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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 2022

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$1,963,837,000 (30 June 2021 (restated): HK\$1,776,676,000).
- Profit attributable to owners of the Company amounted to approximately HK\$272,476,000 (30 June 2021: HK\$263,904,000).
- Basic earnings per share were HK25.40 cents (30 June 2021: HK24.60 cents).
- Interim dividend of HK3.45 cents per share (30 June 2021: HK3.45 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 2022 together with the comparatives figures for the corresponding period in 2021 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2022*

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited & restated)
Continuing operations			
Revenue	3	1,963,837	1,776,676
Cost of sales		<u>(1,380,219)</u>	<u>(1,248,296)</u>
Gross profit		583,618	528,380
Other income	4	198,866	141,859
Other gains and losses, net	5	(118,162)	(19,633)
Selling and distribution expenses		(231,933)	(226,029)
General and administrative expenses		(198,828)	(255,351)
Other operating expenses		(90,016)	(84,648)
Finance costs		(25,675)	(25,197)
Share of net profit of associates and joint ventures accounted for using the equity method		<u>294,269</u>	<u>350,435</u>
Profit before tax		412,139	409,816
Tax expense	6	<u>(40,195)</u>	<u>(25,299)</u>
Profit for the period from continuing operations		371,944	384,517
Loss for the period from presses and mechanical equipment business	7	<u>–</u>	<u>(63,493)</u>
Profit for the period	8	<u>371,944</u>	<u>321,024</u>
Profit (loss) for the period attributable to owners of the Company			
– from continuing operations		272,476	304,247
– from presses and mechanical equipment business		<u>–</u>	<u>(40,343)</u>
Profit for the period attributable to owners of the Company		<u>272,476</u>	<u>263,904</u>
Profit (loss) for the period attributable to non-controlling interests			
– from continuing operations		99,468	80,270
– from presses and mechanical equipment business		<u>–</u>	<u>(23,150)</u>
Profit for the period attributable to non-controlling interests		<u>99,468</u>	<u>57,120</u>
		<u>371,944</u>	<u>321,024</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)**For the six months ended 30 June 2022*

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(unaudited & restated)</i>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
Basic			
– continuing operations and presses and mechanical equipment business		<u>25.40</u>	<u>24.60</u>
– continuing operations		<u>25.40</u>	<u>28.36</u>
Diluted			
– continuing operations and presses and mechanical equipment business		<u>25.40</u>	<u>24.60</u>
– continuing operations		<u>25.40</u>	<u>28.36</u>

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

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	<u>371,944</u>	<u>321,024</u>
Other comprehensive (expense) income		
<i>Items that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income	(400,033)	(62,711)
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	60,344	14,838
Share of other comprehensive expense of investments accounted for using the equity method		
– fair value through other comprehensive income reserve, net of tax	(6,587)	(10,307)
Currency translation differences		
– the Group	(450,065)	28,508
– investments accounted for using the equity method	(288,804)	<u>68,282</u>
Other comprehensive (expense) income for the period	<u>(1,085,145)</u>	<u>38,610</u>
Total comprehensive (expense) income for the period	<u>(713,201)</u>	<u>359,634</u>
Attributable to:		
Owners of the Company	(385,416)	281,711
Non-controlling interests	(327,785)	<u>77,923</u>
	<u>(713,201)</u>	<u>359,634</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		2,522,196	2,654,028
Land use rights		509,761	524,336
Investment properties		267,203	242,054
Investments accounted for using the equity method	11	7,136,757	7,238,272
Intangible assets		1,257	1,448
Finance lease receivables		116,582	121,822
Deposits paid for acquisition of property, plant and equipment		4,842	1,775
Deferred tax assets		63,770	62,285
Equity instruments at fair value through other comprehensive income	12	1,395,790	1,859,691
		12,018,158	12,705,711
Current assets			
Inventories		409,293	444,339
Amounts due from investments accounted for using the equity method		13,906	14,602
Amount due from ultimate holding company		1,498	181
Amounts due from related companies		90,948	197,433
Contract assets		99,385	66,760
Finance lease receivables		–	97,372
Trade receivables	13	1,288,921	1,123,831
Other receivables, deposits and prepayments		250,225	742,623
Financial assets at fair value through profit or loss		428,991	401,047
Entrusted deposits	14	653,887	702,016
Restricted bank balances		131,360	118,993
Time deposits with maturity over three months		2,713,689	2,844,265
Cash and cash equivalents		4,594,562	3,998,814
		10,676,665	10,752,276
Total assets		22,694,823	23,457,987
EQUITY			
Owners of the Company			
Share capital		5,136,285	5,136,285
Reserves		7,319,499	7,762,408
		12,455,784	12,898,693
Non-controlling interests		4,610,460	4,976,965
Total equity		17,066,244	17,875,658

