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天津發展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$3,117,778,000 (30 June 2015 (restated): approximately HK\$3,410,444,000).
- Profit attributable to owners of the Company amounted to approximately HK\$318,975,000 (30 June 2015 (restated): approximately HK\$394,267,000).
- Basic earnings per share was HK29.73 cents (30 June 2015 (restated): HK36.86 cents).
- Interim dividend of HK4.53 cents per share (30 June 2015: HK4.53 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 2016 together with the restated comparative figures for the corresponding period in 2015 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	HK\$'000 <i>(unaudited)</i>	HK\$'000 <i>(unaudited and restated)</i>
Revenue	4	3,117,778	3,410,444
Cost of sales		(2,461,924)	(2,707,947)
Gross profit		655,854	702,497
Other income	5	120,829	172,018
Other gains, net	6	422	35,484
Selling expenses		(202,743)	(190,156)
General and administrative expenses		(292,532)	(394,883)
Other operating expenses		(89,371)	(103,649)
Finance costs		(34,047)	(34,710)
Share of profit (loss) of			
Associates		286,506	402,012
Joint ventures		(4,399)	(5,239)
Profit before tax		440,519	583,374
Tax expense	7	(29,619)	(55,205)
Profit for the period	8	410,900	528,169
Attributable to:			
Owners of the Company		318,975	394,267
Non-controlling interests		91,925	133,902
		410,900	528,169
		HK cents	HK cents
Earnings per share	9		
Basic		29.73	36.86
Diluted		29.73	36.64

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

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited and restated)
Profit for the period		<u>410,900</u>	<u>528,169</u>
Other comprehensive (expense) income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences			
– the Group		(161,497)	9,690
– associates		(79,935)	3,129
– joint ventures		(1,034)	83
Change in fair value of available-for-sale financial assets	12	(17,945)	22,758
Deferred taxation on fair value change of available-for-sale financial assets		993	(2,743)
Share of other comprehensive (expense) income of an associate			
– available-for-sale financial assets revaluation reserve		<u>(2,570)</u>	<u>5,961</u>
Other comprehensive (expense) income for the period		<u>(261,988)</u>	<u>38,878</u>
Total comprehensive income for the period		<u><u>148,912</u></u>	<u><u>567,047</u></u>
Attributable to:			
Owners of the Company		132,411	423,241
Non-controlling interests		<u>16,501</u>	<u>143,806</u>
		<u><u>148,912</u></u>	<u><u>567,047</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June 2016 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2015 <i>HK\$'000</i> <i>(audited)</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		5,101,410	5,118,453
Land use rights		460,763	475,302
Investment properties		162,790	166,093
Interests in associates	11	5,097,958	4,949,975
Interests in joint ventures		50,178	55,611
Intangible assets		206,773	223,890
Deposits paid for acquisition of property, plant and equipment		18,275	88,530
Deferred tax assets		95,472	97,100
Available-for-sale financial assets	12	437,491	372,688
Goodwill		1,462	1,492
		11,632,572	11,549,134
Current assets			
Inventories		460,869	450,280
Amounts due from joint ventures		56,608	55,997
Amount due from ultimate holding company		384	204
Amounts due from related companies		55,180	43,817
Amounts due from customers for contract work		898,265	798,629
Trade receivables	13	794,058	873,207
Notes receivables	13	359,098	205,055
Other receivables, deposits and prepayments		429,348	367,021
Financial assets at fair value through profit or loss		103,513	186,107
Entrusted deposits	14	1,135,889	1,890,215
Restricted bank balances		119,939	125,065
Time deposits with maturity over three months		1,003,650	1,471,241
Cash and cash equivalents		4,913,233	4,997,450
		10,330,034	11,464,288
Total assets		21,962,606	23,013,422
EQUITY			
Owners of the Company			
Share capital		5,136,285	5,136,285
Reserves		5,115,184	5,042,608
		10,251,469	10,178,893
Non-controlling interests		3,579,913	3,603,307
Total equity		13,831,382	13,782,200

