



天津发展 控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

Stock Code : 882

Interim Report

2023

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Gang (*Chairman*)
Dr. Li Xiaoguang (*General Manager*)
Mr. Teng Fei
(*appointed on 30 March 2023*)
Mr. Zhuang Qifei
(*resigned on 30 March 2023*)

Non-Executive Directors

Mr. Sun Lijun
(*appointed on 30 March 2023*)
Mr. Cui Xiaofei
(*resigned on 30 March 2023*)
Mr. Cheung Wing Yui, Edward
(*retired on 21 June 2023*)

Independent Non-Executive Directors

Ms. Ng Yi Kum, Estella
Mr. Wong Shiu Hoi, Peter
Mr. Lau Ka Keung
(*appointed on 30 March 2023*)
Mr. Sin Hendrick
(*appointed on 30 March 2023*)
Dr. Cheng Hon Kwan
(*retired on 21 June 2023*)
Mr. Mak Kwai Wing, Alexander
(*retired on 21 June 2023*)
Dr. Loke Yu
(*retired on 21 June 2023*)

AUTHORISED REPRESENTATIVES

Mr. Wang Gang
Dr. Li Xiaoguang

COMPANY SECRETARY

Ms. Lee Su Yee, Bonnie

REGISTERED OFFICE

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China Merchants Tower
Shun Tak Centre
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Hong Kong

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Tricor Tengis Limited
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Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 882

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

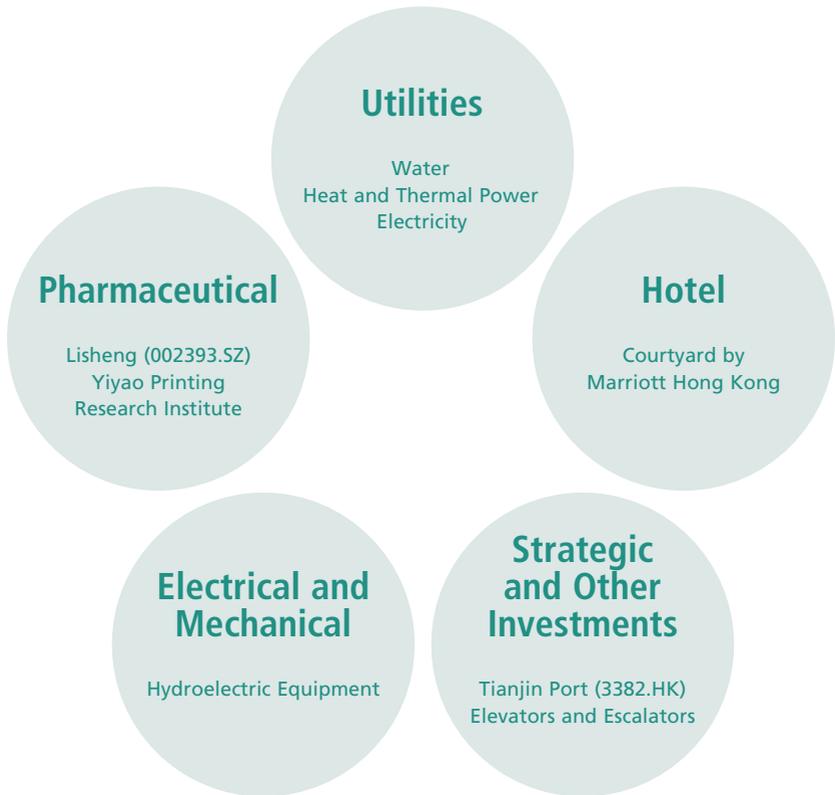
SOLICITOR

Woo Kwan Lee & Lo

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.	34.12%	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. 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	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	1,830,477	1,963,837
Cost of sales		(1,229,454)	(1,380,219)
Gross profit		601,023	583,618
Other income	4	143,851	198,866
Other gains and losses, net	5	(9,751)	(118,162)
Selling and distribution expenses		(235,093)	(231,933)
General and administrative expenses		(199,552)	(198,828)
Other operating expenses		(87,387)	(90,016)
Finance costs		(44,543)	(25,675)
Share of net profit of associates and joint venture accounted for using the equity method		348,173	294,269
Profit before tax		516,721	412,139
Tax expense	6	(34,408)	(40,195)
Profit for the period	7	482,313	371,944
Attributable to:			
Owners of the Company		371,509	272,476
Non-controlling interests		110,804	99,468
		482,313	371,944
Earnings per share	8	HK cents	HK cents
Basic		34.63	25.40
Diluted		34.63	25.40

