



天津发展 控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

Stock Code : 882

Interim Report
2022

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Gang (*Chairman*)
Dr. Li Xiaoguang (*General Manager*)
Mr. Zhuang Qifei

Non-Executive Directors

Mr. Cui Xiaofei
Mr. Cheung Wing Yui, Edward

Independent Non-Executive Directors

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

AUTHORISED REPRESENTATIVES

Mr. Wang Gang
Dr. Li Xiaoguang

COMPANY SECRETARY

Ms. Lee Su Yee, Bonnia

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITOR

Woo Kwan Lee & Lo

REGISTERED OFFICE

Suites 7-13, 36th Floor
China Merchants Tower
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SHARE REGISTRAR AND TRANSFER OFFICE

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17th Floor, Far East Finance Centre
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Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 882

PRINCIPAL BANKERS

China CITIC Bank International Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of
China (Asia) Limited
CMB Wing Lung 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.	34.41%	Manufacture and sale of chemical drugs
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.

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited & restated)
Continuing operations			
Revenue	3	1,963,837	1,776,676
Cost of sales		(1,380,219)	(1,248,296)
Gross profit		583,618	528,380
Other income	4	198,866	141,859
Other gains and losses, net	5	(118,162)	(19,633)
Selling and distribution expenses		(231,933)	(226,029)
General and administrative expenses		(198,828)	(255,351)
Other operating expenses		(90,016)	(84,648)
Finance costs		(25,675)	(25,197)
Share of net profit of associates and joint ventures accounted for using the equity method		294,269	350,435
Profit before tax		412,139	409,816
Tax expense	6	(40,195)	(25,299)
Profit for the period from continuing operations		371,944	384,517
Loss for the period from presses and mechanical equipment business	7	—	(63,493)
Profit for the period	8	371,944	321,024

Condensed Consolidated Statement of Profit or Loss

	Note	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited & restated)
Profit (loss) for the period attributable to owners of the Company			
– from continuing operations		272,476	304,247
– from presses and mechanical equipment business		—	(40,343)
Profit for the period attributable to owners of the Company		272,476	263,904
Profit (loss) for the period attributable to non-controlling interests			
– from continuing operations		99,468	80,270
– from presses and mechanical equipment business		—	(23,150)
Profit for the period attributable to non-controlling interests		99,468	57,120
		371,944	321,024
Earnings per share	9	HK cents	HK cents
Basic			
– continuing operations and presses and mechanical equipment business		25.40	24.60
– continuing operations		25.40	28.36
Diluted			
– continuing operations and presses and mechanical equipment business		25.40	24.60
– continuing operations		25.40	28.36

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

Condensed Consolidated Statement of Financial Position

		30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,522,196	2,654,028
Land use rights	11	509,761	524,336
Investment properties	11	267,203	242,054
Investments accounted for using the equity method	12	7,136,757	7,238,272
Intangible assets		1,257	1,448
Finance lease receivables		116,582	121,822
Deposits paid for acquisition of property, plant and equipment		4,842	1,775
Deferred tax assets		63,770	62,285
Equity instruments at fair value through other comprehensive income	13	1,395,790	1,859,691
		12,018,158	12,705,711
Current assets			
Inventories		409,293	444,339
Amounts due from investments accounted for using the equity method		13,906	14,602
Amount due from ultimate holding company		1,498	181
Amounts due from related companies		90,948	197,433
Contract assets		99,385	66,760
Finance lease receivables		—	97,372
Trade receivables	14	1,288,921	1,123,831
Other receivables, deposits and prepayments	14	250,225	742,623
Financial assets at fair value through profit or loss	15	428,991	401,047
Entrusted deposits	16	653,887	702,016
Restricted bank balances		131,360	118,993
Time deposits with maturity over three months		2,713,689	2,844,265
Cash and cash equivalents		4,594,562	3,998,814
		10,676,665	10,752,276
Total assets		22,694,823	23,457,987