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 30 June 2016*

		30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Defined benefit obligations		35,933	37,005
Deferred income		92,753	125,124
Obligations under finance leases			
– due after one year		4,010	3,641
Bank borrowings		90,410	83,614
Deferred tax liabilities		41,221	44,053
		<u>264,327</u>	<u>293,437</u>
Current liabilities			
Trade payables	15	1,302,243	1,189,501
Notes payables	15	190,188	161,274
Other payables and accruals		2,296,924	3,449,289
Amounts due to related companies		817,881	886,811
Amounts due to customers for contract work		123,184	98,862
Obligations under finance leases			
– due within one year		6,593	14,221
Bank borrowings		2,974,989	2,974,892
Current tax liabilities		154,895	162,935
		<u>7,866,897</u>	<u>8,937,785</u>
Total liabilities		<u><u>8,131,224</u></u>	<u><u>9,231,222</u></u>
Total equity and liabilities		<u><u>21,962,606</u></u>	<u><u>23,013,422</u></u>
Net current assets		<u><u>2,463,137</u></u>	<u><u>2,526,503</u></u>
Total assets less current liabilities		<u><u>14,095,709</u></u>	<u><u>14,075,637</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 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 “Listing Rules”).

The financial information relating to the year ended 31 December 2015 that is included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

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 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015 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. MERGER ACCOUNTING AND RESTATEMENTS

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

In December 2015, the Group completed the acquisition of 67% equity interest in Thrive Leap Limited (“Thrive Leap”) from a wholly-owned subsidiary of Tsinlien Group Company Limited, the ultimate holding company of the Company. The Group applied AG 5 to the acquisition of Thrive Leap in 2015. As a result, the 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 of the Group for the six months ended 30 June 2015 were restated to include the results and cash flows of Thrive Leap and its subsidiaries (collectively referred to as “Thrive Leap Group”) as if they were within the Group at 1 January 2015.

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 six 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) Pharmaceutical

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

The pharmaceutical segment solely represents the operation of Thrive Leap Group. As set out in Note 3, the Group applied the principles of merger accounting in relation to its acquisition of Thrive Leap in 2015. As a result, the segment revenue and segment results for the six months ended 30 June 2015 have been restated to include the revenue, results, assets and liabilities of Thrive Leap Group.

(c) Hotel

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

(d) Electrical and mechanical

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

(e) Port services

The result of this segment is contributed by a listed associate of the Group, Tianjin Port Development Holdings Limited (“Tianjin Port”), which provides port services in Tianjin.

(f) Elevators and escalators

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

4. SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2016 *(unaudited)*

	Utilities <i>(note (i))</i> HK\$'000	Pharma- ceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	<u>1,800,946</u>	<u>764,265</u>	<u>50,634</u>	<u>501,933</u>	–	–	<u>3,117,778</u>
Operating profit (loss) before interest	35,200	107,057	6,595	(49,072)	–	–	99,780
Interest income	12,486	8,500	6	8,466	–	–	29,458
Finance costs	–	(5,584)	–	(2,254)	–	–	(7,838)
Share of (loss) profit of associates	–	(1,880)	–	–	79,545	204,606	282,271
Profit (loss) before tax	<u>47,686</u>	<u>108,093</u>	<u>6,601</u>	<u>(42,860)</u>	<u>79,545</u>	<u>204,606</u>	<u>403,671</u>
Tax (expense) credit	<u>(14,105)</u>	<u>(18,707)</u>	–	<u>4,522</u>	–	–	<u>(28,290)</u>
Segment results							
– profit (loss) for the period	<u>33,581</u>	<u>89,386</u>	<u>6,601</u>	<u>(38,338)</u>	<u>79,545</u>	<u>204,606</u>	<u>375,381</u>
Non-controlling interests	<u>(2,589)</u>	<u>(58,144)</u>	–	<u>4,486</u>	–	<u>(35,315)</u>	<u>(91,562)</u>
Profit (loss) attributable to owners of the Company	<u><u>30,992</u></u>	<u><u>31,242</u></u>	<u><u>6,601</u></u>	<u><u>(33,852)</u></u>	<u><u>79,545</u></u>	<u><u>169,291</u></u>	<u><u>283,819</u></u>
Segment results							
– profit (loss) for the period includes:							
Depreciation and amortisation	<u>49,142</u>	<u>39,180</u>	<u>8,564</u>	<u>36,717</u>	–	–	<u>133,603</u>

