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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 2021

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK\$3,540,957,000 (2020 (restated): HK\$2,960,187,000).
- Profit attributable to owners of the Company amounted to approximately HK\$470,379,000 (2020: HK\$294,478,000).
- Basic earnings per share were HK43.85 cents (2020: HK27.45 cents).
- Proposed final dividend of HK5.50 cents per share (2020: HK4.78 cents per share), together with interim dividend paid, total dividends for the year amounted to HK8.95 cents per share (2020: HK7.78 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 2021 together with the comparative figures for the corresponding year in 2020 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2021*

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000 (restated)
Continuing operations			
Revenue	2	3,540,957	2,960,187
Cost of sales		(2,525,599)	(2,061,544)
Gross profit		1,015,358	898,643
Other income	3	305,433	269,549
Other gains and losses, net	4	15,343	(47,192)
Selling and distribution expenses		(441,660)	(489,569)
General and administrative expenses		(558,918)	(464,355)
Other operating expenses		(161,238)	(140,360)
Finance costs	5	(48,977)	(70,814)
Share of net profit of associates and joint ventures accounted for using the equity method		555,655	505,760
Profit before tax		680,996	461,662
Tax expense	6	(41,717)	(76,461)
Profit for the year from continuing operations	8	639,279	385,201
Presses and mechanical equipment business			
Gain on disposal of subsidiaries	7(a)	12,665	–
Loss for the year	7(a)	(58,977)	(83,478)
Loss for the year from presses and mechanical equipment business		(46,312)	(83,478)
Profit for the year		592,967	301,723

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)**For the year ended 31 December 2021*

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i> (restated)
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		496,882	349,355
– from presses and mechanical equipment business		<u>(26,503)</u>	<u>(54,877)</u>
Profit for the year attributable to owners of the Company		<u>470,379</u>	<u>294,478</u>
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		142,397	35,846
– from presses and mechanical equipment business		<u>(19,809)</u>	<u>(28,601)</u>
Profit for the year attributable to non-controlling interests		<u>122,588</u>	<u>7,245</u>
		<u>592,967</u>	<u>301,723</u>
		HK cents	<i>HK cents</i>
Earnings per share	9		
Basic			
– Continuing operations and presses and mechanical equipment business		<u>43.85</u>	<u>27.45</u>
– Continuing operations		<u>46.32</u>	<u>32.57</u>
Diluted			
– Continuing operations and presses and mechanical equipment business		<u>43.85</u>	<u>27.45</u>
– Continuing operations		<u>46.32</u>	<u>32.57</u>

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

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	<u>592,967</u>	<u>301,723</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	17,349	3,973
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	775	(4,679)
Share of other comprehensive (expense) income of investments accounted for using the equity method – fair value through other comprehensive income reserve, net of tax	(20,682)	681
Currency translation differences – the Group – investments accounted for using the equity method	<u>221,046</u> <u>175,731</u>	598,521 <u>384,265</u>
Other comprehensive income for the year	<u>394,219</u>	<u>982,761</u>
Total comprehensive income for the year	<u><u>987,186</u></u>	<u><u>1,284,484</u></u>
Attributable to:		
Owners of the Company	708,679	983,281
Non-controlling interests	<u>278,507</u>	<u>301,203</u>
	<u><u>987,186</u></u>	<u><u>1,284,484</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,654,028	2,879,745
Land use rights		524,336	627,448
Investment properties		242,054	237,542
Investments accounted for using the equity method	<i>11</i>	7,238,272	6,832,237
Intangible assets		1,448	16,345
Finance lease receivables		121,822	89,273
Deposits paid for acquisition of property, plant and equipment		1,775	7,644
Deferred tax assets		62,285	56,236
Equity instruments at fair value through other comprehensive income	<i>12</i>	<u>1,859,691</u>	<u>1,791,755</u>
		<u>12,705,711</u>	<u>12,538,225</u>
Current assets			
Inventories		444,339	1,031,580
Amounts due from investments accounted for using the equity method		14,602	12,715
Amount due from ultimate holding company		181	235
Amounts due from related companies		197,433	80,530
Contract assets		66,760	191,650
Finance lease receivables		97,372	35,567
Trade receivables	<i>13</i>	1,123,831	1,286,637
Other receivables, deposits and prepayments	<i>13</i>	742,623	225,767
Financial assets at fair value through profit or loss		401,047	594,246
Structured deposits	<i>14</i>	–	119,952
Entrusted deposits	<i>15</i>	702,016	1,175,772
Restricted bank balances		118,993	140,570
Time deposits with maturity over three months		2,844,265	2,115,271
Cash and cash equivalents		<u>3,998,814</u>	<u>4,330,691</u>
		<u>10,752,276</u>	<u>11,341,183</u>
Total assets		<u>23,457,987</u>	<u>23,879,408</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 31 December 2021*

