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天津發展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$2,501,264,000 (30 June 2013: approximately HK\$2,456,604,000).
- Profit attributable to owners of the Company amounted to approximately HK\$410,114,000 (30 June 2013: approximately HK\$201,685,000).
- Basic earnings per share was HK38.42 cents (30 June 2013: HK18.89 cents).
- Interim dividend of HK4.20 cents per share (30 June 2013: Nil).

RESULTS

The board of directors (the “Board”) of Tianjin Development Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2014*

		Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	3	2,501,264	2,456,604
Cost of sales		(2,273,322)	(2,265,776)
Gross profit		227,942	190,828
Other income	4	134,620	180,941
Other gains, net	5	196,503	14,125
Selling expenses		(25,660)	(29,230)
General and administrative expenses		(296,907)	(268,267)
Other operating expenses		(31,083)	(38,217)
Finance costs		(29,853)	(29,875)
Share of profit (loss) of			
Associates		301,520	216,723
Joint ventures		(6,836)	357
Profit before tax		470,246	237,385
Tax expense	6	(22,688)	(27,662)
Profit for the period	7	447,558	209,723
Attributable to:			
Owners of the Company		410,114	201,685
Non-controlling interests		37,444	8,038
		447,558	209,723
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		38.42	18.89
Diluted		38.09	18.72

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

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
	<i>Note</i>	(Unaudited)	(Unaudited)
Profit for the period		447,558	209,723
Other comprehensive (expense) income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences			
– the Group		(32,310)	101,977
– associates		(27,629)	53,833
– joint ventures		(424)	298
Change in fair value of available-for-sale financial assets	<i>10(i)</i>	(2,481)	(27,291)
Share of other comprehensive expense of an associate			
– available-for-sale financial assets revaluation reserve		(758)	(3,403)
Reclassification upon disposal of an associate and deregistration of a subsidiary		(167,478)	–
Other comprehensive (expense) income for the period		(231,080)	125,414
Total comprehensive income for the period		216,478	335,137
Attributable to:			
Owners of the Company		183,020	312,396
Non-controlling interests		33,458	22,741
		216,478	335,137

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		30 June 2014 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2013 <i>HK\$'000</i> <i>(Audited)</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		2,321,434	2,194,969
Land use rights		239,181	160,703
Investment properties		200,183	201,197
Interests in associates		4,827,167	5,179,873
Interests in joint ventures		76,897	84,157
Intangible assets		223,844	232,046
Deferred tax assets		99,997	100,077
Available-for-sale financial assets	10	248,613	251,172
Goodwill		111,201	163,032
		8,348,517	8,567,226
Current assets			
Inventories		155,866	130,010
Amounts due from joint ventures		14,732	14,794
Amount due from ultimate holding company		547	353
Amounts due from related companies		41,520	41,048
Amounts due from customers for contract work		711,670	762,038
Trade receivables	11	808,162	674,829
Notes receivables	11	33,517	18,957
Other receivables, deposits and prepayments		414,953	455,403
Financial assets at fair value through profit or loss		197,323	654,731
Entrusted deposits	12	2,257,789	1,486,872
Restricted bank balances		271,687	212,250
Time deposits with maturity over three months		182,483	98,233
Cash and cash equivalents		5,067,457	4,489,915
		10,157,706	9,039,433
Total assets		18,506,223	17,606,659
EQUITY			
Owners of the Company			
Share capital	13	5,111,234	106,747
Reserves	13	6,028,146	10,920,006
		11,139,380	11,026,753
Non-controlling interests		809,911	777,787
Total equity		11,949,291	11,804,540

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)**As at 30 June 2014*

		30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Bank borrowings		2,525,350	–
Deferred tax liabilities		46,609	46,845
		2,571,959	46,845
Current liabilities			
Trade payables	<i>14</i>	929,415	931,473
Notes payables	<i>14</i>	352,954	356,996
Other payables and accruals		1,577,150	1,486,805
Amounts due to related companies		678,902	573,094
Amounts due to customers for contract work		159,786	153,792
Bank borrowings		176,321	2,145,068
Current tax liabilities		110,445	108,046
		3,984,973	5,755,274
Total liabilities		6,556,932	5,802,119
Total equity and liabilities		18,506,223	17,606,659
Net current assets		6,172,733	3,284,159
Total assets less current liabilities		14,521,250	11,851,385

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. SIGNIFICANT 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013, except that the Group has applied, for the first time, a new interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current period. However, such application of new interpretation and 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.