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 30 June 2022*

		30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		7,873	8,909
Deferred tax liabilities		<u>173,149</u>	<u>242,610</u>
		<u>181,022</u>	<u>251,519</u>
Current liabilities			
Trade payables	15	870,249	569,826
Other payables and accruals		1,318,439	1,303,046
Amounts due to related companies		168,432	167,961
Contract liabilities		717,611	897,184
Lease liabilities		894	4,500
Bank borrowings		2,291,484	2,302,263
Current tax liabilities		<u>80,448</u>	<u>86,030</u>
		<u>5,447,557</u>	<u>5,330,810</u>
Total liabilities		<u>5,628,579</u>	<u>5,582,329</u>
Total equity and liabilities		<u>22,694,823</u>	<u>23,457,987</u>
Net current assets		<u>5,229,108</u>	<u>5,421,466</u>
Total assets less current liabilities		<u>17,247,266</u>	<u>18,127,177</u>

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 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”).

The financial information relating to the year ended 31 December 2021 that is included in this announcement of interim results 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 these statutory financial statements is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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.

2. PRINCIPAL 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, as appropriate.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA, the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

3. SEGMENT INFORMATION

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

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

(a) Utilities

This segment derives revenue from distribution of water, heat and thermal power to industrial, commercial and residential customers in the Tianjin Economic and Technological Development Area, The People’s Republic of China (the “**PRC**”), while the result of electricity business of this segment is contributed by Tianjin TEDA Electric Power Co., Ltd. (天津泰達電力有限公司) (“**TEDA Power**”), an investment accounted for using the equity method of the Group.

(b) Pharmaceutical

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

(c) Hotel

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

(d) Electrical and mechanical

This segment derives revenue from manufacture and sales of presses, mechanical and hydroelectric equipment as well as large scale pump units. The presses and mechanical equipment business was discontinued upon completion of the disposal of Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) (“**Tianjin Tianduan**”) in September 2021.

(e) Port services

The result of this segment is contributed by a listed investment accounted for using the equity method of the Group, Tianjin Port Development Holdings Limited (“**Tianjin Port**”), which provides port services in Tianjin.

(f) Elevators and escalators

The result of this segment is contributed by an investment accounted for using the equity method of the Group, Otis Elevator (China) Investment Company Limited (“**Otis China**”), which manufactures and sells elevators and escalators.

3. SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2022 *(unaudited)*

	Continuing operations							Presses and mechanical equipment business	Total operating segments
	Utilities	Pharmaceutical	Hotel	Electrical and mechanical	Port services	Elevators and escalators	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue									
– external customers	954,703	819,441	40,337	149,356	–	–	1,963,837	–	1,963,837
Operating profit before interest	13,327	40,721	3,246	9,878	–	–	67,172	–	67,172
Interest income	22,664	74,107	–	1,788	–	–	98,559	–	98,559
Finance costs	–	(537)	–	(7,047)	–	–	(7,584)	–	(7,584)
Share of net profit (loss) of associates and joint ventures accounted for using the equity method	47,902	(26,682)	–	–	60,614	213,687	295,521	–	295,521
Profit before tax	83,893	87,609	3,246	4,619	60,614	213,687	453,668	–	453,668
Tax credit (expense)	1,214	(29,149)	–	510	–	–	(27,425)	–	(27,425)
Segment results									
– profit for the period	85,107	58,460	3,246	5,129	60,614	213,687	426,243	–	426,243
Non-controlling interests	(3,319)	(48,505)	–	(886)	–	(36,882)	(89,592)	–	(89,592)
Profit attributable to owners of the Company	81,788	9,955	3,246	4,243	60,614	176,805	336,651	–	336,651
Segment results									
– profit for the period includes:									
Depreciation and amortisation	23,562	42,063	7,585	14,161	–	–	87,371	–	87,371

