天津發展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 882)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to approximately HK$1,704,000,000 (30 June 2010: approximately HK$1,633,000,000).
- Profit attributable to owners of the Company amounted to approximately HK$219,000,000 (30 June 2010: approximately HK$905,000,000 which included one-off gain of approximately HK$620,000,000 from the port services).
- Basic earnings per share were HK20.53 cents (30 June 2010: HK84.76 cents which included earnings per share of HK57.80 cents from operation of toll roads and port services).

RESULTS

The board of directors (the "Board") of Tianjin Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011, together with the comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Continuing operations:			
Revenue	3	**1,703,808**	1,632,587
Cost of sales		**(1,596,332)**	(1,414,669)
Gross profit		**107,476**	217,918
Other income	4	**47,400**	13,245
Other gains, net	5	**23,991**	18,456
General and administrative expenses		**(194,217)**	(140,030)
Other operating expenses		**(16,140)**	(13,393)
Finance costs		**(11,168)**	(6,628)
Share of profits (losses) of			
Associates		**349,922**	272,042
Jointly controlled entities		**(1,654)**	(9,643)
Profit before tax		**305,610**	351,967
Tax expense	6	**(48,063)**	(32,138)
Profit for the period from continuing operations		**257,547**	319,829
Operation of toll roads:			
Loss for the period		**—**	(3,599)
Port services:			
Gain on deemed disposal of interest in a subsidiary		**—**	620,111
Profit for the period from operation of toll roads and port services		**—**	616,512
Profit for the period	7	**257,547**	936,341
Attributable to:			
Owners of the Company		**219,181**	904,805
Non-controlling interests		**38,366**	31,536
		257,547	936,341
		HK cents	*HK cents*
Earnings per share	8		
Basic:			
From continuing operations		**20.53**	26.96
From operation of toll roads and port services		**—**	57.80
		20.53	84.76
Diluted:			
From continuing operations		**20.52**	26.96
From operation of toll roads and port services		**—**	57.80
		20.52	84.76
Interim dividend		**—**	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 HK$'000 (Unaudited)	Six months ended 30 June 2010 HK$'000 (Unaudited)
Profit for the period		**257,547**	936,341
Other comprehensive income (losses):			
Currency translation differences			
— group		**96,726**	32,779
— associates		**85,462**	29,810
— jointly controlled entities		**378**	272
Release of exchange reserve and available-for-sale revaluation reserve upon completion of deemed disposal of interest in a subsidiary		**—**	(367,642)
Change in fair value of available-for-sale financial assets	*9(a)*	**(34,733)**	(163,742)
Deferred taxation on fair value change of available-for-sale financial assets		**—**	(8,536)
Share of other comprehensive loss of an associate — available-for-sale revaluation reserve		**(2,324)**	(421)
Total comprehensive income for the period		**403,056**	458,861
Attributable to:			
Owners of the Company		**351,775**	419,925
Non-controlling interests		**51,281**	38,936
		403,056	458,861

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	Notes	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,217,808**	1,111,473
Land use rights		**52,811**	51,970
Interest in associates		**5,133,236**	4,744,622
Interest in jointly controlled entities		**15,662**	16,938
Deferred tax assets		**99,169**	133,379
Available-for-sale financial assets	*9*	**292,332**	464,768
Deposit paid for acquisition of property, plant and equipment		**156,446**	—
		6,967,464	6,523,150
Current assets			
Inventories		**3,555**	5,005
Amounts due from jointly controlled entities		**26,243**	25,645
Amount due from ultimate holding company		**1,176**	1,066
Amounts due from related companies		**94,903**	42,361
Amounts due from investee companies		**5,151**	16,833
Trade receivables	*11*	**666,426**	717,302
Other receivables, deposits and prepayments	*12*	**462,736**	1,596,762
Financial assets at fair value through profit or loss		**414,620**	440,767
Entrusted deposits	*13*	**1,439,951**	331,909
Restricted bank balance		**16,835**	10,576
Time deposits with maturity over three months		**462,922**	417,321
Cash and cash equivalents		**2,496,274**	2,521,111
		6,090,792	6,126,658
Assets held for sale	*10*	**676,171**	523,859
		6,766,963	6,650,517
Total assets		**13,734,427**	13,173,667
EQUITY			
Owners of the Company			
Share capital		**106,747**	106,747
Reserves		**9,126,350**	8,774,509
		9,233,097	8,881,256
Non-controlling interests		**597,687**	525,477
Total equity		**9,830,784**	9,406,733