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
EQUITY			
Owners of the Company			
Share capital		5,136,285	5,136,285
Reserves		7,319,499	7,762,408
		12,455,784	12,898,693
Non-controlling interests		4,610,460	4,976,965
Total equity		17,066,244	17,875,658
LIABILITIES			
Non-current liabilities			
Lease liabilities		7,873	8,909
Deferred tax liabilities		173,149	242,610
		181,022	251,519
Current liabilities			
Trade payables	18	870,249	569,826
Other payables and accruals		1,318,439	1,303,046
Amounts due to related companies		168,432	167,961
Contract liabilities		717,611	897,184
Lease liabilities		894	4,500
Bank borrowings	17	2,291,484	2,302,263
Current tax liabilities		80,448	86,030
		5,447,557	5,330,810
Total liabilities		5,628,579	5,582,329
Total equity and liabilities		22,694,823	23,457,987
Net current assets		5,229,108	5,421,466
Total assets less current liabilities		17,247,266	18,127,177

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 2021 (audited)	5,136,285	556,201	6,569,172	12,261,658	4,779,123	17,040,781
Profit for the period	—	—	263,904	263,904	57,120	321,024
Other comprehensive income for the period	—	17,807	—	17,807	20,803	38,610
Total comprehensive income for the period	—	17,807	263,904	281,711	77,923	359,634
Dividends (Note 10)	—	—	(51,278)	(51,278)	(10,504)	(61,782)
Transfer between reserves	—	5,298	(5,298)	—	—	—
Others	—	15,160	—	15,160	10,906	26,066
	—	20,458	(56,576)	(36,118)	402	(35,716)
At 30 June 2021 (unaudited)	5,136,285	594,466	6,776,500	12,507,251	4,857,448	17,364,699
At 1 January 2022 (audited)	5,136,285	831,936	6,930,472	12,898,693	4,976,965	17,875,658
Profit for the period	—	—	272,476	272,476	99,468	371,944
Other comprehensive expense for the period	—	(657,892)	—	(657,892)	(427,253)	(1,085,145)
Total comprehensive (expense) income for the period	—	(657,892)	272,476	(385,416)	(327,785)	(713,201)
Dividends (Note 10)	—	—	(59,002)	(59,002)	(38,720)	(97,722)
Others	—	1,509	—	1,509	—	1,509
	—	1,509	(59,002)	(57,493)	(38,720)	(96,213)
At 30 June 2022 (unaudited)	5,136,285	175,553	7,143,946	12,455,784	4,610,460	17,066,244

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash from (used in) operating activities	295,748	(104,717)
Net cash from (used in) investing activities	562,203	(698,433)
Net cash used in financing activities	(98,441)	(96,622)
Net increase (decrease) in cash and cash equivalents	759,510	(899,772)
Cash and cash equivalents at 1 January	3,998,814	4,330,691
Effect of foreign exchange rate changes	(163,762)	(3,442)
Cash and cash equivalents at 30 June	4,594,562	3,427,477

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 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The financial information relating to the year ended 31 December 2021 that is included in 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

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

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 2022 for the preparation of the Group's condensed consolidated financial statements:

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

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

3. SEGMENT INFORMATION

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

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

(a) Utilities

This segment derives revenue from distribution of water, heat and thermal power to industrial, commercial and residential customers in the Tianjin Economic and Technological Development Area (the "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 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. The presses and mechanical equipment business was discontinued upon completion of the disposal of Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) (“**Tianjin Tianduan**”) in September 2021.

(e) Port services

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

(f) Elevators and escalators

The result of this segment is contributed by an investment accounted for using the equity method of the Group, Otis Elevator (China) Investment Company Limited (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 by the type of goods and services

For the six months ended 30 June 2022 (unaudited)

