



天津发展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

Stock Code : 882

Interim Report 2015

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zeng Xiaoping (*Chairman*)
Mr. Wang Zhiyong (*General Manager*)
Mr. Tuen Kong, Simon
Dr. Cui Di
Ms. Zhang Lili
Dr. Yang Chuan

Non-Executive Directors

Mr. Cheung Wing Yui, Edward
Dr. Chan Ching Har, Eliza

Independent Non-Executive Directors

Dr. Cheng Hon Kwan
Mr. Mak Kwai Wing, Alexander
Ms. Ng Yi Kum, Estella
Mr. Wong Shiu Hoi, Peter
Dr. Loke Yu

COMPANY SECRETARY

Mr. Tuen Kong, Simon

AUTHORISED REPRESENTATIVES

Mr. Zeng Xiaoping
Mr. Tuen Kong, Simon

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

SOLICITOR

Woo, Kwan, Lee & Lo

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SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

STOCK CODE

882.HK

PRINCIPAL BANKERS

China CITIC Bank International Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of
China (Asia) Limited
Hang Seng Bank Limited
Credit Agricole Corporate and Investment Bank

TIANJIN DEVELOPMENT HOLDINGS LIMITED

Utilities

Electricity
Water
Heat and Thermal Power

Hotel

Courtyard by Marriott Hong Kong

**Electrical and
Mechanical**

Hydraulic Presses
Hydroelectric Equipment

**Strategic and
Other Investments**

Tianjin Port (3382.HK)
Elevators and Escalators

Business Structure

UTILITIES

Company Name	Shareholding	Principal Activities
Tianjin TEDA Tsinlien Electric Power Co., Ltd.	94.36%	Distribution of electricity in TEDA
Tianjin TEDA Tsinlien Water Supply Co., Ltd.	91.41%	Distribution of water in TEDA
Tianjin TEDA Tsinlien Heat & Power Co., Ltd.	90.94%	Distribution of steam in TEDA

HOTEL

Company Name	Shareholding	Principal Activities
Tsinlien Realty Limited	100%	Operation of Courtyard by Marriott Hong Kong

ELECTRICAL AND MECHANICAL

Company Name	Shareholding	Principal Activities
Tianjin Tianfa Heavy Machinery & Hydro Power Equipment Manufacture Co., Ltd.	82.74%	Manufacture and sale of hydroelectric equipment
Tianjin Tianduan Press Co., Ltd.	64.91%	Manufacture and sale of presses and mechanical equipment

STRATEGIC AND OTHER INVESTMENTS

Company Name	Shareholding	Principal Activities
Tianjin Port Development Holdings Limited	21%	Provision of port services in Tianjin
Otis Elevator (China) Investment Company Limited	16.55%	Manufacture and sale of elevators and escalators

note: The above shareholding percentages represent effective equity interest in respective companies or group of companies.

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	4	2,559,114	2,501,264
Cost of sales		(2,377,427)	(2,273,322)
Gross profit		181,687	227,942
Other income	5	146,580	134,620
Other gains, net	6	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		(5,239)	(6,836)
Profit before tax		400,101	470,246
Tax expense	7	(28,688)	(22,688)
Profit for the period	9	371,413	447,558
Attributable to:			
Owners of the Company		337,400	410,114
Non-controlling interests		34,013	37,444
		371,413	447,558
Earnings per share	10	HK cents	HK cents
Basic		31.55	38.42
Diluted		31.35	38.09

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
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	14(a)	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		—	(167,478)
Other comprehensive income (expense) for the period		23,353	(231,080)
Total comprehensive income for the period		394,766	216,478
Attributable to:			
Owners of the Company		359,619	183,020
Non-controlling interests		35,147	33,458
		394,766	216,478

Condensed Consolidated Statement of Financial Position

		30 June	31 December
		2015	2014
		HK\$'000	HK\$'000
	Notes	(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,534,414	2,556,082
Land use rights	12	236,481	237,995
Investment properties	12	176,408	176,185
Interests in associates	13	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	14	225,886	221,401
Goodwill	15	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	16	797,750	702,227
Notes receivables	16	108,942	80,115
Other receivables, deposits and prepayments	16	327,516	294,169
Financial assets at fair value through profit or loss	17	582,384	607,741
Entrusted deposits	18	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

