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天津发展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$2,559,114,000 (30 June 2014: approximately HK\$2,501,264,000).
- Profit attributable to owners of the Company amounted to approximately HK\$337,400,000 (30 June 2014: approximately HK\$410,114,000).
- Basic earnings per share were HK31.55 cents (30 June 2014: HK38.42 cents).
- Interim dividend of HK4.53 cents per share (30 June 2014: HK4.20 cents per share).

RESULTS

The board of directors (the “Board”) of Tianjin Development Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2015 together with the comparative figures for the corresponding period 2014 are as follows:

CONDENSED CONSOLIDATE STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	2,559,114	2,501,264
Cost of sales		<u>(2,377,427)</u>	<u>(2,273,322)</u>
Gross profit		181,687	227,942
Other income	4	146,580	134,620
Other gains, net	5	37,815	196,503
Selling expenses		(23,502)	(25,660)
General and administrative expenses		(268,568)	(296,907)
Other operating expenses		(38,509)	(31,083)
Finance costs		(29,875)	(29,853)
Share of profit (loss) of			
Associates		399,712	301,520
Joint ventures		<u>(5,239)</u>	<u>(6,836)</u>
Profit before tax		400,101	470,246
Tax expense	6	<u>(28,688)</u>	<u>(22,688)</u>
Profit for the period	7	<u><u>371,413</u></u>	<u><u>447,558</u></u>
Attributable to:			
Owners of the Company		337,400	410,114
Non-controlling interests		<u>34,013</u>	<u>37,444</u>
		<u><u>371,413</u></u>	<u><u>447,558</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	8	<u><u>31.55</u></u>	<u><u>38.42</u></u>
Diluted		<u><u>31.35</u></u>	<u><u>38.09</u></u>

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

For the six months ended 30 June 2015

	<i>Note</i>	Six months ended 30 June	
		2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period		371,413	447,558
Other comprehensive income (expense)			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences			
– the Group		9,714	(32,310)
– associates		3,129	(27,629)
– joint ventures		83	(424)
Change in fair value of available-for-sale financial assets	<i>10(i)</i>	4,466	(2,481)
Share of other comprehensive income (expense) of an associate			
– available-for-sale financial assets revaluation reserve		5,961	(758)
Reclassification upon disposal of an associate and deregistration of a subsidiary		<u>–</u>	<u>(167,478)</u>
Other comprehensive income (expense) for the period		<u>23,353</u>	<u>(231,080)</u>
Total comprehensive income for the period		<u>394,766</u>	<u>216,478</u>
Attributable to:			
Owners of the Company		359,619	183,020
Non-controlling interests		<u>35,147</u>	<u>33,458</u>
		<u>394,766</u>	<u>216,478</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		30 June 2015 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2014 <i>HK\$'000</i> <i>(audited)</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		2,534,414	2,556,082
Land use rights		236,481	237,995
Investment properties		176,408	176,185
Interests in associates		5,233,577	4,792,246
Interests in joint ventures		65,622	70,778
Intangible assets		233,670	253,471
Deferred tax assets		87,555	87,631
Available-for-sale financial assets	10	225,886	221,401
Goodwill		111,906	111,764
		8,905,519	8,507,553
Current assets			
Inventories		167,135	148,986
Amounts due from joint ventures		14,986	14,027
Amount due from ultimate holding company		837	756
Amounts due from related companies		41,840	44,937
Amounts due from customers for contract work		964,419	805,383
Trade receivables	11	797,750	702,227
Notes receivables	11	108,942	80,115
Other receivables, deposits and prepayments		327,516	294,169
Financial assets at fair value through profit or loss		582,384	607,741
Entrusted deposits	12	1,743,707	2,041,624
Restricted bank balances		189,572	279,474
Time deposits with maturity over three months		191,340	143,412
Cash and cash equivalents		5,756,202	5,640,941
		10,886,630	10,803,792
Total assets		19,792,149	19,311,345
EQUITY			
Owners of the Company			
Share capital	13	5,136,285	5,111,234
Reserves	13	6,623,902	6,329,538
		11,760,187	11,440,772
Non-controlling interests		892,905	857,758
Total equity		12,653,092	12,298,530

