



INTERIM REPORT
2012



天津发展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

Stock Code: 882

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Rumin (*Chairman*)
Mr. Wu Xuemin (*General Manager*)
Mr. Dai Yan
Mr. Bai Zhisheng
Mr. Zhang Wenli
Mr. Wang Zhiyong
Dr. Wang Weidong

Non-Executive Directors

Mr. Cheung Wing Yui, Edward
Dr. Chan Ching Har, Eliza

Independent Non-Executive Directors

Dr. Cheng Hon Kwan
Mr. Mak Kwai Wing, Alexander
Ms. Ng Yi Kum, Estella

COMPANY SECRETARY

Mr. Tuen Kong, Simon

AUTHORIZED REPRESENTATIVES

Mr. Wu Xuemin
Mr. Tuen Kong, Simon

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

SOLICITOR

Woo, Kwan, Lee & Lo

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SHARE REGISTRAR AND TRANSFER OFFICE

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Wanchai
Hong Kong

STOCK CODE

882.HK

PRINCIPAL BANKERS

CITIC Bank International Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of
China (Asia) Limited
Hang Seng Bank Limited
Credit Agricole Corporate and
Investment Bank

Business Structure

TIANJIN DEVELOPMENT HOLDINGS LIMITED

Utilities

Electricity
Water
Heat and Thermal Power

Hotels

Courtyard by Marriot Hong Kong
Hotel Property in Tianjin

Strategic and Other Investments

Dynasty Fine Wines (828.HK)
Tianjin Port (3382.HK)
Presses
Elevators and Escalators

Business Structure

UTILITIES

Company Name	Shareholding	Principal Activities
Tianjin TEDA Tsinlien Electric Power Co., Ltd.	94.36%	Distribution of electricity in TEDA
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

HOTELS

Company Name	Shareholding	Principal Activities
Tsinlien Realty Limited	100%	Operation of Courtyard by Marriott Hong Kong
Tianjin First Hotel Ltd.	75%	Possession of hotel property in Tianjin

STRATEGIC AND OTHER INVESTMENTS

Company Name	Shareholding	Principal Activities
Dynasty Fine Wines Group Limited	44.70%	Produce and sale of winery products
Tianjin Port Development Holdings Limited	21%	Provision of port services in Tianjin
Tianjin Tianduan Press Co., Ltd.	18.06%	Manufacture and sale of presses and mechanical equipments
Otis Elevator (China) Investment Company Limited	16.55%	Manufacture and sale of elevators and escalators

note: The above percentages represent effective equity interest in respective companies or group of companies.

Condensed Consolidated Income Statement

	Notes	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Revenue	4	1,918,506	1,703,808
Cost of sales		(1,779,445)	(1,596,332)
Gross profit		139,061	107,476
Other income	5	80,179	47,400
Other gains, net	6	54,869	23,991
General and administrative expenses		(215,341)	(194,217)
Other operating expenses		(28,566)	(16,140)
Finance costs		(31,432)	(11,168)
Share of profit (loss) of			
Associates		265,230	349,922
Jointly controlled entities		193	(1,654)
Profit before tax		264,193	305,610
Tax expense	7	(37,401)	(48,063)
Profit for the period	8	226,792	257,547
Attributable to:			
Owners of the Company		200,860	219,181
Non-controlling interests		25,932	38,366
		226,792	257,547
Earnings per share	9	HK cents	HK cents
Basic		18.82	20.53
Diluted		18.79	20.52

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Profit for the period		226,792	257,547
Other comprehensive (loss) income:			
Currency translation differences			
— Group		(28,839)	96,726
— associates		(11,858)	85,462
— jointly controlled entities		(82)	378
Change in fair value of available-for-sale financial assets	13(a)	4,962	(34,733)
Share of other comprehensive gain (loss) of an associate			
— available-for-sale revaluation reserve		2,771	(2,324)
Total comprehensive income for the period		193,746	403,056
Attributable to:			
Owners of the Company		170,803	351,775
Non-controlling interests		22,943	51,281
		193,746	403,056

Condensed Consolidated Balance Sheet

		30 June 2012	31 December 2011
		HK\$'000	HK\$'000
	Notes	(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,772,157	1,685,553
Land use rights		273,294	278,151
Investment properties	11	195,328	134,335
Interest in associates	12	5,466,695	5,239,421
Interest in jointly controlled entities		16,770	16,660
Deferred tax assets		99,876	100,051
Available-for-sale financial assets	13	213,483	208,595
Deposit paid for acquisition of property, plant and equipment		5,767	57,429
		8,043,370	7,720,195
Current assets			
Inventories		2,420	3,178
Amounts due from jointly controlled entities		14,508	14,580
Amount due from ultimate holding company		1,249	1,198
Amounts due from related companies		16,588	15,740
Trade receivables	14	569,842	593,999
Other receivables, deposits and prepayments	14	289,019	305,246
Available-for-sale financial assets	13	—	36,991
Financial assets at fair value through profit or loss	15	69,689	338,708
Entrusted deposits	16	1,873,431	1,638,768
Restricted bank balance		7,730	3,083
Time deposits with maturity over three months		684,565	809,174
Cash and cash equivalents		3,102,668	2,950,873
		6,631,709	6,711,538
Total assets		14,675,079	14,431,733