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
EQUITY			
Owners of the Company			
Share capital	<i>16</i>	5,136,285	5,136,285
Reserves		7,762,408	7,125,373
		12,898,693	12,261,658
Non-controlling interests		4,976,965	4,779,123
Total equity		17,875,658	17,040,781
LIABILITIES			
Non-current liabilities			
Lease liabilities		8,909	12,386
Bank borrowings	<i>17</i>	–	1,990,417
Deferred tax liabilities		242,610	254,339
		251,519	2,257,142
Current liabilities			
Trade payables	<i>18</i>	569,826	1,406,540
Other payables and accruals	<i>19</i>	1,303,046	1,058,579
Amounts due to related companies		167,961	236,339
Contract liabilities		897,184	1,411,007
Lease liabilities		4,500	7,258
Bank borrowings	<i>17</i>	2,302,263	339,304
Current tax liabilities		86,030	122,458
		5,330,810	4,581,485
Total liabilities		5,582,329	6,838,627
Total equity and liabilities		23,457,987	23,879,408
Net current assets		5,421,466	6,759,698
Total assets less current liabilities		18,127,177	19,297,923

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The financial information relating to the years ended 31 December 2020 and 2021 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 2020 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 2021 in due course.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

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

New and amendments to HKFRSs in issue but no yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ 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 (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. During the year, the Group disposed of a subsidiary, Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) (“**Tianjin Tianduan**”). As Tianjin Tianduan and its subsidiary represented a presses and mechanical equipment business in electrical and mechanical segment of the Group, the disposal constitutes a discontinued operation of presses and mechanical equipment business. The comparative figures in the consolidated statement of profit or loss have been restated to re-present presses and mechanical equipment business as a discontinued operation. 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 PRC, while the result of electricity business of this segment is contributed by Tianjin TEDA Electric Power Co., Ltd. (天津泰達電力有限公司) (“**TEDA Power**”), an investment accounted for using the equity method of the Group.

(b) Pharmaceutical

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

(c) Hotel

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

(d) Electrical and mechanical

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

(e) Port services

The result of this segment is contributed by a listed investment accounted for using the equity method of the Group, Tianjin Port Development Holdings Limited (“**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 2021

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

For the year ended 31 December 2020

	Continuing operations						Presses and mechanical equipment business	Total operating segments	
	Utilities	Pharmaceutical	Hotel	Electrical and mechanical	Port services	Elevators and escalators			Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue									
– external customers	1,265,157	1,408,930	34,756	251,344	–	–	2,960,187	785,983	3,746,170
Operating (loss) profit before interest	(9,033)	66,939	(19,682)	(123,059)	–	–	(84,835)	(89,081)	(173,916)
Interest income	40,768	36,400	74	1,072	–	–	78,314	4,585	82,899
Impairment loss on property, plant and equipment	–	(62,590)	–	(11,085)	–	–	(73,675)	–	(73,675)
Impairment loss on intangible assets	–	(5,406)	–	–	–	–	(5,406)	–	(5,406)
Finance costs	–	(5,368)	–	(14,115)	–	–	(19,483)	–	(19,483)
Share of net profit of associates and joint ventures accounted for using the equity method	27,708	4,828	–	–	134,911	330,331	497,778	–	497,778
Profit (loss) before tax	59,443	34,803	(19,608)	(147,187)	134,911	330,331	392,693	(84,496)	308,197
Tax (expense) credit	(894)	(28,476)	3,261	1,100	–	–	(25,009)	1,018	(23,991)
Segment results									
– profit (loss) for the year	58,549	6,327	(16,347)	(146,087)	134,911	330,331	367,684	(83,478)	284,206
Non-controlling interests	(2,711)	(5,184)	–	25,214	–	(57,015)	(39,696)	28,601	(11,095)
Profit (loss) attributable to owners of the Company	55,838	1,143	(16,347)	(120,873)	134,911	273,316	327,988	(54,877)	273,111
Segment results									
– profit (loss) for the year includes:									
Depreciation and amortisation	34,437	81,228	15,056	28,916	–	–	159,637	39,671	199,308