CONDENSED CONSOLIDATED BALANCE SHEET *(Cont'd)*
As at 30 June 2011

	Notes	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
LIABILITIES			
Non-current liability			
Deferred tax liabilities		**9,002**	8,798
Current liabilities			
Trade payables	*14*	**347,044**	273,613
Notes payable		**48,099**	35,253
Other payables and accruals		**1,027,910**	982,720
Amounts due to related companies		**91,273**	78,884
Amounts due to non-controlling interests		**43,114**	42,127
Bank borrowings		**2,172,484**	2,167,735
Current tax liabilities		**86,550**	101,017
		3,816,474	3,681,349
Liabilities directly associated with assets classified as held for sale	*10*	**78,167**	76,787
		3,894,641	3,758,136
Total liabilities		**3,903,643**	3,766,934
Total equity and liabilities		**13,734,427**	13,173,667
Net current assets		**2,872,322**	2,892,381
Total assets less current liabilities		**9,839,786**	9,415,531

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except that in the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA.

The adoption of these new or revised HKFRSs did not result in significant impact on the Group's results and financial position or significant changes in the Group's accounting policies and presentation of these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Item of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012

The above new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement.

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments.

The Group has already commenced an assessment of the impact of these new or revised HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of performance and financial position.

3. SEGMENT INFORMATION

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

The Group has five operating segments. The segments are managed separately as each business offers different products and services. The following summary describes the operations in each of the Group's operating segments.

(a) Utilities

This segment derives revenue through 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) Hotels

This segment derives revenue from the operation of hotels in Hong Kong and Tianjin.

(c) Winery

The result of the winery segment is contributed by a listed associate of the Group, Dynasty Fine Wines Group Limited ("Dynasty"), which produces and sells winery products.

(d) 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.

(e) 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.

3. SEGMENT INFORMATION *(Cont'd)*

For the six months ended 30 June 2011

	Continuing operations					
	Utilities (note (i)) *HK$'000*	**Hotels** *HK$'000*	**Winery** *HK$'000*	**Port services** *HK$'000*	**Elevators and escalators** *HK$'000*	**Total operating segments** *HK$'000*
Segment revenue	**1,652,456**	**51,352**	**—**	**—**	**—**	**1,703,808**
Operating profit (loss) before interest	**14,923**	**(3,860)**	**—**	**—**	**—**	**11,063**
Interest income	**9,755**	**—**	**—**	**—**	**—**	**9,755**
Finance costs	**(4,430)**	**—**	**—**	**—**	**—**	**(4,430)**
Share of profits of associates	**—**	**—**	**23,535**	**77,798**	**244,666**	**345,999**
Profit (loss) before tax	**20,248**	**(3,860)**	**23,535**	**77,798**	**244,666**	**362,387**
Tax expense	**(8,936)**	**(35,000)**	**—**	**—**	**—**	**(43,936)**
Segment results — profit (loss) for the period	**11,312**	**(38,860)**	**23,535**	**77,798**	**244,666**	**318,451**
Non-controlling interests	**(677)**	**3,385**	**—**	**—**	**(42,229)**	**(39,521)**
Profit (loss) attributable to owners of the Company	**10,635**	**(35,475)**	**23,535**	**77,798**	**202,437**	**278,930**
Segment results — profit (loss) for the period includes:						
Depreciation and amortisation	**33,830**	**14,821**	**—**	**—**	**—**	**48,651**

