

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$1,830,477,000 (30 June 2022: HK\$1,963,837,000).
- Profit attributable to owners of the Company amounted to approximately HK\$371,509,000 (30 June 2022: HK\$272,476,000).
- Basic earnings per share were HK34.63 cents (30 June 2022: HK25.40 cents).
- Interim dividend of HK3.45 cents per share (30 June 2022: 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 2023 together with the comparatives figures for the corresponding period in 2022 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2023*

		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
	<i>Notes</i>	(unaudited)	(unaudited)
Revenue	3	1,830,477	1,963,837
Cost of sales		(1,229,454)	(1,380,219)
Gross profit		601,023	583,618
Other income	4	143,851	198,866
Other gains and losses, net	5	(9,751)	(118,162)
Selling and distribution expenses		(235,093)	(231,933)
General and administrative expenses		(199,552)	(198,828)
Other operating expenses		(87,387)	(90,016)
Finance costs		(44,543)	(25,675)
Share of net profit of associates and joint venture accounted for using the equity method		348,173	294,269
Profit before tax		516,721	412,139
Tax expense	6	(34,408)	(40,195)
Profit for the period	7	482,313	371,944
Attributable to:			
Owners of the Company		371,509	272,476
Non-controlling interests		110,804	99,468
		482,313	371,944
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		34.63	25.40
Diluted		34.63	25.40

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

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period	<u>482,313</u>	<u>371,944</u>
Other comprehensive income (expense)		
<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	342,800	(400,033)
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	(52,205)	60,344
Share of other comprehensive income (expense) of investments accounted for using the equity method		
– fair value through other comprehensive income reserve, net of tax	1,988	(6,587)
Currency translation differences		
– the Group	(322,100)	(450,065)
– investments accounted for using the equity method	<u>(199,673)</u>	<u>(288,804)</u>
Other comprehensive expense for the period	<u>(229,190)</u>	<u>(1,085,145)</u>
Total comprehensive income (expense) for the period	<u><u>253,123</u></u>	<u><u>(713,201)</u></u>
Attributable to:		
Owners of the Company	110,977	(385,416)
Non-controlling interests	<u>142,146</u>	<u>(327,785)</u>
	<u><u>253,123</u></u>	<u><u>(713,201)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	31 December 2022 <i>HK\$'000</i> <i>(audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment		2,136,190	2,264,579
Land use rights		480,148	490,418
Investment properties		211,713	218,589
Investments accounted for using the equity method	10	6,859,111	6,743,298
Intangible assets		810	1,081
Finance lease receivables		14,656	127,248
Deposits paid for acquisition of property, plant and equipment		3,584	2,572
Deferred tax assets		74,374	80,845
Equity instruments at fair value through other comprehensive income	11	1,578,552	1,281,781
		11,359,138	11,210,411
Current assets			
Inventories		336,348	340,265
Amounts due from investments accounted for using the equity method		12,847	13,425
Amount due from ultimate holding company		1,438	1,131
Amounts due from related companies		62,414	62,879
Contract assets		142,147	114,250
Finance lease receivables		107,825	–
Trade receivables	12	1,488,500	1,371,974
Other receivables, deposits and prepayments	12	1,085,590	192,012
Financial assets at fair value through profit or loss		356,221	487,559
Structured deposits	13	54,230	–
Entrusted deposits	14	1,083,099	1,133,865
Restricted bank balances		473,867	178,853
Time deposits with maturity over three months		2,504,392	2,498,153
Cash and cash equivalents		2,466,965	3,661,450
		10,175,883	10,055,816
Total assets		21,535,021	21,266,227

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 30 June 2023*

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
<i>Note</i>	<i>(unaudited)</i>	<i>(audited)</i>
EQUITY		
Owners of the Company		
Share capital	5,136,285	5,136,285
Reserves	<u>6,933,581</u>	<u>6,879,701</u>
	12,069,866	12,015,986
Non-controlling interests	<u>4,528,974</u>	<u>4,413,294</u>
Total equity	<u><u>16,598,840</u></u>	<u><u>16,429,280</u></u>
LIABILITIES		
Non-current liabilities		
Lease liabilities	5,556	10,257
Bank borrowings	1,708,186	1,564,639
Deferred tax liabilities	<u>200,537</u>	<u>158,992</u>
	<u>1,914,279</u>	<u>1,733,888</u>
Current liabilities		
Trade payables	15 799,431	842,894
Other payables and accruals	1,241,837	1,221,556
Amounts due to related companies	178,610	204,814
Contract liabilities	618,016	742,573
Lease liabilities	8,847	8,319
Bank borrowings	100,000	–
Current tax liabilities	<u>75,161</u>	<u>82,903</u>
	<u>3,021,902</u>	<u>3,103,059</u>
Total liabilities	<u><u>4,936,181</u></u>	<u><u>4,836,947</u></u>
Total equity and liabilities	<u><u>21,535,021</u></u>	<u><u>21,266,227</u></u>
Net current assets	<u><u>7,153,981</u></u>	<u><u>6,952,757</u></u>
Total assets less current liabilities	<u><u>18,513,119</u></u>	<u><u>18,163,168</u></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 (“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”).