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
EQUITY			
Owners of the Company			
Share capital	19	5,136,285	5,111,234
Reserves	19	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
LIABILITIES			
Non-current liabilities			
Obligations under finance leases			
— due after one year		11,678	19,116
Bank borrowings	20	2,535,550	2,530,450
Deferred tax liabilities		42,772	43,778
		2,590,000	2,593,344
Current liabilities			
Trade payables	21	1,227,378	1,065,153
Notes payables	21	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	20	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

Condensed Consolidated Statement of Changes in Equity

	Owners of the Company				Non-controlling interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014 (audited)	106,747	7,748,225	3,171,781	11,026,753	777,787	11,804,540
Profit for the period	—	—	410,114	410,114	37,444	447,558
Other comprehensive expense for the period	—	(227,094)	—	(227,094)	(3,986)	(231,080)
Total comprehensive (expense) income for the period	—	(227,094)	410,114	183,020	33,458	216,478
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (Note 19)	5,004,487	(5,004,487)	—	—	—	—
Dividends	—	—	(70,773)	(70,773)	(1,334)	(72,107)
Transfer between reserves	—	7,269	(7,269)	—	—	—
Transfer upon lapse of share options	—	(6,650)	6,650	—	—	—
Transfer upon disposal of an associate	—	(6,390)	6,390	—	—	—
Share-based payments of an associate	—	380	—	380	—	380
	5,004,487	(5,009,878)	(65,002)	(70,393)	(1,334)	(71,727)
At 30 June 2014 (unaudited)	5,111,234	2,511,253	3,516,893	11,139,380	809,911	11,949,291
At 1 January 2015 (audited)	5,111,234	2,601,092	3,728,446	11,440,772	857,758	12,298,530
Profit for the period	—	—	337,400	337,400	34,013	371,413
Other comprehensive income for the period	—	22,219	—	22,219	1,134	23,353
Total comprehensive income for the period	—	22,219	337,400	359,619	35,147	394,766
Dividends	—	—	(60,612)	(60,612)	—	(60,612)
Transfer between reserves	—	432	(432)	—	—	—
Exercise of share options	25,051	(4,695)	—	20,356	—	20,356
Transfer upon lapse of share options	—	(2,585)	2,585	—	—	—
Share-based payments of an associate	—	52	—	52	—	52
	25,051	(6,796)	(58,459)	(40,204)	—	(40,204)
At 30 June 2015 (unaudited)	5,136,285	2,616,515	4,007,387	11,760,187	892,905	12,653,092

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(115,805)	251,009
Net cash from (used in) investing activities	269,130	(353,675)
Net cash (used in) from financing activities	(42,903)	691,889
Net increase in cash and cash equivalents	110,422	589,223
Cash and cash equivalents at 1 January	5,640,941	4,489,915
Effect of foreign exchange rate changes	4,839	(11,681)
Cash and cash equivalents at 30 June	5,756,202	5,067,457

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. CRITICAL ACCOUNTING JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Other than those disclosed in the annual financial statements for the year ended 31 December 2014, the judgements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognised in the condensed consolidated financial statements are discussed below.

The Group's utilities business receives government supplemental income from the Finance Bureau of Tianjin Economic and Technological Development Area (the "TEDA Finance Bureau") on an annual basis whereby the amount of such income will be negotiated between the Group and the TEDA Finance Bureau and the outcome of the negotiation will only be finalised and known after the end of the financial year. For the purpose of these condensed consolidated financial statements, the Group, after discussion with the TEDA Finance Bureau, has accrued an amount of such government supplemental income for the six months ended 30 June 2015 (the "Interim Accrual") based on management's assessment of the current governmental, fiscal and economic policies in the Tianjin Economic and Technological Development Area (the "TEDA") and with reference to the Group's operating results in this segment. While the directors are of the opinion that the Interim Accrual is reasonable and the best estimate of the Group's entitlement after taking all relevant factors into account, it may be different from the actual amount that will be finally determined and agreed with the TEDA Finance Bureau and subsequent adjustment may be necessary.

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION

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

The Group has 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 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.