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	482,313	371,944
Other comprehensive income (expense)		
<i>Items that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income	342,800	(400,033)
Deferred taxation on fair value change of equity instruments at fair value through other comprehensive income	(52,205)	60,344
Share of other comprehensive income (expense) of investments accounted for using the equity method – fair value through other comprehensive income reserve, net of tax	1,988	(6,587)
Currency translation differences		
– the Group	(322,100)	(450,065)
– investments accounted for using the equity method	(199,673)	(288,804)
Other comprehensive expense for the period	(229,190)	(1,085,145)
Total comprehensive income (expense) for the period	253,123	(713,201)
Attributable to:		
Owners of the Company	110,977	(385,416)
Non-controlling interests	142,146	(327,785)
	253,123	(713,201)

Condensed Consolidated Statement of Financial Position

		30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	10	2,136,190	2,264,579
Land use rights	10	480,148	490,418
Investment properties	10	211,713	218,589
Investments accounted for using the equity method	11	6,859,111	6,743,298
Intangible assets		810	1,081
Finance lease receivables		14,656	127,248
Deposits paid for acquisition of property, plant and equipment		3,584	2,572
Deferred tax assets		74,374	80,845
Equity instruments at fair value through other comprehensive income	12	1,578,552	1,281,781
		11,359,138	11,210,411
Current assets			
Inventories		336,348	340,265
Amounts due from investments accounted for using the equity method		12,847	13,425
Amount due from ultimate holding company		1,438	1,131
Amounts due from related companies		62,414	62,879
Contract assets		142,147	114,250
Finance lease receivables		107,825	–
Trade receivables	13	1,488,500	1,371,974
Other receivables, deposits and prepayments	13	1,085,590	192,012
Financial assets at fair value through profit or loss	14	356,221	487,559
Structured deposits	15	54,230	–
Entrusted deposits	16	1,083,099	1,133,865
Restricted bank balances		473,867	178,853
Time deposits with maturity over three months		2,504,392	2,498,153
Cash and cash equivalents		2,466,965	3,661,450
		10,175,883	10,055,816
Total assets		21,535,021	21,266,227

Condensed Consolidated Statement of Financial Position

		30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
	Notes		
EQUITY			
Owners of the Company			
Share capital		5,136,285	5,136,285
Reserves		6,933,581	6,879,701
		12,069,866	12,015,986
Non-controlling interests		4,528,974	4,413,294
Total equity		16,598,840	16,429,280
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,556	10,257
Bank borrowings	17	1,708,186	1,564,639
Deferred tax liabilities		200,537	158,992
		1,914,279	1,733,888
Current liabilities			
Trade payables	18	799,431	842,894
Other payables and accruals		1,241,837	1,221,556
Amounts due to related companies		178,610	204,814
Contract liabilities		618,016	742,573
Lease liabilities		8,847	8,319
Bank borrowings	17	100,000	–
Current tax liabilities		75,161	82,903
		3,021,902	3,103,059
Total liabilities		4,936,181	4,836,947
Total equity and liabilities		21,535,021	21,266,227
Net current assets		7,153,981	6,952,757
Total assets less current liabilities		18,513,119	18,163,168

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 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 9)	-	-	(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
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 reserves	-	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

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities	(960,310)	295,748
Net cash (used in) from investing activities	(332,296)	562,203
Net cash from (used in) financing activities	147,367	(98,441)
Net (decrease) increase in cash and cash equivalents	(1,145,239)	759,510
Cash and cash equivalents at 1 January	3,661,450	3,998,814
Effect of foreign exchange rate changes	(49,246)	(163,762)
Cash and cash equivalents at 30 June	2,466,965	4,594,562