The financial information relating to the year ended 31 December 2022 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 2022 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 new and 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 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The application of the new and 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 (“**TEDA**”), 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 hydroelectric equipment and large scale pump units.

(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 (天津港發展控股有限公司) (“**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 (奧的斯電梯(中國)投資有限公司) (“**Otis China**”), which manufactures and sells elevators and escalators.

3. SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2023 *(unaudited)*

	Utilities HK\$'000 <i>(note (i))</i>	Pharma- ceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total operating segments HK\$'000
Segment revenue							
– external customers	856,295	833,390	60,426	80,366	–	–	1,830,477
Operating profit (loss) before interest	16,561	102,574	12,160	(22,846)	–	–	108,449
Interest income	19,066	23,286	32	543	–	–	42,927
Finance costs	–	(154)	–	–	–	–	(154)
Share of net profit (loss) of associates and joint venture accounted for using the equity method	29,437	(25,761)	–	–	99,832	244,665	348,173
Profit (loss) before tax	65,064	99,945	12,192	(22,303)	99,832	244,665	499,395
Tax (expense) credit	(842)	(20,569)	–	553	–	–	(20,858)
Segment results							
– profit (loss) for the period	64,222	79,376	12,192	(21,750)	99,832	244,665	478,537
Non-controlling interests	(3,070)	(62,012)	–	3,770	–	(42,229)	(103,541)
Profit (loss) attributable to owners of the Company	61,152	17,364	12,192	(17,980)	99,832	202,436	374,996
Segment results							
– profit (loss) for the period includes: Depreciation and amortisation	34,229	42,219	7,148	12,747	–	–	96,343

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

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

3. SEGMENT INFORMATION *(continued)*

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Reconciliation of profit for the period		
Total reportable segments	478,537	426,243
Corporate and others <i>(note (ii))</i>	3,776	(54,299)
	<u>482,313</u>	<u>371,944</u>
Profit for the period	<u><u>482,313</u></u>	<u><u>371,944</u></u>

notes:

- (i) Revenue from supply of water, and heat and thermal power to external customers amounted to HK\$153,044,000 and HK\$703,251,000 respectively (six months ended 30 June 2022: HK\$154,356,000 and HK\$800,347,000 respectively).

The above revenue included government supplemental income of HK\$225,469,000 (six months ended 30 June 2022: HK\$275,654,000) which will be finalised by the relevant bureau of TEDA from time to time. 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	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	121,454	162,597
Government grants	1,309	1,609
Rental income, net of negligible outgoings	5,676	2,000
Sales of scrap materials	591	1,093
Dividend income from equity instruments at fair value through other comprehensive income	6,769	5,023
Finance lease interest income	3,151	5,055
Sundries	4,901	21,489
	<u>143,851</u>	<u>198,866</u>
	<u><u>143,851</u></u>	<u><u>198,866</u></u>

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Allowance for) reversal of impairment losses:		
– trade receivables	(13,423)	(51,434)
– other receivables	(3,276)	(944)
– contract assets	769	7,453
– finance lease receivable	(798)	–
Net (losses) gains on disposal/written off of property, plant and equipment	(144)	36
Net fair value (losses) gains on financial assets held for trading		
– listed	(782)	1,197
– unlisted	30,042	(48,857)
Net exchange losses	(22,139)	(25,613)
	<u>(9,751)</u>	<u>(118,162)</u>

6. TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation		
– PRC Enterprise Income Tax (“EIT”)	29,622	43,403
Deferred taxation	4,786	(3,208)
	<u>34,408</u>	<u>40,195</u>

No provision for Hong Kong profits tax has been made for both interim periods as there was no estimated assessable profit derived from Hong Kong or the estimated assessable profit is wholly absorbed by tax losses brought forward from previous years.

