



天津发展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

Stock Code : 882

Interim Report

2024

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Teng Fei (*Chairman*)

Dr. Zhai Xinxiang (*General Manager*)

Non-Executive Director

Mr. Sun Lijun

Independent Non-Executive Directors

Ms. Ng Yi Kum, Estella

Mr. Wong Shiu Hoi, Peter

Mr. Lau Ka Keung

Mr. Sin Hendrick

AUTHORISED REPRESENTATIVES

Mr. Teng Fei

Dr. Zhai Xinxiang

COMPANY SECRETARY

Ms. Lee Su Yee, Bonnia

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

SOLICITOR

Woo Kwan Lee & Lo

REGISTERED OFFICE

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SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

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Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 882

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

China CITIC Bank International Limited

Industrial and Commercial Bank of

China (Asia) Limited

Shanghai Pudong Development Bank Co., Ltd.

Hong Kong Branch

The Hongkong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

TIANJIN DEVELOPMENT HOLDINGS LIMITED



Business Structure

UTILITIES

Company Name	Shareholding	Principal Activities
Tianjin TEDA Tsinlien Water Supply Co., Ltd.	91.41%	Distribution of water in TEDA
Tianjin TEDA Tsinlien Heat & Power Co., Ltd.	90.94%	Distribution of steam in TEDA
Tianjin TEDA Electric Power Co., Ltd.	47.09%	Distribution of electricity in TEDA

PHARMACEUTICAL

Company Name	Shareholding	Principal Activities
Tianjin Yiyao Printing Co., Ltd.	43.55%	Design, manufacture and printing for pharmaceutical packaging
Tianjin Lisheng Pharmaceutical Co., Ltd.	34.08%	Manufacture and sales of chemical drugs, proprietary Chinese medicines and other healthcare products
Tianjin Institute of Pharmaceutical Research Co., Ltd.	23.45%	Research and development of new medicine technology and new products

HOTEL

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

ELECTRICAL AND MECHANICAL

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

STRATEGIC AND OTHER INVESTMENTS

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

note: The above shareholding percentages represent effective equity interest in respective companies or group of companies. The effective equity interest in Tianjin Lisheng Pharmaceutical Co., Ltd. held by the Group has taken into account the equity interest held under treasury shares as if the relevant employees were entitled to their ownership of treasury shares under the restricted shares incentive scheme.

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	1,820,260	1,830,477
Cost of sales		(1,231,769)	(1,229,454)
Gross profit		588,491	601,023
Other income	4	149,223	143,851
Other gains and losses, net	5	(30,201)	(9,751)
Selling and distribution expenses		(240,710)	(235,093)
General and administrative expenses		(174,769)	(199,552)
Other operating expenses		(74,405)	(87,387)
Finance costs		(57,837)	(44,543)
Share of net profit of associates and joint venture accounted for using the equity method		257,003	348,173
Profit before tax		416,795	516,721
Tax expense	6	(32,465)	(34,408)
Profit for the period	7	384,330	482,313
Attributable to:			
– Owners of the Company		288,077	371,509
– Non-controlling interests		96,253	110,804
		384,330	482,313
Earnings per share	8	HK cents	HK cents
Basic		26.85	34.63
Diluted		26.85	34.63

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	384,330	482,313
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	(473,760)	342,800
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	70,443	(52,205)
Share of other comprehensive income of investments accounted for using the equity method		
– fair value through other comprehensive income reserve, net of tax	1,286	1,988
Currency translation differences		
– the Group	(72,289)	(322,100)
– investments accounted for using the equity method	(44,915)	(199,673)
Other comprehensive expense for the period	(519,235)	(229,190)
Total comprehensive (expense) income for the period	(134,905)	253,123
Attributable to:		
Owners of the Company	64,717	110,977
Non-controlling interests	(199,622)	142,146
	(134,905)	253,123

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10, 21	2,118,398	2,111,935
Land use rights	21	480,062	473,294
Investment properties	10	205,367	206,954
Investments accounted for using the equity method	11	6,887,938	6,826,722
Goodwill	21	68,273	–
Intangible assets	21	48,410	825
Financial assets at fair value through profit or loss	14	32,777	33,033
Finance lease receivables		111,766	15,068
Deposit paid for acquisition of a subsidiary		–	110,375
Deposits paid for acquisition of property, plant and equipment		29,124	47,831
Deferred tax assets		75,159	88,387
Equity instruments at fair value through other comprehensive income	12	1,235,207	1,719,518
Time deposit with maturity over three months		292,570	–
		11,585,051	11,633,942
Current assets			
Inventories		389,302	318,690
Amounts due from investments accounted for using the equity method		16,251	13,213
Amount due from ultimate holding company		618	305
Amounts due from related companies		70,626	88,039
Contract assets		177,734	107,092
Finance lease receivables		–	108,401
Trade receivables	13	1,516,870	1,390,103
Other receivables, deposits and prepayments	13	463,667	328,706
Financial assets at fair value through profit or loss	14	384,854	364,998
Structured deposits	15	406,604	154,919
Entrusted deposits	16	1,086,150	1,082,594
Restricted bank balances		144,355	216,868
Time deposits with maturity over three months		1,890,064	1,926,784
Cash and cash equivalents		3,847,064	4,461,089
		10,394,159	10,561,801
Assets classified as held for sale	19	155,337	96,936
		10,549,496	10,658,737
Total assets		22,134,547	22,292,679

Condensed Consolidated Statement of Financial Position

		30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
	Notes		
EQUITY			
Owners of the Company			
Share capital		5,136,285	5,136,285
Reserves		7,370,531	7,398,506
		12,506,816	12,534,791
Non-controlling interests		4,767,471	4,978,137
Total equity		17,274,287	17,512,928
LIABILITIES			
Non-current liabilities			
Lease liabilities		6,538	5,019
Bank borrowings	17	1,713,074	1,710,630
Deferred tax liabilities		169,682	236,233
		1,889,294	1,951,882
Current liabilities			
Trade payables	18	558,532	518,398
Other payables and accruals		1,367,464	1,294,865
Amounts due to related companies		196,537	183,024
Contract liabilities		513,717	632,444
Lease liabilities		1,532	5,527
Bank borrowings	17	259,649	100,000
Current tax liabilities		73,535	93,611
		2,970,966	2,827,869
Total liabilities		4,860,260	4,779,751
Total equity and liabilities		22,134,547	22,292,679
Net current assets		7,578,530	7,830,868
Total assets less current liabilities		19,163,581	19,464,810