For the six months ended 30 June 2021 *(unaudited)*

	Continuing operations							Presses and mechanical equipment business	Total operating segments
	Utilities	Pharmaceutical	Hotel	Electrical and mechanical	Port services	Elevators and escalators	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue									
– external customers	791,479	779,047	17,600	188,550	–	–	1,776,676	238,927	2,015,603
Operating profit (loss) before interest	11,714	50,425	(13,798)	(14,410)	–	–	33,931	(51,882)	(17,951)
Interest income	25,304	34,695	–	18	–	–	60,017	2,524	62,541
Impairment loss on inventories	–	(2,324)	–	–	–	–	(2,324)	(9,511)	(11,835)
Finance costs	–	(165)	–	(7,632)	–	–	(7,797)	–	(7,797)
Share of net profit (loss) of associates and joint ventures accounted for using the equity method	23,107	(11,626)	–	–	88,777	251,578	351,836	–	351,836
Profit (loss) before tax	60,125	71,005	(13,798)	(22,024)	88,777	251,578	435,663	(58,869)	376,794
Tax (expense) credit	(66)	(16,566)	–	586	–	–	(16,046)	(4,624)	(20,670)
Segment results									
– profit (loss) for the period	60,059	54,439	(13,798)	(21,438)	88,777	251,578	419,617	(63,493)	356,124
Non-controlling interests	(3,323)	(42,159)	–	3,700	–	(43,422)	(85,204)	23,150	(62,054)
Profit (loss) attributable to owners of the Company	56,736	12,280	(13,798)	(17,738)	88,777	208,156	334,413	(40,343)	294,070
Segment results									
– profit (loss) for the period includes:									
Depreciation and amortisation	22,972	41,237	7,542	14,534	–	–	86,285	20,752	107,037

3. SEGMENT INFORMATION *(continued)*

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(<i>unaudited</i>)	(<i>unaudited</i>)
Reconciliation of profit for the period		
Total reportable segments	426,243	356,124
Corporate and others (<i>note (ii)</i>)	<u>(54,299)</u>	<u>(35,100)</u>
Profit for the period	<u><u>371,944</u></u>	<u><u>321,024</u></u>

notes:

- (i) Revenue from supply of water, and heat and thermal power amounted to HK\$154,356,000 and HK\$800,347,000 respectively (six months ended 30 June 2021: HK\$155,235,000 and HK\$636,244,000 respectively).

The above revenue included government supplemental income of HK\$275,654,000 (six months ended 30 June 2021: HK\$93,619,000). While the recognition of the government supplemental income represents the best estimate of the Group's entitlement after taking all relevant factors into account, it may be different from the actual amount and subsequent adjustment may be necessary.

- (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.

4. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(<i>unaudited</i>)	(<i>unaudited & restated</i>)
Continuing operations		
Interest income	162,597	120,422
Government grants	1,609	4,475
Rental income, net of negligible outgoings	2,000	2,812
Sales of scrap materials	1,093	826
Dividend income from equity instruments at fair value through other comprehensive income	5,023	5,452
Finance lease interest income	5,055	3,860
Sundries	<u>21,489</u>	<u>4,012</u>
	<u><u>198,866</u></u>	<u><u>141,859</u></u>

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited & restated)
Continuing operations		
Impairment loss on inventories	–	(2,322)
(Allowance for) reversal of impairment losses		
– trade receivables	(51,434)	(18,786)
– other receivables	(944)	–
– contract assets	7,453	(11,419)
Net gain (loss) on disposal/written off of property, plant and equipment	36	(73)
Net gain (loss) on financial assets at fair value through profit or loss		
– listed	1,197	2,300
– unlisted	(48,857)	(5,433)
Net exchange (loss) gain	(25,613)	16,100
	(118,162)	(19,633)

6. TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited & restated)
Continuing operations		
Current taxation		
– PRC Enterprise Income Tax (“EIT”)	43,403	26,649
Deferred taxation	(3,208)	(1,350)
	40,195	25,299

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong during the current interim period (six months ended 30 June 2021: Nil).