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30 June 2015

		30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Obligations under finance leases			
– due after one year		11,678	19,116
Bank borrowings		2,535,550	2,530,450
Deferred tax liabilities		42,772	43,778
		2,590,000	2,593,344
Current liabilities			
Trade payables	<i>14</i>	1,227,378	1,065,153
Notes payables	<i>14</i>	296,823	377,829
Other payables and accruals		1,837,664	1,750,576
Amounts due to related companies		784,687	752,096
Amounts due to customers for contract work		86,334	103,591
Obligations under finance leases			
– due within one year		15,197	19,000
Bank borrowings		177,439	226,523
Current tax liabilities		123,535	124,703
		4,549,057	4,419,471
Total liabilities		7,139,057	7,012,815
Total equity and liabilities		19,792,149	19,311,345
Net current assets		6,337,573	6,384,321
Total assets less current liabilities		15,243,092	14,891,874

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as 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”).

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except that the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current period. However, such application of amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

(a) Utilities

This segment derives revenue from distribution of 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) Hotel

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

(c) Electrical and mechanical

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

(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 2015

	Utilities (note (i)) HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	<u>1,916,826</u>	<u>51,462</u>	<u>590,826</u>	<u>–</u>	<u>–</u>	<u>2,559,114</u>
Operating profit (loss) before interest	40,087	6,959	(109,505)	–	–	(62,459)
Interest income	13,014	12	9,689	–	–	22,715
Finance costs	–	–	(2,902)	–	–	(2,902)
Share of profit of associates	–	–	–	108,045	289,111	397,156
Profit (loss) before tax	<u>53,101</u>	<u>6,971</u>	<u>(102,718)</u>	<u>108,045</u>	<u>289,111</u>	<u>354,510</u>
Tax (expense) credit	<u>(18,991)</u>	<u>–</u>	<u>503</u>	<u>–</u>	<u>–</u>	<u>(18,488)</u>
Segment results – profit (loss) for the period	<u>34,110</u>	<u>6,971</u>	<u>(102,215)</u>	<u>108,045</u>	<u>289,111</u>	<u>336,022</u>
Non-controlling interests	<u>(2,527)</u>	<u>–</u>	<u>16,876</u>	<u>–</u>	<u>(49,901)</u>	<u>(35,552)</u>
Profit (loss) attributable to owners of the Company	<u><u>31,583</u></u>	<u><u>6,971</u></u>	<u><u>(85,339)</u></u>	<u><u>108,045</u></u>	<u><u>239,210</u></u>	<u><u>300,470</u></u>
Segment results – profit (loss) for the period includes: Depreciation and amortisation	<u><u>65,352</u></u>	<u><u>8,474</u></u>	<u><u>34,264</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>108,090</u></u>

For the six months ended 30 June 2014

	Utilities (note (i)) HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	<u>1,954,119</u>	<u>58,361</u>	<u>488,784</u>	<u>–</u>	<u>–</u>	<u>2,501,264</u>
Operating profit (loss) before interest	50,315	12,108	(27,584)	–	–	34,839
Interest income	7,634	6	11,693	–	–	19,333
Impairment loss on goodwill	–	–	(51,009)	–	–	(51,009)
Finance costs	–	–	(2,122)	–	–	(2,122)
Share of profit of associates (note (ii))	–	–	–	84,348	216,268	300,616
Profit (loss) before tax	<u>57,949</u>	<u>12,114</u>	<u>(69,022)</u>	<u>84,348</u>	<u>216,268</u>	<u>301,657</u>
Tax expense	<u>(19,646)</u>	<u>–</u>	<u>(1,126)</u>	<u>–</u>	<u>–</u>	<u>(20,772)</u>
Segment results – profit (loss) for the period	<u>38,303</u>	<u>12,114</u>	<u>(70,148)</u>	<u>84,348</u>	<u>216,268</u>	<u>280,885</u>
Non-controlling interests	<u>(2,972)</u>	<u>–</u>	<u>11,916</u>	<u>–</u>	<u>(37,328)</u>	<u>(28,384)</u>
Profit (loss) attributable to owners of the Company	<u><u>35,331</u></u>	<u><u>12,114</u></u>	<u><u>(58,232)</u></u>	<u><u>84,348</u></u>	<u><u>178,940</u></u>	<u><u>252,501</u></u>
Segment results – profit (loss) for the period includes: Depreciation and amortisation	<u><u>60,661</u></u>	<u><u>8,373</u></u>	<u><u>29,960</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>98,994</u></u>