3. SEGMENT INFORMATION

The Group has six 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 the Tianjin Economic and Technological Development Area (“TEDA”), the People’s Republic of China (the “PRC”).

(b) Hotel

This segment derives revenue from operation of a hotel in Hong Kong. The Group has disposed of its hotel property in Tianjin in August 2013.

(c) Electrical and mechanical

This segment derives revenue from manufacture and sale of presses, mechanical and hydroelectric equipment as well as large scale pump units.

(d) Winery

As set out in Note 5, the Group has disposed of its listed associate, Dynasty Fine Wines Group Limited (“Dynasty”), in June 2014.

(e) 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.

(f) 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.

3. SEGMENT INFORMATION (Cont'd)

For the six months ended 30 June 2014

	Utilities (note (i)) HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Winery (note (ii)) HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	<u>1,954,119</u>	<u>58,361</u>	<u>488,784</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,501,264</u>
Operating profit (loss) before interest	50,315	12,108	(27,584)	–	–	–	34,839
Interest income	7,634	6	11,693	–	–	–	19,333
Impairment loss on goodwill	–	–	(51,009)	–	–	–	(51,009)
Finance costs	–	–	(2,122)	–	–	–	(2,122)
Share of profit of associates	–	–	–	–	84,348	216,268	300,616
Profit (loss) before tax	<u>57,949</u>	<u>12,114</u>	<u>(69,022)</u>	<u>–</u>	<u>84,348</u>	<u>216,268</u>	<u>301,657</u>
Tax expense	<u>(19,646)</u>	<u>–</u>	<u>(1,126)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(20,772)</u>
Segment results – profit (loss) for the period	<u>38,303</u>	<u>12,114</u>	<u>(70,148)</u>	<u>–</u>	<u>84,348</u>	<u>216,268</u>	<u>280,885</u>
Non-controlling interests	<u>(2,972)</u>	<u>–</u>	<u>11,916</u>	<u>–</u>	<u>–</u>	<u>(37,328)</u>	<u>(28,384)</u>
Profit (loss) attributable to owners of the Company	<u>35,331</u>	<u>12,114</u>	<u>(58,232)</u>	<u>–</u>	<u>84,348</u>	<u>178,940</u>	<u>252,501</u>
Segment results – profit (loss) for the period includes: Depreciation and amortisation	<u>60,661</u>	<u>8,373</u>	<u>29,960</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>98,994</u>

For the six months ended 30 June 2013

	Utilities (note (i)) HK\$'000	Hotel HK\$'000	Electrical and mechanical HK\$'000	Winery (note (ii)) HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total HK\$'000
Segment revenue	<u>1,929,307</u>	<u>56,974</u>	<u>470,323</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,456,604</u>
Operating profit (loss) before interest	41,405	1,244	(48,613)	–	–	–	(5,964)
Interest income	20,118	11	5,396	–	–	–	25,525
Finance costs	(10,539)	–	(3,217)	–	–	–	(13,756)
Share of profit of associates	–	–	–	–	89,177	125,235	214,412
Profit (loss) before tax	<u>50,984</u>	<u>1,255</u>	<u>(46,434)</u>	<u>–</u>	<u>89,177</u>	<u>125,235</u>	<u>220,217</u>
Tax (expense) credit	<u>(22,401)</u>	<u>1,344</u>	<u>(2,589)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(23,646)</u>
Segment results – profit (loss) for the period	<u>28,583</u>	<u>2,599</u>	<u>(49,023)</u>	<u>–</u>	<u>89,177</u>	<u>125,235</u>	<u>196,571</u>
Non-controlling interests	<u>48</u>	<u>3,352</u>	<u>6,937</u>	<u>–</u>	<u>–</u>	<u>(21,616)</u>	<u>(11,279)</u>
Profit (loss) attributable to owners of the Company	<u>28,631</u>	<u>5,951</u>	<u>(42,086)</u>	<u>–</u>	<u>89,177</u>	<u>103,619</u>	<u>185,292</u>
Segment results – profit (loss) for the period includes: Depreciation and amortisation	<u>31,070</u>	<u>14,273</u>	<u>31,056</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>76,399</u>