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

7. DISCONTINUED OPERATION OF PRESSES AND MECHANICAL AND EQUIPMENT BUSINESS – TIANJIN TIANDUAN

On 26 August 2021, Tianjin Tai Kang Investment Co., Ltd. (天津泰康投資有限公司) (“**Tianjin Tai Kang**”) entered into an equity transfer agreement with Tianjin Jinzhi State-owned Assets Capital Investment Operation Co., Ltd. (天津智國有資本投資運營有限公司) (“**Tianjin Jinzhi**”), pursuant to which Tianjin Tai Kang agreed to sell and Tianjin Jinzhi agreed to acquire 78.45% equity interest in Tianjin Tianduan at a total cash consideration of RMB510,020,000 (equivalent to approximately HK\$614,482,000). The disposal was completed on 30 September 2021, on which date control of Tianjin Tianduan passed to Tianjin Jinzhi. As Tianjin Tianduan and its subsidiary represented a presses and mechanical equipment business in electrical and mechanical segment of the Group, the disposal constituted a discontinued operation of presses and mechanical equipment business. The comparative figures in the condensed consolidated statement of profit or loss and corresponding notes have been restated to re-present presses and mechanical equipment business as a discontinued operation.

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

	Six months ended 30 June 2021 HK\$'000
Revenue	238,927
Cost of sales	<u>(195,519)</u>
	43,408
Other income	33,626
Other gains and losses, net	(54,753)
Selling and distribution expenses	(29,679)
General and administrative expenses	(25,547)
Other operating expenses	<u>(25,924)</u>
Loss before tax	(58,869)
Tax expense	<u>(4,624)</u>
Loss for the period	<u><u>(63,493)</u></u>
Attributable to:	
Owner of the Company	(40,343)
Non-controlling interests	<u>(23,150)</u>
	<u><u>(63,493)</u></u>
Loss for the period from presses and mechanical equipment business include:	
Auditor’s remuneration	<u><u>112</u></u>

During the six months ended 30 June 2021, the presses and mechanical equipment business incurred net cash inflows of HK\$24,369,000 in operating activities and did not incur any net cash flows in investing activities and financing activities.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited & restated)
Profit for the period from continuing operations is arrived at after charging:		
Employee' benefits expense (including directors' emoluments)	253,151	222,659
Cost of inventories recognised as an expense	1,144,317	1,028,413
Depreciation of property, plant and equipment	94,672	91,302
Depreciation of land use rights	5,299	3,851
Amortisation of intangible assets	132	131
Short-term lease expenses on		
– plants, pipelines and networks	13,113	17,034
– land and buildings	1,795	5,118
Research and development costs charged to other operating expenses	89,802	83,603
	<u>89,802</u>	<u>83,603</u>

9. EARNINGS PER SHARE

For continuing operations and presses and mechanical equipment business

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share		
– from continuing operations and presses and mechanical equipment business	272,476	263,904
	<u>272,476</u>	<u>263,904</u>
Number of shares	Thousand	Thousand
Number of ordinary shares for the purpose of basic and diluted earnings per share	1,072,770	1,072,770
	<u>1,072,770</u>	<u>1,072,770</u>

9. EARNINGS PER SHARE *(continued)*

For continuing operations

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited & restated)
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share – from continuing operations	<u>272,476</u>	<u>304,247</u>
Number of shares	Thousand	Thousand
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