3. SEGMENT INFORMATION *(Cont'd)*

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Reconciliation of profit for the period		
Total reportable segments	336,022	280,885
Gain on disposal of an associate	–	235,368
Gain on deregistration of a subsidiary	–	2,324
Corporate and others <i>(note (iii))</i>	35,391	(71,019)
Profit for the period	<u>371,413</u>	<u>447,558</u>

notes:

- (i) Revenue from supply of electricity, water, and heat and thermal power amounted to HK\$1,205,065,000, HK\$178,024,000 and HK\$533,737,000 respectively (30 June 2014: HK\$1,188,312,000, HK\$187,215,000 and HK\$578,592,000 respectively).

The above revenue included accrued government supplemental income of HK\$63,177,000 (30 June 2014: HK\$85,642,000).

- (ii) As detailed in Note 5, Dynasty Fine Wine Group Limited (“Dynasty”) ceased to be an associate of the Group upon completion of the Disposal on 25 June 2014 and winery business was no longer a reportable segment of the Group.
- (iii) 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.

4. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest income	125,489	106,107
Government grants	12,492	16,761
Rental income under operating leases, net of negligible outgoings	3,489	2,746
Sales of scrap materials	1,424	1,845
Sundries	3,686	7,161
	<u>146,580</u>	<u>134,620</u>

5. OTHER GAINS, NET

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Gain on disposal of an associate (<i>note</i>)	–	235,368
Gain on deregistration of a subsidiary	–	2,324
Impairment loss on goodwill	–	(51,009)
Net exchange (loss) gain	(396)	821
Net gain (loss) on financial assets held for trading		
– listed	9,574	(1,679)
– unlisted	47,195	9,624
Net (loss) gain on disposal/written off of property, plant and equipment	<u>(18,558)</u>	<u>1,054</u>
	<u>37,815</u>	<u>196,503</u>

note:

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

6. TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current taxation		
– PRC Enterprise Income Tax (“EIT”)	29,626	22,833
Deferred taxation	<u>(938)</u>	<u>(145)</u>
	<u>28,688</u>	<u>22,688</u>

No provision for Hong Kong Profits Tax has been made as there was no estimated assessable profit derived from Hong Kong during the current period (30 June 2014: Nil).

The Group’s PRC subsidiaries are subject to EIT at a rate of 25% except for two subsidiaries which are qualified as High and New Technology Enterprises and subject to a preferential EIT rate at 15%. The preferential EIT rate is applicable until October 2017 and is subject to approval for renewal.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period is arrived at after charging (crediting):		
Employees' benefits expense (including directors' emoluments)	262,718	285,972
Cost of inventories recognised as an expense	1,552,890	1,595,589
Depreciation	102,791	98,289
Amortisation of land use rights	1,814	1,805
Amortisation of intangible assets	20,097	7,033
Reversal of allowance for impairment of trade receivables	(16)	(1,626)
Operating lease expense on		
– plants, pipelines and networks	79,261	78,156
– land and buildings	4,703	5,799
Research and development costs		
– charged to other operating expenses	27,115	17,269
	<u>27,115</u>	<u>17,269</u>