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION *(Continued)*

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	1,916,826	51,462	590,826	—	—	2,559,114
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	53,101	6,971	(102,718)	108,045	289,111	354,510
Tax (expense) credit	(18,991)	—	503	—	—	(18,488)
Segment results						
— profit (loss) for the period	34,110	6,971	(102,215)	108,045	289,111	336,022
Non-controlling interests	(2,527)	—	16,876	—	(49,901)	(35,552)
Profit (loss) attributable to owners of the Company	31,583	6,971	(85,339)	108,045	239,210	300,470
Segment results — profit (loss) for the period includes:						
Depreciation and amortisation	65,352	8,474	34,264	—	—	108,090

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION *(Continued)*

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	1,954,119	58,361	488,784	—	—	2,501,264
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 (iii))	—	—	—	84,348	216,268	300,616
Profit (loss) before tax	57,949	12,114	(69,022)	84,348	216,268	301,657
Tax expense	(19,646)	—	(1,126)	—	—	(20,772)
Segment results						
— profit (loss) for the period	38,303	12,114	(70,148)	84,348	216,268	280,885
Non-controlling interests	(2,972)	—	11,916	—	(37,328)	(28,384)
Profit (loss) attributable to owners of the Company	35,331	12,114	(58,232)	84,348	178,940	252,501
Segment results — profit (loss) for the period includes:						
Depreciation and amortisation	60,661	8,373	29,960	—	—	98,994

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION *(Continued)*

	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 (note (iii))	35,391	(71,019)
Profit for the period	371,413	447,558

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 (i.e. the Interim Accrual) of HK\$63,177,000 (30 June 2014: HK\$85,642,000).

- (ii) As detailed in Note 8, Dynasty Fine Wines 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.

5. 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
	146,580	134,620

Notes to the Condensed Consolidated Financial Statements

6. OTHER GAINS, NET

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Gain on disposal of an associate (Note 8)	—	235,368
Gain on deregistration of a subsidiary	—	2,324
Impairment loss on goodwill (Note 15)	—	(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	(18,558)	1,054
	37,815	196,503

7. 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	(938)	(145)
	28,688	22,688

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.

Notes to the Condensed Consolidated Financial Statements

8. GAIN ON DISPOSAL OF AN ASSOCIATE

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 (the “Disposal Gain”). 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.

There was no similar transaction for the six months ended 30 June 2015. As mentioned in the Company’s 2014 interim report, there were limitations on the equity accounting for investment in Dynasty and determination of the Disposal Gain in the light of the circumstances of Dynasty. In the opinion of the directors, any adjustments on the Disposal Gain would not affect the overall comparability of the current and corresponding figures in these condensed consolidated financial statements.

9. 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

Notes to the Condensed Consolidated Financial Statements

10. 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	337,400	410,114
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	6,698	9,307
Weighted average number of ordinary shares taking into account the share options for the purpose of diluted earnings per share	1,076,203	1,076,777

11. 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)	60,612	70,773

Subsequent to the end of the reporting period, the board of directors 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.

Notes to the Condensed Consolidated Financial Statements

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INVESTMENT PROPERTIES

During the current period, the Group acquired property, plant and equipment and land use rights of HK\$110,377,000 (30 June 2014: HK\$316,077,000) for the purpose of expanding its businesses.

In addition, neither acquisition nor disposal of investment properties was carried out by the Group during the current period (30 June 2014: Nil).

The fair value of the Group's investment properties at the end of the reporting period was determined by the directors with reference to the market evidence of transaction prices for comparable properties in the same location and condition. On this basis, the directors have determined that there was no material change in fair value of investment properties of the Group for the current period (30 June 2014: Nil).

13. INTERESTS IN ASSOCIATES

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
The Group's interests in associates		
– Listed shares in Hong Kong		
– Tianjin Port	3,688,454	3,642,012
– Unlisted shares in the PRC		
– Otis China	1,269,147	978,429
– Others	275,976	171,805
	5,233,577	4,792,246
Market value of listed shares		
– Tianjin Port	2,379,451	2,107,883

Interests in associates at the end of the reporting period included goodwill of HK\$1,120,729,000 (31 December 2014: HK\$1,120,729,000).

Notes to the Condensed Consolidated Financial Statements

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

notes:

- (a) 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.

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

15. GOODWILL

For the purpose of impairment testing, goodwill of the Group was allocated to the electrical and mechanical segment, which is considered to be one group of cash-generating units ("CGUs").

During the current period, the management performed an assessment on the recoverable amount of this group of CGUs given there were impairment indicators. As at 30 June 2015, the recoverable amount of this group of CGUs was determined from value in use calculation. The calculation uses cash flow projections based on the most recent financial budgets approved by management for the coming 5 years and using a discount rate ranging from 11% to 12%. The cash flows beyond the budget years are extrapolated using a steady 3% growth rate. Another key assumption for the value in use calculation relates to the estimation of cash inflows which include budgeted sales and gross margins. Such estimation is based on the CGUs' past performance and management's expectations of the market development. No impairment loss on goodwill was recognised in the current period (30 June 2014: impairment loss of HK\$51,009,000) based on this assessment.