For presses and mechanical equipment business

The calculation of the basic and diluted loss per share from presses and mechanical equipment business attributable to owners of the Company was based on the following data:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited & restated)
Loss		
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share – from presses and mechanical equipment business	<u>N/A</u>	<u>(40,343)</u>
Number of shares	Thousand	Thousand
Number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,072,770</u>	<u>1,072,770</u>
	HK cents	HK cents
Loss per share		
Basic	<u>N/A</u>	<u>(3.76)</u>
Diluted	<u>N/A</u>	<u>(3.76)</u>

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

10. DIVIDENDS

Six months ended 30 June	
2022	2021
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Dividends recognised as distribution during the period:

– 2021 final dividend, paid – HK5.50 cents per ordinary share (2020: HK4.78 cents per ordinary share)	59,002	51,278
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Subsequent to the end of the reporting period, the Board has declared an interim dividend of HK3.45 cents per ordinary share (six months ended 30 June 2021: HK3.45 cents per ordinary share), amounting to approximately HK\$37,011,000 (six months ended 30 June 2021: HK\$37,011,000) in total, to the shareholders of the Company whose names appear on the Company's register of members on 30 September 2022.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

30 June	31 December
2022	2021
HK\$'000	HK\$'000
(unaudited)	(audited)

The Group's interests in associates and joint ventures

– Listed shares in Hong Kong		
– Tianjin Port	3,702,299	3,861,757
– Unlisted shares in the PRC		
– Otis China	1,159,516	995,664
– Research Institute	799,180	868,614
– TEDA Power	1,396,319	1,425,533
– Others	79,443	86,704
	7,136,757	7,238,272

Interests in Tianjin Port at the end of the reporting period included goodwill of HK\$820,729,000, net of impairment losses (31 December 2021: HK\$820,729,000, net of impairment losses).

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		30 June 2022	31 December 2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>notes</i>	<i>(unaudited)</i>	<i>(audited)</i>
Equity securities			
Listed, at market value	<i>(i)</i>	105,668	108,439
Unlisted	<i>(ii)</i>	1,290,122	1,751,252
		1,395,790	1,859,691

notes:

- (i) The listed securities mainly represent the Group's 4.07% (31 December 2021: 4.07%) equity interest in Binhai Investment Company Limited ("**Binhai Investment**") which is listed on the Main Board of the Stock Exchange.

As at 30 June 2022, the market value of the Group's equity interest in Binhai Investment was HK\$86,493,000 (31 December 2021: HK\$87,043,000) and the unrealised fair value loss of HK\$550,000 (six months ended 30 June 2021: unrealised fair value gain of HK\$19,282,000) was recognised in other comprehensive (expense) income.

- (ii) The unlisted equity securities mainly represented the Group's investment in 12.15% (31 December 2021: 12.15%) equity interest in Tasly Holding Group Co., Ltd. (天士力控股集团有限公司) ("**Tasly Holding**"). Tasly Holding is a conglomerate in the PRC and is mainly holding Tasly Pharmaceutical Group Co., Ltd., which is listed on the Shanghai Stock Exchange and is principally engaged in research and development, manufacturing and distribution of pharmaceutical products in the PRC.

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

13. TRADE RECEIVABLES

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

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Within 30 days	431,771	592,400
31 to 90 days	298,667	150,210
91 to 180 days	381,984	167,691
181 to 365 days	132,525	126,081
Over 1 year	43,974	87,449
	1,288,921	1,123,831

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.

14. ENTRUSTED DEPOSITS

As at 30 June 2022, the entrusted deposits were placed with two financial institutions (31 December 2021: four financial institutions) in the PRC, with maturity from 1 to 8 months (31 December 2021: 2 to 17 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 6.0% to 7.3% (31 December 2021: 6.6% to 7.3%) per annum.

Contracts with maturity over one year confer the Group rights of early redemption at amortised costs, before the maturity date. Accordingly, those deposits were classified as current assets. The entrusted deposits were accounted for as financial assets at fair value through profit or loss.

