHARGE ON ASSETS

As at 31 December 2015, restricted bank balances and land use rights of HK\$125.1 million (2014 (restated): HK\$279.5 million) and HK\$65.8 million (2014 (restated): HK\$31.9 million) were pledged to financial institutions by the Group to secure general banking facilities.

SIGNIFICANT ACQUISITION OF A SUBSIDIARY

On 21 December 2015, the Group completed its acquisition of 67% of the issued share capital of Thrive Leap. Details of the acquisition are set out in the paragraph headed “*Management Discussion and Analysis – Pharmaceutical*” of this announcement. Following completion, pharmaceutical business has become one of the Group’s business segment.

Save as disclosed above, the Group did not have any other significant acquisitions or disposals of subsidiaries, associates and joint ventures during the year.

PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF 67% OF THE ISSUED SHARE CAPITAL OF THRIVE LEAP LIMITED

As disclosed in the circular of the Company dated 21 August 2015 (the “Circular”), Century Promise Limited (“Century Promise”), a wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement on 22 July 2015 (the “Sale and Purchase Agreement”) with Golden Tripod, as vendor, Tsinlien and Tianjin Pharmaceutical, as vendor’s guarantors, in relation to the acquisition of 67% of the issued share capital of Thrive Leap.

Pursuant to the Sale and Purchase Agreement, Tsinlien and Tianjin Pharmaceutical unconditionally and irrevocably guaranteed to Century Promise that the audited consolidated net profit attributable to owners of Thrive Leap (the “Actual Profit”) according to the audited consolidated accounts of Thrive Leap Group prepared in accordance with HKFRSs (the “Thrive Leap Audited Accounts”) for the financial year ending 31 December 2015 shall be not less than RMB130,000,000 (the “2015 Profit Target”) and for the two financial years ending 31 December 2016 and 2017 shall in aggregate be not less than RMB313,000,000 (the “2016 and 2017 Profit Target”). Tsinlien and Tianjin Pharmaceutical undertook to Century Promise that:

- (a) if the Actual Profit for the financial year ending 31 December 2015 falls short of the 2015 Profit Target, Tsinlien and Tianjin Pharmaceutical shall within 10 business days from the date of issue of the Thrive Leap Audited Accounts for the financial year ending 31 December 2015 pay to Century Promise in cash an amount equal to 67% of the HK\$ Equivalent (as defined in the Circular) of the amount of such shortfall; and
- (b) if the Actual Profit for the two financial years ending 31 December 2016 and 2017 in aggregate falls short of the 2016 and 2017 Profit Target, Tsinlien and Tianjin Pharmaceutical shall within 10 business days from the date of issue of the Thrive Leap Audited Accounts for the financial year ending 31 December 2017 pay to Century Promise in cash an amount equal to 67% of the HK\$ Equivalent of the amount of such shortfall.

Based on the Thrive Leap Audited Accounts for the financial year ended 31 December 2015, the Actual Profit for the financial year ended 31 December 2015 was approximately RMB61,757,000, which falls short of the 2015 Profit Target by approximately RMB68,243,000 (the “Profit Shortfall”). Accordingly, Tsinlien and Tianjin Pharmaceutical are obliged to compensate an amount of HK\$54,576,000 (being 67% of the HK\$ Equivalent of the Profit Shortfall) to Century Promise. Such compensation is expected to be received on or before 14 April 2016. Further announcement will be published when Tsinlien and Tianjin Pharmaceutical have fulfilled their obligations.

FINAL DIVIDEND

The Board recommends payment of a final dividend of HK5.65 cents per share for the year ended 31 December 2015 (2014: HK5.65 cents per share) to the shareholders whose names appear on the Company's register of members on 15 June 2016. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 2 June 2016, the final dividend will be paid on or about 13 July 2016.

This final dividend together with the interim dividend of HK4.53 cents per share paid on 26 October 2015 makes a total of HK10.18 cents per share for the year (2014: HK9.85 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 31 May 2016 (Tuesday) to 2 June 2016 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the annual general meeting of the Company, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 30 May 2016 (Monday).

The register of members of the Company will be closed from 13 June 2016 (Monday) to 15 June 2016 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 10 June 2016 (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 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

The Company has also established written guidelines regarding securities transaction on no less exacting terms than the Model Code for senior management and specific individuals who may have access to price sensitive information in relation to the securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises five independent non-executive directors, namely Ms. Ng Yi Kum, Estella (Chairman of the Committee), Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander, Mr. Wong Shiu Hoi, Peter and Dr. Loke Yu. Regular meetings have been held during the year to review the accounting principles and practices adopted by the Group and discussed with the management its internal controls and financial reporting matters. The final results for the year ended 31 December 2015 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2015 Annual Report will be available at the websites of the Company and the Stock Exchange and despatched to shareholders of the Company in due course.

By order of the Board
Tianjin Development Holdings Limited
Zeng Xiaoping
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the Board of the Company consists of Mr. Zeng Xiaoping, Mr. Wang Zhiyong, Mr. Tuen Kong, Simon, Dr. Cui Di, Ms. Zhang Lili, Dr. Yang Chuan Mr. Cheung Wing Yui, Edward, Dr. Chan Ching Har, Eliza*, Dr. Cheng Hon Kwan**, Mr. Mak Kwai Wing, Alexander**, Ms. Ng Yi Kum, Estella**, Mr. Wong Shiu Hoi, Peter** and Dr. Loke Yu**.*

* *non-executive director*

** *independent non-executive director*