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

The financial information relating to the year ended 31 December 2022 that is included in 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 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs

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

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

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

(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 by the type of goods and services

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 pharmaceutical products	-	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)

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

For the six months ended 30 June 2022 (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	154,356	-	-	-	154,356
Heat and thermal power	800,347	-	-	-	800,347
	954,703	-	-	-	954,703
Pharmaceutical					
Manufacture and sales of pharmaceutical products	-	737,037	-	-	737,037
Design, manufacture and printing for pharmaceutical packaging	-	82,404	-	-	82,404
	-	819,441	-	-	819,441
Hotel					
	-	-	40,337	-	40,337
Electrical and mechanical					
Manufacture and sales of hydroelectric equipment and large scale pump units	-	-	-	149,356	149,356
	954,703	819,441	40,337	149,356	1,963,837
Timing of revenue recognition					
A point in time	954,703	819,441	-	-	1,774,144
Over time	-	-	40,337	149,356	189,693
	954,703	819,441	40,337	149,356	1,963,837

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results

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)

Segment revenue and results (continued)

For the six months ended 30 June 2022 (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	954,703	819,441	40,337	149,356	–	–	1,963,837
Operating profit before interest	13,327	40,721	3,246	9,878	–	–	67,172
Interest income	22,664	74,107	–	1,788	–	–	98,559
Finance costs	–	(537)	–	(7,047)	–	–	(7,584)
Share of net profit (loss) of associates and joint venture accounted for using the equity method	47,902	(26,682)	–	–	60,614	213,687	295,521
Profit before tax	83,893	87,609	3,246	4,619	60,614	213,687	453,668
Tax credit (expense)	1,214	(29,149)	–	510	–	–	(27,425)
Segment results							
– profit for the period	85,107	58,460	3,246	5,129	60,614	213,687	426,243
Non-controlling interests	(3,319)	(48,505)	–	(886)	–	(36,882)	(89,592)
Profit attributable to owners of the Company	81,788	9,955	3,246	4,243	60,614	176,805	336,651
Segment results							
– profit for the period includes:							
Depreciation and amortisation	23,562	42,063	7,585	14,161	–	–	87,371

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

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

notes:

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

The above revenue included government supplemental income of HK\$225,469,000 (six months ended 30 June 2022: HK\$275,654,000) which will be finalised by the relevant bureau of TEDA from time to time. While the recognition of the government supplemental income represents the best estimate of the Group's entitlement after taking all relevant factors into account, it may be different from the actual amount and subsequent adjustment may be necessary.

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

Notes to the Condensed Consolidated Financial Statements

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	121,454	162,597
Government grants	1,309	1,609
Rental income, net of negligible outgoings	5,676	2,000
Sales of scrap materials	591	1,093
Dividend income from equity instruments at fair value through other comprehensive income	6,769	5,023
Finance lease interest income	3,151	5,055
Sundries	4,901	21,489
	143,851	198,866

5. OTHER GAINS AND LOSSES, NET

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

Notes to the Condensed Consolidated Financial Statements

6. TAX EXPENSE

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

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

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

7. PROFIT FOR THE PERIOD

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

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:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Earnings	(unaudited)	(unaudited)
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	371,509	272,476
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

The computation of the above diluted earnings per share does not assume (i) the issuance of unvested restricted shares granted by Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) (“**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 the six months ended 30 June 2023; and (ii) the exercise of the share options issued by an investment accounted for using the equity method of the Group because the exercise price of those share options were higher than the average market price of the shares of an investment accounted for using the equity method of the Group for both interim periods.

Notes to the Condensed Consolidated Financial Statements

9. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
– 2022 final dividend, paid –		
HK5.50 cents per ordinary share		
(2021: HK5.50 cents per ordinary share)	59,002	59,002

Subsequent to the end of the reporting period, the board of directors (the “**Board**”) has declared an interim dividend of HK3.45 cents per ordinary share (six months ended 30 June 2022: HK3.45 cents per ordinary share), amounting to approximately HK\$37,011,000 (six months ended 30 June 2022: HK\$37,011,000) in total, to the shareholders of the Company whose names appear on the Company’s register of members on 29 September 2023.