2. SEGMENT INFORMATION *(continued)*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reconciliation of profit for the year		
Total reportable segments	594,772	284,206
Corporate and others <i>(note (ii))</i>	<u>(1,805)</u>	<u>17,517</u>
Profit for the year	<u><u>592,967</u></u>	<u><u>301,723</u></u>

notes:

- (i) Revenue from supply of water, and heat and thermal power to external customers amounted to HK\$348,774,000 and HK\$1,304,902,000, respectively (2020: HK\$289,384,000 and HK\$975,773,000, respectively).

The above revenue included government supplemental income of HK\$341,313,000 (2020: HK\$125,595,000).

- (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 2021

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

As at 31 December 2020

	Continuing operations						Total reportable segments <i>HK\$'000</i>	Corporate and others <i>(note)</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Utilities <i>HK\$'000</i>	Pharmaceutical <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Electrical and mechanical <i>HK\$'000</i>	Port services <i>HK\$'000</i>	Elevators and escalators <i>HK\$'000</i>			
Segment assets	<u>3,592,261</u>	<u>7,783,359</u>	<u>488,016</u>	<u>2,586,671</u>	<u>3,661,120</u>	<u>864,221</u>	<u>18,975,648</u>	<u>4,903,760</u>	<u>23,879,408</u>
Segment liabilities	<u>1,584,073</u>	<u>971,092</u>	<u>5,269</u>	<u>1,979,238</u>	<u>–</u>	<u>–</u>	<u>4,539,672</u>	<u>2,298,955</u>	<u>6,838,627</u>

note:

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

2. SEGMENT INFORMATION *(continued)*

Other segment information

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

	2021 <i>HK'000</i>	2020 <i>HK'000</i> (restated)
The PRC	3,483,733	2,925,431
Hong Kong	<u>57,224</u>	<u>34,756</u>
Continuing operations	3,540,957	2,960,187
Presses and mechanical equipment business – the PRC	<u>444,156</u>	<u>785,983</u>
	<u><u>3,985,113</u></u>	<u><u>3,746,170</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The PRC	10,234,570	10,153,584
Hong Kong	<u>427,343</u>	<u>447,377</u>
	<u><u>10,661,913</u></u>	<u><u>10,600,961</u></u>

3. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Continuing operations		
Interest income	270,346	190,430
Government grants	4,543	14,474
Dividend income from equity instruments at fair value through other comprehensive income	6,136	2,103
Rental income, net of negligible outgoings	6,920	2,502
Sales of scrap materials	5,647	1,685
Finance lease interest income	8,893	5,334
Sundries	<u>2,948</u>	<u>53,021</u>
	<u><u>305,433</u></u>	<u><u>269,549</u></u>

4. OTHER GAINS AND LOSSES, NET

	<i>note</i>	2021 HK\$'000	2020 HK\$'000 (restated)
Continuing operations			
Impairment loss on intangible assets		–	(5,406)
Impairment loss on property, plant and equipment		–	(73,675)
Net (loss) gain on disposal/written off of property, plant and equipment		(637)	435
Net exchange gains		22,516	45,968
(Allowance for) reversal of impairment losses:			
– trade receivables		(26,548)	(74,268)
– contract assets		(14,880)	18,510
– other receivables		590	13,355
Gain on disposal of a subsidiary	7(b)	–	33,422
Decrease in fair value of investment properties		(2,422)	(12,261)
Net fair value gains on financial assets held for trading			
– listed		1,199	1,288
– unlisted		35,525	5,440
		15,343	(47,192)

5. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Interest expenses on bank borrowings	48,613	70,125
Interest expenses on amount due to a related company	–	363
Interest on lease liabilities	364	326
	48,977	70,814

6. TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Continuing operations		
Current taxation		
PRC Enterprise Income Tax (“EIT”)	34,854	54,090
Underprovision in prior years	22,071	31,080
Deferred taxation	<u>(15,208)</u>	<u>(8,709)</u>
	<u><u>41,717</u></u>	<u><u>76,461</u></u>