Condensed Consolidated Balance Sheet

		30 June 2012	31 December 2011
	Notes	HK\$'000	HK\$'000
		(unaudited)	(audited)
EQUITY			
Owners of the Company			
Share capital		106,747	106,747
Reserves		9,653,091	9,482,322
		9,759,838	9,589,069
Non-controlling interests		615,879	592,936
Total equity		10,375,717	10,182,005
LIABILITIES			
Non-current liabilities			
Bank borrowings	17	1,990,500	1,987,500
Deferred tax liabilities		81,991	76,056
		2,072,491	2,063,556
Current liabilities			
Trade payables	18	449,168	379,035
Notes payable		25,767	9,458
Other payables and accruals		984,164	1,069,121
Amounts due to related companies		215,685	194,836
Amounts due to non-controlling interests		97,771	97,489
Bank borrowings	17	397,545	362,514
Current tax liabilities		56,771	73,719
		2,226,871	2,186,172
Total liabilities		4,299,362	4,249,728
Total equity and liabilities		14,675,079	14,431,733
Net current assets		4,404,838	4,525,366
Total assets less current liabilities		12,448,208	12,245,561

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Owners of the Company				Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000		
At 1 January 2012 (audited)	106,747	7,322,980	2,159,342	9,589,069	592,936	10,182,005
Profit for the period	—	—	200,860	200,860	25,932	226,792
Other comprehensive (loss) income:						
Currency translation differences						
— Group	—	(25,850)	—	(25,850)	(2,989)	(28,839)
— associates	—	(11,858)	—	(11,858)	—	(11,858)
— jointly controlled entities	—	(82)	—	(82)	—	(82)
Change in fair value of available-for-sale financial assets	—	4,962	—	4,962	—	4,962
Share of other comprehensive gain of an associate						
— available-for-sale revaluation reserve	—	2,771	—	2,771	—	2,771
Total comprehensive (loss) income for the period	—	(30,057)	200,860	170,803	22,943	193,746
Share-based payment by an associate	—	(34)	—	(34)	—	(34)
Transfer between reserves	—	5,139	(5,139)	—	—	—
Transfer upon lapse of share options	—	(4,986)	4,986	—	—	—
	—	119	(153)	(34)	—	(34)
At 30 June 2012 (unaudited)	106,747	7,293,042	2,360,049	9,759,838	615,879	10,375,717

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Owners of the Company				Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000		
At 1 January 2011 (audited)	106,747	7,007,988	1,766,521	8,881,256	525,477	9,406,733
Profit for the period	—	—	219,181	219,181	38,366	257,547
Other comprehensive income (loss):						
Currency translation differences						
— Group	—	83,811	—	83,811	12,915	96,726
— associates	—	85,462	—	85,462	—	85,462
— jointly controlled entities	—	378	—	378	—	378
Change in fair value of available-for-sale financial assets	—	(34,733)	—	(34,733)	—	(34,733)
Share of other comprehensive loss of an associate						
— available-for-sale revaluation reserve	—	(2,324)	—	(2,324)	—	(2,324)
Total comprehensive income for the period	—	132,594	219,181	351,775	51,281	403,056
Capital contributions from non-controlling interests	—	—	—	—	20,929	20,929
Share-based payment by associates	—	66	—	66	—	66
Transfer between reserves	—	3,984	(3,984)	—	—	—
Transfer upon lapse of share options	—	(3,078)	3,078	—	—	—
	—	972	(906)	66	20,929	20,995
At 30 June 2011 (unaudited)	106,747	7,141,554	1,984,796	9,233,097	597,687	9,830,784

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	177,681	310,662
Net cash used in investing activities	(54,566)	(303,988)
Net cash from (used in) financing activities	36,901	(96,581)
Net increase (decrease) in cash and cash equivalents	160,016	(89,907)
Cash and cash equivalents at 1 January	2,950,873	2,523,326
Effect of foreign exchange rate changes	(8,221)	64,727
Cash and cash equivalents at 30 June	3,102,668	2,498,146

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“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”).

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011 except that in the current period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current period.

The Group has applied the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current period. Under the amendments to HKAS 12, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purpose of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group’s investment property portfolios and concluded that the presumption set out in the amendments to HKAS 12 is rebutted because the criteria to rebut set out in the amendments to HKAS 12 were considered satisfied. Accordingly, the application of the amendments has had no material effect on the amounts reported in these condensed consolidated financial statements and the entire carrying amount of the investment properties continue to be recovered through use.

The application of other amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

3. CRITICAL ACCOUNTING JUDGEMENT

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Other than those disclosed in the annual financial statements for the year ended 31 December 2011, the judgement and the key source of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognized in the condensed consolidated financial statements are discussed below:

On 2 March 2011, the Group was informed by the Finance Bureau of Tianjin Economic and Technological Development Area (the "TEDA Finance Bureau") that the basis of calculating the supplemental income to be granted by the TEDA Finance Bureau to the utility businesses of the Group would be a lump sum to be negotiated between the Group and the TEDA Finance Bureau on an annual basis effective from the year of 2010. As the amount of such supplemental income will only be agreed and known after the end of the financial year, for the purpose of these condensed consolidated financial statements, the Group, after discussion with the TEDA Finance Bureau, has accrued an amount of such supplemental income for the six months ended 30 June 2012 ("Interim Accrual") based on management's assessment of the current governmental, fiscal and economic policies in the Tianjin Economic and Technological Development Area ("TEDA") and with reference to the Group's operating results in this segment. While the directors are of the opinion that the Interim Accrual is reasonable and the best estimate of the Group's entitlement having been taking all relevant factors into account, it may be different from the actual amount that will be finally determined and agreed with the TEDA Finance Bureau and subsequent adjustment may be necessary.

Notes to the Condensed Consolidated Financial Statements

4. 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 chief operating decision-makers assess the performance of the operating segments based on a measure of profit after tax.