15. TRADE PAYABLES

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

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 30 days	80,683	99,858
31 to 90 days	434,496	113,659
91 to 180 days	104,113	139,718
Over 180 days	250,957	216,591
	870,249	569,826

16. COMPARATIVE FIGURES

As disclosed in Note 7, certain 2021 comparative figures in the condensed consolidated statement of profit or loss and Notes 3, 4, 5, 6, 8 and 9 to the condensed consolidated financial statements have been re-presented to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Utilities

The Group's utility businesses are mainly operated in the Tianjin Economic and Technological Development Area ("TEDA") through supplying water, heat and thermal power as well as electricity to industrial, commercial and residential customers.

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

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. (天津泰達津聯自來水有限公司) (“**Water Company**”) is principally engaged in supply of tap water in TEDA. It 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 six months ended 30 June 2022, revenue from the Water Company was approximately HK\$154.4 million, broadly maintained at the same level as corresponding period last year. Profit from the Water Company increased from HK\$5.2 million in the six months ended 30 June 2021 to approximately HK\$11.1 million in the six months ended 30 June 2022. The increase in profit was mainly attributable to tariff improvement, partially offset by the higher of general and administrative expenses during the period. The total quantity of water sold for the period was approximately 23,044,000 tonnes, a decline of 1.5% over the same period last year.

Heat and Thermal Power

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. (天津泰達津聯熱電有限公司) (“**Heat & Power Company**”) is principally engaged in distribution of steam and heat for industrial, commercial and residential customers within TEDA. The Heat & Power Company has steam transmission pipelines of approximately 462 kilometres and more than 120 processing stations in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

During the period under review, revenue from the Heat & Power Company was approximately HK\$800.3 million, an increase of 25.8% from HK\$636.2 million in the corresponding period last year. The increase in revenue was primarily driven by higher government supplemental income. Profit from the Heat & Power Company decreased from HK\$31.7 million in the six months ended 30 June 2021 to approximately HK\$26.1 million in the six months ended 30 June 2022. The decline in profit was mainly attributable to the increase in average steam purchase cost and the tariff adjustment during the period. Such side effect on profit was partly offset by the increase in government supplemental income by HK\$182 million. The total quantity of steam sold for the period was approximately 2,101,000 tonnes, maintained at the same level as the corresponding period last year.

Electricity

As at 30 June 2022, the Group has 47.09% equity interest in Tianjin TEDA Electric Power Co., Ltd. (天津泰達電力有限公司) (“**TEDA Power**”). TEDA Power is principally engaged in supply of electricity in TEDA and also provides services in relation to construction of electricity supply network, application of technology related to new energy and renewable energy, electricity construction and related technical services. Currently, the installed transmission capacity of TEDA Power is approximately 946,000 kVA.

During the period under review, the revenue of TEDA Power increased by 8.4% to approximately HK\$1,279 million and contributed to the Group a profit of approximately HK\$47.9 million, representing an increase of HK\$24.8 million over the same period last year.

Pharmaceutical

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

For the six months ended 20 June 2022, the segment revenue was approximately HK\$819.4 million, an increase of 5.2% from HK\$779 million in the corresponding period last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$737 million, an increase of 5.5% from HK\$698.4 million in the corresponding period last year. Revenue from sale of packaging materials amounted to approximately HK\$82.4 million, an increase of 2.2% over the same period last year. Profit from pharmaceutical segment was approximately HK\$58.5 million compared to HK\$54.4 million in the corresponding period last year.

During the period under review, the revenue of Research Institute decreased by 26.6% to approximately HK\$336.4 million and contributed to the Group a loss (after non-controlling interests) of approximately HK\$32.4 million, as compared with a loss of HK\$21.2 million in the corresponding period last year. If not taking into account the result of Research Institute, profit from pharmaceutical segment amounted to approximately HK\$90.9 million, an increase of HK\$15.3 million from HK\$75.6 million in the same period last year on a like-for-like basis. This result was mainly due to higher sales volume and higher operating margins in sale of pharmaceutical products as well as higher interest income.