Segments	Continuing operations					Sub-total HK\$'000	Presses and mechanical equipment business HK\$'000	Total HK\$'000
	Utilities HK\$'000	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000				
Types of goods or services								
Utilities								
Water	154,356	—	—	—	154,356	—	154,356	
Heat and thermal power	800,347	—	—	—	800,347	—	800,347	
	954,703	—	—	—	954,703	—	954,703	
Pharmaceutical								
Manufacture and sales of pharmaceutical products	—	737,037	—	—	737,037	—	737,037	
Design, manufacture and printing for pharmaceutical packaging	—	82,404	—	—	82,404	—	82,404	
	—	819,441	—	—	819,441	—	819,441	
Hotel	—	—	40,337	—	40,337	—	40,337	
Electrical and mechanical								
Manufacture and sales of hydroelectric equipment and large scale pump units	—	—	—	149,356	149,356	—	149,356	
	954,703	819,441	40,337	149,356	1,963,837	—	1,963,837	
Timing of revenue recognition								
A point in time	954,703	819,441	—	—	1,774,144	—	1,774,144	
Over time	—	—	40,337	149,356	189,693	—	189,693	
	954,703	819,441	40,337	149,356	1,963,837	—	1,963,837	

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

Disaggregation of revenue by the type of goods and services (continued)

For the six months ended 30 June 2021 (unaudited)

Segments	Continuing operations					Presses and mechanical equipment business HK\$000 (restated)	Total HK\$'000
	Utilities HK\$'000	Pharmaceutical HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000 (restated)	Sub-total HK\$'000 (restated)		
Types of goods or services							
Utilities							
Water	155,235	—	—	—	155,235	—	155,235
Heat and thermal power	636,244	—	—	—	636,244	—	636,244
	791,479	—	—	—	791,479	—	791,479
Pharmaceutical							
Manufacture and sales of pharmaceutical products	—	698,421	—	—	698,421	—	698,421
Design, manufacture and printing for pharmaceutical packaging	—	80,626	—	—	80,626	—	80,626
	—	779,047	—	—	779,047	—	779,047
Hotel							
	—	—	17,600	—	17,600	—	17,600
Electrical and mechanical							
Manufacture and sales of presses and mechanical equipment	—	—	—	—	—	238,927	238,927
Manufacture and sales of hydroelectric equipment and large scale pump units	—	—	—	188,550	188,550	—	188,550
	—	—	—	188,550	188,550	238,927	427,477
	791,479	779,047	17,600	188,550	1,776,676	238,927	2,015,603
Timing of revenue recognition							
A point in time	791,479	779,047	—	—	1,570,526	238,927	1,809,453
Over time	—	—	17,600	188,550	206,150	—	206,150
	791,479	779,047	17,600	188,550	1,776,676	238,927	2,015,603

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2022 (unaudited)

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

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2021 (unaudited)

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

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

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

notes:

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

The above revenue included government supplemental income of HK\$275,654,000 (six months ended 30 June 2021: HK\$93,619,000) which will be finalised with the relevant bureau of TEDA after the end of the financial year. 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	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited & restated)
Continuing operations		
Interest income	162,597	120,422
Government grants	1,609	4,475
Rental income, net of negligible outgoings	2,000	2,812
Sales of scrap materials	1,093	826
Dividend income from equity instruments at fair value through other comprehensive income	5,023	5,452
Finance lease interest income	5,055	3,860
Sundries	21,489	4,012
	198,866	141,859

5. OTHER GAINS AND LOSSES, NET

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

Notes to the Condensed Consolidated Financial Statements

6. TAX EXPENSE

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

8. PROFIT FOR THE PERIOD

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

Notes to the Condensed Consolidated Financial Statements

9. EARNINGS PER SHARE

For continuing operations and presses and mechanical equipment business

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

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

For continuing operations

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

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

Notes to the Condensed Consolidated Financial Statements

9. EARNINGS PER SHARE (continued)

For presses and mechanical equipment business

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

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

Notes to the Condensed Consolidated Financial Statements

9. EARNINGS PER SHARE (continued)

For presses and mechanical equipment business (continued)

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

10. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
— 2021 final dividend, paid –		
HK5.50 cents per ordinary share		
(2020: HK4.78 cents per ordinary share)	59,002	51,278

Subsequent to the end of the reporting period, the board of directors (the “**Board**”) has declared an interim dividend of HK3.45 cents per ordinary share (six months ended 30 June 2021: HK3.45 cents per ordinary share), amounting to approximately HK\$37,011,000 (six months ended 30 June 2021: HK\$37,011,000) in total, to the shareholders of the Company whose names appear on the Company’s register of members on 30 September 2022.