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

(a) Utilities

This segment derives revenue from distribution of electricity, water, heat and thermal power to industrial, commercial and residential customers in TEDA, the People's Republic of China ("PRC").

(b) Hotels

This segment derives revenue from operation of hotels in Hong Kong and Tianjin.

(c) Winery

The result of this segment is contributed by a listed associate of the Group, Dynasty Fine Wines Group Limited ("Dynasty"), which produces and sells winery products.

(d) Port services

The result of this segment is contributed by a listed associate of the Group, Tianjin Port Development Holdings Limited ("Tianjin Port"), which provides port services in Tianjin.

(e) Elevators and escalators

The result of this segment is contributed by an associate of the Group, Otis Elevator (China) Investment Company Limited ("Otis China"), which manufactures and sells elevators and escalators.

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION *(Continued)*

	For the six months ended 30 June 2012					Total HK\$'000
	Utilities (note (i))	Hotels	Winery	Port services	Elevators and escalators	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue	1,863,450	55,056	—	—	—	1,918,506
Operating profit (loss) before interest	381	(360)	—	—	—	21
Interest income	17,220	9	—	—	—	17,229
Finance costs	(14,294)	—	—	—	—	(14,294)
Share of (loss) profit of associates	—	—	(2,100)	77,899	181,583	257,382
Profit (loss) before tax	3,307	(351)	(2,100)	77,899	181,583	260,338
Tax (expense) credit	(23,117)	—	—	—	—	(23,117)
Segment results						
— (loss) profit for the period	(19,810)	(351)	(2,100)	77,899	181,583	237,221
Non-controlling interests	1,716	3,552	—	—	(31,341)	(26,073)
(Loss) profit attributable to owners of the Company	(18,094)	3,201	(2,100)	77,899	150,242	211,148
Segment results — (loss) profit for the period includes:						
Depreciation and amortization	32,131	14,403	—	—	—	46,534

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION *(Continued)*

	For the six months ended 30 June 2011					
	Utilities (note (i)) HK\$'000	Hotels HK\$'000	Winery HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	1,652,456	51,352	—	—	—	1,703,808
Operating profit (loss) before interest	14,923	(3,860)	—	—	—	11,063
Interest income	9,755	—	—	—	—	9,755
Finance costs	(4,430)	—	—	—	—	(4,430)
Share of profit of associates	—	—	23,535	77,798	244,666	345,999
Profit (loss) before tax	20,248	(3,860)	23,535	77,798	244,666	362,387
Tax expense	(8,936)	(35,000)	—	—	—	(43,936)
Segment results						
— profit (loss) for the period	11,312	(38,860)	23,535	77,798	244,666	318,451
Non-controlling interests	(677)	3,385	—	—	(42,229)	(39,521)
Profit (loss) attributable to owners of the Company	10,635	(35,475)	23,535	77,798	202,437	278,930
Segment results — profit (loss) for the period includes:						
Depreciation and amortization	33,830	14,821	—	—	—	48,651

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION *(Continued)*

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Reconciliation of profit for the period		
Total reportable segments	237,221	318,451
Corporate and others (note (ii))	(10,429)	(60,904)
Profit for the period	226,792	257,547

notes:

- (i) The revenue in this segment was contributed by supply of electricity, water, and heat and thermal power in the amount of approximately HK\$1,127,900,000, HK\$164,600,000 and HK\$570,900,000 respectively (30 June 2011: approximately HK\$993,800,000, HK\$170,400,000 and HK\$488,300,000 respectively).

The above revenue included accrued supplemental income (i.e. the Interim Accrual) of approximately HK\$109,823,000 (30 June 2011: approximately HK\$131,088,000).

- (ii) These principally include (a) results of the Group's other businesses which are not categorized 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

5. OTHER INCOME

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Interest income	67,554	41,399
Rental income under operating leases net of negligible outgoings	11,039	2,761
Sundries	1,586	3,240
	80,179	47,400

6. OTHER GAINS, NET

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Gain on change in fair value of investment properties	25,228	—
Net gain on disposal of available-for-sale financial assets	4,703	—
Net exchange gain	9,309	19,262
Net (loss) gain on disposal of property, plant and equipment	(23)	124
Net gain (loss) on financial assets held for trading		
— listed	3,309	(4,523)
— unlisted	12,343	12,009
Others	—	(2,881)
	54,869	23,991

Notes to the Condensed Consolidated Financial Statements

7. TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	31,094	13,063
Deferred tax	6,307	35,000
	37,401	48,063

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong during the current period (30 June 2011: Nil).

The Group's PRC subsidiaries are subject to PRC EIT at 25%. Certain subsidiaries in the utilities segment were subject to a preferential income tax rate in prior period, the tax rate has been increased to 25% in 2012.

The deferred tax charge for the six months ended 30 June 2011 was mainly attributable to a reversal of a deferred tax asset relating to tax losses that were recognized in prior years. As a result of revised operating budgets, certain tax losses were no longer expected to be utilized in the foreseeable future and accordingly, the related deferred tax asset was reversed during the six months ended 30 June 2011.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Profit for the period is arrived at after charging:		
Employee benefit expense (including directors' emoluments)	179,099	159,259
Purchase of electricity, water and steam for sale	1,569,791	1,381,998
Depreciation	48,268	47,113
Amortization of land use rights	3,500	3,537
Allowance for impairment of trade receivables	9,995	6,097
Operating lease expense on		
– plants, pipelines and networks	76,458	73,075
– land and buildings	3,594	3,195

Notes to the Condensed Consolidated Financial Statements

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company and the number of shares in issue as follows:

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Profit attributable to owners of the Company for purpose of basic and diluted earnings per share	200,860	219,181
Number of shares	Thousand	Thousand
Number of ordinary shares for purpose of basic earnings per share	1,067,470	1,067,470
Effect of dilutive potential ordinary shares: Options	1,386	445
Number of ordinary shares taking into account of share options for purpose of diluted earnings per share	1,068,856	1,067,915

10. DIVIDENDS

The board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (30 June 2011: Nil).