3. SEGMENT INFORMATION *(Cont'd)*

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Reconciliation of profit for the period		
Total reportable segments	280,885	196,571
Gain on disposal of an associate	235,368	–
Gain on deregistration of a subsidiary	2,324	–
Corporate and others <i>(note (iii))</i>	(71,019)	13,152
Profit for the period	447,558	209,723

notes:

- (i) Revenue from supply of electricity, water, and heat and thermal power amounted to HK\$1,188,312,000, HK\$187,215,000 and HK\$578,592,000 respectively (30 June 2013: HK\$1,124,473,000, HK\$184,795,000 and HK\$620,039,000 respectively).

The above revenue included accrued government supplemental income of HK\$85,642,000 (30 June 2013: HK\$137,975,000).

- (ii) As set out in Note 5, Dynasty has ceased to be an associate of the Group upon the completion of the Disposal on 25 June 2014 (the “Disposal Date”). Trading in the shares of Dynasty has been suspended since 22 March 2013 as per its announcement published on the same date. As set out in the subsequent announcements published by Dynasty, the internal investigation conducted on certain transactions of Dynasty is not yet completed and as a result, Dynasty has not published any financial information since its interim report for the six months ended 30 June 2012. Therefore, the Group was not in a position to equity account for its share of results of Dynasty and share of net assets of Dynasty up to the Disposal Date.
- (iii) These principally include (a) results of the Group’s other non-core businesses which are not categorised as reportable segments; and (b) corporate level activities including central treasury management, administrative function and exchange gain or loss.

4. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Interest income	106,107	128,993
Government grants	16,761	4,741
Rental income under operating leases, net of negligible outgoings	2,746	7,221
Reversal of receipt in advance from a customer	–	32,911
Sales of scrap materials	1,845	1,571
Sundries	7,161	5,504
	134,620	180,941

5. OTHER GAINS, NET

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Gain on disposal of an associate (<i>note</i>)	235,368	–
Gain on deregistration of a subsidiary	2,324	–
Impairment loss on goodwill	(51,009)	–
Net exchange gain	821	12,862
Net gain on disposal of property, plant and equipment	1,054	124
Net (loss) gain on financial assets held for trading		
– listed	(1,679)	(2,987)
– unlisted	9,624	4,126
	<u>196,503</u>	<u>14,125</u>

note:

On 5 May 2014, the Company entered into a sale and purchase agreement with Tsinlien Group Company Limited (“Tsinlien”), the ultimate holding company of the Company, pursuant to which, the Company had conditionally agreed to sell the entire equity interest of Famous Ever Group Limited (“Famous Ever”), a wholly-owned subsidiary of the Company, to Tsinlien at a total cash consideration of HK\$890,000,000 (the “Disposal”). The sole asset of significance of Famous Ever is the holding of 558,000,000 ordinary shares of Dynasty, representing approximately 44.7% equity interest in Dynasty. The Disposal was completed on 25 June 2014 and Dynasty ceased to be an associate of the Group.

6. TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Current taxation		
– PRC Enterprise Income Tax (“EIT”)	22,833	28,087
Deferred taxation	(145)	(425)
	<u>22,688</u>	<u>27,662</u>

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 2013: Nil).