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. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period is arrived at after charging:		
Employees' benefits expense (including directors' emoluments)	255,799	253,151
Cost of inventories recognised as an expense	990,739	1,144,317
Depreciation of property, plant and equipment	103,274	94,672
Depreciation of land use rights	3,170	5,299
Amortisation of intangible assets	247	132
Short-term lease expenses on		
– plants, pipelines and networks	12,274	13,113
– land and buildings	1,739	1,795
Research and development costs charged to other operating expenses	87,375	89,802
	<u>87,375</u>	<u>89,802</u>

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>371,509</u>	<u>272,476</u>
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,072,770</u>	<u>1,072,770</u>

The computation of the above diluted earnings per share does not assume (i) the issuance of unvested restricted shares granted by Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司), an indirect non-wholly owned subsidiary of the Company listed on the Shenzhen Stock Exchange, since it would result in an increase in earnings per share for the six months ended 30 June 2023; and (ii) 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.

9. DIVIDENDS

Six months ended 30 June	
2023	2022
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Dividends recognised as distribution during the period:

– 2022 final dividend, paid – HK5.50 cents per ordinary share (2021: HK5.50 cents per ordinary share)	59,002	59,002
---	---------------	---------------

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 2022: HK3.45 cents per ordinary share), amounting to approximately HK\$37,011,000 (six months ended 30 June 2022: HK\$37,011,000) in total, to the shareholders of the Company whose names appear on the Company's register of members on 29 September 2023.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

30 June	31 December
2023	2022
HK\$'000	HK\$'000
(unaudited)	(audited)

The Group's interests in associates and joint venture

– Listed shares in Hong Kong		
– Tianjin Port	3,590,934	3,609,172
– Unlisted shares in the PRC		
– Otis China	1,183,771	980,014
– Research Institute	667,851	722,280
– TEDA Power	1,335,777	1,350,016
– Others	80,778	81,816
	6,859,111	6,743,298

Interests in Tianjin Port at the end of the reporting period included goodwill of HK\$820,729,000, net of impairment losses (31 December 2022: HK\$820,729,000, net of impairment losses).

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		30 June 2023	31 December 2022
		HK\$'000	HK\$'000
	<i>notes</i>	(unaudited)	(audited)
Equity securities			
Listed, at market value	<i>(i)</i>	116,344	105,322
Unlisted	<i>(ii)</i>	1,462,208	1,176,459
		1,578,552	1,281,781

notes:

- (i) The listed securities mainly represent the Group's 4.07% (31 December 2022: 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 2023, the market value of the Group's equity interest in Binhai Investment was HK\$93,103,000 (31 December 2022: HK\$86,493,000) and the unrealised fair value gain of HK\$6,610,000 (six months ended 30 June 2022: unrealised fair value loss of HK\$550,000) was recognised in other comprehensive income.

- (ii) The unlisted equity securities mainly represented the Group's investment in 12.15% (31 December 2022: 12.15%) equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) ("**Tasly Holding**"). Tasly Holding is a conglomerate in the PRC and is mainly holding Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司), 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.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade receivables		1,134,506	978,163
Trade receivables backed by notes		353,994	393,811
	(i)	1,488,500	1,371,974
Other receivables, deposits and prepayments	(ii)	1,085,590	192,012

notes:

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Within 30 days	407,033	612,401
31 to 90 days	246,405	137,795
91 to 180 days	144,172	187,714
181 to 365 days	631,126	280,436
Over 1 year	59,764	153,628
	1,488,500	1,371,974

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.

- (ii) Included in other receivables, deposits and prepayments as at 30 June 2023 were prepayments of approximately HK\$787 million (31 December 2022: Nil) to suppliers, related parties of the Group, for purchase of steam.

13. STRUCTURED DEPOSITS

At 30 June 2023, the Group placed with a licensed commercial bank in the PRC for principal-protected structured deposits denominated in Renminbi with maturity of 2 to 3 months after the end of the reporting period. The expected annual interest rate for the structured deposits was indicated at 1.6%, however, the actual interest to be received is uncertain until maturity. Such structured deposits were accounted for as financial assets at fair value through profit or loss.

14. ENTRUSTED DEPOSITS

As at 30 June 2023, the entrusted deposits were placed with three financial institutions (31 December 2022: three financial institutions) in the PRC, with maturity from 7 to 23 months (31 December 2022: 1 to 6 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 2022: 6.0% 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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Within 30 days	71,758	293,849
31 to 90 days	88,613	218,562
91 to 180 days	465,298	131,051
Over 180 days	<u>173,762</u>	<u>199,432</u>
	<u>799,431</u>	<u>842,894</u>

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 325,000 tonnes.