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

During the current period, the Group acquired property, plant and equipment of approximately HK\$141,578,000 (30 June 2011: approximately HK\$138,539,000) for the purpose of expanding the Group's business. In addition, investment properties with an aggregate carrying value of approximately HK\$36,424,000 were transferred from other receivables as the Group obtained the building certificates during the current period.

The fair value of the Group's investment properties as at the end of the current period were determined by the directors with reference to the market evidence of transaction price for similar properties in the same location and condition. The increase in fair value of investment properties of approximately HK\$25,228,000 has been recognized directly in the condensed consolidated income statement for the six months ended 30 June 2012 (30 June 2011: Nil).

Notes to the Condensed Consolidated Financial Statements

12. INTEREST IN ASSOCIATES

	30 June	31 December
	2012	2011
	HK\$'000	HK\$'000
Group's interest in associates		
– Listed shares in Hong Kong		
– Dynasty	895,947	901,151
– Tianjin Port	3,269,005	3,220,005
– Unlisted shares in Tianjin Tianduan Press Co. Ltd.	171,696	169,158
– Unlisted shares in Otis China	982,971	805,788
– Other unlisted shares	147,076	143,319
	5,466,695	5,239,421
Market value of listed shares		
– Dynasty	708,660	998,722
– Tianjin Port	1,163,862	1,319,044

Interest in associates at the end of the reporting period included goodwill of approximately HK\$1,136,300,000 (31 December 2011: approximately HK\$1,137,888,000).

Notes to the Condensed Consolidated Financial Statements

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	notes	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Equity securities			
Listed, at market value	(a)	198,475	193,513
Unlisted	(b)	15,008	52,073
		213,483	245,586
Disclosure			
Current assets		—	36,991
Non-current assets		213,483	208,595
		213,483	245,586

notes:

- (a) The listed securities represent the Group's 8.28% equity interest in Binhai Investment Company Limited ("Binhai Investments") which is listed on the Growth Enterprise Market of the Stock Exchange.

As at 30 June 2012, the market value of the Group's equity interest in Binhai Investment was approximately HK\$198,475,000 (31 December 2011: approximately HK\$193,513,000) and the unrealized fair value gain of approximately HK\$4,962,000 (30 June 2011: loss of approximately HK\$34,733,000) was recognized in other comprehensive income.

- (b) As at 30 June 2012, the unlisted available-for-sale financial assets are principally equity investments in certain entities established and operating in the PRC. They are mainly denominated in Renminbi.

Notes to the Condensed Consolidated Financial Statements

14. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2012	2011
	HK\$'000	HK\$'000
Trade receivables — gross (note (i))	718,935	733,807
Less: allowance for impairment	(149,093)	(139,808)
Trade receivables — net (note (ii))	569,842	593,999
Other receivables, deposits and prepayments		
Consideration receivable for disposal of Jinzheng (note (iii))	122,699	123,305
Other receivables, deposits and prepayments	166,320	181,941
	289,019	305,246

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 30 to 180 days are granted to corporate customers of the Group's hotel business. No credit terms are granted to customers in the utilities segment.

As at 30 June 2012, the supplemental income receivable from the TEDA Finance Bureau was approximately HK\$117,775,000 which included the accrued supplemental income as referred to in Note 4(i) (31 December 2011: approximately HK\$257,281,000). Annual supplemental income receivable does not have credit terms and the amount is to be finalized by the TEDA Finance Bureau after the end of each financial year. Continuous settlements have been received by the Group in the past years.

Notes to the Condensed Consolidated Financial Statements

14. TRADE AND OTHER RECEIVABLES (Continued)

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Within 30 days	496,241	411,525
31 to 90 days	34,119	20,082
91 to 180 days	16,016	26,082
Over 180 days	23,466	136,310
	569,842	593,999

(iii) The amount represents the consideration receivable from the disposal of 83.9308% equity interest in Tianjin Jinzheng Transportation Development Company Limited ("Jinzheng") and it is expected to be settled by the end of 2012.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Investment held for trading		
Listed shares in Hong Kong	5,359	5,359
Listed shares in the PRC	40,745	56,234
Unlisted funds in the PRC	17,941	277,115
Others	5,644	—
	69,689	338,708

During the current period, the Group had net cash inflow from investments held for trading of approximately HK\$283,692,000 (30 June 2011: HK\$33,075,000).

Notes to the Condensed Consolidated Financial Statements

16. ENTRUSTED DEPOSITS

For the period ended 30 June 2012, the Group placed in, and withdrew from, two PRC financial institutions entrusted deposits of approximately HK\$1,409,000,000 and HK\$1,186,000,000 respectively (30 June 2011: approximately HK\$1,429,000,000 and HK\$351,000,000 respectively). The deposits with maturity from 1 to 12 months after the end of the reporting period (31 December 2011: 2 to 16 months) carried fixed rates of return ranging from 6.1% to 10.0% (31 December 2011: 6.1% to 8.4%) per annum.