Condensed Consolidated Statement of Changes in Equity

	Owners of the Company					Total HK\$'000
	Share capital	Other reserves	Retained earnings	Sub-total	Non- controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2023 (audited)	5,136,285	(296,361)	7,176,062	12,015,986	4,413,294	16,429,280
Profit for the period	-	-	371,509	371,509	110,804	482,313
Other comprehensive (expense) income for the period	-	(260,532)	-	(260,532)	31,342	(229,190)
Total comprehensive (expense) income for the period	-	(260,532)	371,509	110,977	142,146	253,123
Dividends (Note 9)	-	-	(59,002)	(59,002)	(30,117)	(89,119)
Share-based payment reserves under restricted shares incentive scheme of a subsidiary	-	-	-	-	3,203	3,203
Transfer between reserve	-	2,067	(2,067)	-	-	-
Others	-	1,905	-	1,905	448	2,353
	-	3,972	(61,069)	(57,097)	(26,466)	(83,563)
At 30 June 2023 (unaudited)	5,136,285	(552,921)	7,486,502	12,069,866	4,528,974	16,598,840
At 1 January 2024 (audited)	5,136,285	(261,454)	7,659,960	12,534,791	4,978,137	17,512,928
Profit for the period	-	-	288,077	288,077	96,253	384,330
Other comprehensive expense for the period	-	(223,360)	-	(223,360)	(295,875)	(519,235)
Total comprehensive (expense) income for the period	-	(223,360)	288,077	64,717	(199,622)	(134,905)
Dividends (Note 9)	-	-	(94,404)	(94,404)	(59,158)	(153,562)
Share-based payment reserves under restricted shares incentive scheme of a subsidiary	-	-	-	-	3,517	3,517
Acquisition of a subsidiary (Note 21)	-	-	-	-	44,225	44,225
Others	-	1,712	-	1,712	372	2,084
	-	1,712	(94,404)	(92,692)	(11,044)	(103,736)
At 30 June 2024 (unaudited)	5,136,285	(483,102)	7,853,633	12,506,816	4,767,471	17,274,287

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(346,107)	(960,310)
Net cash used in investing activities	(296,030)	(332,296)
Net cash from financing activities	44,884	147,367
Net decrease in cash and cash equivalents	(597,253)	(1,145,239)
Cash and cash equivalents at 1 January	4,461,089	3,661,450
Effect of foreign exchange rate changes	(16,772)	(49,246)
Cash and cash equivalents at 30 June	3,847,064	2,466,965

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Tianjin Development Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) 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 D2 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 2023 that is included in these condensed consolidated financial statements 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 2023 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**”) and application of business combination accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Financial Arrangements

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 these condensed consolidated financial statements.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Business combinations (continued)

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“**HKAS 37**”) or HK(IFRIC)-Int 21 “Levies” (“**HK(IFRIC)-Int 21**”), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively; and
- Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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.

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION *(continued)*

(b) Pharmaceutical

This segment derives revenue from manufacture and sales of chemical drugs, proprietary Chinese medicines and other healthcare 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.

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION *(continued)*

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2024 (unaudited)

Segments	Utilities HK\$'000	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Total HK\$'000
Types of goods or services					
Utilities					
Water	142,305	-	-	-	142,305
Heat and thermal power	626,355	-	-	-	626,355
	768,660	-	-	-	768,660
Pharmaceutical					
Manufacture and sales of chemical drugs, proprietary Chinese medicines and other healthcare products	-	811,411	-	-	811,411
Design, manufacture and printing for pharmaceutical packaging	-	83,941	-	-	83,941
	-	895,352	-	-	895,352
Hotel					
	-	-	66,555	-	66,555
Electrical and mechanical					
Manufacture and sales of hydroelectric equipment and large scale pump units	-	-	-	89,693	89,693
	768,660	895,352	66,555	89,693	1,820,260
Timing of revenue recognition					
A point in time	768,660	895,352	-	-	1,664,012
Over time	-	-	66,555	89,693	156,248
	768,660	895,352	66,555	89,693	1,820,260

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION *(continued)*

Disaggregation of revenue from contracts with customers *(continued)*

For the six months ended 30 June 2023 (unaudited)

Segments	Utilities HK\$'000	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Total HK\$'000
Types of goods or services					
Utilities					
Water	153,044	-	-	-	153,044
Heat and thermal power	703,251	-	-	-	703,251
	856,295	-	-	-	856,295
Pharmaceutical					
Manufacture and sales of chemical drugs	-	737,944	-	-	737,944
Design, manufacture and printing for pharmaceutical packaging	-	95,446	-	-	95,446
	-	833,390	-	-	833,390
Hotel					
	-	-	60,426	-	60,426
Electrical and mechanical					
Manufacture and sales of hydroelectric equipment and large scale pump units	-	-	-	80,366	80,366
	856,295	833,390	60,426	80,366	1,830,477
Timing of revenue recognition					
A point in time	856,295	833,390	-	-	1,689,685
Over time	-	-	60,426	80,366	140,792
	856,295	833,390	60,426	80,366	1,830,477

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results

For the six months ended 30 June 2024 (unaudited)

	Utilities HK\$'000 (note (i))	Pharmaceutical 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	768,660	895,352	66,555	89,693	–	–	1,820,260
Operating profit (loss) before interest	50,422	88,046	15,123	(58,700)	–	–	94,891
Interest income	12,257	45,101	52	170	–	–	57,580
Finance costs	–	(337)	–	–	–	–	(337)
Share of net profit (loss) of associates and joint venture accounted for using the equity method	28,259	(46,553)	–	–	87,882	187,415	257,003
Profit (loss) before tax	90,938	86,257	15,175	(58,530)	87,882	187,415	409,137
Tax (expense) credit	(3,812)	(24,001)	–	538	–	–	(27,275)
Segment results							
– profit (loss) for the period	87,126	62,256	15,175	(57,992)	87,882	187,415	381,862
Non-controlling interests	(4,757)	(56,680)	–	10,010	–	(32,348)	(83,775)
Profit (loss) attributable to owners of the Company	82,369	5,576	15,175	(47,982)	87,882	155,067	298,087
Segment results							
– profit (loss) for the period includes: Depreciation and amortisation	30,270	50,634	6,835	11,702	–	–	99,441

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2023 (unaudited)

	Utilities HK\$'000 (note (i))	Pharmaceutical 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

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION *(continued)*

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Reconciliation of profit for the period		
Total reportable segments	381,862	478,537
Corporate and others (note (ii))	2,468	3,776
Profit for the period	384,330	482,313

notes:

- (i) Revenue from supply of water, and heat and thermal power to external customers amounted to HK\$142,305,000 and HK\$626,355,000, respectively (six months ended 30 June 2023: HK\$153,044,000 and HK\$703,251,000, respectively).