10. 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\$54,068,000 (six months ended 30 June 2022: HK\$108,126,000) 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 2022: Nil).

During the six months ended 30 June 2022, certain properties in Tianjin with an aggregate carrying amount of HK36,786,000 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. There was no such transfer during the six months ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INVESTMENT PROPERTIES *(continued)*

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 the current interim period (six months ended 30 June 2022: Nil).

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
The Group's interests in associates and joint venture		
– Listed shares in Hong Kong		
– Tianjin Port	3,590,934	3,609,172
– Unlisted shares in the PRC		
– Otis China	1,183,771	980,014
– Research Institute	667,851	722,280
– TEDA Power	1,335,777	1,350,016
– Others	80,778	81,816
	6,859,111	6,743,298
Market value of listed shares		
– Tianjin Port	698,317	737,113

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

Notes to the Condensed Consolidated Financial Statements

12. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

notes:

- (i) The listed securities mainly represent the Group's 4.07% (31 December 2022: 4.07%) equity interest in Binhai Investment Company Limited ("**Binhai Investment**") which is listed on the Main Board of the Stock Exchange.

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

- (ii) The unlisted equity securities mainly represented the Group's investment in 12.15% (31 December 2022: 12.15%) equity interest in Tasly Holding Group Co., Ltd. (天士力控股集團有限公司) ("**Tasly Holding**"). Tasly Holding is a conglomerate in the PRC and is mainly holding Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司), which is listed on the Shanghai Stock Exchange and is principally engaged in research and development, manufacturing and distribution of pharmaceutical products in the PRC.

Other unlisted equity securities are principally equity instruments in certain entities established and operated in the PRC. They are mainly denominated in Renminbi. The unlisted equity instruments are measured at fair value through other comprehensive income and details of fair value measurements are disclosed in Note 20.

Notes to the Condensed Consolidated Financial Statements

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade receivables			
Trade receivables – exposure at default	(i)	1,271,145	1,105,951
Trade receivables – gross		1,271,145	1,105,951
Less: allowance for credit losses		(136,639)	(127,788)
Trade receivables – net		1,134,506	978,163
Trade receivables backed by notes		353,994	393,811
	(ii)	1,488,500	1,371,974
Other receivables, deposits and prepayments	(iii)	1,085,590	192,012

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.

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 total trade receivables (net of allowance) is as follows:

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

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Investments held for trading:		
Listed shares in Hong Kong	8,377	6,830
Listed shares in the PRC	–	12,015
Listed funds in the PRC	23,118	23,903
Unlisted funds in the PRC	197,648	113,523
Unlisted trust funds in the PRC	127,078	331,288
	356,221	487,559

During the current interim period, the Group had net cash inflow from investments held for trading of HK\$150,249,000 (six months ended 30 June 2022: net cash outflow of HK\$92,422,000).

Notes to the Condensed Consolidated Financial Statements

15. STRUCTURED DEPOSITS

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

16. ENTRUSTED DEPOSITS

As at 30 June 2023, the entrusted deposits were placed with three financial institutions (31 December 2022: three financial institutions) in the PRC, with maturity from 7 to 23 months (31 December 2022: 1 to 6 months) after the end of the reporting period. The deposits carry the expected rates of return ranging from 6.0% to 7.3% (31 December 2022: 6.0% to 7.3%) per annum.

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

17. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings of HK\$250,000,000 (six months ended 30 June 2022: Nil) and no repayment of bank borrowings (six months ended 30 June 2022: Nil).

At the end of the reporting period, the bank borrowings carry effective interest rate at 5.04% to 5.16% (31 December 2022: 3.77%) 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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Within 30 days	71,758	293,849
31 to 90 days	88,613	218,562
91 to 180 days	465,298	131,051
Over 180 days	173,762	199,432
	799,431	842,894

19. CAPITAL COMMITMENTS

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Contracted but not provided for in respect of additions to property, plant and equipment	89,437	104,684