For the six months ended 30 June 2015 *(unaudited and restated)*

	Utilities <i>(note (i))</i> HK\$'000	Pharma- ceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	<u>1,916,826</u>	<u>851,330</u>	<u>51,462</u>	<u>590,826</u>	–	–	<u>3,410,444</u>
Operating profit (loss) before interest	40,087	178,572	6,959	(109,505)	–	–	116,113
Interest income	13,014	7,236	12	9,689	–	–	29,951
Finance costs	–	(4,835)	–	(2,902)	–	–	(7,737)
Share of profit of associates	–	2,300	–	–	108,045	289,111	399,456
Profit (loss) before tax	<u>53,101</u>	<u>183,273</u>	<u>6,971</u>	<u>(102,718)</u>	<u>108,045</u>	<u>289,111</u>	<u>537,783</u>
Tax (expense) credit	<u>(18,991)</u>	<u>(26,517)</u>	–	<u>503</u>	–	–	<u>(45,005)</u>
Segment results							
– profit (loss) for the period	<u>34,110</u>	<u>156,756</u>	<u>6,971</u>	<u>(102,215)</u>	<u>108,045</u>	<u>289,111</u>	<u>492,778</u>
Non-controlling interests	<u>(2,527)</u>	<u>(99,889)</u>	–	<u>16,876</u>	–	<u>(49,901)</u>	<u>(135,441)</u>
Profit (loss) attributable to owners of the Company	<u><u>31,583</u></u>	<u><u>56,867</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>357,337</u></u>
Segment results							
– profit (loss) for the period includes:							
Depreciation and amortisation	<u>65,352</u>	<u>28,010</u>	<u>8,474</u>	<u>34,264</u>	–	–	<u>136,100</u>

4. SEGMENT INFORMATION *(continued)*

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	<i>(unaudited and restated)</i>
Reconciliation of profit for the period		
Total reportable segments	375,381	492,778
Corporate and others <i>(note (ii))</i>	35,519	35,391
	<hr/>	<hr/>
Profit for the period	410,900	528,169
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notes:

- (i) Revenue from supply of electricity, water, and heat and thermal power amounted to HK\$1,127,220,000, HK\$170,814,000 and HK\$502,912,000 respectively (30 June 2015: HK\$1,205,065,000, HK\$178,024,000 and HK\$533,737,000 respectively).

The above revenue included accrued government supplemental income of HK\$36,123,000 (30 June 2015: HK\$63,177,000).

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

5. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	<i>(unaudited and restated)</i>
Interest income	90,951	132,725
Government grants	13,717	15,964
Rental income under operating leases, net of negligible outgoings	1,332	3,489
Sales of scrap materials	3,505	1,424
Dividend income from available-for-sale financial assets	2,594	13,469
Sundries	8,730	4,947
	<hr/>	<hr/>
	120,829	172,018
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER GAINS, NET

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Net exchange loss	(13,219)	(396)
Net gain on financial assets held for trading		
– listed	88	9,574
– unlisted	1,350	47,195
Net loss on disposal/written off of property, plant and equipment	(36)	(20,889)
Reversal of impairment previously recognised on other receivables	12,239	–
	422	35,484

7. TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Current taxation		
– PRC Enterprise Income Tax (“EIT”)	30,230	56,259
Deferred taxation	(611)	(1,054)
	29,619	55,205

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 2015: Nil).

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

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Profit for the period is arrived at after charging (crediting):		
Employees' benefits expense (including directors' emoluments)	406,300	407,459
Cost of inventories recognised as an expense	1,456,183	1,768,252
Depreciation	124,368	171,420
Amortisation of land use rights	5,476	3,407
Amortisation of intangible assets	12,815	20,515
Impairment recognised on trade receivables	744	80
Operating lease expense on		
– plants, pipelines and networks	73,719	79,282
– land and buildings	4,255	5,199
Research and development costs charged to other operating expenses	68,951	92,254
	<u>68,951</u>	<u>92,254</u>

9. 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	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Profit attributable to owners of the Company for the purposes of basic and diluted earnings per share	318,975	394,267
Number of shares	Thousand	Thousand
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,072,770	1,069,505
Effect of dilutive potential ordinary shares: Share options	216	6,698
Weighted average number of ordinary shares taking into account the share options for the purpose of diluted earnings per share	1,072,986	1,076,203

10. DIVIDENDS

Six months ended 30 June	
2016	2015
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Dividends recognised as distribution during the period:

– 2015 final dividend, paid on 13 July 2016 HK5.65 cents per share (2014: HK5.65 cents per share)	<u>60,612</u>	<u>60,612</u>
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Subsequent to the end of the reporting period, the Board has declared an interim dividend of HK4.53 cents per share (30 June 2015: HK4.53 cents per share), amounting to approximately HK\$48,596,000 (30 June 2015: HK\$48,596,000) in total, to the owners of the Company whose names appear on the Company's register of members on 30 September 2016.