The above revenue included government supplemental income of HK\$77,194,000 (six months ended 30 June 2023: HK\$225,469,000) 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.

Notes to the Condensed Consolidated Financial Statements

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	131,845	121,454
Government grants	2,268	1,309
Rental income, net of negligible outgoings	3,738	5,676
Sales of scrap materials	452	591
Dividend income from equity instruments at fair value through other comprehensive income	2,433	6,769
Finance lease interest income	3,057	3,151
Sundries	5,430	4,901
	149,223	143,851

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Allowance for) reversal of impairment losses:		
– trade receivables	(21,963)	(13,423)
– other receivables	78	(3,276)
– contract assets	(3,667)	769
– finance lease receivable	197	(798)
Net gains (losses) on disposal/written off of property, plant and equipment	1,221	(144)
Net fair value gains (losses) on financial assets held for trading		
– listed	1,162	(782)
– unlisted	(6,118)	30,042
Net exchange losses	(1,111)	(22,139)
	(30,201)	(9,751)

Notes to the Condensed Consolidated Financial Statements

6. TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation		
PRC Enterprise Income Tax ("EIT")	21,529	29,622
Deferred taxation	10,936	4,786
	32,465	34,408

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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period is arrived at after charging:		
Employees' benefits expense (including directors' emoluments)	298,463	255,799
Cost of inventories recognised as an expense	900,853	990,739
Depreciation of property, plant and equipment	102,026	103,274
Depreciation of land use rights	3,071	3,170
Amortisation of intangible assets	4,339	247
Short-term lease expenses on		
– plants, pipelines and networks	6,119	12,274
– land and buildings	2,458	1,739
Research and development costs charged to other operating expenses	74,400	87,375

Notes to the Condensed Consolidated Financial Statements

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:

Earnings	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	288,077	371,509

Number of shares	Six months ended 30 June	
	2024	2023
	Thousand	Thousand
Number of ordinary shares for the purpose of basic and diluted earnings per share	1,072,770	1,072,770

The computation of the above diluted earnings per share does not assume 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) (“**Lisheng Pharmaceutical**”), 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 both interim periods.

Notes to the Condensed Consolidated Financial Statements

9. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
– 2023 final dividend, paid		
– HK8.80 cents per ordinary share		
(2022: HK5.50 cents per ordinary share)	94,404	59,002

Subsequent to the end of the reporting period, the board of directors (the “**Board**”) has declared an interim dividend of HK5.18 cents per ordinary share (six months ended 30 June 2023: HK3.45 cents per ordinary share), amounting to approximately HK\$55,569,500 (six months ended 30 June 2023: HK\$37,011,000) in total, to the shareholders of the Company whose names appear on the Company’s register of members on 27 September 2024.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current interim period, apart from the addition of property, plant and equipment upon acquisition of Jiangxi Qingchun Kangyuan Pharmaceutical Co., Ltd. (江西青春康源製藥有限公司) (“**Qingchun Kangyuan**”) and its subsidiary (collectively the “**Qingchun Kangyuan Group**”) as set out in Note 21, the Group also acquired property, plant and equipment of HK\$63,728,000 (six months ended 30 June 2023: HK\$54,068,000) for the purpose of expanding its businesses.

In addition, neither acquisition nor disposal of investment properties was carried out by the Group for both interim periods.

For investment properties, the fair value at the end of the reporting period has been arrived at based on valuations carried out by Vigers Appraisal and Consulting Limited, an independent valuer not connected with the Group. The valuations were determined either on the basis of capitalisation of net rental income derived from existing tenancies or by reference to comparable market transactions. There has been no change from the valuation technique used in the prior year. The directors of the Company have determined that there was no material change in fair value of investment properties of the Group for both interim periods.

Notes to the Condensed Consolidated Financial Statements

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
	notes		
The Group's interests in associates and joint venture			
– Listed shares in Hong Kong			
	(i)	3,694,152	3,686,381
– Unlisted shares in the PRC			
		1,195,614	1,016,817
		587,465	643,059
		1,410,707	1,393,252
	(ii)	–	87,213
		6,887,938	6,826,722
Market value of listed shares			
		814,703	601,329

notes:

- (i) Interests in Tianjin Port at the end of the reporting period included goodwill of HK\$820,729,000, net of impairment losses (31 December 2023: HK\$820,729,000, net of impairment losses).
- (ii) Amount is classified as asset held for sale as at 30 June 2024. Details of which are set out in Note 19.

Notes to the Condensed Consolidated Financial Statements

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
	notes		
Equity securities			
Listed, at market value	(i)	82,086	99,952
Unlisted	(ii)	1,153,121	1,619,566
		1,235,207	1,719,518

notes:

- (i) The listed securities mainly represent the Group's 4.07% (31 December 2023: 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 2024, the market value of the Group's equity interest in Binhai Investment was HK\$67,762,000 (31 December 2023: HK\$79,331,000) and the unrealised fair value loss of HK\$11,569,000 (six months ended 30 June 2023: unrealised fair value gain of HK\$6,610,000) was recognised in other comprehensive income.

- (ii) The unlisted equity securities mainly represented the Group's investment in 12.15% (31 December 2023: 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 and details of fair value measurements are disclosed in Note 22.

Notes to the Condensed Consolidated Financial Statements

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
	notes		
Trade receivables			
Trade receivables – exposure at default	(i)	1,428,580	1,142,345
Trade receivables – gross		1,428,580	1,142,345
Less: allowance for credit losses		(123,518)	(102,434)
Trade receivables – net		1,305,062	1,039,911
Trade receivables backed by notes		211,808	350,192
	(ii)	1,516,870	1,390,103
Other receivables, deposits and prepayments		463,667	328,706

notes:

- (i) 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.