On 19 July 2022, Tianjin Biochemical Pharmaceutical Co., Ltd. (天津生物化學製藥有限公司) (“**Tianjin Biochemical**”), an indirect non-wholly owned subsidiary of the Company, intends to dispose of its properties, plants and equipment together with the relevant industrial land use right in Tianjin by way of public listing-for-sale process on the Tianjin Property Rights Exchange Centre (天津產權交易中心) in accordance with the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC (“**Potential Disposal**”). The initial bidding price for the Potential Disposal is RMB168,903,800 (equivalent to approximately HK\$197,702,335). The final consideration for the Potential Disposal will depend on the final bid price to be offered by the successful bidder in the public listing-for-sale process. Tianjin Biochemical will enter into a formal agreement with the successful bidder following completion of the public listing-for-sale process. As at the date of this announcement, Tianjin Biochemical has not entered into any formal agreement regarding the Potential Disposal. Details of the Potential Disposal was disclosed in the Company’s announcement dated 30 June 2022.

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 2022, revenue from Courtyard Hotel increased by HK\$22.7 million to approximately HK\$40.3 million. Profit was approximately HK\$3.2 million compared to a loss of HK\$13.8 million in the same period last year. The result was mainly due to Courtyard Hotel enrolled the Hong Kong Government’s Designated Quarantine Hotel Scheme during the period, which guaranteed a certain occupancy rate and ensured room revenue. The average occupancy rate improved to 68.2% from 36.7% of the corresponding period last year, and the average room rate was also elevated.

Electrical and Mechanical

Electrical and mechanical segment is principally engaged in the manufacture and sale of hydroelectric equipment as well as large scale pump units in the PRC.

For the six months ended 30 June 2022, revenue from electrical and mechanical segment was approximately HK\$149.4 million, a decline of 20.8% from HK\$188.6 million in the corresponding period last year. Profit from electrical and mechanical segment was approximately HK\$5.1 million in comparison with loss of HK\$21.4 million in the corresponding period last year. If not taking into account the effect of change in expected credit losses, the profit from electrical and mechanical segment would have been approximately HK\$1.7 million, compared to a loss of HK\$2.8 million for the corresponding period last year on a like-for-like basis. The reduction in loss was mainly attributable to higher operating margins on certain contract works completed in the hydroelectric equipment business and lower other operating expenses.

As at the date of this announcement, Tianjin Tai Kang Investment Co., Ltd. (天津泰康投資有限公司) has not entered into any formal agreements regarding the disposal of Tianjin Tianfa Heavy Machinery & Hydro Power Equipment Manufacture Co., Ltd. (天津市天發重型水電設備製造有限公司). Details of which were disclosed in the Company's announcements dated 27 March 2020. The Group will continue to take cautious view with the operating performance of hydroelectric equipment business and may consider critically the advantages in its restructuring.

Strategic and Other Investments

Port Services

During the period under review, the revenue of Tianjin Port Development Holdings Limited (“**Tianjin Port**”) (stock code: 3382) decreased by 18.7% to approximately HK\$7,107.1 million and profit attributable to owners of Tianjin Port was approximately HK\$286.1 million, representing a decline of 31.7% over the same period last year.

Tianjin Port contributed to the Group a profit of approximately HK\$60.6 million, representing a decrease of 31.7% compared to the corresponding period in 2021.

Elevators and Escalators

During the period under review, the revenue of Otis Elevator (China) Investment Company Limited (奧的斯電梯(中國)投資有限公司) (“**Otis China**”) amounted to approximately HK\$11,472.6 million, representing a decline of 13% over the corresponding period in 2021.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$176.8 million, representing a decrease of 15.1% over the same period last year.

Investment in Binhai Investment Company Limited

During the period under review, the Group had 4.07% interest in Binhai Investment Company Limited (“**Binhai Investment**”) (stock code: 2886). As at 30 June 2022, the market value of the Group's interest in Binhai Investment was approximately HK\$86.5 million (31 December 2021: HK\$87 million) and the unrealised fair value loss of approximately HK\$0.5 million was recognised in other comprehensive (expense) income.

Investment in Tasly Holding Group Co., Ltd.