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>337,400</u>	<u>410,114</u>
Number of shares	Thousand	Thousand
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,069,505	1,067,470
Effect of dilutive potential ordinary shares: Share options	<u>6,698</u>	<u>9,307</u>
Weighted average number of ordinary shares taking into account the share options for the purpose of diluted earnings per share	<u>1,076,203</u>	<u>1,076,777</u>

9. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
– 2014 final dividend paid on 13 July 2015 HK5.65 cents per share (2013: HK6.63 cents per share)	<u>60,612</u>	<u>70,773</u>

Subsequent to the end of the reporting period, the Board has declared an interim dividend of HK4.53 cents per share (30 June 2014: HK4.20 cents per share), amounting to approximately HK\$48,596,000 (30 June 2014: HK\$44,834,000) in total, to the owners of the Company whose names appear on the Company's register of members on 25 September 2015.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		30 June 2015	31 December 2014
	<i>notes</i>	HK\$'000	HK\$'000
Equity securities			
Listed, at market value	<i>(i)</i>	210,385	205,919
Unlisted	<i>(ii)</i>	15,501	15,482
		225,886	221,401

notes:

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

As at 30 June 2015, the market value of the Group's equity interest in Binhai Investment was HK\$210,385,000 (31 December 2014: HK\$205,919,000) and the unrealised fair value gain of HK\$4,466,000 (30 June 2014: loss of HK\$2,481,000) was recognised in other comprehensive income.

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

11. TRADE RECEIVABLES AND NOTES RECEIVABLES

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

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
Within 30 days	400,078	337,847
31 to 90 days	82,604	61,225
91 to 180 days	144,569	121,878
181 to 365 days	150,851	115,145
Over 1 year	128,590	146,247
	906,692	782,342

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

As at 30 June 2015, the government supplemental income receivables from the TEDA Finance Bureau was HK\$44,360,000 (31 December 2014: Nil) which included the accrued government supplemental income as referred to in Note 3(i). The government supplemental income receivables does not have credit terms and the amount is to be finalised by the TEDA Finance Bureau after the end of each financial year. Continuous settlements have been received by the Group over the years.

12. ENTRUSTED DEPOSITS

During the period under review, the Group placed in, and withdrew from, four financial institutions (30 June 2014: three financial institutions) based in Tianjin, the PRC entrusted deposits of approximately HK\$1,337,000,000 and HK\$1,639,000,000 respectively (30 June 2014: approximately HK\$2,248,000,000 and HK\$1,477,000,000 respectively). The deposits with maturity from 1 to 15 months (31 December 2014: 1 to 20 months) after the end of the reporting period carried fixed rates of return ranging from 5.1% to 9.4% (31 December 2014: 3.8% to 9.0%) per annum.

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

13. SHARE CAPITAL AND RESERVES

Under the Hong Kong Companies Ordinance (Chapter 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. As such, the share premium account of the Company amounting to HK\$5,004,487,000 was transferred to, and became part of, the share capital of the Company accordingly. There is no impact on the number of shares in issue or the relative entitlements of any of the shareholders as a result of this transition.

During the current period, a total of 5,300,000 share options were exercised, resulting in the issue of 2,600,000, 2,600,000 and 100,000 ordinary shares in the Company at a price of HK\$3.560, HK\$4.060 and HK\$5.532 per share respectively. The net proceeds of HK\$20,356,000 were credited to share capital and an amount of HK\$4,695,000 was transferred from the share-based payments reserve to the share capital.