17. BANK BORROWINGS

During the current period, the Group obtained new bank borrowings of approximately HK\$147,601,000 (30 June 2011: Nil) and repaid bank borrowings of approximately HK\$110,701,000 (30 June 2011: Nil).

At the end of the reporting period, the bank borrowings carried interest at rates ranging from 1.80% to 7.33% (31 December 2011: 1.70% to 7.54%) per annum.

18. TRADE PAYABLES

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Within 30 days	62,240	22,720
31 to 90 days	220,402	248,961
91 to 180 days	98,406	—
Over 180 days	68,120	107,354
	449,168	379,035

Notes to the Condensed Consolidated Financial Statements

19. CAPITAL COMMITMENTS

	30 June	31 December
	2012	2011
	HK\$'000	HK\$'000
Authorized but not contracted for in respect of		
– Acquisition of an associate	15,897	—
– Improvements on plant and machinery	1,077,948	825,098
	1,093,845	825,098
Contracted but not provided for in respect of		
– Property, plant and machinery	161,340	152,728
– Capital injection in an associate	189,755	190,691
– Capital injection in jointly controlled entities	12,394	17,387
	363,489	360,806

20. RELATED PARTY DISCLOSURES

The Group is controlled by Tsinlien Group Company Limited (“Tsinlien”), a company incorporated in Hong Kong, which owns approximately 57.08% of the Company’s shares as at 30 June 2012. The remaining 42.92% of the Company’s shares are widely held.

Tsinlien is a state-owned enterprise and is controlled by Tianjin Municipal Government of 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 control or exercise significant influence, and key management personnel of the Company and Tsinlien as well as their close family members.

During the current period, except for the Interim Accrual, the Group’s significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include majority of its bank transactions, part of sales of goods and services and majority of purchases of goods and services (such as sale and purchase of utilities including electricity and water). 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

20. RELATED PARTY DISCLOSURES *(Continued)*

Apart from the above-mentioned transactions with the 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:

(I) Related party transactions

(a) Transactions with related parties of the Group *(note)*

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Operating lease expenses for land	947	688
Operating lease expenses for plants, pipelines and networks	76,458	73,075
Purchase of steam for sale	499,521	433,190

note: The related parties are entities controlled by non-controlling interests of the Company's non-wholly owned subsidiaries.

(b) Key management compensation

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Fees	890	890
Salaries and other emoluments	4,374	4,011
	5,264	4,901

(II) Related party balances

Details of the Group's outstanding balances with related parties are set out in the condensed consolidated balance sheet.

Management Discussion and Analysis

BUSINESS REVIEW

Utilities

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

TEDA is a national development zone and ranked no. 1 in terms of overall capabilities in the PRC. Situated at the centre of Bohai economic rim, TEDA is an ideal place for manufacturing and R&D developments.

Electricity

Tianjin TEDA Tsinlien Electric Power Co., Ltd. ("Electricity Company") is principally engaged in supply of electricity in TEDA. It also provides services in relation to maintenance of power supply equipment and technical consultancy. Currently, the installed transmission capacity of the Electricity Company is approximately 706,000 kVA.

For the six months ended 30 June 2012, the Electricity Company reported revenue of approximately HK\$1,128 million and profit of approximately HK\$10.2 million, representing an increase of 13.5% and 8.5% respectively over the corresponding period of last year. The rise in profit was mainly due to the growth of revenue. The total quantity of electricity sold during the period was approximately 1,319,510,000 kWh, representing an increase of 5.5% over the same period of last year.

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. ("Water Company") is principally engaged in supply of tap water in TEDA. It also provides services in installation and maintenance of water pipes, technical consultancy, retail and wholesale of water pipes and related parts. The daily supply capacity of the Water Company is approximately 400,000 tonnes.

For the period under review, the Water Company reported revenue of approximately HK\$164.6 million, representing a decrease of 3.4% over the same period of last year, and loss of approximately HK\$26.7 million was recorded compared to a profit of approximately HK\$1.7 million for the same period of last year. The loss for the period was mainly due to the decrease of provision of supplemental income and the increase of provision of repair expenses for prior years. The total quantity of water sold for the period was approximately 23,548,000 tonnes, representing an increase of 0.3% over the same period of last year.

Management Discussion and Analysis

Heat and Thermal Power

Tianjin TEDA Tsinlien Heat & Power Co., Ltd. ("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 360 kilometres and more than 105 processing stations in TEDA. The daily distribution capacity is approximately 30,000 tonnes of steam.

For the period under review, the Heat & Power Company reported revenue of approximately HK\$570.9 million, representing an increase of 17% over the same period of last year. A loss of approximately HK\$3.3 million was recorded compared to a profit of approximately HK\$0.2 million for the same period of last year. The loss for the current period was mainly due to the decrease of provision of supplemental income. The total quantity of steam sold for the period was approximately 2,408,000 tonnes, representing an increase of 7.7% over the same period of last year.

Hotels

Courtyard by Marriott Hong Kong

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 2012, Courtyard Hotel's revenue increased by 7% to approximately HK\$54.6 million and a profit of approximately HK\$11.7 million was recorded compared to a loss of approximately HK\$26.8 million for the same period of last year. The room rate has improved and has offset the impact of drop in occupancy rate. During the period under review, the average occupancy rate was approximately 80.4% compared to 84% of the same period of last year.

Hotel Property in Tianjin

As disclosed in the last annual report, the Group intended to retain the hotel property in Tianjin for future development. In April 2012, Tianjin First Hotel Ltd., a 75% owned subsidiary of the Company, has reached an agreement with Hyatt of China Limited to terminate the management contract for the operation of Hyatt Regency Tianjin Hotel. Currently, the Group is at a stage of considering various redevelopment plans. During the period under review, a loss of approximately HK\$12 million was recorded.