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

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

7. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries of presses and mechanical equipment business – Tianjin Tianduan

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

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

7. DISPOSAL OF SUBSIDIARIES *(continued)*

- (a) Disposal of subsidiaries of presses and mechanical equipment business – Tianjin Tianduan *(continued)*

The net assets of Tianjin Tianduan at the date of disposal were as follows:

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

7. DISPOSAL OF SUBSIDIARIES *(continued)*

- (a) Disposal of subsidiaries of presses and mechanical equipment business – Tianjin Tianduan *(continued)*

The results from presses and mechanical equipment business, which had been presented as a discontinued operation in the consolidated statement of profit or loss, have been restated to conform with the presentation requirements of HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, were set out below:

	For the period from 1 January to 30 September 2021 <i>HK\$'000</i>	For the year ended 31 December 2020 <i>HK\$'000</i>
Revenue	444,156	785,983
Cost of sales	<u>(380,879)</u>	<u>(634,940)</u>
Gross profit	63,277	151,043
Other income	12,602	32,375
Other gains and losses, net	–	(101,744)
Selling and distribution expenses	(49,646)	(57,414)
General and administrative expenses	(42,768)	(46,644)
Other operating expenses	<u>(38,005)</u>	<u>(62,112)</u>
Loss before tax	(54,540)	(84,496)
Tax (expense) credit	<u>(4,437)</u>	<u>1,018</u>
Loss for the period/year	<u><u>(58,977)</u></u>	<u><u>(83,478)</u></u>
Attributable to:		
Owner of the Company	(36,982)	(54,877)
Non-controlling interests	<u>(21,995)</u>	<u>(28,601)</u>
	<u><u>(58,977)</u></u>	<u><u>(83,478)</u></u>

7. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of a subsidiary – Heavenly Palace

On 18 June 2020, the Company entered into a conditional state-owned equity transfer agreement with Tianjin Food Group Co., Ltd. (天津食品集團有限公司) (“**Tianjin Food**”), a fellow subsidiary of Tsinlien Group Company Limited (津聯集團有限公司), pursuant to which, the Company had conditionally agreed to sell the entire equity interest of Tianjin Heavenly Palace Winery Co., Ltd. (天津天宮葡萄酒有限公司) (“**Heavenly Palace**”), a direct wholly-owned subsidiary of the Company, to Tianjin Food at a cash consideration of RMB331,922,200 (equivalent to approximately HK\$389,226,000) (the “**Disposal**”). The consideration was determined with reference to the appraised net asset value of Heavenly Palace and the dividend receivable by the Company in an aggregate sum of RMB149,955,090 (equivalent to approximately HK\$172,959,000) payable by Heavenly Palace. As Heavenly Palace did not represent a major line of business or geographical area of operation, the Disposal did not constitute a discontinued operation. The Disposal was completed on 27 October 2020 and the Group recognised a disposal gain of HK\$33,422,000 during the year ended 31 December 2020.

8. PROFIT FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Profit for the year from continuing operations is arrived at after charging:		
Employees' benefits expense (including directors' emoluments)	576,208	510,949
Cost of inventories recognised as an expense	1,955,641	1,472,056
Depreciation		
– charged to cost of sales	128,564	116,179
– charged to administrative expenses	55,364	53,780
– charged to selling expenses	1,128	558
– charged to other operating expenses	560	387
Depreciation of land use rights	6,549	4,905
Amortisation of intangible assets	263	2,939
Short-term lease expenses on		
– plants, pipelines and networks	27,187	35,480
– land and buildings	9,903	9,793
Auditor's remuneration	10,671	11,261
Research and development costs charged to other operating expenses	157,327	106,431

9. EARNINGS PER SHARE

For continuing operations and presses and mechanical equipment business

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share – from continuing operations and presses and mechanical equipment business	<u>470,379</u>	<u>294,478</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

For continuing operations

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share – from continuing operations	<u>496,882</u>	<u>349,355</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

9. EARNINGS PER SHARE *(continued)*

For presses and mechanical equipment business

Basic and diluted loss per share for presses and mechanical equipment business is HK2.47 cents per share (2020: HK5.12 cents per share). The calculation of the basic and diluted loss per share from presses and mechanical equipment business attributable to owners of the Company is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Loss		
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share		
– from presses and mechanical equipment business	<u>26,503</u>	<u>54,877</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,072,770</u>	<u>1,072,770</u>