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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)				
Equity instruments at fair value through other comprehensive income						
– listed equity securities	116,344	105,322	Level 1	Quoted bid price in active markets	N/A	N/A
– unlisted equity securities – a private company in the PRC	1,338,889	1,072,316	Level 3	Dividend yield model which uses expected maintainable dividend income and market dividend yield	Dividend yield of 1.29% (31 December 2022: 1.33%) (note (i))	An increase in the dividend yield would result in a decrease in fair value, and vice versa
– other unlisted equity securities	123,319	104,143	Level 3	Market approach which uses enterprise multiples of comparable companies and a marketability discount	Marketability discount of 4.0% – 9.5% (31 December 2022: 10.0% – 18.5%) (note (ii))	An increase in the marketability discount would result in a decrease in fair value, and vice versa
	1,578,552	1,281,781				

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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)				
Financial assets at fair value through profit or loss						
- listed equity securities	8,377	18,845	Level 1	Quoted bid price in active markets	N/A	N/A
- listed funds	23,118	23,903	Level 1	Quoted bid price in active markets	N/A	N/A
- unlisted funds	197,648	113,523	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	127,078	331,288	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	54,230	-	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets	N/A	N/A
- entrusted deposits	1,083,099	1,133,865	Level 2	Redemption value quoted by financial institutions with reference to the expected return of the underlying assets	N/A	N/A
	1,493,550	1,621,424				

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 2023, a 1% increase in the dividend yield holding all other variables constant would decrease the carrying amount of the unlisted equity securities by HK\$13,256,000 (31 December 2022: HK\$10,728,000) 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\$13,524,000 (31 December 2022: HK\$10,945,000).
- (ii) As at 30 June 2023, 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\$342,000 (31 December 2022: HK\$574,000).

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity securities HK\$'000
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
At 1 January 2023	1,176,459
Addition	5,656
Fair value change recognised in other comprehensive income	330,970
Exchange differences	(50,877)
At 30 June 2023	1,462,208

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.

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

21. RELATED PARTY DISCLOSURES

The Group is controlled by Tsinlien Group Company Limited (“**Tsinlien**”), which owns approximately 62.81% (31 December 2022: approximately 62.81%) of the Company’s shares as at 30 June 2023. The remaining approximately 37.19% (31 December 2022: 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 both interim periods, 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	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term lease expenses for plant, pipelines and networks	12,246	13,073
Purchase of goods	5,939	12,262
Provision of services	2,568	6,378
Purchase of steam and thermal power	612,001	717,262
Sales of goods	78,263	79,404

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.

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	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees	–	–
Salaries, share-based payment expense and other emoluments	2,710	2,523
Retirement benefits scheme contribution	18	18
	2,728	2,541

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.

Notes to the Condensed Consolidated Financial Statements

22. 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. The counterclaim has been accepted by the Court and is pending hearing as at the date of these condensed consolidated financial statements were authorised for issue by the board of directors of the Company.

The directors of the Company, based on legal advice, considered that it is premature to conclude the likely outcome of the legal proceeding while the outflow of economic resources for the legal proceeding is not probable at this stage.

Notes to the Condensed Consolidated Financial Statements

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (a) On 10 August 2023, Lisheng Pharmaceutical entered into a main compensation agreement and supplemental compensation agreement (collectively the “**Compensation Agreements**”) with Tianjin Chengda Housing Demolition Co., Ltd. (天津市城達房屋拆遷有限公司) (“**Tianjin Chengda Housing**”), pursuant to which Lisheng Pharmaceutical agreed to surrender, and Tianjin Chengda Housing agreed to resume the parcels of land and buildings for industrial use which are located at No. 491, Huanghe Road, Nankai District, Tianjin, the PRC (“**Properties**”) and a compensation of RMB247,900,000 (equivalent to approximately HK\$269,456,522) shall be payable by Tianjin Chengda Housing to Lisheng Pharmaceutical. The resumption of Properties is not yet completed as at the date of these condensed consolidated financial statements were authorised for issue by the board of directors of the Company. The Properties are classified as property, plant and equipment and the Group is expected to record a gain on disposal of property, plant and equipment upon the completion of resumption of Properties.
- (b) On 28 August 2023, Lisheng Pharmaceutical has commenced the public listing-for-sale process to dispose all of its 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司) which is accounted for as equity instruments at fair value through other comprehensive income 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 RMB87,823,860 (equivalent to approximately HK\$95,460,717). The final consideration for the Potential Disposal will depend on the final bid price to be offered by the successful bidder in the public listing-for-sale process. Lisheng Pharmaceutical will enter into a formal agreement with the successful bidder following completion of the public listing-for-sale process.