For the six months ended 30 June 2010

	Continuing operations							
	Utilities (note (i)) *HK$'000*	Hotels *HK$'000*	Winery *HK$'000*	Port services *HK$'000*	Elevators and escalators *HK$'000*	Sub-total *HK$'000*	Operation of toll roads (note (ii)) *HK$'000*	Total operating segments *HK$'000*
Segment revenue	1,594,582	38,005	—	—	—	1,632,587	—	1,632,587
Operating profit (loss) before interest	125,722	(12,400)	—	—	—	113,322	(2,995)	110,327
Interest income	4,343	10	—	—	—	4,353	913	5,266
Finance costs	(829)	(614)	—	—	—	(1,443)	—	(1,443)
Share of profits of associates	—	—	51,144	47,448	169,998	268,590	—	268,590
Profit (loss) before tax	129,236	(13,004)	51,144	47,448	169,998	384,822	(2,082)	382,740
Tax (expense) credit	(32,740)	610	—	—	—	(32,130)	(1,517)	(33,647)
Segment results — profit (loss) for the period	96,496	(12,394)	51,144	47,448	169,998	352,692	(3,599)	349,093
Non-controlling interests	(7,292)	3,655	—	—	(29,342)	(32,979)	479	(32,500)
Profit (loss) attributable to owners of the company	89,204	(8,739)	51,144	47,448	140,656	319,713	(3,120)	316,593
Segment results — profit (loss) for the period includes:								
Depreciation and amortisation	44,231	12,452	—	—	—	56,683	—	56,683

3. SEGMENT INFORMATION *(Cont'd)*

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Reconciliation of profit for the period		
Total operating segments	**318,451**	349,093
Operation of toll roads	**—**	3,599
Corporate and others (note (iii))	**(60,904)**	(32,863)
Profit for the period from continuing operations	**257,547**	319,829

notes:

(i) The revenue in this segment was contributed by supply of electricity, water, and heat and thermal power in the amount of approximately HK$993,800,000, HK$170,400,000 and HK$488,300,000, respectively (30 June 2010: approximately HK$934,500,000, HK$160,800,000 and HK$499,300,000, respectively).

The above revenue also included government supplemental income of approximately HK$131,088,000 (30 June 2010: approximately HK$208,400,000) granted by TEDA Finance Bureau.

(ii) This was related to the Group's toll roads operation, namely (a) Tianjin Jinzheng Transportation Development Company Limited ("Jinzheng") which operated the Eastern Outer Ring Road; and (b) Golden Horse Resources Limited ("Golden Horse") which held 60% equity interest in Jinbin Expressway.

The operation of toll roads ceased to be an operating segment for the Group upon completion of the disposal of Jinzheng and Golden Horse in December 2010.

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

4. OTHER INCOME

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Interest income	**41,399**	11,971
Rental income	**2,761**	—
Sundries	**3,240**	1,274
	47,400	13,245

5. OTHER GAINS, NET

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Net (losses) gains on financial assets held for trading		
— listed	**(4,523)**	(3,578)
— unlisted	**12,009**	7,328
Net gain (loss) on disposal of property, plant and equipment	**124**	(3,316)
Net exchange gain	**19,262**	18,022
Others	**(2,881)**	—
	23,991	18,456

6. TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	**(13,063)**	(37,505)
Deferred tax	**(35,000)**	5,367
	(48,063)	(32,138)

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong for the period (six months ended 30 June 2010: Nil).

The Group's PRC subsidiaries are subject to PRC EIT at 25%. For those subsidiaries, i.e. electricity, water and heat companies currently subject to a preferential tax rate of 24%, the tax rate will be gradually increased to 25% by 2012.