Notes to the Condensed Consolidated Financial Statements

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(continued)

notes: (continued)

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 30 days	391,845	395,361
31 to 90 days	154,636	122,405
91 to 180 days	357,948	142,783
181 to 365 days	233,997	227,110
Over 1 year	378,444	502,444
	1,516,870	1,390,103

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Investments held for trading:		
Listed shares in Hong Kong	8,292	8,394
Listed funds in the PRC	9,887	22,575
Unlisted funds in the PRC	210,666	169,981
Unlisted trust funds in the PRC	188,786	197,081
	417,631	398,031
Analysed as:		
Current	384,854	364,998
Non-current	32,777	33,033
	417,631	398,031

Notes to the Condensed Consolidated Financial Statements

15. STRUCTURED DEPOSITS

At 30 June 2024, the Group placed with six (31 December 2023: four) licensed commercial bank in the PRC for principal-protected structured deposits denominated in Renminbi with maturity of 1 to 6 months (31 December 2023: 1 to 3 months) after the end of the reporting period. The expected annual interest rate for the structured deposits was indicated at 1.1% to 2.8% (31 December 2023: 1.3% to 3.3%) per annum, 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.

16. ENTRUSTED DEPOSITS

As at 30 June 2024, the entrusted deposits denominated in Renminbi were placed with three financial institutions (31 December 2023: three financial institutions) in the PRC, with maturity from 6 to 12 months (31 December 2023: 6 to 12 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 4.0% to 7.3% (31 December 2023: 4.0% to 7.3%) per annum.

17. BANK BORROWINGS

During the current interim period, apart from the additions of bank borrowings of HK\$51,917,000 upon acquisition of Qingchun Kangyuan Group, the Group obtained new bank borrowings of HK\$154,411,000 (six months ended 30 June 2023: HK\$250,000,000) and repayment of bank borrowings of HK\$46,416,000 (six months ended 30 June 2023: Nil).

At the end of the reporting period, the bank borrowings carry effective interest rate at 3.0% to 6.19% (31 December 2023: 5.88%) per annum.

Notes to the Condensed Consolidated Financial Statements

18. TRADE PAYABLES

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 30 days	173,873	202,098
31 to 90 days	97,324	70,053
91 to 180 days	66,511	77,495
Over 180 days	220,824	168,752
	558,532	518,398

19. ASSETS CLASSIFIED AS HELD FOR SALE

- (i) On 28 June 2024, Lisheng Pharmaceutical entered into an equity transfer agreement with Grand Pharma (China) Co., Ltd. ("**Grand Pharma (China)**"), pursuant to which, Lisheng Pharmaceutical agreed to sell and Grand Pharma (China) agreed to acquire the entire 24.65% equity interest in Tianjin Tanabe Seiyaku Co., Ltd. (天津田邊製藥有限公司) ("**Tianjin Tanabe**") held by Lisheng Pharmaceutical, subject to the terms and conditions of the equity transfer agreement at a consideration of RMB120,292,000 (equivalent to approximately HK\$131,755,000). Tianjin Tanabe is an associate of Lisheng Pharmaceutical and Grand Pharma (China) is a company established in the PRC and a subsidiary of Grand Pharmaceutical Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 512). The disposal was yet to be completed as of 30 June 2024, accordingly, the amount of HK\$59,175,000 included in investments accounted for using equity method is classified as asset held for sale as at 30 June 2024.
- (ii) As at 31 December 2023, amount represented the disposal of entire 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司) ("**Tianjin Pharmaceutical Finance**") held by Lisheng Pharmaceutical to Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (津藥達仁堂集團股份有限公司) at a consideration of RMB87,824,000 (equivalent to approximately HK\$96,192,000). The disposal was yet to be completed as of 30 June 2024.

Notes to the Condensed Consolidated Financial Statements

20. CAPITAL COMMITMENTS

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Contracted but not provided for in respect of additions to property, plant and equipment	72,728	59,579

21. ACQUISITION OF A SUBSIDIARY

On 29 December 2023, the Group through Lisheng Pharmaceutical, entered into an equity acquisition agreement (the “**Agreement**”) with Jiangxi Qingchun Kangyuan Group Co., Ltd. (江西青春康源集團有限公司), Jiangxi Qingchun Kangyuan Chinese Medicine Co., Ltd. (江西青春康源中藥股份有限公司) (collectively the “**Vendors**”), Qingchun Kangyuan and Mr. Liu Musheng, the actual controller of the Vendors and Qingchun Kangyuan, pursuant to which, Lisheng Pharmaceutical has conditionally agreed to acquire 65% equity interest in Qingchun Kangyuan at a total cash consideration of RMB136,991,855 (equivalent to approximately HK\$150,706,000). The acquisition was completed in February 2024 and the Group obtained control of Qingchun Kangyuan. Qingchun Kangyuan Group is principally engaged in research and development, production and sales of proprietary Chinese medicine preparations and Chinese herbal extract, with products covering various medicine fields including digestive system, respiratory system, skeletal musculature and systemic anti-infective etc.. The acquisition has been accounted for as an acquisition of business using the acquisition method.

Pursuant to the terms of the Agreement, Qingchun Kangyuan, the Vendors and Mr. Liu Musheng (collectively referred as the “**Guarantors**”) have agreed to provide a profit guarantee to the Group in relation to the financial performance of Qingchun Kangyuan Group for the years ended/ending 31 December 2023 to 2026. If the audited consolidated net profit attributable to owners of Qingchun Kangyuan (after exclusion of non-recurring gains and losses) (the “**Audited Net Profit**”) falls short of the guaranteed profit (the “**Guaranteed Profit**”) of RMB11,332,000, RMB12,465,000, RMB13,599,000 and RMB14,732,000 for the years ended/ending 31 December 2023, 2024, 2025 and 2026, respectively, the Guarantors will compensate to Lisheng Pharmaceutical (the “**Profit Guarantee Arrangement**”). Upon review by the Group during the reporting period, it is confirmed that the Guaranteed Profit for the year ended 31 December 2023 has been achieved.

Notes to the Condensed Consolidated Financial Statements

21. ACQUISITION OF A SUBSIDIARY *(continued)*

The directors of the Company considered that the fair value of Profit Guarantee Arrangement at 30 June 2024 is insignificant.

The initial accounting for certain properties, land use rights and intangible assets acquired in the above business combination with fair value of HK\$59,772,000, HK\$11,479,000 and HK\$61,481,000, respectively have been determined on a provisional basis, awaiting the completion of professional valuations. The amounts of deferred tax liabilities and goodwill may be adjusted accordingly.

The non-controlling interest, representing 35% of equity interest in Qingchun Kangyuan Group, recognised at the date of acquisition amounted to HK\$44,225,000 was measured by reference to the proportionate share of recognised net assets of Qingchun Kangyuan Group amounted to HK\$126,358,000, determined on a provisional basis.