Management Discussion and Analysis

Strategic and Other Investments

Winery

During the period under review, the revenue of Dynasty Fine Wines Group Limited (“Dynasty”) (stock code: 828) decreased by 30% to approximately HK\$556 million and loss attributable to owners of Dynasty was approximately HK\$4.7 million. Sales volume declined by 45% to 16.9 million bottles. Red wine accounted for approximately 85% of total sales. The loss was mainly due to a decrease in sales volume as a result of (i) the impact of reform on the sales and distribution model; and (ii) weaker demand of domestic wine products. The Group shared a loss from Dynasty of approximately HK\$2.1 million while a profit of approximately HK\$23.5 million was contributed to the Group in the same period of last year.

Port Services

During the period under review, the revenue of Tianjin Port Development Holdings Limited (“Tianjin Port”) (stock code: 3382) increased by 6.8% to approximately HK\$8,014.8 million and profit attributable to owners of Tianjin Port was approximately HK\$370.9 million, representing an increase of 0.1% over the same period of last year. The good performance was mainly attributable to the steady growth of the overall throughput, including cargo and containers. The expanded operating scale and the complementary business structure have strengthened its competitiveness and demonstrated its advantages.

Tianjin Port contributed to the Group a profit of approximately HK\$77.9 million, representing an increase of 0.1% compared to that of last year.

Elevators and Escalators

During the period under review, the revenue of Otis Elevator (China) Investment Company Limited (“Otis China”) amounted to approximately HK\$7,248 million, representing a decrease of 8% over the same period of last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$150.2 million, representing a decrease of 26% over the same period in 2011.

Investment in Binhai Investment Company Limited

During the period under review, the Group had 8.28% interest in Binhai Investment Company Limited (“Binhai Investment”) (stock code: 8035). As at 30 June 2012, the market value of the Group’s interest in Binhai Investment amounted to approximately HK\$198.4 million (31 December 2011: approximately HK\$193.5 million) and the unrealized fair value gain of approximately HK\$4.9 million was recognized in other comprehensive income.

Management Discussion and Analysis

PROSPECT

It is anticipated that global economic and political situations will remain volatile in the second half year as various uncertainties stemming from the Eurozone debt crisis may occur, and the U.S. economic recovery is slow. Thus China's economic performance will be inevitably affected by those external factors. Nonetheless, the Group will continue to seize the opportunities and to actively prepare and participate in the overall planning of the state-owned assets in Tianjin City, to orderly carry out various projects and retain healthy growth of all businesses. In the face of numerous challenges and competition, the Group has been well prepared with strong financial position and has sufficient resources to develop our businesses. We are confident in the future of the Group.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2012, the Group's total cash on hand and total bank borrowings stood at approximately HK\$3,795 million and approximately HK\$2,388 million respectively (31 December 2011: approximately HK\$3,763 million and approximately HK\$2,350 million respectively). The bank borrowings of approximately HK\$397.5 million (31 December 2011: approximately HK\$362.5 million) will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 24% as at 30 June 2012 (31 December 2011: approximately 24%).

Of the total HK\$2,388 million bank borrowings outstanding as at 30 June 2012, HK\$1,990.5 million were subject to floating rates with a spread of 1.4% over HIBOR of relevant interest periods and RMB80 million (equivalent to approximately HK\$98 million) were calculated at the 10 basis points over benchmark rate of the People's Bank of China. The remaining RMB244 million (equivalent to approximately HK\$299.5 million) of bank borrowings were fixed-rate debts with annual interest rates at 5.31% to 7.54%.

As at 30 June 2012, 83% (31 December 2011: 85%) of the Group's total bank borrowings was denominated in HK dollars, 17% (31 December 2011: 15%) was denominated in Renminbi.

For the period under review, the Group has not entered into any derivative contracts or hedging transactions.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

During the period under review, the Group had a total of approximately 1,000 employees, of whom approximately 190 were management personnel and 400 were technical staff, with the balance being production workers.

The Group contributes to an 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 a 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 2012, a restricted bank balance of approximately HK\$7.7 million was pledged against notes payable of approximately HK\$25.8 million.

Other Information

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2012, the interests or short positions of the directors and chief executive of the Company 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 Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(i) Interests in the underlying shares of the Company

Name of director	Number of underlying shares held	Approximate percentage of interests to the issued share capital
Mr. Yu Rumin	3,800,000	0.36%
Mr. Wu Xuemin	5,000,000	0.47%
Mr. Dai Yan	5,300,000	0.50%
Mr. Bai Zhisheng	1,100,000	0.10%
Mr. Zhang Wenli	1,100,000	0.10%
Mr. Wang Zhiyong	3,700,000	0.35%
Mr. Cheung Wing Yui, Edward	900,000	0.08%
Dr. Chan Ching Har, Eliza	400,000	0.04%
Dr. Cheng Hon Kwan	900,000	0.08%
Mr. Mak Kwai Wing, Alexander	400,000	0.04%
Ms. Ng Yi Kum, Estella	400,000	0.04%

notes:

1. All interests are held in the capacity as a beneficial owner.
2. All interests stated above represent long positions.
3. Details of the interests of directors in share options are set out in the paragraph headed "Share Option Scheme" in this section below.