The deferred tax charge for the current period is mainly related to a reversal of a deferred tax asset relating to tax losses that was recognised in prior years. As a result of revised operating budgets, certain tax losses are no longer expected to be utilised in the foreseeable future and accordingly, the related deferred tax asset was reversed during the current interim period.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period is arrived at after charging:		
Employee benefit expense (including directors' emoluments)	**159,259**	118,919
Purchase of electricity, water and steam for sale	**1,381,998**	1,223,996
Depreciation	**47,113**	58,067
Amortisation of land use rights	**3,537**	843
Provision for impairment of trade receivables	**6,097**	8,037
Operating lease expense on		
— plants, pipelines and networks	**72,920**	60,009
— land and buildings	**3,195**	2,736

8. EARNINGS PER SHARE

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

	Six months ended 30 June			
	2011	2010		
	Continuing operations	Continuing operations	Operation of toll roads and port services	Sub-total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit attributable to owners of the Company for the purposes of basic and diluted earnings per share	**219,181**	287,814	616,991	904,805
Number of shares	***Thousand***	*Thousand*	*Thousand*	
Number of ordinary shares for the purpose of basic earnings per share	**1,067,470**	1,067,470	1,067,470	
Number of ordinary shares taking into account of share options for the purpose of diluted earnings per share	**1,067,915**	1,067,470	1,067,470	

The share options have no dilutive effect on basic earnings per share for 2010.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		30 June 2011	31 December 2010
	notes	***HK$'000***	*HK$'000*
Equity securities			
Listed, at market value	*(a)*	**248,094**	282,827
Unlisted	*(b)*	**44,238**	181,941
		292,332	464,768

notes:

(a) The listed shares represent the Group's investment of 8.28% equity interest in Binhai Investment Company Limited which is listed on the Growth Enterprise Market of the Stock Exchange.

As at 30 June 2011, the market value of the 8.28% equity interest amounted to approximately HK$248,094,000 (31 December 2010: approximately HK$282,827,000) and the unrealised fair value loss of approximately HK$34,733,000 (six months ended 30 June 2010: approximately HK$163,742,000) was recognised in other comprehensive income.

(b) During the period ended 30 June 2011, approximately HK$141,943,000 of the unlisted available-for-sale financial assets was reclassified to assets held for sale as the management has decided, and expected to be able, to complete the disposal of such financial asset on or before the end of 2011 (Note 10(c)).

The remaining unlisted available-for-sale financial assets were principally equity investment in certain entities established and operating in the PRC. They are mainly denominated in Renminbi.

10. ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

The assets held for sale and their liabilities directly associated with the assets held for sale as at the end of the reporting period are mainly related to the Group's operation of hotels, with details as follows:

	notes	**30 June 2011** ***HK$'000***	31 December 2010 *HK$'000*
Assets held for sale			
— hotel operation of Hyatt Hotel (as defined below)	*(a)*	**363,963**	357,686
— properties held for sale	*(b)*	**170,265**	166,173
— available-for-sale financial assets	*(c)*	**141,943**	—
		676,171	523,859
Liabilities directly associated with assets held for sale			
— hotel operation of Hyatt Hotel	*(a)*	**78,167**	76,787

notes:

(a) As disclosed in the consolidated financial statements for the year ended 31 December 2010, the Group had decided, and commenced a plan, to dispose of its 75% interest in a subsidiary that holds interest in a hotel property in Tianjin, Hyatt Regency Tianjin Hotel ("Hyatt Hotel"). The following is a summary of the assets and their directly associated liabilities relating to the operation of Hyatt Hotel:

	30 June 2011 ***HK$'000***	31 December 2010 *HK$'000*
Assets		
Property, plant and equipment	**116,083**	115,957
Land use rights	**221,714**	219,783
Trade receivables	**52**	56
Other receivables, deposits and prepayments	**24,242**	19,675
Cash and cash equivalents	**1,872**	2,215
Total assets	**363,963**	357,686
Liabilities		
Other payables and accruals	**1,443**	1,811
Deferred tax liabilities	**76,724**	74,976
Total liabilities	**78,167**	76,787

(b) As a result of the disposal of an associate in prior year, the Group was transferred ownership of 26 properties located in Shenzhen and Tianjin. The management has decided, and expected to be able, to dispose of these properties within the next twelve months from the end of last reporting period. Accordingly, these properties are classified as assets held for sale.