Management Discussion and Analysis

BUSINESS REVIEW

Utilities

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

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

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. (天津泰達津聯自來水有限公司) ("**Water Company**") is principally engaged in supply of tap water in TEDA. It is also engaged in installation and maintenance of water pipes, technical consultancy, retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 325,000 tonnes.

For the six months ended 30 June 2023, revenue from the Water Company was approximately HK\$153 million, broadly maintained at the same level as corresponding period last year. Profit from the Water Company increased from HK\$11.1 million in the six months ended 30 June 2022 to approximately HK\$17.3 million in the six months ended 30 June 2023. The increase in profit was mainly attributable to the tariff improvement and the lower of general and administrative expenses during the period. The total quantity of water sold for the period was approximately 22,714,000 tonnes, a decline of 1.4% over the same period last year.

Heat and Thermal Power

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

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\$703.3 million, a decrease of 12.1% from HK\$800.3 million in the corresponding period last year. Profit from the Heat & Power Company decreased 33% to approximately HK\$17.5 million from HK\$26.1 million in the same period last year. The decline in both revenue and profit was primarily due to the decrease in government supplemental income by HK\$50.2 million and lower of volumes of steam sold. Such side effect on profit was partly offset by the lower of general and administrative expenses during the period. The total quantity of steam sold for the period was approximately 2,003,000 tonnes, a decrease of 4.7% over the same period last year.

Electricity

As at 30 June 2023, the Group has 47.09% equity interest in Tianjin TEDA Electric Power Co., Ltd. (天津泰達電力有限公司) (“**TEDA Power**”). TEDA Power is principally engaged in supply of electricity in TEDA and also provides services in relation to construction of electricity supply network, application of technology related to new energy and renewable energy, electricity construction and related technical services. Currently, the installed transmission capacity of TEDA Power is approximately 996,000 kVA.

During the period under review, the revenue of TEDA Power decreased by 7.8% to approximately HK\$1,179.4 million and contributed to the Group a profit of approximately HK\$29.4 million, representing a decrease of HK\$18.5 million over the same period last year.

Pharmaceutical

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

For the six months ended 30 June 2023, the segment revenue was approximately HK\$833.4 million, an increase of 1.7% from HK\$819.4 million in the corresponding period last year. Of the total segment revenue, revenue from sale of pharmaceutical products was approximately HK\$738 million, which maintained at the same level as the corresponding period last year. Revenue from sale of packaging materials amounted to approximately HK\$95.4 million, an increase of 15.8% over the same period last year. Profit from pharmaceutical segment was approximately HK\$79.4 million, representing an increase of 35.7% over the corresponding period last year.

Management Discussion and Analysis

Pharmaceutical (continued)

During the period under review, the revenue of Research Institute decreased by 19.4% to approximately HK\$271.1 million and reported a loss (after non-controlling interests) of approximately HK\$33.5 million, as compared with a loss of HK\$32.4 million in the corresponding period last year. If not taking into account the result of Research Institute, profit from pharmaceutical segment amounted to approximately HK\$112.9 million, an increase of HK\$22 million from HK\$90.9 million in the same period last year on a like-for-like basis. This result was mainly due to higher sales volume in sale of pharmaceutical products and lower operating expenses.

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

On 28 August 2023, Lisheng Pharmaceutical has commenced the public listing-for-sale process to dispose all of its 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司) on the Tianjin Property Rights Exchange Centre (天津產權交易中心) in accordance with the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC (the “**Potential Disposal**”). The initial bidding price for the Potential Disposal is RMB87,823,860 (equivalent to approximately HK\$95,460,717). The final consideration for the Potential Disposal will depend on the final bid price to be offered by the successful bidder in the public listing-for-sale process. Lisheng Pharmaceutical will enter into a formal agreement with the successful bidder following completion of the public listing-for-sale process. As at the date of this announcement, Lisheng Pharmaceutical has not entered into any formal agreement regarding the Potential Disposal. Details of the Potential Disposal was disclosed in the Company’s announcement dated 25 August 2023.