Goodwill arising on acquisition determined on a provisional basis of HK\$68,573,000 is calculated based on cash consideration transferred of HK\$150,706,000 plus non-controlling interests of HK\$44,225,000 less recognised amounts of net assets acquired of HK\$126,358,000.

Qingchun Kangyuan Group contributed revenue of HK\$132,567,000 and net profit of HK\$6,742,000 to the Group for the period from the date of acquisition to 30 June 2024.

Had the acquisition of Qingchun Kangyuan Group been completed on 1 January 2024, revenue for the interim period of the Group would have been HK\$1,823,644,000, and the profit for the interim period would have been HK\$384,357,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

Notes to the Condensed Consolidated Financial Statements

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)				
Equity instruments at fair value through other comprehensive income						
- listed equity securities	82,086	99,952	Level 1	Quoted bid price in active markets	N/A	N/A
- unlisted equity securities - a private company in the PRC	1,137,279	1,587,116	Level 3	Dividend yield model which uses expected maintainable dividend income and market dividend yield	Dividend yield of 1.61% (31 December 2023: 1.15%) (note (ii))	An increase in the dividend yield would result in a decrease in fair value, and vice versa
- other unlisted equity securities	15,842	32,450	Level 3	Market approach which uses enterprise multiples of comparable companies and a marketability discount	Marketability discount of 8.7% - 11.8% (31 December 2023: 4.5% - 9.7%) (note (ii))	An increase in the marketability discount would result in a decrease in fair value, and vice versa
	1,235,207	1,719,518				

Notes to the Condensed Consolidated Financial Statements

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(continued)*

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)				
Financial assets at fair value through profit or loss						
- listed equity securities	8,292	8,394	Level 1	Quoted bid price in active markets	N/A	N/A
- listed funds	9,887	22,575	Level 1	Quoted bid price in active markets	N/A	N/A
- unlisted funds	210,666	169,981	Level 2	Redemption value quoted by the relevant investment fund with reference to the underlying assets (mainly listed securities) of the fund	N/A	N/A
- unlisted trust funds	188,786	197,081	Level 2	Redemption value quoted by banks or financial institutions with reference to the underlying assets (mainly listed securities and government bonds) of the trust fund	N/A	N/A
- structured deposits	406,604	154,919	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets	N/A	N/A
- entrusted deposits	1,086,150	1,082,594	Level 2	Redemption value quoted by financial institutions with reference to the expected return of the underlying assets	N/A	N/A
- Profit Guarantee Arrangement	-	N/A	Level 3	Discounted cash flow on estimated profits of Qingchun Kangyuan Group attributable to owners of Qingchun Kangyuan and discount rate	Estimate profits of Qingchun Kangyuan Group attributable to owners of Qingchun Kangyuan	The higher the estimate profits of Qingchun Kangyuan Group attributable to owners of Qingchun Kangyuan, the lower the fair value, and vice versa
	1,910,385	1,635,544				

Notes to the Condensed Consolidated Financial Statements

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(continued)*

notes:

- (i) As at 30 June 2024, a 1% increase in the dividend yield holding all other variables constant would decrease the carrying amount of the unlisted equity securities by HK\$11,261,000 (31 December 2023: HK\$15,441,000) and a 1% decrease in the dividend yield holding all other variables constant would increase the carrying amount of the unlisted equity securities by HK\$11,487,000 (31 December 2023: HK\$15,753,000).
- (ii) As at 30 June 2024, a 5% increase/decrease in the marketability discount holding all other variables constant would decrease/increase the carrying amount of the unlisted equity securities by HK\$104,000 (31 December 2023: HK\$125,000).

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity securities HK\$'000
At 1 January 2023 (audited)	1,176,459
Addition	5,656
Fair value change recognised in other comprehensive income	330,970
Exchange differences	(50,877)
At 30 June 2023 (unaudited)	1,462,208
At 1 January 2024 (audited)	1,619,566
Fair value change recognised in other comprehensive income	(456,026)
Exchange differences	(10,419)
At 30 June 2024 (unaudited)	1,153,121

All gains and losses included in other comprehensive income relate to equity instruments at fair value through other comprehensive income held at the end of the reporting period and are reported as changes of "fair value through other comprehensive income reserve".

Notes to the Condensed Consolidated Financial Statements

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Management of the Group is responsible for determination of the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

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

There were no transfers between Levels 1, 2 and 3 during both interim periods.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a non-recurring basis

The directors of the Company consider that the carrying amounts of trade and other receivables, finance lease receivables, restricted bank balances, time deposits with maturity over three months, cash and cash equivalents, trade and other payables, short-term bank borrowings and balances with investments accounted for using the equity method, ultimate holding company and related companies that are recorded at amortised cost in these condensed consolidated financial statements approximate their fair values due to the short-term maturities of these assets and liabilities.

The fair values of the financial assets and financial liabilities recorded at amortised cost have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The fair values of long-term bank borrowings are estimated using the expected future contractual payments discounted at current market interest rates available to similar financial instruments and approximate their carrying amounts.

Notes to the Condensed Consolidated Financial Statements

23. RELATED PARTY DISCLOSURES

The Group is controlled by Tsinlien Group Company Limited (“**Tsinlien**”), which owns approximately 62.81% (31 December 2023: approximately 62.81%) of the Company’s ordinary shares as at 30 June 2024. The remaining approximately 37.19% (31 December 2023: approximately 37.19%) of the Company’s ordinary shares are widely held.

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

During both interim periods, except for the government supplemental income granted by the relevant bureau of TEDA to the utilities business, the Group’s significant transactions with other entities that are controlled, jointly controlled or significantly influenced by the PRC government (the “**Other Government-Related Entities**”) mainly include majority of its cash at banks and time deposits in banks and the corresponding interest income and part of sales and purchases of goods and services (such as purchase of utilities including electricity and water and sales of pharmaceutical products which constituted the majority of the Group’s purchases and sales). The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed, as appropriate.

Notes to the Condensed Consolidated Financial Statements

23. RELATED PARTY DISCLOSURES (continued)

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

(a) Related party transactions

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term lease expenses for plant, pipelines and networks	11,221	12,246
Purchase of goods	5,599	5,939
Provision of services	1,099	2,568
Purchase of steam and thermal power	529,378	612,001
Sales of goods	67,912	78,263

note: The related parties are entities controlled by non-controlling interests of the Company's non-wholly owned subsidiaries, an investment accounted for using the equity method and an intermediate shareholder.