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

10. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
– 2021 interim dividend, paid HK3.45 cents per ordinary share (2020: HK3.00 cents per ordinary share)	37,011	32,183
– 2020 final dividend, paid HK4.78 cents per ordinary share (2019: HK4.78 cents per ordinary share)	<u>51,278</u>	<u>51,278</u>
	<u>88,289</u>	<u>83,461</u>

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

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The Group's interests in associates and joint ventures		
– Listed shares in Hong Kong		
– Tianjin Port	3,861,757	3,661,120
– Unlisted shares in the PRC		
– Otis China	995,664	864,221
– Research Institute	868,614	875,736
– TEDA Power	1,425,533	1,353,370
– Others	86,704	77,790
	<u>7,238,272</u>	<u>6,832,237</u>

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities			
Listed, at market value	<i>(a)</i>	108,439	87,882
Unlisted	<i>(b)</i>	<u>1,751,252</u>	<u>1,703,873</u>
		<u>1,859,691</u>	<u>1,791,755</u>

notes:

- (a) The listed securities mainly represent the Group's 4.07% (2020: 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 2021, the market value of the Group's equity interest in Binhai Investment was HK\$87,043,000 (2020: HK\$65,558,000) and the unrealised fair value gain of HK\$21,485,000 (2020: loss of HK\$14,875,000) was recognised in other comprehensive income.

- (b) The unlisted equity securities mainly represented the Group's 12.15% (2020: 12.15%) equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) ("**Tasly Holding**"). Tasly Holding is a conglomerate in the PRC and is mainly holding Tasly Pharmaceutical Group Co., Ltd., which is listed on the Shanghai Stock Exchange and is principally engaged in research and development, manufacturing and distribution of pharmaceutical product in the PRC.

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

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	687,939	692,159
Trade receivables backed by notes	<u>435,892</u>	<u>594,478</u>
Total trade receivables	1,123,831	1,286,637
Others receivables, deposits and prepayments	<u>742,623</u>	<u>225,767</u>
	<u><u>1,866,454</u></u>	<u><u>1,512,404</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	592,400	473,975
31 to 90 days	150,210	188,934
91 to 180 days	167,691	320,062
181 to 365 days	126,081	152,751
Over 1 year	<u>87,449</u>	<u>150,915</u>
	<u><u>1,123,831</u></u>	<u><u>1,286,637</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 TEDA Finance Bureau each financial year. Continuous settlements have been received by the Group over the years.

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

Included in other receivables as at 31 December 2021 is a consideration receivable of approximately RMB357,014,000 (equivalent to approximately HK\$430,138,000) (2020: nil) payable to the Group by Tianjin Jinzhi and has been fully settled in March 2022.

14. STRUCTURED DEPOSITS

As at 31 December 2020, the Group placed with two licensed commercial banks in the PRC for principal-protected RMB-denominated structured deposits with maturity from 2 to 6 months after the end of the reporting period. The expected annual interest rate for the structured deposits is indicated from 1.6% to 4.4%, however, the actual interest to be received is uncertain until maturity. Such structured deposits were accounted for as financial assets at fair value through profit or loss under HKFRS 9. As at 31 December 2021, all structured deposits had been redeemed by the Group upon maturity.

15. ENTRUSTED DEPOSITS

As at 31 December 2021, the entrusted deposits were placed with four financial institutions (2020: seven financial institutions) in the PRC, with maturity from 2 to 17 months (2020: 1 to 14 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 6.6% to 7.3% (2020: from 6.0% to 8.7%) per annum.

Contracts with maturity over one year confer the Group rights of early redemption at amortised cost, before the maturity date. Accordingly, those deposits were classified as current assets as at 31 December 2021 and 2020.

16. SHARE CAPITAL

	Number of shares Thousand	Value HK\$'000
Issued and fully paid ordinary shares with no par value: At 1 January 2020, 31 December 2020 and 2021	<u>1,072,770</u>	<u>5,136,285</u>

17. BANK BORROWINGS

The Group raised new borrowings of HK\$54,217,000 and repaid the loans of HK\$96,017,000 during the year.

As at 31 December 2021, HK\$2,302,263,000 of borrowings were payable within one year and carried interest rates at 1.72% to 5.66% (2020: 4.35% to 5.66%) per annum.