The Group’s PRC subsidiaries are subject to EIT at a rate of 25% except for two subsidiaries which are subject to preferential EIT rate at 15% for a period of 3 years starting from October 2011 as they are qualified as High and New Technology Enterprises.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period is arrived at after charging (crediting):		
Employees' benefits expense (including directors' emoluments)	285,972	247,130
Cost of inventories recognised as an expense	1,595,589	1,815,347
Depreciation	98,289	70,953
Amortisation of land use rights	1,805	5,924
Amortisation of intangible assets	7,033	7,069
(Reversal of) allowance for impairment of trade receivables	(1,626)	14
Operating lease expense on		
– plants, pipelines and networks	78,156	79,777
– land and buildings	5,799	4,332
Provision for impairment of machine construction contracts	–	120
Research and development costs		
– charged to cost of sales	–	20,060
– charged to other operating expenses	17,269	20,686

8. 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	
	2014	2013
	HK\$'000	HK\$'000
Profit attributable to owners of the Company for the purposes of basic and diluted earnings per share	410,114	201,685
Number of shares	<i>Thousand</i>	<i>Thousand</i>
Number of ordinary shares for the purpose of basic earnings per share	1,067,470	1,067,470
Effect of dilutive potential ordinary shares: Share options	9,307	9,980
Number of ordinary shares taking into account the share options for the purpose of diluted earnings per share	1,076,777	1,077,450

9. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared for the year ended 31 December 2013 had been paid on 14 July 2014		
– HK6.63 cents per share	70,773	–

Subsequent to the end of the reporting period, the Board has declared an interim dividend of HK4.20 cents (30 June 2013: Nil) per share, amounting to approximately HK\$44,834,000 (30 June 2013: Nil) in total, to the owners of the Company whose names appear on the Company's register of members on 26 September 2014.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		30 June 2014	31 December 2013
	<i>notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities			
Listed, at market value	(i)	233,209	235,690
Unlisted	(ii)	15,404	15,482
		<u>248,613</u>	<u>251,172</u>

notes:

- (i) The listed securities represent the Group's 5.34% equity interest in Binhai Investment Company Limited ("Binhai Investment") which has been transferred to and listed on the Main Board from the Growth Enterprise Market of the Stock Exchange since 11 February 2014.

As at 30 June 2014, the market value of the Group's equity interest in Binhai Investment was HK\$233,209,000 (31 December 2013: HK\$235,690,000) and the unrealised fair value loss of HK\$2,481,000 (30 June 2013: HK\$27,291,000) was recognised in other comprehensive income.

On 25 July 2013, the Group entered into a stock borrowing agreement ("Agreement") with TEDA Hong Kong Property Company Limited ("TEDA HK"), the controlling shareholder of Binhai Investment, to facilitate the issuance of convertible bonds by Binhai Investment. Under the Agreement, the Group agreed to lend its entire shareholding of Binhai Investment in order to allow TEDA HK to use the shares and the voting rights thereto during the term of the Agreement and such shares would be returned to the Group on or before 31 December 2014. During the term of the Agreement, TEDA HK will pay to the Group any income or entitlements in respect of the shares.

- (ii) The unlisted available-for-sale financial assets are principally equity investments in entities established and operated in the PRC. They are mainly denominated in Renminbi and carried at cost.

11. TRADE RECEIVABLES AND NOTES RECEIVABLES

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

	30 June 2014	31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	413,130	342,037
31 to 90 days	86,515	52,416
91 to 180 days	130,443	58,707
181 to 365 days	62,579	105,629
Over 1 year	149,012	134,997
	<u>841,679</u>	<u>693,786</u>

Various group companies have different credit policies which are dependent on the practice of the markets and the businesses in which they operate. In general, credit periods of (i) 30 to 180 days are granted to corporate customers of the Group's hotel business; and (ii) 90 to 180 days are granted to customers in the electrical and mechanical segment. No credit terms are granted to customers in the utilities segment.