(ii) Key management compensation

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees	–	–
Salaries, share-based payment expense and other emoluments	2,081	2,710
Retirement benefits scheme contribution	18	18
	2,099	2,728

The emoluments of certain executive directors and senior management were borne by respective intermediate shareholders for both interim periods.

Notes to the Condensed Consolidated Financial Statements

23. RELATED PARTY DISCLOSURES *(continued)*

(b) Related party balances

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

24. LITIGATION

On 12 December 2018, 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, and a sales and marketing agent (the “**Agent**”) entered into a sales and marketing agreement for a term of two years from 1 January 2019 to 31 December 2020 (“**Two-year Agreement**”) and another sales and marketing agreement for a term of ten years from 1 January 2021 to 31 December 2030 (“**Ten-year Agreement**”). On 12 January 2021, the Agent and Central Pharmaceutical further entered into a supplemental agreement upon the expiration of Two-year Agreement (“**Supplemental Agreement**”).

In July 2023, the Agent initiated civil proceeding against Central Pharmaceutical with regards to the provision of sales and marketing services at Tianjin Second Intermediate People’s Court (the “**Court**”) and lodged a petition for (i) cancellation of the Ten-year Agreement; (ii) payment of marketing and promotion fee of approximately RMB16.5 million; (iii) payment of performance bonus of approximately RMB1.2 million based on the Supplemental Agreement; (iv) refund of deposit for marketing of approximately RMB0.5 million; (v) refund of advance deposit of approximately RMB0.7 million; (vi) compensation for expected losses arising from the cancellation of Ten-year Agreement of approximately RMB184.2 million; and (vii) payment of the costs of litigation incidental thereof. The Agent also made an application to the Court to retain certain assets of Central Pharmaceutical and request for a claim for payment of approximately RMB203.1 million. These assets of Central Pharmaceutical included the bank deposits of approximately RMB73.0 million and both its entire equity interests in Tasly Holding and Hebei Kunlun Pharmaceutical Co., Ltd. (河北昆崙製藥有限公司), a wholly owned subsidiary of Central Pharmaceutical. On 7 August 2023, Central Pharmaceutical had lodged a petition for counterclaim for payment of approximately RMB54.1 million.

Notes to the Condensed Consolidated Financial Statements

24. LITIGATION *(continued)*

Central Pharmaceutical received the judgement of the trial of first instance (the “**First Judgement**”) from the Court on 8 December 2023. According to the First Judgement, (i) the Two-year Agreement and Ten-year Agreement and Supplemental Agreement were cancelled on 26 July 2023; (ii) Central Pharmaceutical is required to refund advance deposit of approximately RMB0.6 million and pay marketing and promotion fee of approximately RMB0.4 million to the Agent within ten days from the date of First Judgement; (iii) the Agent is required to pay Central Pharmaceutical approximately RMB1.4 million for the loss of undelivered goods. All the other claims from the Agent and the other counterclaims from Central Pharmaceutical are rejected by the Court. The Agent was not satisfied with the judgement and filed a civil petition for appeal to the Higher People’s Court of Tianjin on 19 December 2023. Central Pharmaceutical had also lodged a civil petition for appeal on 21 December 2023. In late March 2024, Central Pharmaceutical received the civil judgement from the Higher People’s Court of Tianjin for revoking the civil judgement of the trial of first instance issued by the Court and the case is remanded to the Court for retrial.

The directors of the Company, based on legal advice, considered that as there was no new evidence submitted by the Agent for the retrial and both parties are adducing the evidence in the First Judgement. Therefore, the provision for litigation is not required based on all the relevant facts and circumstances.

25. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the disposal of Tianjin Tanabe and Tianjin Pharmaceutical Finance were completed with an aggregate consideration of RMB208,116,000 (equivalent to approximately HK\$227,947,000).

Management Discussion and Analysis

BUSINESS REVIEW

Utilities

The Group's utility businesses are mainly operated in the Tianjin Economic and Technological Development Area ("TEDA"), the People's Republic of China (the "PRC") 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.

During the period under review, revenue from the Water Company was approximately HK\$142.3 million, compared to HK\$153 million for the corresponding period last year. Profit from the Water Company was approximately HK\$18.4 million, 6.4% increase as compared to HK\$17.3 million in the six months ended 30 June 2023. The result was mainly due to lower of general and administrative expenses, partly offset by lower revenue driven by lower volumes of water sold during the period. The total quantity of water sold for the period was approximately 21,776,000 tonnes, a reduction of 4.1% 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 transmission pipelines of approximately 549 kilometres and more than 120 processing stations in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

Management Discussion and Analysis

Utilities (continued)

Heat and Thermal Power (continued)

For the six months ended 30 June 2024, revenue from the Heat & Power Company was approximately HK\$626.4 million, a reduction of 10.9% from HK\$703.3 million in the same period last year. The decrease in revenue was primarily driven by lower government supplemental income. Profit from the Heat & Power Company was approximately HK\$40.4 million, as compared to HK\$17.5 million in the corresponding period last year. The increase in profit was mainly attributable to margin improvement, partly offset by the lower of government supplemental income. The total quantity of steam sold for the period was approximately 1,908,000 tonnes, a decrease of 4.7% over the corresponding period last year.

Electricity

As at 30 June 2024, 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 3% to approximately HK\$1,143.5 million and contributed to the Group a profit of approximately HK\$28.3 million, representing a reduction of HK\$1.1 million over the corresponding period last year. The total quantity of electricity sold for the period was approximately 1,440,934,000 kWh.

Pharmaceutical

Pharmaceutical segment is principally engaged in the manufacture and sale of chemical drugs, proprietary Chinese medicines and other healthcare products 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**”).

Management Discussion and Analysis

Pharmaceutical (continued)

For the six months ended 30 June 2024, the segment revenue grew by 7.4% to approximately HK\$895.4 million from HK\$833.4 million in the same period last year. Of the total segment revenue, revenue from manufacture and sale of chemical drugs, proprietary Chinese medicines and other healthcare products was approximately HK\$811.4 million, an increase of 9.9% from HK\$738 million in the corresponding period last year, with higher contribution from Jiangxi Qingchun Kangyuan Pharmaceutical Co., Ltd. (江西青春康源製藥有限公司) (“**Qingchun Kangyuan**”). Revenue from sale of packaging materials decreased by HK\$11.4 million to approximately HK\$84 million from HK\$95.4 million in the six months ended 30 June 2023. Profit from pharmaceutical segment was approximately HK\$62.3 million, compared to HK\$79.4 million in the same period last year.