11. INTERESTS IN ASSOCIATES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
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The Group's interests in associates

– Listed shares in Hong Kong		
– Tianjin Port	3,531,619	3,556,978
– Unlisted shares in the PRC		
– Otis China	1,152,510	970,551
– Others	413,829	422,446
	<u>5,097,958</u>	<u>4,949,975</u>

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
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Equity securities

Listed, at market value	(a)	136,509	155,099
Unlisted	(b)	<u>300,982</u>	<u>217,589</u>
		<u>437,491</u>	<u>372,688</u>

notes:

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

As at 30 June 2016, the market value of the Group's equity interest in Binhai Investment was HK\$110,154,000 (31 December 2015: HK\$121,566,000) and the unrealised fair value loss of HK\$11,412,000 (30 June 2015: gain of HK\$4,466,000) was recognised in other comprehensive expense.

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

13. TRADE RECEIVABLES AND NOTES RECEIVABLES

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 30 days	472,642	459,189
31 to 90 days	142,118	103,358
91 to 180 days	169,098	167,009
181 to 365 days	147,471	168,024
Over 1 year	221,827	180,682
	<u>1,153,156</u>	<u>1,078,262</u>

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

As at 30 June 2016, the government supplemental income receivables from the TEDA Finance Bureau was HK\$30,230,000 (31 December 2015: Nil) which included the accrued government supplemental income as referred to in Note 4(i). The government supplemental income receivables do not have credit terms and the amounts are to be finalised by the TEDA Finance Bureau after the end of each financial year. Continuous settlements have been received by the Group over the years.

14. ENTRUSTED DEPOSITS

During the period under review, the Group placed in, and withdrew from, six financial institutions (30 June 2015 (restated): five financial institutions) based in Tianjin, the PRC entrusted deposits of approximately HK\$347,741,000 and HK\$1,076,415,000 respectively (30 June 2015 (restated): approximately HK\$1,337,000,000 and HK\$1,641,524,000 respectively). The deposits with maturity from 1 to 15 months (31 December 2015: 1 to 21 months) after the end of the reporting period carried fixed rates of return ranging from 2.8% to 9.4% (31 December 2015: 3.1% 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.

15. 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 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 30 days	411,977	327,420
31 to 90 days	300,930	335,203
91 to 180 days	317,460	318,446
Over 180 days	462,064	369,706
	<u>1,492,431</u>	<u>1,350,775</u>

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, located at the centre of Bohai economic rim, is a national development zone and 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 2016, revenue from the Electricity Company was approximately HK\$1,127.2 million, a 6.5% below that of the same period last year. Profit decreased by 20.3% to approximately HK\$14.5 million from HK\$18.2 million in the corresponding period last year. This was primarily due to increase in operating costs. The total quantity of electricity sold for the period was approximately 1,235,649,000 kWh, a decrease of 3.3% over the same 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, revenue from the Water Company was approximately HK\$170.8 million, a 4% below that of the same period last year. Loss was approximately HK\$8.7 million, a 32.6% reduction in comparison with loss of HK\$12.9 million in the corresponding period last year. The loss reduction was mainly attributable to savings in operating costs. The total quantity of water sold for the period was approximately 24,389,000 tonnes, an increase 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, revenue from the Heat & Power Company was approximately HK\$502.9 million, representing a decrease of 5.8% over the corresponding period last year. Profit decreased 3.5% to approximately HK\$27.8 million from HK\$28.8 million in the corresponding period last year. The profit decline was mainly attributable to increase in operating costs. The total quantity of steam sold for the period was approximately 2,022,000 tonnes, an increase of 8.8% over the same period last year.

Pharmaceutical

Pharmaceutical segment is principally engaged in the manufacture and sale of chemical drugs, and research and development of new medicine technology and new products as well as design, manufacture and printing for pharmaceutical packaging in the PRC.

For the six months ended 30 June 2016, the segment revenue was approximately HK\$764.3 million, representing a decrease of 10.2% as compared with HK\$851.3 million in the same period last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$662.6 million, a 6.2% decrease as compared to the corresponding period in 2015. Revenue from provision of research and development services and other pharmaceutical related operations was approximately HK\$48.1 million, a 43.7% decline as compared to the corresponding period last year. Revenue from sale of packaging materials amounted to approximately HK\$53.6 million, representing a decrease of 10.1% over the corresponding period last year.