As at 30 June 2014, the government supplemental income receivable from the TEDA Finance Bureau was HK\$44,081,000 (31 December 2013: Nil) which included the accrued government supplemental income as referred to in Note 3(i). The government supplemental income receivable does not have credit terms and the amount is to be finalised by the TEDA Finance Bureau after the end of each financial year. Continuous settlements have been received by the Group over the years.

12. ENTRUSTED DEPOSITS

During the period under review, the Group placed in, and withdrew from, three financial institutions based in Tianjin, PRC entrusted deposits of approximately HK\$2,248,000,000 and HK\$1,477,000,000 respectively (30 June 2013: approximately HK\$2,205,000,000 and HK\$2,175,000,000 respectively). The deposits with maturity from 1 to 15 months (31 December 2013: 1 to 21 months) after the end of the reporting period carried fixed rates of return ranging from 5.5% to 8.7% (31 December 2013: 4.7% to 9.0%) per annum.

Contracts with maturity over one year confer the Group rights of early redemption before the maturity date. Accordingly, those deposits were classified as current assets.

13. SHARE CAPITAL AND RESERVES

Under the Hong Kong Companies Ordinance (Chapter 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. As such, the share premium account of the Company amounted to HK\$5,004,487,000 was transferred to, and became part of, the share capital of the Company accordingly. There is no impact on the number of shares in issue or the relative entitlements of any of the shareholders as a result of this transition.

14. TRADE PAYABLES AND NOTES PAYABLES

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

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Within 30 days	383,758	310,269
31 to 90 days	249,125	283,766
91 to 180 days	214,860	464,031
Over 180 days	434,626	230,403
	<u>1,282,369</u>	<u>1,288,469</u>

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 Electricity Company is approximately 706,000 kVA.

For the six months ended 30 June 2014, revenue from the Electricity Company was approximately HK\$1,188.3 million which was 5.7% higher than the same period last year. Profit increased by 4% to approximately HK\$15.8 million. This was primarily due to the improvement in operating margins as a result of the increase in electricity tariff. The total quantity of electricity sold for the period was approximately 1,277,359,000 kWh, representing an increase of 0.4% over the same period last year.

Water

Tianjin TEDA Tsinlien Water Supply Co., Ltd. ("Water Company") is principally engaged in supply of tap water in TEDA. It is also engaged in installation and maintenance of water pipes, technical consultancy, retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 425,000 tonnes.

For the period under review, the Water Company reported revenue of approximately HK\$187.2 million compared to HK\$184.8 million in the same period last year. Loss was reduced to approximately HK\$9 million, a 22% improvement from HK\$11.5 million in the corresponding period last year. The reduction in loss was a result of improved operating margins, driven by tariff adjustments and rising demand. The total quantity of water sold for the period was approximately 24,427,000 tonnes, representing an increase of 2.1% over the same period last year.

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\$578.6 million, representing a decrease of 6.7% and achieved a 27% growth in profit to approximately HK\$31.5 million from HK\$24.8 million in the same period last year. The increase in profit was mainly due to a decrease in finance costs as bank borrowings decreased compared to the corresponding period last year. The total quantity of steam sold for the period was approximately 2,028,000 tonnes, representing a decline of 11.7% over the same period last year.

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 2014, revenue from Courtyard Hotel increased by 3.2% to approximately HK\$58.4 million. Profit was approximately HK\$12.1 million represented an increase of 6.2% from the corresponding period last year. The average occupancy rate improved to 86% from 84.5% of same period last year, and the room rate was also elevated.

Electrical and Mechanical

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

For the six months ended 30 June 2014, electrical and mechanical segment reported revenue of approximately HK\$488.8 million represented an increase of 3.9% and recorded a loss of approximately HK\$70.1 million. Excluding the impairment loss on goodwill, loss would have been approximately HK\$19.1 million, a 61% reduction from a loss of HK\$49 million for the same period last year. The operating loss was primarily attributable to the lower level of activities in hydroelectric industry and the lower operating margins on contract work completed during the period.