14. TRADE PAYABLES AND NOTES PAYABLES

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

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Within 30 days	250,780	353,001
31 to 90 days	308,573	353,436
91 to 180 days	410,541	433,360
Over 180 days	554,307	303,185
	<u>1,524,201</u>	<u>1,442,982</u>

15. EVENT SUBSEQUENT TO THE REPORTING PERIOD

On 22 July 2015, Century Promise Limited, a wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement with Golden Tripod Holdings Limited, a wholly-owned subsidiary of Tsinlien, as vendor, Tsinlien and Tianjin Pharmaceutical Group Co., Ltd., as vendor's guarantors, in relation to the acquisition of 67% of the issued share capital of Thrive Leap Limited at a consideration of RMB2,315,855,000 (equivalent to approximately HK\$2,931,462,000) (the "Acquisition"). The Acquisition constituted a major and connected transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and is subject to reporting, announcement and independent shareholders' approval requirements. The Acquisition is not yet completed as at the date of this announcement. Details of the Acquisition are set out in the announcements dated 22 July 2015 and 17 August 2015 and the circular of the Company dated 21 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Utilities

The Group's utility businesses are mainly operating in the Tianjin Economic and Technological Development Area ("TEDA") through supplying 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 economic rim, 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 TEDA. It also provides services in relation to maintenance of power supply equipment and technical consultancy. Currently, the installed transmission capacity of Electricity Company is approximately 706,000 kVA.

For the six months ended 30 June 2015, revenue from the Electricity Company was approximately HK\$1,205.1 million, an increase of 1.4% over the same period last year. Profit increased by 15.2% to approximately HK\$18.2 million. This was primarily due to the improvement in operating margins driven by the decrease in purchase cost of electricity. The total quantity of electricity sold for the period was approximately 1,278,236,000 kWh, maintained at the same level as the corresponding period last year.

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. ("Water Company") is principally engaged in supply of tap water in TEDA. It is also engaged 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.

For the period under review, the Water Company reported revenue of approximately HK\$178 million, 4.9% lower than the same period last year. Loss was approximately HK\$12.9 million, a 43.3% increase in comparison with loss of HK\$9 million in the corresponding period last year. The increase in loss was mainly attributable to less government supplemental income accrued. The total quantity of water sold for the period was approximately 23,733,000 tonnes, a decline of 2.8% over the same period last year.

Heat and Thermal Power

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. ("Heat & Power Company") is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA.

The Heat & Power Company has steam transmission pipelines of approximately 360 kilometres and more than 105 processing stations in 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\$533.7 million, representing a decrease of 7.7%. Profit from Heat & Power Company decreased 8.6% to approximately HK\$28.8 million from HK\$31.5 million in the same period last year. The decline in profit was mainly attributable to less government supplemental income accrued. The total quantity of steam sold for the period was approximately 1,858,000 tonnes, a decline of 8.4% over the same period last year.

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.

For the six months ended 30 June 2015, revenue from Courtyard Hotel was approximately HK\$51.5 million, 11.8% lower than the same period last year. Profit decreased by HK\$5.1 million to approximately HK\$7 million due to the impact of slowdown in tourism in Hong Kong. The average occupancy rate was at 81%, down five percentage points from the same period last year. The average room rate fell 9.9%.

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.

For the six months ended 30 June 2015, revenue from electrical and mechanical segment was approximately HK\$590.8 million, a 20.9% increase compared to the same period last year. Loss increased by 45.8% to approximately HK\$102.2 million in comparison with loss of HK\$70.1 million in the corresponding period last year. Excluding the amounts written off of HK\$26.6 million on property, plant and equipment related to hydroelectric equipment business, loss would have been approximately HK\$75.6 million. The increase in loss was primarily attributable to the higher construction contracts cost estimate adjustments incurred in hydroelectric equipment business and narrow operating margins during the period.

Strategic and Other Investments

Port Services

During the period under review, the revenue of Tianjin Port Development Holdings Limited (“Tianjin Port”) (stock code: 3382) decreased by 18.5% to approximately HK\$11,493 million and profit attributable to owners of Tianjin Port was approximately HK\$513.5 million, representing an increase of 28% over the same period last year.

Tianjin Port contributed to the Group a profit of approximately HK\$108 million, representing an increase of 28% over the corresponding period last year.