For the period under review, profit from pharmaceutical segment was approximately HK\$89.4 million, a 43% below that of the same period last year. The decline was primarily related to lower revenue from provision of research and development services and higher operating costs in relation to manufacturing and sale of pharmaceutical products including raw material costs, selling expenses and fixed production costs related to new production plants.

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 2016, revenue from Courtyard Hotel was approximately HK\$50.6 million, 1.7% lower than the same period last year. Profit amounted to approximately HK\$6.6 million which was broadly in line with the corresponding period last year. The average occupancy rate was at 78%, down three percentage points from the same period last year while the average room rate rose by 1%.

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 2016, revenue from electrical and mechanical segment was approximately HK\$501.9 million, a 15% decrease compared to the same period last year. Loss decreased by 62.5% to approximately HK\$38.3 million in comparison with loss of HK\$102.2 million in the corresponding period last year. The decrease in loss was primarily due to the absence of HK\$26.6 million written-off on property, plant and equipment related to hydroelectric equipment business in the same period last year and lower construction contracts cost estimate adjustments 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 33.1% to approximately HK\$7,689 million and profit attributable to owners of Tianjin Port was approximately HK\$378.8 million, representing a decrease of 26.2% over the same period last year.

Tianjin Port contributed to the Group a profit of approximately HK\$79.5 million, representing a decrease of 26.4% over the corresponding period in 2015.

Elevators and Escalators

During the period under review, the revenue of Otis Elevator (China) Investment Company Limited (“Otis China”) amounted to approximately HK\$9,201 million, representing a decrease of 13.4% over the same period last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$169.3 million, representing a decline of 29.2% over the same period last year.

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 2016, the market value of the Group’s interest in Binhai Investment was approximately HK\$110.2 million (31 December 2015: approximately HK\$121.6 million) and the unrealised fair value loss of approximately HK\$11.4 million was recognised in other comprehensive expense.

PROSPECT

The prospects of the world’s leading economies remain unclear and their economic recoveries are much slower than expected. The effects of the “Brexit” upon global politics and economy remain to be seen. The Chinese economy is at the stage of implementing the structural adjustment which continues to bring in many difficulties and challenges. The Group will as done before maintain a stable financial position and cash resources so as to seize the development opportunity and to identify for the shareholders those sustainable and growing quality projects.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2016, the Group's total cash on hand, total bank borrowings and obligations under finance leases stood at approximately HK\$6,036.8 million, approximately HK\$3,065.4 million and approximately HK\$10.6 million respectively (31 December 2015: HK\$6,593.8 million, HK\$3,058.5 million and HK\$17.9 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$2,975 million (31 December 2015: HK\$2,974.9 million) and obligations under finance leases of HK\$6.6 million (31 December 2015: HK\$14.2 million) will mature within one year.

The gearing ratio as measured by total borrowings, including bank borrowings and obligations under finance leases, to shareholders' funds was at approximately 30% as at 30 June 2016 (31 December 2015: approximately 30%).

Of the total HK\$3,065.4 million bank borrowings outstanding as at 30 June 2016, HK\$2,545.8 million were subject to floating rates with a spread of 1.8% over HIBOR of relevant interest periods and RMB27.3 million (equivalent to approximately HK\$31.9 million) was calculated at the benchmark rate announced by the People's Bank of China. RMB417 million (equivalent to approximately HK\$487.7 million) of bank borrowings were fixed-rate debts with annual interest rates at 1.47% to 5.6%. Annual interest rate for obligations under finance leases was 6%.

As at 30 June 2016, 83% (31 December 2015: 83%) of the Group's total bank borrowings was denominated in Hong Kong dollar, 17% (31 December 2015: 17%) was denominated in Renminbi.

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

EMPLOYEES AND REMUNERATION POLICIES

During the period under review, the Group had a total of approximately 5,553 employees of whom approximately 600 were management personnel and 2,277 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 and also paid supplementary retirement benefits for certain 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 2016, restricted bank balances of HK\$119.9 million, properties and land use rights of HK\$92.5 million were pledged to financial institutions by the Group to secure general banking facilities.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK4.53 cents per share for the six months ended 30 June 2016 (30 June 2015: HK4.53 cents per share) to the shareholders whose names appear on the Company's register of members on 30 September 2016. The interim dividend will be paid on or about 31 October 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 September 2016 (Wednesday) to 30 September 2016 (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 27 September 2016 (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 2016.

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 2016.

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 2016.

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 2016.

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

Hong Kong, 30 August 2016

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

* *non-executive director*

** *independent non-executive director*