During the period under review, the Group had 12.15% equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) (“**Tasly Holding**”), a non-core passive investment in relation to the Group’s pharmaceutical segment which was acquired indirectly from the controlling shareholder in 2015 by using merger accounting and is now held by Tianjin Central Pharmaceutical Co., Ltd. (天津市中央藥業有限公司), a wholly-owned subsidiary of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司). Tasly Holding is a conglomerate established under the laws of the PRC on 30 March 2000 and its principal asset includes the holding of 683,481,524 A shares in Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司) (“**Tasly Pharmaceutical**”), representing approximately 45.18% of its total issued A shares. Tasly Pharmaceutical is principally engaged in the research and development, manufacturing and distribution of pharmaceutical products in the PRC. As at 30 June 2022, the fair value of investment in Tasly Holding was approximately HK\$1,181.1 million (31 December 2021: HK\$1,632.4 million), accounting for approximately 5.2% of the Group’s total assets, and on that date the unrealised fair value loss and exchange differences amounting to approximately HK\$451.3 million has been recognised in other comprehensive (expense) income. During the period under review, the Group did not received dividend income from Tasly Holding for the year ended 31 December 2021 (2020: nil). The holding of 12.15% equity interest in Tasly Holding is not held for trading and not expected to be sold in the foreseeable future.

PROSPECT

It is anticipated that the worldwide epidemic and the global economy will continue in the second half of 2022, and the economic slowdown in China will also be challenging. Nevertheless, the Company will continue to adhere to the overall tone of making progress while maintaining stability. By consolidating the operations of existing businesses and strengthening financial position, the Company will dedicate to business integration with a view to maximise shareholders’ value and to lay a solid foundation for the long-term development of the Group. Looking ahead, the Company is capable of dealing with risks and challenges in the future and we remain cautiously optimistic about our business prospects.

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 30 June 2022, the Group’s total cash on hand and total bank borrowings stood at approximately HK\$7,439.6 million and approximately HK\$2,291.5 million respectively (31 December 2021: approximately HK\$6,962.1 million and HK\$2,302.3 million respectively).

The Group’s sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$2,291.5 million (31 December 2021: approximately HK\$2,302.3 million) will mature within one year.

The gearing ratio as measured by total borrowings to shareholders’ funds was at approximately 18% as at 30 June 2022 (31 December 2021: approximately 18%).

Of total HK\$2,291.5 million bank borrowings outstanding as at 30 June 2022, HK\$1,997.9 million were subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods and RMB251 million (equivalent to approximately HK\$293.6 million) were fixed-rate debts with annual interest rates at 4.35% to 5.66%.

As at 30 June 2022, 87.2% (31 December 2021: 86.7%) of the Group’s total bank borrowings was denominated in Hong Kong dollar, 12.8% (31 December 2021: 13.3%) was denominated in Renminbi.

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

During the 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 2,531 employees of which approximately 213 were management personnel and 781 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 2022, restricted bank balances, land use rights and buildings of HK\$131.4 million, HK\$65.5 million and HK\$350.4 million were respectively pledged to financial institutions by the Group to secure general banking facilities.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3.45 cents per share for the six months ended 30 June 2022 (30 June 2021: HK3.45 cents per share) to the shareholders whose names appear on the Company's register of members on 30 September 2022. The interim dividend will be paid on 28 October 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 September 2022 (Wednesday) to 30 September 2022 (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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 27 September 2022 (Tuesday).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the six months ended 30 June 2022 except for the deviation from code provision F.2.2 of the CG Code, which stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagements, Mr. Wang Gang, the Chairman of the Company, was unable to attend the annual general meeting of the Company held on 23 June 2022. Dr. Li Xiaoguang, executive director and general manager of the Company, took the chair of the annual general meeting pursuant to the articles of association of the Company.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for 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 2022.

The Company has also established written guidelines regarding securities transaction on terms no less exacting 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 the accounting principles and practices adopted by the Group and discussed with the management the effectiveness of the Company’s risk management (including ESG risks) and internal control systems, auditing and financial reporting matters including the review of unaudited condensed consolidated financial statements for the six months ended 30 June 2022.

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

Hong Kong, 30 August 2022

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

* *non-executive director*

** *independent non-executive director*