For the six months ended 30 June 2023, revenue from the Water Company was approximately HK\$153 million, broadly maintained at the same level as corresponding period last year. Profit from the Water Company increased from HK\$11.1 million in the six months ended 30 June 2022 to approximately HK\$17.3 million in the six months ended 30 June 2023. The increase in profit was mainly attributable to the tariff improvement and the lower of general and administrative expenses during the period. The total quantity of water sold for the period was approximately 22,714,000 tonnes, a decline of 1.4% 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\$703.3 million, a decrease of 12.1% from HK\$800.3 million in the corresponding period last year. Profit from the Heat & Power Company decreased 33% to approximately HK\$17.5 million from HK\$26.1 million in the same period last year. The decline in both revenue and profit was primarily due to the decrease in government supplemental income by HK\$50.2 million and lower of volumes of steam sold. Such side effect on profit was partly offset by the lower of general and administrative expenses during the period. The total quantity of steam sold for the period was approximately 2,003,000 tonnes, a decrease of 4.7% over the same period last year.

Electricity

As at 30 June 2023, 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 996,000 kVA.

During the period under review, the revenue of TEDA Power decreased by 7.8% to approximately HK\$1,179.4 million and contributed to the Group a profit of approximately HK\$29.4 million, representing a decrease of HK\$18.5 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 30 June 2023, the segment revenue was approximately HK\$833.4 million, an increase of 1.7% from HK\$819.4 million in the corresponding period last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$738 million, which maintained at the same level as the corresponding period last year. Revenue from sale of packaging materials amounted to approximately HK\$95.4 million, an increase of 15.8% over the same period last year. Profit from pharmaceutical segment was approximately HK\$79.4 million, representing an increase of 35.7% over the corresponding period last year.

During the period under review, the revenue of Research Institute decreased by 19.4% to approximately HK\$271.1 million and reported a loss (after non-controlling interests) of approximately HK\$33.5 million, as compared with a loss of HK\$32.4 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\$112.9 million, an increase of HK\$22 million from HK\$90.9 million in the same period last year on a like-for-like basis. This result was mainly due to higher sales volume in sale of pharmaceutical products and lower operating expenses.

On 10 August 2023, Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) (“**Lisheng Pharmaceutical**”), an indirect non-wholly owned subsidiary of the Company, entered into the Main Compensation Agreement and the Supplemental Compensation Agreement (the “**Compensation Agreements**”) with Tianjin Chengda Housing Demolition Co., Ltd. (天津市城達房屋拆遷有限公司) (“**Tianjin Chengda Housing**”), pursuant to which Lisheng Pharmaceutical agreed to surrender, and Tianjin Chengda Housing agreed to resume the parcels of land and buildings for industrial use which are located at No. 491, Huanghe Road, Nankai District, Tianjin, PRC (the “**Properties**”) and a compensation of RMB247,900,000 (equivalent to approximately HK\$269,456,522) shall be payable by Tianjin Chengda Housing to Lisheng Pharmaceutical. The resumption of Properties is not yet completed as at the date of this announcement. Details of the resumption of Properties were disclosed in the Company’s announcements dated 26 July 2023 and 10 August 2023 respectively.

On 28 August 2023, Lisheng Pharmaceutical has commenced the public listing-for-sale process to dispose all of its 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司) 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 (the “**Potential Disposal**”). The initial bidding price for the Potential Disposal is RMB87,823,860 (equivalent to approximately HK\$95,460,717). 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. Lisheng Pharmaceutical 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, Lisheng Pharmaceutical has not entered into any formal agreement regarding the Potential Disposal. Details of the Potential Disposal was disclosed in the Company’s announcement dated 25 August 2023.

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 2023, revenue from Courtyard Hotel increased by HK\$20.1 million to approximately HK\$60.4 million. Profit was approximately HK\$12.2 million compared to HK\$3.2 million in the same period last year. The average occupancy rate improved to 80.8% from 68.2% 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 2023, revenue from electrical and mechanical segment was approximately HK\$80.4 million, a decrease of 46.2% from HK\$149.4 million in the corresponding period last year. Loss from electrical and mechanical segment was approximately HK\$21.8 million in comparison with a profit of HK\$5.1 million in the corresponding period last year. The operating loss was mainly attributable to lower contract works completed in the hydroelectric equipment business as a result of the lower level of activities in hydroelectric industry and higher operating expenses. 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 12.2% to approximately HK\$6,241.6 million and profit attributable to owners of Tianjin Port was approximately HK\$474.5 million, representing an increase of 65.9% over the same period last year.