Other Information

DIRECTORS' INTERESTS IN SHARES *(Continued)*

(ii) Interests in shares of associated corporation of the Company

Name of director	Name of associated corporation	Nature of interests	Capacity	Number of shares held	Approximate percentage of interests to the issued share capital
Mr. Wu Xuemin	Tianjin Port	Family interest	Interest of spouse	10,000	0.00%

(iii) Interests in the underlying shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interests	Capacity	Number of underlying shares held	Approximate percentage of interests to the issued share capital
Mr. Yu Rumin	Tianjin Port	Personal interest	Beneficial owner	3,450,000	0.06%
Mr. Dai Yan	Tianjin Port	Personal interest	Beneficial owner	1,650,000	0.03%
Mr. Bai Zhisheng	Dynasty	Personal interest	Beneficial owner	2,300,000	0.18%

Save as disclosed above, as at 30 June 2012, none of the directors or chief executive or their respective associates 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 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.

Other Information

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 25 May 2007, a share option scheme (the "Share Option Scheme") of the Company was approved by shareholders of the Company.

Details of options granted, exercised, lapsed or cancelled and outstanding under the Share Option Scheme during the period were as follows:

Date of Grant	Exercise Price per share HK\$	As at 1 January 2012	Number of share options				As at 30 June 2012	Exercise Period
			During the period					
			Granted	Exercised	Lapsed	Cancelled		
Directors								
Yu Rumin	19/12/2007	8.04	1,000,000	–	–	–	1,000,000	17/01/2008–24/05/2017
	16/12/2009	5.75	2,000,000	–	–	–	2,000,000	16/12/2009–24/05/2017
	07/11/2011	3.56	800,000	–	–	–	800,000	11/11/2011–24/05/2017
Wu Xuemin	16/12/2009	5.75	1,800,000	–	–	–	1,800,000	16/12/2009–24/05/2017
	07/11/2011	3.56	3,200,000	–	–	–	3,200,000	11/11/2011–24/05/2017
Dai Yan	19/12/2007	8.04	900,000	–	–	–	900,000	17/01/2008–24/05/2017
	16/12/2009	5.75	1,400,000	–	–	–	1,400,000	16/12/2009–24/05/2017
	07/11/2011	3.56	3,000,000	–	–	–	3,000,000	11/11/2011–24/05/2017
Bai Zhisheng	19/12/2007	8.04	300,000	–	–	–	300,000	17/01/2008–24/05/2017
	16/12/2009	5.75	500,000	–	–	–	500,000	16/12/2009–24/05/2017
	07/11/2011	3.56	300,000	–	–	–	300,000	11/11/2011–24/05/2017
Zhang Wenli	19/12/2007	8.04	300,000	–	–	–	300,000	17/01/2008–24/05/2017
	16/12/2009	5.75	500,000	–	–	–	500,000	16/12/2009–24/05/2017
	07/11/2011	3.56	300,000	–	–	–	300,000	11/11/2011–24/05/2017
Wang Zhiyong	16/12/2009	5.75	900,000	–	–	–	900,000	16/12/2009–24/05/2017
	07/11/2011	3.56	2,800,000	–	–	–	2,800,000	11/11/2011–24/05/2017
Cheung Wing Yui, Edward	19/12/2007	8.04	500,000	–	–	–	500,000	17/01/2008–24/05/2017
	16/12/2009	5.75	300,000	–	–	–	300,000	16/12/2009–24/05/2017
	07/11/2011	3.56	100,000	–	–	–	100,000	11/11/2011–24/05/2017
Chan Ching Har, Eliza	16/12/2009	5.75	300,000	–	–	–	300,000	16/12/2009–24/05/2017
	07/11/2011	3.56	100,000	–	–	–	100,000	11/11/2011–24/05/2017
Cheng Hon Kwan	19/12/2007	8.04	500,000	–	–	–	500,000	17/01/2008–24/05/2017
	16/12/2009	5.75	300,000	–	–	–	300,000	16/12/2009–24/05/2017
	07/11/2011	3.56	100,000	–	–	–	100,000	11/11/2011–24/05/2017
Mak Kwai Wing, Alexander	16/12/2009	5.75	300,000	–	–	–	300,000	16/12/2009–24/05/2017
	07/11/2011	3.56	100,000	–	–	–	100,000	11/11/2011–24/05/2017
Ng Yi Kum, Estella	03/12/2010	6.07	300,000	–	–	–	300,000	03/12/2010–24/05/2017
	07/11/2011	3.56	100,000	–	–	–	100,000	11/11/2011–24/05/2017
Gong Jing ^(note 1)	16/12/2009	5.75	500,000	–	–	–	500,000	16/12/2009–24/05/2017
	07/11/2011	3.56	300,000	–	–	–	300,000	11/11/2011–24/05/2017
Wang Jiandong ^(note 2)	19/12/2007	8.04	600,000	–	–	600,000	–	17/01/2008–24/05/2017
	16/12/2009	5.75	900,000	–	–	900,000	–	16/12/2009–24/05/2017
	07/11/2011	3.56	300,000	–	–	300,000	–	11/11/2011–24/05/2017
Sun Zengyin ^(note 2)	19/12/2007	8.04	300,000	–	–	300,000	–	17/01/2008–24/05/2017
	16/12/2009	5.75	500,000	–	–	500,000	–	16/12/2009–24/05/2017
	07/11/2011	3.56	300,000	–	–	300,000	–	11/11/2011–24/05/2017
Continuous contract employees	16/12/2009	5.75	900,000	–	–	–	900,000	16/12/2009–24/05/2017
	07/11/2011	3.56	5,000,000	–	–	–	5,000,000	11/11/2011–24/05/2017
Total			32,600,000	–	–	2,900,000	–	29,700,000