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 2023, revenue from Courtyard Hotel increased by HK\$20.1 million to approximately HK\$60.4 million. Profit was approximately HK\$12.2 million compared to HK\$3.2 million in the same period last year. The average occupancy rate improved to 80.8% from 68.2% of the corresponding period last year, and the average room rate was also elevated.

Electrical and Mechanical

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

For the six months ended 30 June 2023, revenue from electrical and mechanical segment was approximately HK\$80.4 million, a decrease of 46.2% from HK\$149.4 million in the corresponding period last year. Loss from electrical and mechanical segment was approximately HK\$21.8 million in comparison with a profit of HK\$5.1 million in the corresponding period last year. The operating loss was mainly attributable to lower contract works completed in the hydroelectric equipment business as a result of the lower level of activities in hydroelectric industry and higher operating expenses. The Group will continue to take cautious view with the operating performance of hydroelectric equipment business and may consider critically the advantages in its restructuring.

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 12.2% to approximately HK\$6,241.6 million and profit attributable to owners of Tianjin Port was approximately HK\$474.5 million, representing an increase of 65.9% over the same period last year.

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

Elevators and Escalators

During the period under review, the revenue of Otis Elevator (China) Investment Company Limited (奧的斯電梯(中國)投資有限公司) (“**Otis China**”) amounted to approximately HK\$8,913.2 million, representing a decrease of 22.3% over the corresponding period in 2022.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$202.4 million, representing an increase of 14.5% over the same period last year.

Investment in Binhai Investment Company Limited

During the period under review, the Group had 4.07% interest in Binhai Investment Company Limited (“**Binhai Investment**”) (stock code: 2886). As at 30 June 2023, the market value of the Group’s interest in Binhai Investment was approximately HK\$93.1 million (31 December 2022: HK\$86.5 million) and the unrealised fair value gain of approximately HK\$6.6 million was recognised in other comprehensive income.

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 45.57% of its total issued A shares. Tasly Pharmaceutical is principally engaged in the research and development, manufacturing and distribution of pharmaceutical products in the PRC. As at 30 June 2023, the fair value of investment in Tasly Holding was approximately HK\$1,338.9 million (31 December 2022: HK\$1,072.3 million), accounting for approximately 6.2% of the Group’s total assets, and on that date the unrealised fair value gain and exchange differences amounting to approximately HK\$266.6 million has been recognised in other comprehensive income. During the period under review, the Group did not received dividend income from Tasly Holding for the year ended 31 December 2022 (2021: Nil). The holding of 12.15% equity interest in Tasly Holding is not held for trading and not expected to be sold in the foreseeable future.

PROSPECT

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

Management Discussion and Analysis

LIQUIDITY, CAPITAL RESOURCES AND PRINCIPAL RISK

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

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

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

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

As at 30 June 2023, all of the Group's bank borrowings was denominated in Hong Kong dollar (31 December 2022: 100%). The Group's activities expose it to a variety of financial risks. The major financial assets and financial liabilities of the Group include cash and cash equivalents, entrusted deposits, other financial assets and bank borrowings. The Group's financial risk management is aimed at mitigating the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's interest rate, foreign currency and credit risk exposures. The Group regularly reviews its liquidity and financing requirements to ensure that sufficient financial resources are maintained to cover the funding needs.

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

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

During the period under review, the Group had a total of approximately 2,412 employees of which approximately 220 were management personnel and 768 were technical staff, with the balance being production workers.

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

CHARGE ON ASSETS

As at 30 June 2023, restricted bank balances, land use rights and buildings of HK\$473.9 million, HK\$58.9 million and HK\$289.6 million were respectively pledged to financial institutions by the Group to secure general banking facilities.