Notes to the Condensed Consolidated Financial Statements

16. TRADE RECEIVABLES, NOTES RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	notes	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Trade receivables — gross	(a)	924,096	828,430
Less: allowance for impairment		(126,346)	(126,203)
Trade receivables — net		797,750	702,227
Notes receivables		108,942	80,115
	(b)	906,692	782,342
Other receivables, deposits and prepayments			
Entrusted loan	(c)	25,349	25,316
Compensation receivable		98,169	98,045
Others		203,998	170,808
		327,516	294,169

notes:

- (a) 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 4(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.

Notes to the Condensed Consolidated Financial Statements

16. TRADE RECEIVABLES, NOTES RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	30 June	31 December
	2015	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 (note (d))	128,590	146,247
	906,692	782,342

(c) The amount represents an entrusted loan to a government-related borrower in the PRC through a PRC financial institution. The amount is repayable within one year and carrying interest at a fixed rate of 6% (31 December 2014: 6%) per annum.

(d) The amount includes retentions held by customers for contract work of HK\$101,177,000 (31 December 2014: HK\$95,348,000).

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Investments held for trading		
Listed shares in Hong Kong	5,359	5,359
Listed shares in the PRC	17,794	24,747
Unlisted funds in the PRC	521,209	251,028
Unlisted bonds in the PRC	38,022	326,607
	582,384	607,741

During the current period, the Group had net cash inflow from investments held for trading of HK\$59,231,000 (30 June 2014: HK\$452,321,000).

Notes to the Condensed Consolidated Financial Statements

18. 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.

19. 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.

20. BANK BORROWINGS

During the current period, the Group obtained new bank borrowings of HK\$37,975,000 (30 June 2014: HK\$2,587,783,000) and repaid bank borrowings of HK\$87,283,000 (30 June 2014: HK\$2,006,297,000).

At the end of the reporting period, the bank borrowings carried effective interest rates ranging from 2.17% to 5.3% (31 December 2014: 1.3% to 3.2%) per annum.

Notes to the Condensed Consolidated Financial Statements

21. 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	31 December
	2015	2014
	HK\$'000	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
	1,524,201	1,442,982

22. CAPITAL COMMITMENTS

	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Authorised but not contracted for in respect of acquisition of property, plant and equipment	857,662	862,349
Contracted but not provided for in respect of acquisition of property, plant and equipment	213,605	355,642

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements of financial instruments

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Condensed Consolidated Financial Statements

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Fair value measurements of financial instruments (Continued)

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	30 June 2015	31 December 2014		
	HK\$'000	HK\$'000		
Available-for-sale financial assets				
— listed equity securities	210,385	205,919	Level 1	Quoted bid price in an active market
Financial assets at fair value through profit or loss				
— listed equity securities	23,153	30,106	Level 1	Quoted bid price in active markets
— unlisted funds	521,209	251,028	Level 2	Redemption value quoted by the relevant investment trust with reference to the underlying assets (mainly listed securities) of the trust
— unlisted bonds	38,022	326,607	Level 2	Discounted cash flow — Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Notes to the Condensed Consolidated Financial Statements

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

Management of the Group is responsible for determination of the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

Detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed above.

24. RELATED PARTY DISCLOSURES

The Group is controlled by Tsinlien, which owns approximately 62.76% (31 December 2014: approximately 63.07%) of the Company's shares as at 30 June 2015. The remaining approximately 37.24% (31 December 2014: approximately 36.93%) of the Company's shares are widely held.

Tsinlien is a state-owned enterprise and ultimately controlled by Tianjin Municipal People's Government of the PRC. In accordance with HKAS 24 (Revised) "Related Party Disclosures", entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include Tsinlien, its subsidiaries and associates, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, and other entities and corporations in which the Company is able to exercise joint control or significant influence, and key management personnel of the Company and Tsinlien as well as their close family members.

Notes to the Condensed Consolidated Financial Statements

24. RELATED PARTY DISCLOSURES *(Continued)*

During the current period, except for the Interim Accrual, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include majority of its cash at banks and time deposits in banks and the corresponding interest income and part of sales and purchases of goods and services (such as purchase of utilities including electricity and water which constituted the majority of the Group's purchases). The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed, as appropriate.