Notes to the Condensed Consolidated Financial Statements

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

During the current interim period, the Group acquired property, plant and equipment and land use rights of HK\$108,126,000 (six months ended 30 June 2021: HK\$77,557,000) for the purpose of expanding its businesses.

In addition, neither acquisition nor disposal of investment properties was carried out by the Group during the current interim period (six months ended 30 June 2021: Nil).

During the six months ended 30 June 2022, certain properties in Tianjin with an aggregate carrying amount of HK\$36,786,000 were transferred from property, plant and equipment to investment properties due to change in management intention for generating rental income and/or for capital appreciation and the commencement of the related leasing arrangements. There was no material difference between the carrying amount and the fair value of such properties as at date of transfer and as at 30 June 2022.

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. Save as the transfer of the aforesaid investment properties from property, plant and equipment during the current period, the directors have determined that there was no material change in fair value of investment properties of the Group for the current interim period (six months ended 30 June 2021: Nil).

Notes to the Condensed Consolidated Financial Statements

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
The Group's interests in associates and joint ventures		
— Listed shares in Hong Kong		
— Tianjin Port	3,702,299	3,861,757
— Unlisted shares in the PRC		
— Otis China	1,159,516	995,664
— Research Institute	799,180	868,614
— TEDA Power	1,396,319	1,425,533
— Others	79,443	86,704
	7,136,757	7,238,272
Market value of listed shares		
— Tianjin Port	840,567	801,772

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

Notes to the Condensed Consolidated Financial Statements

13. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

notes:

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

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

- (ii) The unlisted equity securities mainly represented the Group's investment in 12.15% (31 December 2021: 12.15%) equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) ("**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 20.

Notes to the Condensed Consolidated Financial Statements

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	notes	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Trade receivables			
Trade receivables — exposure at default	(i)	1,107,297	825,318
Trade receivables — gross		1,107,297	825,318
Less: allowance for credit losses		(181,688)	(137,379)
Trade receivables — net		925,609	687,939
Trade receivables backed by notes		363,312	435,892
Total trade receivables	(ii)	1,288,921	1,123,831
Other receivables, deposits and prepayments		250,225	742,623

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 (a) 30 days are granted to corporate customers of the Group's hotel business; (b) 90 to 180 days are granted to customers in the electrical and mechanical segment; and (c) 30 to 180 days are granted to customers in the pharmaceutical segment. No credit terms are granted to customers in the utilities segment.
- (ii) The ageing analysis of the Group's total trade receivables (net of allowance) is as follows:

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

Notes to the Condensed Consolidated Financial Statements

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Investments held for trading:		
Listed shares in Hong Kong	5,359	5,359
Listed shares in the PRC	14,340	29,882
Listed funds in the PRC	—	18,210
Unlisted funds in Hong Kong	39,905	39,226
Unlisted funds in the PRC	248,830	131,492
Unlisted trust funds in the PRC	120,557	176,878
	428,991	401,047

During the current interim period, the Group had net cash outflow from investments held for trading of HK\$92,422,000 (six months ended 30 June 2021: HK\$42,403,000).

16. ENTRUSTED DEPOSITS

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

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

Notes to the Condensed Consolidated Financial Statements

17. BANK BORROWINGS

During the current interim period, the Group did not obtain new bank borrowings (six months ended 30 June 2021: Nil) and no repayment of bank borrowings (six months ended 30 June 2021: HK\$41,600,000).

At the end of the reporting period, the bank borrowings carry effective interest rate at 1.82% to 5.66% (31 December 2021: 1.72% to 5.66%) per annum.