18. TRADE PAYABLES

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

	2021 HK\$'000	2020 HK\$'000
Within 30 days	99,858	315,778
31 to 90 days	113,659	319,078
91 to 180 days	139,718	173,337
Over 180 days	<u>216,591</u>	<u>598,347</u>
	<u>569,826</u>	<u>1,406,540</u>

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

19. OTHER PAYABLES AND ACCRUALS

	2021 HK\$'000	2020 HK\$'000
Accruals	727,682	520,871
Other payables	<u>575,364</u>	<u>537,708</u>
	<u>1,303,046</u>	<u>1,058,579</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Utilities

The Group's utility businesses are mainly operated in the TEDA through supplying water, heat and thermal power as well as electricity to industrial, commercial and residential customers.

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

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. (天津泰達津聯自來水有限公司) (“**Water Company**”) is principally engaged in supply of tap water in TEDA. It also provides services in installation and maintenance of water pipes, technical consultancy, retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 425,000 tonnes (2020: 425,000 tonnes).

In 2021, revenue from the Water Company was approximately HK\$348.8 million, an increase of 20.5% from HK\$289.4 million last year. The increase in revenue was mainly driven by higher ancillary services income. Profit from the Water Company was approximately HK\$15 million, compared with HK\$17.6 million in 2020. The result was mainly due to lower operating margins driven by tariff adjustment and higher operating costs, partly offset by increase in ancillary services income and lower administrative expenses. The total quantity of water sold for the year was approximately 46,849,000 tonnes, broadly maintained at the same level of the previous 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 & Power Company**”) is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA. The Heat & Power Company has steam transmission pipelines of approximately 462 kilometres (2020: 462 kilometres) and more than 120 processing stations (2020: 120 processing stations) in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

In 2021, revenue from the Heat and Power Company was approximately HK\$1,304.9 million, an increase of 33.7% from HK\$975.8 million in 2020. The increase in revenue was primarily driven by higher government supplemental income. Profit from the Heat and Power Company was approximately HK\$7.9 million, compared with HK\$13.2 million last year. The decline in profit was primarily attributable to lower operating margins due to the increase in average steam purchase cost outstripped the tariff improvement during the year. Such side effect on profit was partly offset by the increase in government supplemental income by HK\$215.7 million. The total quantity of steam sold for the year was approximately 3,668,000 tonnes, representing an increase of 1% over last year.

Electricity

As at 31 December 2021, 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 946,000 kVA.

During the year, the revenue of TEDA Power amounted to approximately HK\$2,488.1 million, representing an increase of 16.5% compared with last year. TEDA Power contributed to the Group a profit of approximately HK\$42.6 million, compared with HK\$27.7 million in 2020. The total quantity of electricity sold for the year was approximately 3,100,897,000 kWh, representing an increase of 1.6% over last year.

Pharmaceutical

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

Revenue from pharmaceutical segment was approximately HK\$1,464.4 million, an increase of 3.9% from HK\$1,408.9 million last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$1,306.7 million, an increase of 2.4% from HK\$1,276.3 million last year. Revenue from sale of packaging materials amounted to approximately HK\$157.7 million, an increase of 18.9% from HK\$132.6 million in 2020. Profit from pharmaceutical segment was approximately HK\$104.1 million, compared with HK\$6.3 million last year. The increase in profit was primarily due to the absence of the impairment provision of HK\$65.4 million on the relevant assets in connection with the termination of the 23-valent pneumococcal polysaccharide vaccine project in last year and higher interest income as well as lower selling and distribution expense and administrative expenses driven by stringent cost management. These were partly offset by lower operating margins for sale of pharmaceutical products due to the impact of centralised drug procurement program.

During the year, the revenue of Research Institute decreased by 7.3% to approximately HK\$839 million and contributed to the Group a loss (after non-controlling interests) of approximately HK\$34.4 million, compared with a loss of HK\$5 million in 2020.

Hotel

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

Revenue from Courtyard Hotel increased by HK\$22.4 million to approximately HK\$57.2 million. The increase in revenue was primarily due to Courtyard Hotel enrolled the Hong Kong Government’s Designated Quarantine Hotel Scheme during the year, which guaranteed a certain occupancy rate and ensured room revenue. Loss from Courtyard Hotel was approximately HK\$8.6 million, a decrease of 47.2% compared with last year. The result was mainly due to the ongoing Coronavirus situation and its adverse impact on cross border and international travel. The average occupancy rate was approximately 54.7% compared with 29.9% in last year, and the average room rate was declined.