Apart from the above-mentioned transactions with the government-related entities and the related party transactions and balances set out elsewhere in these condensed consolidated financial statements, the following is a summary of the significant related party transactions and balances arising in the normal course of the Group's business:

(a) Related party transactions

(i) Transactions with related parties of the Group *(note)*

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Operating lease expenses for land	862	1,013
Operating lease expenses for plant, pipelines and networks	78,584	77,430
Purchase of materials	7,794	4,084
Purchase of steam for sale	416,347	457,822
Purchase of property, plant and equipment	5,078	6,694

note: The related parties are entities controlled by non-controlling interests of the Company's non-wholly owned subsidiaries.

Notes to the Condensed Consolidated Financial Statements

24. RELATED PARTY DISCLOSURES *(Continued)*

(a) Related party transactions *(Continued)*

(ii) Key management compensation

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Fees	1,272	1,272
Salaries and other emoluments	5,983	6,997
	7,255	8,269

(b) Related party balances

Details of the related parties balances are set out in the condensed consolidated statement of financial position.

25. 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 these condensed consolidated financial statements were authorised for issue by the board of directors. 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2015, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(i) Interests in the underlying shares of the Company

Name of director	Number of underlying shares held	Approximate percentage of total issued shares
Mr. Wang Zhiyong	8,600,000	0.80%
Mr. Tuen Kong, Simon	2,900,000	0.27%
Dr. Cui Di	2,900,000	0.27%
Mr. Cheung Wing Yui, Edward	1,100,000	0.10%
Dr. Chan Ching Har, Eliza	600,000	0.06%
Dr. Cheng Hon Kwan	1,100,000	0.10%
Mr. Mak Kwai Wing, Alexander	600,000	0.06%
Ms. Ng Yi Kum, Estella	600,000	0.06%
Mr. Wong Shiu Hoi, Peter	100,000	0.01%

notes:

1. All interests are held in the capacity as a beneficial owner.
2. All interests stated above represent long positions.
3. As at 30 June 2015, the total number of shares of the Company in issue was 1,072,770,125.
4. Details of the interests of directors in share options are set out in the paragraph headed "Share Option Scheme" in this section below.

Other Information

DIRECTORS' INTERESTS IN SHARES *(Continued)*

(ii) Interests in the underlying shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interests	Capacity	Number of underlying shares held	Approximate percentage of total issued shares
Ms. Zhang Lili	Tianjin Port	Personal interest	Beneficial owner	3,450,000	0.06%

Save as disclosed above, as at 30 June 2015, none of the directors or chief executive or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 25 May 2007, a share option scheme (the "Share Option Scheme") of the Company was approved by shareholders of the Company.

SHARE OPTION SCHEME (Continued)

Details of options granted, exercised, lapsed or cancelled and outstanding under the Share Option Scheme during the period were as follows:

Date of grant	Exercise price per share HK\$	As at 1 January 2015	Number of share options				As at 30 June 2015	Exercise period
			During the period					
			Granted	Exercised	Lapsed	Cancelled		
Directors								
Wang Zhiyong	16/12/2009	5.750	900,000	-	-	-	900,000	16/12/2009 – 24/05/2017
	07/11/2011	3.560	2,800,000	-	-	-	2,800,000	11/11/2011 – 24/05/2017
	19/12/2012	4.060	2,800,000	-	-	-	2,800,000	19/12/2012 – 24/05/2017
	20/12/2013	5.532	2,100,000	-	-	-	2,100,000	20/12/2013 – 24/05/2017
Tuen Kong, Simon	16/12/2009	5.750	900,000	-	-	-	900,000	16/12/2009 – 24/05/2017
	07/11/2011	3.560	2,600,000	-	2,600,000 ^(note 1)	-	-	11/11/2011 – 24/05/2017
	19/12/2012	4.060	2,600,000	-	2,600,000 ^(note 1)	-	-	19/12/2012 – 24/05/2017
	20/12/2013	5.532	2,000,000	-	-	-	2,000,000	20/12/2013 – 24/05/2017
Cui Di	07/11/2011	3.560	300,000	-	-	-	300,000	11/11/2011 – 24/05/2017
	19/12/2012	4.060	800,000	-	-	-	800,000	19/12/2012 – 24/05/2017
	20/12/2013	5.532	1,800,000	-	-	-	1,800,000	20/12/2013 – 24/05/2017
Cheung Wing Yui, Edward	19/12/2007	8.040	500,000	-	-	-	500,000	17/01/2008 – 24/05/2017
	16/12/2009	5.750	300,000	-	-	-	300,000	16/12/2009 – 24/05/2017
	07/11/2011	3.560	100,000	-	-	-	100,000	11/11/2011 – 24/05/2017
	19/12/2012	4.060	100,000	-	-	-	100,000	19/12/2012 – 24/05/2017
	20/12/2013	5.532	100,000	-	-	-	100,000	20/12/2013 – 24/05/2017
Chan Ching Har, Eliza	16/12/2009	5.750	300,000	-	-	-	300,000	16/12/2009 – 24/05/2017
	07/11/2011	3.560	100,000	-	-	-	100,000	11/11/2011 – 24/05/2017
	19/12/2012	4.060	100,000	-	-	-	100,000	19/12/2012 – 24/05/2017
	20/12/2013	5.532	100,000	-	-	-	100,000	20/12/2013 – 24/05/2017
Cheng Hon Kwan	19/12/2007	8.040	500,000	-	-	-	500,000	17/01/2008 – 24/05/2017
	16/12/2009	5.750	300,000	-	-	-	300,000	16/12/2009 – 24/05/2017
	07/11/2011	3.560	100,000	-	-	-	100,000	11/11/2011 – 24/05/2017
	19/12/2012	4.060	100,000	-	-	-	100,000	19/12/2012 – 24/05/2017
	20/12/2013	5.532	100,000	-	-	-	100,000	20/12/2013 – 24/05/2017
Mak Kwai Wing, Alexander	16/12/2009	5.750	300,000	-	-	-	300,000	16/12/2009 – 24/05/2017
	07/11/2011	3.560	100,000	-	-	-	100,000	11/11/2011 – 24/05/2017
	19/12/2012	4.060	100,000	-	-	-	100,000	19/12/2012 – 24/05/2017
	20/12/2013	5.532	100,000	-	-	-	100,000	20/12/2013 – 24/05/2017
Ng Yi Kum, Estella	03/12/2010	6.070	300,000	-	-	-	300,000	03/12/2010 – 24/05/2017
	07/11/2011	3.560	100,000	-	-	-	100,000	11/11/2011 – 24/05/2017
	19/12/2012	4.060	100,000	-	-	-	100,000	19/12/2012 – 24/05/2017
	20/12/2013	5.532	100,000	-	-	-	100,000	20/12/2013 – 24/05/2017

Other Information

SHARE OPTION SCHEME (Continued)

Date of grant	Exercise price per share HK\$	Number of share options						As at 30 June 2015	Exercise period
		As at 1 January 2015	During the period						
			Granted	Exercised	Lapsed	Cancelled			
Directors									
Wong Shiu Hoi, Peter	20/12/2013	5,532	100,000	-	-	-	-	100,000	20/12/2013 – 24/05/2017
Loke Yu	20/12/2013	5,532	100,000	-	100,000 ^(note 2)	-	-	-	20/12/2013 – 24/05/2017
Zhang Wenli ^(note 3)	19/12/2007	8,040	300,000	-	-	300,000	-	-	17/01/2008 – 24/05/2017
	16/12/2009	5,750	500,000	-	-	500,000	-	-	16/12/2009 – 24/05/2017
	07/11/2011	3,560	300,000	-	-	300,000	-	-	11/11/2011 – 24/05/2017
	19/12/2012	4,060	300,000	-	-	300,000	-	-	19/12/2012 – 24/05/2017
	20/12/2013	5,532	200,000	-	-	200,000	-	-	20/12/2013 – 24/05/2017
Continuous contract employees	07/11/2011	3,560	900,000	-	-	-	-	900,000	11/11/2011 – 24/05/2017
	19/12/2012	4,060	900,000	-	-	-	-	900,000	19/12/2012 – 24/05/2017
	20/12/2013	5,532	1,500,000	-	-	-	-	1,500,000	20/12/2013 – 24/05/2017
Total			28,700,000	-	5,300,000	1,600,000	-	21,800,000	

notes:

1. The closing price of the Company's shares immediately before the date on which the share options were exercised is HK\$6.810.
2. The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised is HK\$7.880.
3. The share options of Mr. Zhang Wenli lapsed on 26 June 2015 due to his resignation as director of the Company on 26 March 2015.
4. No share options had been granted under the Share Option Scheme during the six months ended 30 June 2015.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme of the Company, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the following persons or corporations, other than the directors or chief executive of the Company as disclosed above, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	notes	Capacity	Number of shares held	Approximate percentage of total issued shares
Tianjin Tsinlien Investment Holdings Co., Ltd. (天津津聯投資控股有限公司) ("Tsinlien Investment Holdings")	1&2	Interest of controlled corporation	673,219,143	62.76%
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) ("Bohai")	1&2	Interest of controlled corporation	673,219,143	62.76%
Tianjin Pharmaceutical Group Co., Ltd. (天津市醫藥集團有限公司) ("Tianjin Pharmaceutical")	1&2	Interest of controlled corporation	673,219,143	62.76%
Tsinlien	1&3	Directly beneficially interest and interest of controlled corporation	673,219,143	62.76%

notes:

- All interests stated above represent long positions.
- Tsinlien is a direct wholly-owned subsidiary of Tianjin Pharmaceutical which in turn is a direct wholly-owned subsidiary of Bohai and an indirect wholly-owned subsidiary of Tsinlien Investment Holdings. By virtue of the SFO, Tsinlien Investment Holdings, Bohai and Tianjin Pharmaceutical are deemed to be interested in the same parcel of shares of the Company in which Tsinlien is interested.
- As at 30 June 2015, Tsinlien directly held 22,420,000 shares of the Company and its wholly-owned subsidiaries, namely Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited held 568,017,143 shares, 2,022,000 shares and 80,760,000 shares of the Company respectively. By virtue of the SFO, Tsinlien is deemed to have an interest in the shares of the Company in which Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited are interested.

Save as disclosed above, as at 30 June 2015, the Company had not been notified by any person or corporation, other than the directors or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Other Information

CORPORATE GOVERNANCE

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

The Company has adopted 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.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, changes in the information of directors of the Company subsequent to the date of the 2014 annual report of the Company are as follows:

- (1) Dr. Cheng Hon Kwan has retired as independent non-executive director of Hang Lung Group Limited (Stock Code: 10) and resigned as independent non-executive director of Hang Lung Properties Limited (Stock Code: 101), both with effect from 29 April 2015.
- (2) Ms. Ng Yi Kum, Estella has been appointed as the chief strategy officer & the chief financial officer and the company secretary of Tse Sui Luen Jewellery (International) Limited (Stock Code: 417) with effect from 27 July 2015 and 1 August 2015 respectively. She has resigned as independent non-executive director of Hong Kong Resources Holdings Company Limited (Stock Code: 2882) and China Mobile Games and Entertainment Group Limited with effect from 31 July 2015 and 10 August 2015 respectively.
- (3) Mr. Wong Shiu Hoi, Peter has ceased to be an overseas business advisor of Haitong Securities Company Limited with effect from 30 June 2015.
- (4) Dr. Loke Yu has been appointed as independent non-executive director of China New Energy Power Group Limited (Stock Code: 1041) with effect from 28 July 2015.

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.

The Audit Committee is chaired by Ms. Ng Yi Kum, Estella and includes four other members, Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander, Mr. Wong Shiu Hoi, Peter and Dr. Loke Yu.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 10 December 2013, the Company entered into a facility agreement (the "Facility Agreement") with a syndicate of banks as lenders (the "Lenders") in respect of a HK\$2,550 million term loan facility for a period up to 60 months unless not extended by the Lenders at the 36th month from the date of the Facility Agreement.

Pursuant to the Facility Agreement, it will be an event of default, inter alia, if (i) the Tianjin Municipal People's Government ceases to maintain a shareholding ownership directly or indirectly in the Company of more than 50%; or (ii) the Company ceases to be under the direct or indirect management control of Tsinlien.

If any of the abovementioned events of default occurs, the Lenders may by notice to the Company (a) cancel the total commitments or any part thereof; (b) declare that the loan or any part thereof together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable; and/or (c) declare that the loan or any part thereof be payable on demand.

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.

Other Information

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.

By order of the Board

Zeng Xiaoping

Chairman

Hong Kong, 27 August 2015

Deloitte.

德勤

**TO THE BOARD OF DIRECTORS OF
TIANJIN DEVELOPMENT HOLDINGS LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Tianjin Development Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 5 to 29, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 August 2015