(c) On 22 June 2011, the Group entered into a sale and purchase agreement to dispose of its entire 6.62% interest in Tianjin Xinzhan Expressway Co., Ltd. ("Tianjin Xinzhan", 天津新展高速公路有限公司) to one of the shareholders of Tianjin Xinzhan, Tianjin Expressway Group Co., Ltd., at a cash consideration of RMB118,100,000 (equivalent to approximately HK$141,943,000). Tianjin Xinzhan is a joint venture established in the PRC and operates the Tangjin Expressway in Tianjin. The management has decided, and expected to be able, to complete the disposal on or before the end of 2011. Accordingly, this investment was reclassified from non-current available-for-sale financial asset to assets held for sale.

11. TRADE RECEIVABLES

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

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Within 30 days	**367,016**	500,487
31 to 90 days	**38,303**	23,236
91 to 180 days	**47,307**	17,623
Over 180 days	**213,800**	175,956
	666,426	717,302

The various group companies have different credit policies which are dependent on the practice of the markets and the businesses which they operate. In general, credit periods of 30 to 180 days are granted to corporate customers of the Group's hotel operations. No credit terms are granted to customers in the utilities segment.

As at 30 June 2011, the government supplemental income receivable of approximately HK$239,449,000 (31 December 2010: approximately HK$400,045,000) was due from TEDA Finance Bureau as referred to in Note 3(i). Annual government supplemental income receivable does not have credit terms and the amount is to be finalised by TEDA Finance Bureau after the end of each financial year. Continuous settlements have been received by the Group in the past years.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Consideration receivable for disposal of Jinzheng	**334,397**	1,408,922
Other receivables, deposits and prepayments	**128,339**	187,840
	462,736	1,596,762

13. ENTRUSTED DEPOSITS

During the period ended 30 June 2011, the Group placed and withdrew entrusted deposits of approximately HK$1,429,000,000 and approximately HK$351,000,000 respectively, in and from a PRC financial institution. The balance of such entrusted deposits as at 30 June 2011 amounted to approximately HK$1,439,900,000 which carried guaranteed rates of return ranging from 5.31% to 8.00%.

14. TRADE PAYABLES

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

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Within 30 days	**33,636**	17,058
31 to 90 days	**13,195**	38,931
91 to 180 days	**1,017**	15
Over 180 days	**299,196**	217,609
	347,044	273,613

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS

Utilities

The Group's utility businesses are mainly operating in Tianjin Economic and Technological Development Area ("TEDA") to supply electricity, water, heat and thermal power to industrial, commercial and residential customers.

TEDA is a national development zone and ranked no. 1 in terms of overall capabilities in the PRC. Situated at the centre of Bohai area and with a planned area of 33 square kilometres in the east area and 48 square kilometres in the west area, TEDA is an ideal place for manufacturing and R&D developments.

Electricity

Tianjin TEDA Tsinlien Electric Power Co., Ltd. ("Electricity Company") is principally engaged in supply of electricity in the TEDA. It also provides services in relation to maintenance of power supply equipment and electric power related technological consulting. Currently, the installed transmission capacity of Electricity Company is approximately 528,680 kVA.

For the six months ended 30 June 2011, the Electricity Company reported revenue of approximately HK$993.8 million and profit of approximately HK$9.4 million, representing an increase of 6% and a decrease of 77% respectively over the corresponding period of last year. The drop in profit was mainly due to the change of policy and decrease in supplemental income from the TEDA Finance Bureau. The total quantity of electricity sold for the period was approximately 1,250,213,000 kWh, representing an increase of 6% over the same period of last year.