Strategic and Other Investments

Port Services

During the period under review, the revenue of Tianjin Port Development Holdings Limited (“Tianjin Port”) (stock code: 3382) increased by 42% to approximately HK\$14,100 million and profit attributable to owners of Tianjin Port was approximately HK\$401.7 million, representing a decrease of 5.4% over the same period last year.

Tianjin Port contributed to the Group a profit of approximately HK\$84.3 million, representing a decrease of 5.4% compared to the corresponding period 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\$9,868.6 million, representing an increase of 15.7% over the same period last year.

Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$178.9 million, representing an increase of 72.7% over the same period in 2013.

Investment in Binhai Investment Company Limited

During the period under review, the Group had 5.34% interest in Binhai Investment Company Limited (“Binhai Investment”) (stock code: 2886). As at 30 June 2014, the market value of the Group’s interest in Binhai Investment was approximately HK\$233.2 million (31 December 2013: approximately HK\$235.7 million) and the unrealised fair value loss of approximately HK\$2.5 million was recognised in other comprehensive income.

On 25 July 2013, the Group entered into a stock borrowing agreement (“Agreement”) with TEDA Hong Kong Property Company Limited (“TEDA HK”), the controlling shareholder of Binhai Investment, to facilitate the issuance of convertible bonds by Binhai Investment. Under the Agreement, the Group has agreed to lend its entire shareholding of Binhai Investment in order to allow TEDA HK to use the shares and the voting rights thereto during the term of the Agreement and such shares would be returned to the Group on or before 31 December 2014. During the term of the Agreement, TEDA HK will pay to the Group any income or entitlements in respect of the shares.

Disposal of Investment in Dynasty Fine Wines Group Limited

On 5 May 2014, the Company had entered into a sale and purchase agreement with Tsinlien Group Company Limited, the ultimate holding company of the Company, for the disposal of its entire interest in Famous Ever Group Limited, which owns 44.7% interest in Dynasty Fine Wines Group Limited (stock code: 828), at a cash consideration of HK\$890 million. The disposal was completed on 25 June 2014 and the Group recognised a gain of approximately HK\$235 million. Details of the disposal were set out in the announcement and the circular of the Company dated 5 May 2014 and 27 May 2014 respectively.

PROSPECT

Although there are still economic uncertainties in the United States and Eurozone countries, the outlook of the global economy is expected to continue to improve steadily. The Chinese economy benefiting from the implementation of various reform measures will remain a stable pace of growth. In the second half of this year, the Company will continue to grow business and to accelerate integration with a view to maximise shareholders’ value and to lay a solid foundation for long term sustainable development. Meanwhile, we will continue to stand by discipline in prudent financial management and maintain our financial strength. We feel optimistic and confident in future.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2014, the Group’s total cash on hand and total bank borrowings stood at approximately HK\$5,521.6 million and approximately HK\$2,701.7 million respectively (31 December 2013: approximately HK\$4,800.4 million and approximately HK\$2,145.1 million respectively). The bank borrowings of approximately HK\$176.3 million (31 December 2013: approximately HK\$2,145.1 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 2014 (31 December 2013: approximately 20%).

Of the total HK\$2,701.7 million bank borrowings outstanding as at 30 June 2014, HK\$2,525.4 million were subject to floating rates with a spread of 1.8% over HIBOR of relevant interest periods and HK\$37.8 million was calculated at 0.7% over LIBOR of relevant interest periods. RMB110 million (equivalent to approximately HK\$138.5 million) of bank borrowings were fixed-rate debts with annual interest rates at 3.12% to 5.13%.

As at 30 June 2014, 93% (31 December 2013: 93%) of the Group's total bank borrowings was denominated in Hong Kong dollar, 5% (31 December 2013: 7%) was denominated in Renminbi and 2% (31 December 2013: Nil) was denominated in US dollar.