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 2021, revenue from hydroelectric equipment business was approximately HK\$365.6 million, representing an increase of 45.5% over last year. Loss from hydroelectric equipment business was approximately HK\$70.9 million compared to a loss of HK\$146.1 million in 2020. Excluding the allowance of HK\$22.5 million for trade receivables and contract assets, the loss from hydroelectric equipment business would have been HK\$48.4 million, compared to a loss of HK\$115.4 million for the previous year on a like-for-like basis. The reduction in loss was primarily attributable to higher revenue and operating margins on certain contract works completed during the year.

On 26 August 2021, Tianjin Tai Kang Investment Co., Ltd. (天津泰康投資有限公司) (“**Tianjin Tai Kang**”), a non-wholly owned subsidiary of the Company, entered into the equity transfer agreement with Tianjin Jinzhi State-owned Assets Capital Investment Operation Co., Ltd. (天津津智國有資本投資運營有限公司) (“**Tianjin Jinzhi**”), pursuant to which Tianjin Tai Kang agreed to sell and Tianjin Jinzhi agreed to acquire 78.45% equity interest in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) (“**Tianjin Tianduan**”) at a cash consideration of RMB510 million (equivalent to approximately HK\$614 million). Upon completion of the disposal on 30 September 2021, Tianjin Tianduan ceased to be a subsidiary of the Group thereafter and the Group recognised a disposal gain of HK\$12.7 million during the year ended 31 December 2021. Details of the Disposal were disclosed in the Company’s announcements dated 26 August 2021 and circular dated 24 September 2021 respectively. For the period up to the completion of disposal, the presses and mechanical equipment business reported revenue of approximately HK\$444.2 million and loss of approximately HK\$59 million respectively.

During the year, Tianjin Tai Kang intends to dispose of its entire equity interest in Tianjin Tianfa Heavy Machinery & Hydro Power Equipment Manufacture Co., Ltd. (天津市天發重型水電設備製造有限公司) (“**Tianfa Equipment**”) by way of public listing-for-sale process on the Tianjin Property Rights Exchange Centre (天津產權交易中心) in accordance with the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC. As at 31 December 2021, Tianjin Tai Kang has not entered into any formal agreements regarding the disposal of Tianfa Equipment. Details of which were disclosed in the Company’s announcement dated 27 March 2020. The Group will continue to take cautious view with the operating performance of hydroelectric equipment business and may consider critically the advantages in its restructuring.

Strategic and Other Investments

Port Services

As at 31 December 2021, 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 12.1% to approximately HK\$17,360 million and profit attributable to owners of Tianjin Port was approximately HK\$922 million.

Tianjin Port contributed to the Group a profit of approximately HK\$193.7 million, representing an increase of 43.6% over 2020.

Elevators and Escalators

As at 31 December 2021, 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\$26,935.1 million, representing an increase of 30.8% compared with last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$295.5 million, representing an increase of 8.1% over last year.

Investment in Binhai Investment Company Limited

As at 31 December 2021, 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\$87 million (2020: approximately HK\$65.6 million) and the unrealised fair value gain of approximately HK\$21.5 million (2020: a loss of approximately HK\$14.8 million) was recognised in other comprehensive income.

Investment in Tasly Holding Group Co., Ltd.

As at 31 December 2021, the Group had 12.15% equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) (“**Tasly Holding**”), a non-core passive investment in relation to the Group’s pharmaceutical segment which was acquired indirectly from the controlling shareholder in 2015 by using merger accounting and is now held by Tianjin Central Pharmaceutical Co., Ltd. (天津市中央藥業有限公司), a wholly-owned subsidiary of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥有限公司). Tasly Holding is a conglomerate established under the laws of the PRC on 30 March 2000 and its principal asset includes the holding of 683,481,524 A shares in Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司) (“**Tasly Pharmaceutical**”), representing approximately 45.18% 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 2021, the fair value of investment in Tasly Holding was approximately HK\$1,632.4 million (31 December 2020: HK\$1,577.2 million), accounting for approximately 7% of the Group’s total assets, and on that date the fair value gain together with the exchange effect amounted to approximately HK\$55.2 million has been recognised in other comprehensive income. During the year, there was no dividend distribution from Tasly Holding (2020: nil). The holding of 12.15% equity interest in Tasly Holding is not held for trading and not expected to be sold in the foreseeable future.