During the period under review, the revenue of Research Institute decreased by 52% to approximately HK\$130.2 million and reported a loss (after non-controlling interests) of approximately HK\$50.9 million, as compared with a loss of HK\$33.5 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\$113.2 million, an increase of HK\$0.3 million from HK\$112.9 million in the same period last year on a like-for-like basis. This result was mainly attributable to higher contributions from manufacture and sale of chemical drugs, proprietary Chinese medicines and other healthcare products and higher interest income, partly offset by higher selling and distribution expenses as well as general and administrative expenses.

On 1 February 2024, the Group completed the acquisition of 65% equity interest in Qingchun Kangyuan. In accordance with the terms of the relevant sale and purchase agreement dated 29 December 2023, Qingchun Kangyuan, Jiangxi Qingchun Kangyuan Group Co., Ltd. (江西青春康源集團有限公司), Jiangxi Qingchun Kangyuan Chinese Medicine Co., Ltd. (江西青春康源中藥股份有限公司) and Mr. Liu Musheng (collectively referred to as the guarantors of such agreement) had provided performance guarantee covering the financial years of 2023, 2024, 2025 and 2026 to the Group, among which, the audited consolidated net profit (after deduction of non-recurring profits and losses) of Qingchun Kangyuan in the financial year of 2023 should not be less than RMB11,332,200 (“**2023 Guaranteed Profit**”), details of which were set out in the Company’s announcement dated 29 December 2023. Upon review by the Group during the reporting period, it is confirmed that the 2023 Guaranteed Profit has been achieved.

Management Discussion and Analysis

Pharmaceutical (continued)

On 10 October 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 an equity transfer agreement with Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (津藥達仁堂集團股份有限公司) in relation to the disposal of its 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司) at a consideration of RMB87,823,860. The disposal was completed in August 2024 and its details were set out in the Company’s announcement dated 25 August 2023 and 10 October 2023 and the circular of the Company dated 10 November 2023.

On 28 June 2024, Lisheng Pharmaceutical entered into an equity transfer agreement with Grand Pharma (China) Co., Ltd. (遠大醫藥(中國)有限公司) in relation to the disposal of its 24.65% equity interest in Tianjin Tanabe Seiyaku Co., Ltd. (天津田邊製藥有限公司) at a consideration of RMB120,292,000. The disposal was completed in July 2024 and its details were disclosed in the Company’s announcement dated 28 June 2024.

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 2024, revenue from Courtyard Hotel grew by 10.3% to approximately HK\$66.6 million from HK\$60.4 million in the corresponding period last year. Profit from Courtyard Hotel was approximately HK\$15.2 million compared to HK\$12.2 million in the same period last year. The average occupancy rate was 87.5% compared with 80.8% for the same period last year, and the average room rate remained stable.

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.

Management Discussion and Analysis

Electrical and Mechanical *(continued)*

During the period under review, revenue from electrical and mechanical segment was approximately HK\$89.7 million, an increase of 11.6% from HK\$80.4 million in the corresponding period last year. Loss from electrical and mechanical segment was approximately HK\$58 million, compared a loss of HK\$21.8 million in the same period last year. The segment loss stemmed from lower operating margins on certain contract works completed and higher operating expenses during the period. 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) increased by 8.1% to approximately HK\$6,746.3 million and profit attributable to owners of Tianjin Port was approximately HK\$418.5 million, representing an decrease of 12% over the same period last year.

Tianjin Port contributed to the Group a profit of approximately HK\$87.9 million, representing a decrease of 11.9% compared to the corresponding period last year.

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\$8,790.9 million, representing a decrease of 1.4% over the corresponding period in 2023.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$155.1 million, representing a reduction of 23.4% 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 2024, the market value of the Group’s interest in Binhai Investment was approximately HK\$67.8 million (31 December 2023: HK\$79.3 million) and the unrealised fair value loss of approximately HK\$11.5 million was recognised in other comprehensive income.

Management Discussion and Analysis

Strategic and Other Investments *(continued)*

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 at an investment costs of HK\$191.5 million and is now held by Tianjin Central Pharmaceutical Co., Ltd.

(天津市中央藥業有限公司) (“**Central Pharmaceutical**”), a wholly-owned subsidiary of Lisheng Pharmaceutical. 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 45.75% 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 2024, the fair value of investment in Tasly Holding was approximately HK\$1,137.3 million (31 December 2023: HK\$1,587.1 million), accounting for approximately 5.1% of the Group’s total assets, and on that date the unrealised fair value loss and exchange differences amounting to approximately HK\$449.8 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 2023 (2022: 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 uncertainties of global economy and the regional political tensions will continue in the second half of 2024. The Chinese economy benefiting from the implementation of various reform measures will remain a stable pace of development. The Company will continue to pursue a strategy of stable growth. While solidifying its existing businesses and strengthening its financial resources, the Company will dedicate to internal reorganisation with a view to maximise shareholders’ value and to lay a foundation for long-term sustainable development.

Management Discussion and Analysis

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

As at 30 June 2024, the Group's total cash on hand and total bank borrowings stood at approximately HK\$6,174.1 million and approximately HK\$1,972.7 million respectively (31 December 2023: approximately HK\$6,604.7 million and HK\$1,810.6 million respectively).

The Group's sources of funding comprise cash flow generated from operations and loan facilities. The bank borrowings of HK\$259.6 million (31 December 2023: HK\$100 million) will mature within one year. During the period under review, the Group entered into a loan agreement with commercial bank in Hong Kong, pursuant to which loan facility of up to HK\$100 million were made available to the Group subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods. The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 15.8% as at 30 June 2024 (31 December 2023: approximately 14.4%).

Of the total HK\$1,972.7 million bank borrowings outstanding as at 30 June 2024, HK\$1,913.1 million outstanding as at 30 June 2024 were subject to floating rates with a spread of 1.6% over HIBOR of relevant interest periods, of which the amount of HK\$1,713.1 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, and RMB54.5 million (equivalent to approximately HK\$59.6 million) of bank borrowings were fixed-rates debts with annual rates at 3% to 5%.