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. ("Water Company") is principally engaged in supply of tap water in the TEDA. It is also engaged in installation and maintenance of water pipes, tap water related technological consulting, and retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 400,000 tonnes.

For the period under review, the Water Company reported revenue of approximately HK$170.4 million and profit of approximately HK$1.7 million, representing an increase of 6% and a decrease of 87% respectively over the same period of last year. The drop in profit was mainly due to the change of policy and decrease in the supplemental income from the TEDA Finance Bureau. Total quantity of water sold for the period was approximately 23,487,000 tonnes, representing an increase of 6% over the same period of 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 the TEDA. The Heat & Power Company has steam transmission pipelines of approximately 300 kilometres and more than 60 processing stations in the TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

For the period under review, the Heat & Power Company reported revenue of approximately HK$488.3 million and profit of approximately HK$198,000, representing a decrease of 2% and a decrease of 100% respectively over the same period of last year. The decline in profit was due to the change of policy and decrease in supplemental income from the TEDA Finance Bureau. The total quantity of steam sold was approximately 2,235,000 tonnes, a decrease of 0.4% over the same period of last year.

Hotels

Courtyard by Marriott Hong Kong

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

For the six months ended 30 June 2011, Courtyard Hotel's revenue increased by 35% to approximately HK$51 million and a loss of approximately HK$26.8 million was recorded. There would be a profit of approximately HK$8.3 million if excluding a one-off deferred tax of HK$35 million. The good performance was benefited from the improvement of economy in Hong Kong and its excellent service which leads to the rise of room rate. During the period under review, the average occupancy rate was up to approximately 84% from 76% in the same period of last year.

Hyatt Regency Tianjin Hotel

Hyatt Regency Tianjin Hotel ("Hyatt Hotel") has been closed its business since July 2009 and was classified as an asset held for sale last year. It is still undergoing the process of disposal. For the period under review, it recorded a loss of approximately HK$12.3 million.

Strategic and Other Investments

Winery

During the period under review, the revenue of Dynasty Fine Wines Group Limited ("Dynasty") (stock code: 828) increased by 0.7% to approximately HK$791 million and profit attributable to owners of Dynasty dropped by 54% to approximately HK$53 million. Sales volume decreased by 4% to 30,900,000 bottles. Red wine accounted for approximately 81% of total sales revenue. The poor performance was mainly due to drop of sales volume in Eastern China region and increase in cost of raw materials and manufacturing overheads.

Dynasty contributed to the Group a profit of approximately HK$23.5 million in the first half of 2011, representing a decrease of 54% over the same period of last year.

Port Services

During the period under review, the revenue of Tianjin Port Development Holdings Limited ("Tianjin Port") (stock code: 3382) increased by 6% to approximately HK$7,501 million and profit attributable to owners of Tianjin Port was approximately HK$370 million. The satisfactory result benefited from the improvement in market demand which leads to the increase of cargo and container throughput and rise of unit price. The expanded operating scale and the complementary business structure have strengthened its competitiveness and demonstrated its advantages.

Tianjin Port contributed to the Group a profit of approximately HK$77.8 million, representing an increase of 64% over the same period of last year.

Elevators and Escalators

Otis Elevator (China) Investment Company Limited ("Otis China") has continued to generate satisfactory results during the period under review. Its revenue for the first half of 2011 amounted to approximately HK$7,904 million, representing an increase of 31% over the same period in 2010.

For the six months ended 30 June 2011, Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK$202.4 million, representing an increase of 44% over the same period of last year. The Group believes that the investment in elevators and escalators business will continue to bring in satisfactory returns.

Investment in Binhai Investment Company Limited

During the period under review, the Group had 8.28% equity interest in Binhai Investment Company Limited ("Binhai Investment") (stock code: 8035). As at 30 June 2011, the market value of the Group's interest in Binhai Investment was approximately HK$248 million (31 December 2010: approximately HK$282.8 million) and the unrealized fair value loss of approximately HK$34.8 million was recognised in other comprehensive income.