PROSPECT

Looking ahead to 2022, the global economic recovery is uneven across economies against the backdrop of ongoing evolution of the pandemic. Geopolitical risks escalate and the economy outlook remains highly unstable and uncertain. In spite of the complex and uncertain external environment, the long term favourable fundamentals of China’s economy as well as the high-quality and sustainable economic development momentum remained unchanged. With the implementation of a series of supportive economic policies, it will give new impetus to steadily consolidate the economic foundations and sustainably promote the economic development.

The layout and industrial upgrade of state-owned capital driven by the reform of state-owned enterprises will provide new opportunities for development. The Company will continue to maintain the principle by putting dual emphasis on business development and prudence, and stick to disciplined financial management, so as to enable the Company to meet any challenges in future. The Company will accelerate the pace of business integration, and actively take part in the high-quality development of Tianjin City and Binhai New Area in order to seize excellent development opportunities ahead.

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 31 December 2021, the total cash on hand and total bank borrowings of the Group stood at approximately HK\$6,962.1 million and HK\$2,302.3 million respectively (2020: approximately HK\$6,586.5 million and HK\$2,329.7 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$2,302.3 million (2020: approximately HK\$339.3 million) will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 18% as at 31 December 2021 (2020: approximately 19%).

Of the total HK\$2,302.3 million bank borrowings outstanding as at 31 December 2021, HK\$1,995.5 million were subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods and RMB251 million (equivalent to approximately HK\$306.8 million) were fixed-rate debts with annual interest rates at 4.35% to 5.66%.

As at 31 December 2021, 86.7% (2020: 85.4%) of the Group's total bank borrowings was denominated in Hong Kong dollar, 13.3% (2020: 14.6%) was denominated in Renminbi.

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of approximately 2,629 employees (2020: 3,496) of which approximately 219 (2020: 262) were management personnel and 799 (2020: 1,088) 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.

CHARGE ON ASSETS

As at 31 December 2021, restricted bank balances, land use rights and buildings of HK\$119 million (2020: HK\$140.6 million), HK\$68.8 million (2020: HK\$68.5 million) and HK\$339.9 million (2020: HK\$338.1 million) were respectively pledged to financial institutions by the Group to secure general banking facilities.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK5.50 cents per share for the year ended 31 December 2021 (2020: HK4.78 cents per share) to the shareholders whose names appear on the Company's register of members on 5 July 2022. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 23 June 2022, the final dividend will be paid on 25 July 2022.

The final dividend together with the interim dividend of HK3.45 cents per share paid on 29 October 2021 makes a total of HK8.95 cents per share for the year (2020: HK7.78 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 June 2022 (Monday) to 23 June 2022 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 17 June 2021 (Friday).

The register of members of the Company will be closed from 4 July 2022 (Monday) to 5 July 2022 (Tuesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 30 June 2022 (Thursday).

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 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code in force during the year (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the year ended 31 December 2021 except for the deviation from code provisions A.2.7 and E.1.2.

The code provision A.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. Due to tight schedules, formal meeting between Mr. Zhang Bingjun, former chairman of the Company, and the independent non-executive directors had not been arranged. However, the independent non-executive directors may share their view on the Company’s affairs with him at any time through other communication channels.

The code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagements, Mr. Zhang Bingjun was unable to attend the annual general meeting of the Company held on 24 June 2021. Dr. Li Xiaoguang, executive director and general manager of the Company, took the chair of the annual general meeting pursuant to the articles of association of the Company.

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

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

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

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

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises five independent non-executive directors, namely Ms. Ng Yi Kum, Estella (Chairman of the Committee), Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander, Mr. Wong Shiu Hoi, Peter and Dr. Loke Yu. Regular meetings have been held during the year to review the accounting principles and practices adopted by the Group and discussed with the management the effectiveness of the Company’s risk management and internal control systems, and financial reporting matters. The final results for the year ended 31 December 2021 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 2021 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 2021 Annual Report will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

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

Hong Kong, 30 March 2022

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

* *non-executive director*

** *independent non-executive director*