As at 30 June 2024, 97% (31 December 2023: 100%) of the Group's total bank borrowings was denominated in Hong Kong dollar, 3% (31 December 2023: nil) 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, time deposits with maturity over three months, structure deposits, 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.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

During the period under review, the Group had a total of approximately 2,684 employees of which approximately 313 were management personnel and 868 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 2024, restricted bank balances and property, plant and equipment of HK\$144.4 million and HK\$6.5 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, 10 August 2023 and 30 December 2023 (the "**Announcements**"), Central Pharmaceutical was a party to a litigation arising from the ordinary course of business with its sales and marketing agent (the "**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 received the civil judgement of the trial of first instance issued by Tianjin No. 2 Intermediate People's Court (the "**First Judgement**") on 8 December 2023. The Agent was not satisfied with the judgement and filed a civil petition for appeal to the Higher People's Court of Tianjin on 19 December 2023. Central Pharmaceutical had also lodged a civil petition for appeal on 21 December 2023. In late of March 2024, Central Pharmaceutical received the civil judgement from the Higher People's Court of Tianjin for revoking the civil judgement of the First Judgement and the case is remanded to Tianjin No. 2 Intermediate People's Court for retrial. The management of the Group, based on legal advice, 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.

DIRECTORS' INTERESTS

As at 30 June 2024, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the “Model Code”).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2024 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements that would enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2024, the following persons or corporations, other than the directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	notes	Capacity	Number of shares held	Approximate percentage of total issued shares
Tianjin TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司) (“TEDA Holding”)	1&2	Interest of controlled corporation	673,759,143	62.81%
Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) (“TEDA Industrial”)	1&2	Interest of controlled corporation	673,759,143	62.81%
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) (“Bohai”)	1&2	Interest of controlled corporation	673,759,143	62.81%
Tsinlien Group Company Limited (津聯集團有限公司) (“Tsinlien”)	1&3	Direct beneficial interest and interest of controlled corporation	673,759,143	62.81%

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS *(continued)*

notes:

1. All interests stated above represent long positions.
2. Tsinlien is a direct wholly-owned subsidiary of Bohai, which in turn is a direct wholly-owned subsidiary of TEDA Industrial. TEDA Industrial is a non-wholly owned subsidiary of TEDA Holding. By virtue of the SFO, TEDA Holding, TEDA Industrial and Bohai are deemed to be interested in the same parcel of shares of the Company in which Tsinlien is interested.
3. As at 30 June 2024, Tsinlien directly held 22,960,000 shares of the Company and its wholly-owned subsidiaries, namely Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited held 568,017,143 shares, 2,022,000 shares and 80,760,000 shares of the Company respectively. By virtue of the SFO, Tsinlien is deemed to have an interest in the shares of the Company in which Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited are interested.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any person or corporation, other than the directors or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the six months ended 30 June 2024.

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 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 2024.

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.

CHANGES IN DIRECTORS' INFORMATION

Ms. Ng Yi Kum, Estella has resigned as executive director, deputy chairman, chief strategy officer & chief financial officer and company secretary of Tse Sui Luen Jewellery (International) Limited (Stock Code: 417) with effect from 27 May 2024.

Save as disclosed above, there were no other changes in information of the directors of the Company subsequent to the date of 2023 annual report of the Company which required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

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 2024.

The Audit Committee is chaired by Ms. Ng Yi Kum, Estella and includes three other members, Mr. Wong Shiu Hoi, Peter, Mr. Lau Ka Keung and Mr. Sin Hendrick.

Other Information

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

- (i) On 7 December 2022, the Company entered into a facility agreement (the “**2022 Facility Agreement**”) with a syndicate of banks as lenders (the “**Banks**”) in respect of a term loan facility (with a lender accession option) of up to HK\$2,500 million for a period of 36 months commencing from the date of utilisation.

Pursuant to the 2022 Facility Agreement, it will be an event of default, inter alia, if: (i) the Tianjin SASAC ceases to maintain a majority shareholdings ownership directly or indirectly in the Company of more than 50%; or (ii) the Company ceases to be under the direct or indirect management control of Tsinlien.

In case of an occurrence of an event of default, the Banks may by notice to the Company: (a) cancel the total commitments or any part(s) thereof; (b) declare that the loans or any relevant part thereof, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable; and/or (c) declare that the loans or any relevant part thereof be payable on demand.

- (ii) On 1 February 2023, the Company entered into a facility letter (the “**2023 Facility Letter**”) with a bank as lender (the “**2023 Facility Lender**”) in respect of a revolving loan facility of HK\$100 million (the “**2023 Facility**”). The 2023 Facility has no fixed term and is subject to review at any time by the 2023 Facility Lender.

Accordingly to the 2023 Facility Letter, the Company undertakes, among others, that the Tianjin SASAC shall remain as the ultimate beneficial owner of the Company and maintain a majority shareholding ownership directly or indirectly in the Company of more than 50%.

If violation of the relevant undertakings under the 2023 Facility Letter occurs, the 2023 Facility Lender may suspend, withdraw or make demand for repayment of the whole or any part of the 2023 Facility at any time or determine whether or not to permit drawings in relation to the 2023 Facility.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(continued)*

- (iii) On 16 February 2024, the Company entered into a facility letter (the “**2024 Facility Letter**”) with a bank as lender (the “**2024 Facility Lender**”) in respect of an uncommitted revolving loan facility of HK\$100 million (the “**2024 Facility**”). The 2024 Facility has no fixed term and is subject to review from time to time at the 2024 Facility Lender’s discretion.

According to the 2024 Facility Letter, the Company undertakes, among others, that the Tianjin SASAC shall remain as the ultimate beneficial owner of the Company and at all times maintain more than 50% of the shareholding ownership, directly or indirectly, in the Company.

If violation of the relevant undertakings under the 2024 Facility Letter occurs, all amounts (including principal and interest accrued thereon) owing by the Company to the 2024 Facility Lender shall become immediately due and payable without further demand or other legal formality of any kind and the 2024 Facility Lender shall not be required to provide any further services, accommodation or make any further advances under any of facilities to the Company. In addition, the 2024 Facility Lender shall have the liberty to execute its rights under the 2024 Facility Letter, related loan documents or any applicable terms and conditions for satisfying the liabilities of the Company.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5.18 cents per share for the six months ended 30 June 2024 (30 June 2023: HK3.45 cents per share) to the shareholders whose names appear on the Company’s register of members on 27 September 2024. The interim dividend will be paid on 28 October 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 September 2024 (Wednesday) to 27 September 2024 (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 24 September 2024 (Tuesday).

Other Information

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 2024.

By Order of the Board

Teng Fei

Chairman and Executive Director

Hong Kong, 29 August 2024

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF TIANJIN DEVELOPMENT HOLDINGS LIMITED

天津發展控股有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Tianjin Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 5 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 August 2024