Other Information

SHARE OPTION SCHEME (Continued)

notes:

1. The share options of Dr. Gong Jing will lapse on 31 August 2012 due to his retirement on 31 May 2012.
2. The share options of Dr. Wang Jiandong and Mr. Sun Zengyin lapsed on 31 March 2012 due to their resignation as directors of the Company on 31 December 2011.
3. No share options had been granted under the Share Option Scheme during the six months ended 30 June 2012.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme of the Company, at no time during the period 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

As at 30 June 2012, the following persons or corporations, other than the directors or chief executive of the Company as disclosed above, had interests or short positions in the shares or 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 interests to the issued share capital
Tsinlien	1	Interest of controlled corporation	609,269,143 (L)	57.08%
	2	Interest of controlled corporation	220,298,109 (S)	20.64%
Blackrock, Inc.	3	Interest of controlled corporation	142,273,393 (L)	13.32%
		Interest of controlled corporation	218,403 (S)	0.02%
Humphreys Estate (Strawberry Houses) Limited ("Humphreys Estate")	4	Directly beneficially owned	53,426,000 (L)	5.00%
Tomson Group Limited ("Tomson Group")	5	Interest of controlled corporation	53,426,000 (L)	5.00%
Ms. Hsu Feng	5	Interest of controlled corporation	53,426,000 (L)	5.00%
Mr. Albert Tong	5	Interest of controlled corporation	53,426,000 (L)	5.00%
Mr. Tong Chi Kar, Charles	5	Interest of controlled corporation	53,426,000 (L)	5.00%

"L" denotes a long position in shares

"S" denotes a short position in shares

Other Information

SUBSTANTIAL SHAREHOLDERS *(Continued)*

notes:

1. As at 30 June 2012, Tsinlien directly held 5,864,000 shares and its wholly-owned subsidiaries, namely Tianjin Investment Holdings Limited ("Tianjin Investment"), Tsinlien Venture Capital Company Limited ("Tsinlien Venture Capital") and Tsinlien Investment Limited ("Tsinlien Investment") held 568,017,143 shares, 2,022,000 shares and 33,366,000 shares respectively. By virtue of the SFO, Tsinlien is therefore deemed to have an interest in the shares in which Tianjin Investment, Tsinlien Venture Capital and Tsinlien Investment are interested.
2. Tsinlien is deemed to have a short position of 220,298,109 shares of the Company, whereby Bright North Limited, a wholly-owned subsidiary of Tsinlien, has issued an aggregate of RMB1,638,000,000 U.S. Dollar Settled 1.25 per cent. Guaranteed Exchangeable Bonds due 2016 guaranteed by Tsinlien and exchangeable into ordinary shares of the Company at an exchangeable price of HK\$8.831 per share.
3. Based on a corporate substantial shareholder notice, Blackrock, Inc. held a long position of 143,406,283 shares and a short position of 212,384 shares of the Company as at 22 August 2012.
4. Based on a corporate substantial shareholder notice, Humphreys Estate is an indirect wholly-owned subsidiary of Tomson Group. By virtue of the SFO, Tomson Group is deemed to have an interest in the shares in which Humphreys Estate is interested.
5. Ms. Hsu Feng, Mr. Albert Tong and Mr. Tong Chi Kar, Charles are the substantial shareholders of Tomson Group. By virtue of the SFO, they are deemed to have an interest in the shares in which Tomson Group is interested.

Save as disclosed above, as at 30 June 2012, 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.

Other Information

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (the "New CG Code") (effective from 1 April 2012) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2012, except for the deviation from code provision D.1.4 of the New CG Code, which stipulates that there should be formal letters of appointment for directors setting out the key terms and conditions of their appointment.

At present, executive directors of the Company (save for the Chairman of the Board, who has a service agreement with the Company) do not have formal letters of appointment but are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. Nevertheless, the Board gives clear directions to the directors at the time of delegation, in particular, to the matters that must be approved by the Board before making decisions or entering into any commitments on behalf of the Company. Moreover, directors are required to comply with all applicable laws and regulations as well as the Company's administration policies and procedures in performing their duties and responsibilities.

During the period under review, the Board has revised the terms of reference of the Board committees in order to align with the New CG Code. Corporate governance guidelines have been adopted pursuant to which the Board is directly responsible for performing the corporate governance duties.

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 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 2012.

The Company has also established written guidelines regarding securities transaction on no less exacting terms 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.

Other Information

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 with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of unaudited condensed consolidated financial statements for the six months ended 30 June 2012.

The Audit Committee consists of Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander and Ms. Ng Yi Kum, Estella who is the Chairman of the Committee.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 18 February 2011, the Company entered into a facility agreement (the "Facility Agreement") with a syndicate of banks (the "Banks") in respect of a HK\$2,000 million term loan facility for a period up to 60 months unless not extended by the Banks at the 36th month from the date of the Facility Agreement.

Pursuant to the Facility Agreement, it will be an event of default, inter alia, if (i) the Tianjin Municipal People's Government ceases to maintain a 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 Banks may by notice to the Company (a) cancel the total commitments; (b) declare that the loan together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable; and/or (c) declare that the loan be repayable on demand.

Other Information

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (30 June 2011: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2012.

By Order of the Board

Yu Rumin

Chairman

Hong Kong, 30 August 2012



**TO THE BOARD OF DIRECTORS OF
TIANJIN DEVELOPMENT HOLDINGS LIMITED**

(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 27, which comprise the condensed consolidated balance sheet as of 30 June 2012 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing 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 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, 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 2012