18. TRADE PAYABLES

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

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

19. CAPITAL COMMITMENTS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Contracted but not provided for in respect of acquisition of property, plant and equipment	105,698	141,517

Notes to the Condensed Consolidated Financial Statements

20. 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 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)				
Equity instruments at fair value through other comprehensive income						
— listed equity securities	105,668	108,439	Level 1	Quoted bid price in active markets	N/A	N/A
— unlisted equity securities — a private company in the PRC	1,181,068	1,632,378	Level 3	Dividend yield model which uses expected maintainable dividend income and market dividend yield	Dividend yield of 1.20% (31 December 2021: 1.03%) (note (i))	An increase in the dividend yield would result in a decrease in fair value, and vice versa
— other unlisted equity securities	109,054	118,874	Level 3	Market approach which uses enterprise multiples of comparable companies and a marketability discount	Marketability discount of 8.19% — 12.94% (31 December 2021: 6.94% — 13.47%) (note (ii))	An increase in the marketability discount would result in a decrease in fair value, and vice versa
	1,395,790	1,859,691				

Notes to the Condensed Consolidated Financial Statements

20. 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 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)				
Financial assets at fair value through profit or loss						
— listed equity securities	19,699	35,241	Level 1	Quoted bid price in active markets	N/A	N/A
— listed funds	—	18,210	Level 1	Quoted bid price in active markets	N/A	N/A
— unlisted funds	288,735	170,718	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	120,557	176,878	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
— entrusted deposits	653,887	702,016	Level 2	Redemption value quoted by financial institutions with reference to the expected return of the underlying assets	N/A	N/A
	1,082,878	1,103,063				

Notes to the Condensed Consolidated Financial Statements

20. 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 2022, a 1% increase in the dividend yield holding all other variables constant would decrease the carrying amount of the unlisted equity securities by HK\$12,075,000 (31 December 2021: HK\$15,928,000) 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\$12,319,000 (31 December 2021: HK\$16,251,000).
- (ii) As at 30 June 2022, 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\$580,000 (31 December 2021: HK\$458,000).

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity securities HK\$'000
At 1 January 2021	1,703,873
Fair value change recognised in other comprehensive income	(80,532)
Exchange differences	20,288
At 30 June 2021	1,643,629
At 1 January 2022	1,751,252
Fair value change recognised in other comprehensive income	(397,914)
Exchange differences	(63,216)
At 30 June 2022	1,290,122

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

20. 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 payables 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.

Notes to the Condensed Consolidated Financial Statements

21. RELATED PARTY DISCLOSURES

The Group is controlled by Tsinlien Group Company Limited (“**Tsinlien**”), which owns approximately 62.81% (31 December 2021: approximately 62.81%) of the Company’s shares as at 30 June 2022. The remaining approximately 37.19% (31 December 2021: 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 (Revised) “Related Party Disclosures”, entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include Tsinlien, its subsidiaries and associates, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, and other entities and corporations in which the Company is able to exercise joint control or significant influence, and key management personnel of the Company and Tsinlien as well as their close family members.

During the current interim period, except for the government supplemental income from the relevant bureau of TEDA in 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

21. 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	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term lease expenses for land	101	120
Short-term lease expenses		
for plant, pipelines and networks	13,073	15,040
Purchase of goods	12,262	11,535
Purchase of materials	380	39
Provision of services	6,378	—
Purchase of steam		
for sale of heat and thermal power	717,262	550,920
Sales of goods	79,404	95,478

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

Notes to the Condensed Consolidated Financial Statements

21. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

(ii) Key management compensation

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees	1,113	1,113
Salaries and other emoluments	1,410	2,459
Retirement benefits scheme contribution	18	18
	2,541	3,590

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

(b) Related party balances

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

22. COMPARATIVE FIGURES

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

Management Discussion and Analysis

BUSINESS REVIEW

Utilities

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

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

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. (天津泰達津聯自來水有限公司) ("**Water Company**") is principally engaged in supply of tap water in TEDA. It is also engaged in installation and maintenance of water pipes, technical consultancy, retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 425,000 tonnes.