Disposal of Investment in Tangjin Expressway

On 22 June 2011, the Group through its wholly-owned subsidiary, Godia Holdings Limited, entered into a sale and purchase agreement with Tianjin Expressway Group Co., Ltd. (天津高速公路集團有限公司) ("Tianjin Expressway Group") for the disposal of 6.62% equity interest in 天津新展高速公路有限公司 (Tianjin Xinzhan Expressway Co., Ltd.) ("Xinzhan") at a cash consideration of RMB118,100,000 (the "Disposal").

Xinzhan is owned by the Company, Tianjin Expressway Group and Grace Crystal Limited as to 6.62%, 33.38% and 60% respectively and is principally engaged in construction, operation, management and maintenance of Tianjin North section of Tangjin Expressway, and the provision of affiliated services and facilities.

Completion of the Disposal is subject to, inter alia, approvals from the relevant governmental authorities in the PRC and shall take place within 7 business days after all the conditions are fulfilled. The Disposal is expected to be completed by the end of 2011.

PROSPECT

The global economy in the second half of this year is still full of uncertainties, such as debt crisis in the Euro zone and the U.S., and high inflation risk, etc., these are all vital challenges which need to be faced. The Central Government has tighten its monetary policy in order to contain inflation. It is expected that China's overall economy will continue to enjoy a stable growth. The promising development prospect of Tianjin City has offered excellent opportunities for the Group to undergo further reorganization. The Group will orderly carry out various projects by leveraging its strong financial position and prepare for the challenges and opportunities ahead.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2011, the Group's total cash on hand and total bank borrowings stood at approximately HK$2,978 million and approximately HK$2,172 million respectively (31 December 2010: approximately HK$2,951 million and approximately HK$2,168 million respectively) of which approximately HK$2,172 million bank borrowings will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 23% as at 30 June 2011 (31 December 2010: approximately 24%).

Of the total HK$2,172 million bank borrowings outstanding as at 30 June 2011, HK$2,000 million was subject to floating rates with a spread of 0.47% over HIBOR of relevant interest periods and RMB50 million (equivalent to approximately HK$60 million) was calculated at the benchmark rate of the People's Bank of China. The remaining RMB94 million (equivalent to approximately HK$113 million) of bank borrowing was fixed rate debt with annual interest rates of 5.31%.

As at 30 June 2011, 92% (31 December 2010: 92%) of the Group's total bank borrowings was denominated in HK dollars, 8% (31 December 2010: 8%) was denominated in Renminbi.

For the period under review, the Group has not entered into any derivative contracts or hedging transactions.

EMPLOYEES AND REMUNERATION POLICIES

The Company and its subsidiary companies had a total of approximately 1,200 employees at the end of the period, of which approximately 190 were management personnel and 400 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 its employees in Hong Kong. The contributions are based on a fixed percentage of the members' salaries.

CHARGE ON ASSETS

As at 30 June 2011, restricted bank balance of approximately HK$16.8 million was pledged against notes payable of approximately HK$48 million.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011.

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 six months ended 30 June 2011.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2011.

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 six months ended 30 June 2011.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of 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.

REVIEW BY AUDIT COMMITTEE

At the request of the Audit Committee of the Company, the Group's independent auditor has carried out a review of the unaudited condensed consolidated financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of unaudited condensed consolidated financial statements for the six months ended 30 June 2011.

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

Hong Kong, 26 August 2011

As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Gong Jing, Mr. Wang Zhiyong, Mr. Cheung Wing Yui, Edward, Dr. Chan Ching Har, Eliza*, Dr. Cheng Hon Kwan**, Mr. Mak Kwai Wing, Alexander** and Ms. Ng Yi Kum, Estella**.*

* *non-executive director*
** *independent non-executive director*