Tianjin Port contributed to the Group a profit of approximately HK\$99.8 million, representing an increase of 64.7% compared to the corresponding period in 2022.

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\$8,913.2 million, representing a decrease of 22.3% over the corresponding period in 2022.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$202.4 million, representing an increase of 14.5% 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 2023, the market value of the Group’s interest in Binhai Investment was approximately HK\$93.1 million (31 December 2022: HK\$86.5 million) and the unrealised fair value gain of approximately HK\$6.6 million was recognised in other comprehensive 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 45.57% 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 2023, the fair value of investment in Tasly Holding was approximately HK\$1,338.9 million (31 December 2022: HK\$1,072.3 million), accounting for approximately 6.2% of the Group’s total assets, and on that date the unrealised fair value gain and exchange differences amounting to approximately HK\$266.6 million has been recognised in other comprehensive income. During the period under review, the Group did not received dividend income from Tasly Holding for the year ended 31 December 2022 (2021: 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

The outlook of the world's leading economies remains unclear and has shown signs of slowing growth momentum. The global economy remains highly unstable and uncertain. The Chinese economy benefiting from the implementation of various reform measures is expected to continue to resume positive trend of recovery. In the second half of this year, the Company will focus on accelerating the optimisation of its asset portfolio and continue to promote the high-quality transformation and development of its businesses, and meanwhile adhere to its discipline of prudent financial management and maintaining stable financial resources, so as to capture good growth opportunities and to identify for the shareholders those sustainable and growing quality projects..

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 30 June 2023, the Group's total cash on hand and total bank borrowings stood at approximately HK\$5,445.2 million and approximately HK\$1,808.2 million respectively (31 December 2022: approximately HK\$6,338.5 million and HK\$1,564.6 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$100 million (31 December 2022: Nil) will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 15% as at 30 June 2023 (31 December 2022: approximately 13%).

Bank borrowing of HK\$1,808.2 million outstanding as at 30 June 2023 were subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods and the interest of HK\$1,708.2 million outstanding is linked to the sustainability performance of the Group's environmental, social and governance performance metrics, which may be reduced depending on the extent of pre-determined key performance indicators being met.

As at 30 June 2023, all of the Group's bank borrowings was denominated in Hong Kong dollar (31 December 2022: 100%). 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 2,412 employees of which approximately 220 were management personnel and 768 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 2023, restricted bank balances, land use rights and buildings of HK\$473.9 million, HK\$58.9 million and HK\$289.6 million were respectively pledged to financial institutions by the Group to secure general banking facilities.

LITIGATION

As disclosed in the announcements of the Company dated 3 August 2023 and 10 August 2023 (the “**Announcements**”), Tianjin Central Pharmaceutical Co., Ltd. (天津市中央藥業有限公司) (“**Central Pharmaceutical**”), an indirect non-wholly owned subsidiary of the Company, was a party to a litigation arising from the ordinary course of business with its sales and marketing agent. As stated in the Announcements, certain assets of Central Pharmaceutical had been retained as a request of claim for a payment in relation to the provision of sales and marketing services to Central Pharmaceutical. Central Pharmaceutical had lodged a petition for counterclaim on 7 August 2023 and is pending the Tianjin Second Intermediate People’s Court hearing. The likely outcome of such contingent liabilities or legal proceedings cannot be reliably ascertained at present, but the management of the Group are of the opinion that any possible legal liability which may incur from such litigation shall not have material adverse effect on the financial position of the Group.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3.45 cents per share for the six months ended 30 June 2023 (30 June 2022: HK3.45 cents per share) to the shareholders whose names appear on the Company’s register of members on 29 September 2023. The interim dividend will be paid on 30 October 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 September 2023 (Wednesday) to 29 September 2023 (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 26 September 2023 (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 2023.

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 2023 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 21 June 2023. Mr. Teng Fei, executive director and deputy 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 2023.

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 2023.

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

Hong Kong, 30 August 2023

As at the date of this announcement, the Board of the Company consists of Mr. Wang Gang, Dr. Li Xiaoguang, Mr. Teng Fei, Mr. Sun Lijun, Ms. Ng Yi Kum, Estella**, Mr. Wong Shiu Hoi, Peter**, Mr. Lau Ka Keung** and Mr. Sin Hendrick**.*

* *non-executive director*

** *independent non-executive director*