For the six months ended 30 June 2022, revenue from the Water Company was approximately HK\$154.4 million, broadly maintained at the same level as corresponding period last year. Profit from the Water Company increased from HK\$5.2 million in the six months ended 30 June 2021 to approximately HK\$11.1 million in the six months ended 30 June 2022. The increase in profit was mainly attributable to tariff improvement, partially offset by the higher of general and administrative expenses during the period. The total quantity of water sold for the period was approximately 23,044,000 tonnes, a decline of 1.5% over the same period last year.

Heat and Thermal Power

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

Management Discussion and Analysis

Utilities (continued)

Heat and Thermal Power (continued)

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

Electricity

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

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

Pharmaceutical

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

Management Discussion and Analysis

Pharmaceutical (continued)

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

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

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

Management Discussion and Analysis

Hotel

Courtyard by Marriott Hong Kong (“**Courtyard Hotel**”), situated in a prime location on the Hong Kong Island, is a 4-star hotel with 245 guest rooms. It is positioned as an ideal lodge for business and leisure travellers.

For the six months ended 30 June 2022, revenue from Courtyard Hotel increased by HK\$22.7 million to approximately HK\$40.3 million. Profit was approximately HK\$3.2 million compared to a loss of HK\$13.8 million in the same period last year. The result was mainly due to Courtyard Hotel enrolled the Hong Kong Government’s Designated Quarantine Hotel Scheme during the period, which guaranteed a certain occupancy rate and ensured room revenue. The average occupancy rate improved to 68.2% from 36.7% of the corresponding period last year, and the average room rate was also elevated.

Electrical and Mechanical

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

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

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

Management Discussion and Analysis

Strategic and Other Investments

Port Services

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

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

Elevators and Escalators

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

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

Investment in Binhai Investment Company Limited

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

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

PROSPECT

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

Management Discussion and Analysis

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

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

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

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

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

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

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

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

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

During the period under review, the Group had a total of approximately 2,531 employees of which approximately 213 were management personnel and 781 were technical staff, with the balance being production workers.

The Group contributes to the employee pension scheme established by the PRC Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC. The Group also contributes to the mandatory provident fund scheme for its Hong Kong employees. The contributions are based on a fixed percentage of the members' salaries.

CHARGE ON ASSETS

As at 30 June 2022, restricted bank balances, land use rights and buildings of HK\$131.4 million, HK\$65.5 million and HK\$350.4 million were respectively pledged to financial institutions by the Group to secure general banking facilities.

Other Information

DIRECTORS' INTERESTS

As at 30 June 2022, 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 period ended 30 June 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2022, 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%

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

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

Other Information

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2022.

The Company has also established written guidelines regarding securities transaction on terms no less exacting than the Model Code for senior management and specific individuals who may have access to price sensitive information in relation to the securities of the Company.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, changes in the information of directors of the Company subsequent to the date of the 2021 annual report of the Company are as follows:

- (1) Mr. Wang Gang has been appointed as director and general manager of Tsinlien with effect from 15 August 2022.
- (2) Ms. Ng Yi Kum, Estella has retired as independent non-executive director of CT Vision S.L. (International) Holdings Limited (Stock Code: 994) with effect from 30 June 2022.
- (3) Dr. Loke Yu has resigned as independent non-executive director of Crazy Sports Group Limited (Stock Code: 82) with effect from 26 May 2022.

REVIEW BY AUDIT COMMITTEE

At the request of the Audit Committee of the Company, the Group's independent auditor has carried out a review of the unaudited condensed consolidated financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed with the management the effectiveness of the Company's risk management (including ESG risks) and internal control systems, auditing and financial reporting matters including the review of unaudited condensed consolidated financial statements for the six months ended 30 June 2022.

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

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 3 December 2019, the Company entered into a facility agreement (the "**Facility Agreement**") with a syndicate of banks as lenders (the "**Lenders**") in respect of a HK\$2,000 million term loan facility for a period of 36 months commencing from the date of utilisation.

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

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

Other Information

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 September 2022 (Wednesday) to 30 September 2022 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 27 September 2022 (Tuesday).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

By Order of the Board

Wang Gang

Chairman and Executive Director

Hong Kong, 30 August 2022

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 39, which comprise the condensed consolidated statement of financial position as of 30 June 2022 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

30 August 2022