LITIGATION

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

Other Information

DIRECTORS' INTERESTS

As at 30 June 2023, 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 2023 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 2023, 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. TEDA Industrial is a 85%-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 2023, 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 2023, 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 2023 except for the deviation from code provision F.2.2 of the CG Code, which stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagements, Mr. Wang Gang, the Chairman of the Company, was unable to attend the annual general meeting of the Company held on 21 June 2023. Mr. Teng Fei, executive director and deputy general manager of the Company, took the chair of the annual general meeting pursuant to the articles of association of the Company.

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

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 2023.

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

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 2022 annual report of the Company are as follows:

- (1) Dr. Li Xiaoguang has resigned as deputy general manager of TEDA Industrial and Tsinlien with effect from 29 June 2023 and resigned as executive director of Tianjin Port Development Holdings Limited (Stock Code: 3382) with effect from 29 August 2023.
- (2) Mr. Teng Fei has been appointed as director of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) (Stock Code: 002393.SZ) and executive director of the Tianjin Port Development Holdings Limited (Stock Code: 3382) with effect from 5 May 2023 and 29 August 2023 respectively.
- (3) Mr. Wong Shiu Hoi, Peter has resigned as independent non-executive director of Agile Group Holdings Limited (Stock Code: 3383) with effect from 26 June 2023.
- (4) Mr. Lau Ka Keung has been appointed as the chairman of the remuneration committee of the Company with effect from the conclusion of the annual general meeting held on 21 June 2023.
- (5) Mr. Sin Hendrick has been appointed as the chairman of the investment committee of the Company with effect from the conclusion of the annual general meeting held on 21 June 2023.

CHANGES IN DIRECTORS' INFORMATION *(continued)*

- (6) Mr. Cheung Wing Yui, Edward has retired as non-executive director of the Company with effect from the conclusion of the annual general meeting held on 21 June 2023.
- (7) Dr. Cheng Hon Kwan has retired as independent non-executive director of the Company and ceased to be the chairman and a member of the remuneration committee, a member of each of the audit committee and the nomination committee of Company with effect from the conclusion of the annual general meeting held on 21 June 2023.
- (8) Mr. Mak Kwai Wing, Alexander has retired as independent non-executive director of the Company and ceased to be the chairman and a member of the investment committee, a member of each of the audit committee, the nomination committee and the remuneration committee of the Company with effect from the conclusion of the annual general meeting held on 21 June 2023.
- (9) Dr. Loke Yu has retired as independent non-executive director of the Company and ceased to be a member of the audit committee of Company with effect from the conclusion of the annual general meeting held on 21 June 2023.

REVIEW BY AUDIT COMMITTEE

At the request of the Audit Committee of the Company, the Group's independent auditor has carried out a review of the unaudited condensed consolidated financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed with the management the effectiveness of the Company's risk management (including ESG risks) and internal control systems, auditing and financial reporting matters including the review of unaudited condensed consolidated financial statements for the six months ended 30 June 2023.

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 5 December 2022, the Company entered into a facility letter (the “**2022 Facility Letter**”) with a bank as lender (the “**Bank**”) in respect of a term loan facility of HK\$300 million for a period of 12 months commencing from the date of first drawdown.

According to the 2022 Facility Letter, the Company undertakes that throughout the term of the facility, the Company shall procure that the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People’s Government (“**Tianjin SASAC**”) maintain shareholding ownership directly or indirectly in the Company of more than 50%, or the Company shall under the direct or indirect management control of Tsinlien.

If violation of the relevant undertakings under the 2022 Facility Letter occurs, the Bank may, by notice in writing to the Company (a) declare the facility to be terminated whereupon the facility shall be forthwith cancelled; and (b) declare the liabilities payable under the 2022 Facility Letter to be forthwith due and payable, without presentment, demand, protest or notice of any kind, all of which are expressly waived by the Company, whereupon the same shall become forthwith due payable.

- (ii) 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.

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

- (iii) On 1 February 2023, the Company entered into a facility letter (the “**2023 Facility Letter**”) with a bank as lender (the “**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 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 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.

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 September 2023 (Wednesday) to 29 September 2023 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 26 September 2023 (Tuesday).

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 2023.

By Order of the Board

Wang Gang

Chairman and Executive Director

Hong Kong, 30 August 2023

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 37, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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 2023