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

EMPLOYEES AND REMUNERATION POLICIES

During the period under review, the Group had a total of approximately 2,700 employees of whom approximately 420 were management personnel and 840 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 2014, a restricted bank balance of approximately HK\$271.7 million was pledged against notes payables of approximately HK\$352.9 million and secured the bank borrowings of approximately HK\$37.8 million.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK4.20 cents per share for the six months ended 30 June 2014 (30 June 2013: Nil) to the shareholders whose names appear on the Company's register of members on 26 September 2014. The interim dividend will be paid on or about 27 October 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 September 2014 (Wednesday) to 26 September 2014 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 23 September 2014 (Tuesday).

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the independent auditor's report on review of condensed consolidated financial statements for the six months ended 30 June 2014:

Basis for Qualified Conclusion

As set out in Note 8 to the condensed consolidated financial statements, on 25 June 2014 (the "Disposal Date"), the Group disposed of its entire 44.7% equity interest in a listed associate, Dynasty, to its ultimate holding company, Tsinlien, for a consideration of HK\$890 million (the "Disposal Consideration"), resulting in a gain recognised in profit or loss of approximately HK\$235 million (the "Disposal Gain") for the six months ended 30 June 2014.

As further detailed in Note 13 to the condensed consolidated financial statements, Dynasty has not published any financial information since its interim report for the six months ended 30 June 2012 and trading of its shares has been suspended since 22 March 2013. For the six months ended 30 June 2013 and the year ended 31 December 2013, the Group was accordingly not in a position to equity account for its share of results of Dynasty and share of net assets of Dynasty as well as assess whether any impairment of its interest in Dynasty was necessary. Consequently, the Group was unable to fulfil the requirements of Hong Kong Accounting Standard 28 (as revised in 2011) "Investments in Associates and Joint Ventures" ("HKAS 28") issued by the HKICPA, which requires the application of the equity method for accounting for investments in associates and an impairment assessment thereof. This caused us to qualify our review conclusion on the condensed consolidated financial statements for the six months ended 30 June 2013 and audit opinion on the consolidated financial statements for the year ended 31 December 2013.

Because of the circumstances of Dynasty mentioned above, in preparing the condensed consolidated financial statements for the six months ended 30 June 2014, the Group continued to be unable to fulfil the requirements of HKAS 28 and was not in a position to equity account for its share of results of Dynasty and share of net assets of Dynasty up to the Disposal Date. As a consequence we were unable to evaluate the carrying value of the Group's interest in Dynasty at the Disposal Date and whether any adjustment to the Disposal Gain was necessary. Also, in the absence of an independent valuation and/or other relevant information, we were unable to determine whether the amount of the Disposal Consideration represented the fair value of the Group's interest in Dynasty at the Disposal Date (the "Fair Value"). Any difference between the Fair Value and the Disposal Consideration should have been adjusted to the Disposal Gain recognised in profit or loss, with a corresponding adjustment to equity.

Qualified Conclusion

Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion paragraphs, 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.

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 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) 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 2014 except for the deviation from code provision A.6.7 of the CG Code, which stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balance understanding of the views of shareholders. Mr. Cheung Wing Yui, Edward, non-executive director of the Company, was unable to attend the extraordinary general meeting of the Company held on 16 June 2014 as he was not in Hong Kong at the time.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2014.

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.

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 2014.

By Order of the Board
Tianjin Development Holdings Limited
Zeng Xiaoping
Chairman

Hong Kong, 28 August 2014

As at the date of this announcement, the Board of the Company consists of Mr. Zeng Xiaoping, Mr. Wang Zhiyong, Mr. Zhang Wenli, Mr. Tuen Kong, Simon, Dr. Cui Di, Ms. Zhang Lili, Mr. Cheung Wing Yui, Edward, Dr. Chan Ching Har, Eliza*, Dr. Cheng Hon Kwan**, Mr. Mak Kwai Wing, Alexander**, Ms. Ng Yi Kum, Estella**, Mr. Wong Shiu Hoi, Peter** and Dr. Loke Yu**.*

* *non-executive director*

** *independent non-executive director*