Elevators and Escalators

During the period under review, the revenue of Otis Elevator (China) Investment Company Limited (“Otis China”) amounted to approximately HK\$10,630.6 million, representing an increase of 7.7% over the same period last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$239.2 million, representing an increase of 33.7% over the same period in 2014.

Investment in Binhai Investment Company Limited

During the period under review, the Group had 4.23% interest in Binhai Investment Company Limited (“Binhai Investment”) (stock code: 2886). As at 30 June 2015, the market value of the Group’s interest in Binhai Investment was approximately HK\$210.4 million (31 December 2014: approximately HK\$205.9 million) and the unrealised fair value gain of approximately HK\$4.5 million was recognised in other comprehensive income.

PROSPECT

The outlook of global economy is expected to remain subject to some uncertainty. The recovery of American economy is accelerating while the Eurozone economies are confronted with challenges due to the financial aftermath of Greece. The Chinese economy is going to enter into a new phase of development. With the implementation of a series of supportive economic policies, it is expected that the growth target of Chinese economy will be attained in the second half of 2015.

The Company is committed to optimise its business portfolio and participate actively in the restructuring of state-owned assets in Tianjin to seize opportunities to pursue new businesses which align with the long-term strategic objective of the Company. Upon the completion of the acquisition of pharmaceutical assets, the pharmaceutical business segment will provide the Company a good platform to capture the market potential of pharmaceutical industry in the PRC. As the pharmaceutical assets have solid business foundation and extensive research and development and manufacturing capabilities, it is expected that the pharmaceutical assets will generate economic benefits to the Company and create shareholders’ value.

The Company will continue to enhance the growth potential of existing businesses and meanwhile adhere to its discipline of prudent financial management as well as maintain affluent financial resources. We feel confident in the future development.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2015, the Group’s total cash on hand, total bank borrowings and obligations under finance leases stood at approximately HK\$6,137.1 million, approximately HK\$2,713 million and approximately HK\$26.9 million respectively (31 December 2014: HK\$6,063.8 million, HK\$2,757 million and HK\$38.1 million respectively). The bank borrowings of HK\$177.4 million (31 December 2014: HK\$226.5 million) and obligations under finance leases of HK\$15.2 million (31 December 2014: HK\$19 million) will mature within one year.

The gearing ratio as measured by total borrowings, including bank borrowings and obligations under finance leases, to shareholders’ funds was at approximately 23.3% as at 30 June 2015 (31 December 2014: approximately 25%).

Of the total HK\$2,713 million bank borrowings outstanding as at 30 June 2015, HK\$2,535.6 million were subject to floating rates with a spread of 1.8% over HIBOR of relevant interest periods. RMB140 million (equivalent to approximately HK\$177.4 million) of bank borrowings were fixed-rate debts with annual interest rates at 2.74% to 5.31%.

As at 30 June 2015, 93% (31 December 2014: 91.8%) of the Group's total bank borrowings was denominated in Hong Kong dollar, 7% (31 December 2014: 6.8%) was denominated in Renminbi.

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

EMPLOYEES AND REMUNERATION POLICIES

During the period under review, the Group had a total of approximately 2,700 employees of whom approximately 400 were management personnel and 870 were technical staff, with the balance being production workers.

The Group contributes to the 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 the mandatory provident fund scheme for its Hong Kong employees. The contributions are based on a fixed percentage of the members' salaries.

CHARGE ON ASSETS

As at 30 June 2015, a restricted bank balance of approximately HK\$189.6 million was pledged against notes payables of approximately HK\$296.8 million and secured the bank borrowings of approximately HK\$38 million.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK4.53 cents per share for the six months ended 30 June 2015 (30 June 2014: HK4.20 cents per share) to the shareholders whose names appear on the Company's register of members on 25 September 2015. The interim dividend will be paid on or about 26 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 September 2015 (Wednesday) to 25 September 2015 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 22 September 2015 (Tuesday).

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 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2015.

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.

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 2015.

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

Hong Kong, 27 August 2015

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

* *non-executive director*

** *independent non-executive director*